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**MARKETING COMMUNICATIONS**

**МАРКЕТИНГОВЫЕ КОММУНИКАЦИИ**

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В пособии изложены теоретические основы политики продвижения предприятия в современных рыночных условиях. Дана характеристика различных средств маркетинговых коммуникаций. Рассмотрены современные представления о механизме построения долгосрочных отношений с клиентами предприятия за счет разработки и реализации эффективных рекламных кампаний.

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## **Предисловие**

Сегодня в России издается немало книг о методах продвижения товаров и услуг предприятия на рынок. Но учебное пособие, которое Вы держите в руках, необычно тем, что оно издано в русскоязычной стране на английском языке. Это обусловлено необходимостью подготовки специалистов высшей квалификации в рамках ТПУ, владеющих профессиональным иностранным языком в сфере экономики и бизнеса и использующих его в своей трудовой деятельности.

Учебное пособие ориентировано в основном на студентов инженерно-экономического факультета Томского политехнического университета; написано в виде курса лекций по наиболее важным темам дисциплин «Маркетинг», «Рекламная деятельность», «Маркетинговые коммуникации». Излагаемый материал иллюстрируется конкретными примерами из практики мировой рекламы. Кроме того, в конце каждого раздела представлены контрольные вопросы и задания для самопроверки. Все это, на наш взгляд, помогает лучше усвоить предложенные знания. Здесь Вы найдете также сведения, советы и рекомендации по широкому диапазону проблем современной рекламы и других средств продвижения.

Учебное пособие послужит дополнительным средством учебно-методического обеспечения для дисциплин «Рекламная деятельность», «Маркетинговые коммуникации» и «Профессиональный английский язык», что вполне соответствует планам Томского политехнического университета по выходу в международное образовательное пространство, в том числе и с помощью подготовки студентов, активно владеющих английским языком в области бизнеса.

## **Introduction**

The nineteenth century was an age of expansion; the twentieth century was an age of innovation. The twenty first century is putting in a strong bid to become the age of communication.

Sales of mobile telephones have soared, Internet cafes are a feature of cities world-wide, and even language classes are experiencing a demand that outstrips that of any previous era. An observer from another planet might imagine that human beings do very little else but communicate with one another, by telephone, by text message, by television, by newsprint, by billboards, by computer linkage, and probably by jungle drums and sign language if nothing

else is available. Of course, conversation has always been the primary entertainment form for the majority of the human race. As a species, we love to exchange information; we also love to argue, to persuade, and to influence others.

Marketers are no exception. Communication about products and services is part of many conversations, but for marketers it is a profession and a livelihood. Marketers have become skilled at communication – so much so that many people believe that is all that marketers do. Just as there is more to being a human being than communication, there is more to being a marketer than advertising. Having said that, communication is the major preoccupation of marketers, as it is with any other human beings.

This book offers an overview of the marketing communication theories and processes. Each chapter could become a book in its own right: communication is a complex topic. The intention of the book is to give an up-to-date account of the current techniques and processes involved in marketing communications – but there is little doubt that the twenty-first century will be characterised by new ways for human beings (including marketers) to inform, persuade, argue and influence. The opportunities are there – we should seize them gladly!

This book – an additional means of methodical maintenance for disciplines «Advertising activity», «Marketing communications» and «Professional English language». It corresponds to plans of Tomsk polytechnic university for existing on the international educational space, including preparation of the students who are actively knowing English in the field of business.

# CHAPTER 1. THE NATURE OF MARKETING COMMUNICATIONS

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## 1.1. The Marketing Mix And Promotion Management

Along with marketing in general, the importance of marketing communications has dramatically increased. Indeed, effective communications with customers is critical to the successful functioning of any organization.

Business enterprises, ranging from the smallest retailers to the largest manufacturers, as well as not-for-profit organizations (such as churches, museums, and symphony orchestras), continuously promote themselves to their customers and clients in an effort accomplish a variety of purposes:

1) *informing* prospective customers about their products, services, and terms of sale;

2) *persuading* people to choose particular products and brands, shop in certain stores, attend certain entertainment events, and perform a variety of other behaviors;

3) *including action* from customers so that their behavior is directed toward the marketer's offering and is undertaken immediately rather than delayed.

These and other objectives are achieved by using advertisements, salespeople, store signs, point-of-purchase displays, product packages, direct-mail literature, free samples, coupons, publicity releases, and other communication devices.

Collectively, the preceding activities constitute what traditionally has been termed the promotion management component of the marketing mix. As you will recall from an introductory marketing course, the **marketing mix** for a brand consists of four sets of decisions that have been referred to as the 4 Ps:

1) *product* decisions (the choice of design, shape, color, package, brand symbolism, and so on),

2) *pricing* decisions (such as price level and discount structure),

3) *place*, or distribution, decisions (choice of channels and retail outlets),

4) *promotion* decisions (advertising, personal selling, and so forth).

Note that the last marketing mix element, **promotion**, is the aspect of general marketing on which this text will focus. However, the term promotion management, although rich in tradition and historically preferred by many marketing educators, has more recently been supplanted with the more descriptive and encompassing term, marketing communications. Since this is the term used by marketing practitioners, we will employ it here as well.

Marketing communications can be understood best by examining the nature of its two constituent elements, communication and marketing. **Communication** is the process whereby thoughts are conveyed and meaning is shared between individuals or between organizations and individuals. **Marketing** is the set of activities whereby businesses and other organizations create transfers of value (exchanges) between themselves and their customers. Of course, marketing is more general than marketing communications per se, but much of marketing involves communications activities. Taken together, **marketing communications** represent the collection of all elements in a brand's marketing mix that facilitate exchanges by establishing shared meaning with the brand's customers or clients.

## 1.2. The Elements Of Marketing Communications

Central to the definition of marketing communications is the notion that all marketing mix variables, not just the promotional variable alone, communicate with customers. The definition suggests that marketing communications can be either intentional, as in the case of advertising and personal selling, or unintentional, as when a product feature, package cue, or price symbolizes something to customers that the marketing communicator may not have intended.

Marketers have many tactics at their disposal, and the best marketers use them in appropriate ways to maximize the impact of their communications activities. A very basic taxonomy of promotional tools is the four-way division into advertising, public relations, sales promotion, and personal selling. This taxonomy is really too simplistic; each of the elements subdivides further, and there are several elements which don't readily fit into these categories.

Table 1 lists some of the elements of the mix.

The primary tools used by most companies in their marketing communications activities are personal selling, mass and direct advertising, sales promotions, publicity, sponsorship marketing, and point-of-purchase communications. To avoid later confusion, the following brief definitions will clarify the specific sense in which each of these terms will be used.

**Personal selling** is a form of person-to-person communication in which a seller attempts to persuade prospective buyers to purchase the company's products or services. Historically, personal selling involved primarily face-to-face interactions, but, increasingly, telephone sales and other forms of electronic communication are being used.



**Table 1. Elements of the communications mix**

<i>Element</i>	<i>Explanation</i>
Advertising	A paid insertion of a message in a medium.
Ambient advertising	Message placed on items such as bus tickets, stamp franking, till receipts, petrol pump nozzles and so forth.
Press advertising	Any paid message that appears in a newspaper or magazine.
TV advertising	Commercial messages shown in the breaks between TV programmes.
Radio advertising	Sound-only advertisements broadcast on radio.
Outdoor ads	Billboards, bus shelters, flyposters etc.
Transport ads	Posters in stations and inside buses and trains.
Outside transport ads	Posters on buses and taxis, and in some countries the sides of trains.
Press releases	New stories about a firm or its products.
Public relations	The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics.
Sponsorship	Funding of arts events, sporting events etc. in exchange for publicity and prestige.
Sales promotion	Activities designed to give a temporary boost to sales, such as money-off coupons. Free samples, two-for-the-price-of-one promotions etc.
Personal selling	Face-to-face communications between buyers and sellers designed to ascertain and meet customers' needs on a one-to-one basis.
Database marketing	Profiling customers onto a database and sending out personalised mailings or other communications to them.
Telemarketing	Inbound (helpline, telephone ordering) or outbound (telecanvassing, teleselling) telephone calls.
E-commerce	Use of websites to promote and/or sell product.
Off-the-screen-selling	Using TV-adverts linked to inbound telephone operations to sell goods.
Exhibitions and trade fairs	Companies take stands at trade fairs to display new products, meet consumers and customers, and raise the company profile with interested parties.
Corporate identity	The overall image that the company projects; the company's 'personality'.
Branding	The mechanism by which marketing communications are coordinated.

**Advertising** involves either mass communication via newspapers, magazines, radio, television, and other media (such as billboards) or direct communication that is pinpointed to each business-to-business customer or ultimate consumer. Both forms of advertising are paid for by an identified sponsor (the advertiser), but are considered to be non-personal because the sponsoring firm is simultaneously communicating with multiple receivers, perhaps millions, rather than with a specific person or small group. Direct

advertising, also called database marketing, has experienced huge growth in recent years due to the effectiveness of targeted communications and the computer technology that has made it possible.

**Sales promotion** consists of all marketing activities that attempt to stimulate quick buyer action, or immediate sales of a product. In comparison, advertising is designed to accomplish other objectives, such as creating brand awareness and influencing customer attitudes. Sales promotions are directed both at the trade (wholesalers and retailers) and consumers. Trade-oriented sales promotion includes the use of various types of display allowances, quantity discounts, and merchandise assistance to encourage wholesaler and retailer response. Consumer-oriented sales promotions involve the use of coupons, premiums, free samples, contests/ sweepstakes, and rebates. As we will discuss in subsequent chapters, expenditures on sales promotion have grown in recent years at a more rapid rate than advertising investments.

**Sponsorship marketing** is the practice of promoting the interests of a company and its brands by associating the company or a brand with a specific event (such as a tennis tournament or festival) or charitable cause (such as the United Way).

**Publicity**, like advertising, describes nonpersonal communication to a mass audience; but unlike advertising, the sponsoring company does not pay for advertising time or space. Publicity usually assumes the form of news items or editorial comments about a company's products or services. These items or comments receive free print space or broadcast time because media representatives consider the information pertinent and newsworthy for their audiences. It is in this sense that publicity is «not paid for» by the company receiving its benefits.

**Point-of-purchase communications** encompass displays, posters, signs, and a variety of other materials that are designed to influence buying decisions at the point of purchase. Two additional and integral elements of point-of-purchase communications are packaging and brand naming.

The management of marketing communications is, then, the practice of coordinating these various elements, setting objectives for what the elements are intended to accomplish, establishing budgets that are sufficient to support the objectives, designing specific programs (such as advertising campaigns) to accomplish objectives, evaluating their performance, and taking corrective action when results do not meet the objectives.

### 1.2.1. Publicity and Public Relations

**Public relations**, or **PR**, is the component of marketing communications that is uniquely suited to fostering goodwill between a company and its various publics. PR efforts are aimed primarily at consumers, employees, suppliers, stockholders, governments, the general public, labor groups, and citizen action groups.

When effectively integrated with advertising, personal selling, sales promotions, and sponsorships, public relations is capable of accomplishing objectives other than goodwill. It can also increase brand awareness, build favorable attitudes toward a company and its products, and encourage purchase behavior.

#### *Public Relations Activities and Functions*

Public relations entails a variety of specific functions and activities, of which the following are most important: advice and counsel, publications, publicity, relations with various publics, corporate image advertising, and matters of public opinion.

**Advice and Counsel.** Public relations input is required in any decision that has significant implications for any of an organization's publics. For example, a decision to construct a new manufacturing facility in a geographic area where wildlife may be disturbed would require PR advice and counsel to determine how best to deal with environmentalists and other concerned citizens groups.

**Publications.** Public relations personnel prepare a variety of publications: newsletters for employees, pamphlets and brochures for stockholders, reports for governmental agencies on matters involving corporate interests, and so on.

**Publicity.** The public relations department serves as the prime source of an organization's contact with the news media. News releases and press conferences are two of the most important avenues for corporate publicity. Publicity activities take two extreme forms:

- 1) disseminating positive publicity (e.g. news about product innovations and announcements of corporate philanthropic activities), or
- 2) dealing with negative publicity during periods of corporate crisis (such as the situations with Audi of America and the Suzuki Samurai).

**Relations with Various Publics.** Public relations personnel deal with various publics in matters involving company decisions, policies, or impending actions that have ramifications for these publics. Dealing with employees in

matters of plant closings, with stockholders during times of financial exigency (such as a takeover crisis), with environmentalists during periods of ecological conflict (such as the massive Exxon Valdez oil spill in Alaska), and with governments in matters of public policy are some of the major forms of public relations.

**Corporate Image Advertising.** This form of advertising is often the work of the public relations department in coordination with the organization's advertising department.

**Public Opinion.** Public relations departments work closely with marketing research departments on matters involving public opinion. Because public opinion is often volatile, it is important that PR departments spot emerging trends that have relevance for corporate policies and actions.

**Miscellaneous.** Public relations departments are sometimes responsible for handling speaker's bureaus, corporate donations, scholarships and awards programs, and other specialized programs.

### *Specific Forms of Public Relations*

It is very important now to make some finer distinctions so that the marketing communications aspects of public relations are brought into sharper focus and distinguished from more general PR activities.

As just described, PR involves relations with all of an organization's relevant publics: employees, stockholders, governments, and so on. Most PR activities do not involve marketing per se but rather deal with general management concerns. This more encompassing aspect of public relations can be called general PR. Interactions with employees, stockholders, labor groups, citizen action groups, and suppliers are typically part of a company's general, non-marketing public relation.

This chapter only deals with the narrow aspect of public relations involving an organization's interactions with consumers or with other publics (such as governments) regarding marketing matters (like product safety). The marketing-oriented aspect of public relations is called marketing PR, or MPR for short.

Marketing PR can be further delineated as involving either proactive or reactive public relations. **Proactive MPR** is dictated by a company's marketing objectives. It is offensively rather than defensively oriented and opportunity seeking rather than problem solving. Proactive MPR is another tool in addition to advertising, sales promotion, and personal selling for promoting a company's products and services.

**Reactive MPR**, by comparison, describes the conduct of public relations in response to outside influences. It is undertaken as a result of external pressures and challenges brought by competitive actions, shifts in consumer attitudes, changes in government policy, or other external influences. Reactive MPR typically deals with changes that have negative consequences for the organization. Reactive MPR attempts to repair a company's reputation, prevent market erosion, and regain lost sales.

### 1.2.2. Direct Marketing

**Direct marketing** was traditionally considered a specialty form of marketing and advertising appropriate only for products and services offered by, for example, book publishers, record clubs, correspondence schools, and marketers of inexpensive gadgets and cheap clothing. Today, however, most Fortune 500 firms now are enthusiastic users of database marketing and/or direct marketing. Indeed, direct marketing is one of the growth areas in business.

Precisely what is direct marketing? The Direct Marketing Association, a trade group whose members practice various forms of direct marketing, offers the following definition:

Direct marketing is an interactive system of marketing which uses one or more advertising media to effect a measurable response and/ or transaction at any location. Note the special features of this definition. First, direct marketing involves interactive marketing in that it entails personalized communications between marketer and prospect. Second, direct marketing is not restricted to just direct mail but rather involves one or more media (e.g., direct mail with telephone marketing). Third, marketing via media such as direct mail allows for relatively greater measurability of response in comparison to indirect media such as television advertising. Greater measurability is possible because purchase responses to direct marketing

1) typically are more immediate than responses to mass-media advertising and

2) can be tracked to specific customers. Finally, direct marketing takes place at a variety of locations - by phone, at a kiosk, by mail, or by personal visits.

You now have a general understanding of direct marketing; however, the terminology of direct marketing can be confusing because the word direct is used in several different ways: direct marketing, direct selling, direct-response

advertising, and direct mail. The total marketing process consists of indirect and direct marketing and delineates the latter into its various forms.

Indirect marketing includes the use of intermediaries in the channel of distribution; examples include distributors or dealers in industrial-goods marketing and retailers in consumer-goods marketing. Indirect marketing is what typically comes to mind when one thinks of marketing.

With direct marketing the marketer's purpose is to establish a direct relationship with a customer in order to initiate immediate and measurable responses. Direct marketing is accomplished using direct-response advertising, direct mail (including catalogs), telemarketing, and direct selling.

Direct-response advertising involves the use of any of several media to transmit messages that encourage buyers to purchase directly from the advertiser. Several main channels of direct marketing exist in the world marketing practice.

The most common form of direct marketing is **direct mail** used by advertisers who send paper mail to all postal customers in an area or to all customers on a list. Direct mail allows producers to get information about products and services directly into the hands of people who may be interested in it. Though it's often considered as junk mail, it can be highly effective in both business and consumer markets if it's properly planned and researched. As well as a mailing letter, a range of enclosures such as a product brochure, order-form, catalogs, free trial CDs and pre-paid reply envelope are typically included and delivered by mail or to homes and businesses, or to consumers' mailboxes. The other key ingredient for a successful direct-mail campaign is a high-quality mailing list. The most effective lists are those from a well-managed database – the producer will know the preferences of the recipients of his mail shot and can tailor his offer accordingly. That database analysis helps to select recipients who are considered most likely to respond positively.

**E-mail** is an extremely cheap form of direct marketing - a message can be sent to thousands of recipients for next to nothing. It's also the easiest way to target the exact person you need to reach. Measuring response rates is simple and recent figures show that they are higher than those for mail shots. However, there are disadvantages, too. E-mail contacts go out of date faster than either addresses or telephone numbers, so the marketers need to be particularly active in cleaning the company's database. And the increasing amount of spam means that marketing e-mails will need to stand out if they aren't to be deleted before being read. Increasingly sophisticated anti-spam software also means that many marketing e-mails are deleted before they arrive at their destination. It's

essential to remember that using e-mail marketers must comply with certain legal requirements when sending marketing e-mails to potential or existing customers.

The second most common form of direct marketing is **telemarketing**, in which marketers contact consumers by phone. Contacting consumers by telephone can offer a number of advantages over other forms of marketing. It allows to:

- know the customer's interest immediately;
- ask questions to recognize the customer's needs;
- explain technical or complex messages more effectively.

But there is a significant disadvantage: many people find marketing calls an unwelcome interruption. So it's important not to be pushy.

**Fax marketing** has become less popular with the increasing use of e-mail marketing campaigns. Recipients of unsolicited faxes are likely to consider them as an irritant which uses up paper.

**Direct Selling** is the sale of a consumer product or service, person-to-person, away from a fixed retail location. These products and services are marketed to customers by independent salespeople. Depending on the company, the salespeople may be called distributors, representatives, consultants or various other titles. Products are sold primarily through in-home product demonstrations, parties and one-on-one selling.

**Couponing** is used in print media to get a response from the reader. An example is a coupon which the reader cuts out and presents to a supermarket check-out counter to get a discount. Coupons in newspapers and magazines cannot be considered direct marketing, since the marketer incurs the cost of supporting a third-party medium (the newspaper or magazine); direct marketing aims to save that balance, cutting the costs down to solely delivering their unsolicited sales message to the consumer, without supporting the newspaper that the consumer seeks.

**Leafleting** is probably the simplest and cheapest form of direct marketing. It may be worth considering unaddressed leaflet drops if producer wants to promote his business in his local area, particularly to consumers. However, leafleting brings significantly lower response rates than direct mail. It's less targeted the characteristics of the recipients are not known and the message can't be personalized. As a result it's often best to use leaflets for products or services of universal appeal. If the manufacturer wants a return his investment, he needs to prepare the materials carefully: ensure materials look

professional and contain clear, useful information. Leaflet Distribution services are used extensively by the fast food industries, and many other businesses focusing on a local catchment. To find out how effective the campaign has been, it's a good idea to include some kind of incentive for feedback like a discount or a special offer.

Finally, we need to introduce the practice of database marketing. Database marketing (DBM), which is used both by indirect and direct marketers, involves collecting and electronically storing (in a database) information about present, past, and prospective customers. Typical databases include purchase data and other types of relevant customer information (demographic, geographic, and psychographic). The information is used to profile customers and to develop effective and efficient marketing programs by communicating with individual customers and by establishing long-term communication relationships.

Although database marketing and direct marketing are not equivalent, the increased sophistication of database marketing has been largely responsible for the growing use and effectiveness of direct marketing. Moreover, indirect marketers also have increased their use of database marketing.

It's possible to use direct marketing in both business-to-business and consumer markets. Of course, the strategy will need to be modified depending on the targeting. While business contacts are used for receiving marketing e-mails, consumers may be less receptive to mail shots or telemarketing calls - so it's necessary to plan your approach carefully.

A direct marketing campaign can help you to achieve the following key objectives:

- increasing sales to existing customers;
- building customer loyalty;
- re-establishing collapsed customer relationships;
- generating new business.

Careful preparation of direct-marketing campaigns is essential if it's important to make the most of the investments, get the response rates wanted and ensure not contacting individuals who have decided they do not want to receive direct marketing mailings. So, the results of direct marketing aren't guaranteed. A poorly planned or targeted campaign will be a waste of money. A badly designed mail shot can simply end up in the bin. And what is more, it may irritate recipients and damage business' reputation as a result. In addition, the media channel should be chosen carefully because the channel has a significant effect on the creative message that is delivered. Different channels have an



impact on the way of communication, the specific message being delivered and also the opportunity for consumers to respond.

### 1.2.3. Managing Brand Concepts

Efforts to enhance a brand's equity and consumer loyalty are called **brand-concept management**, or «the planning, implementation, and control of a brand concept throughout the life of the brand». A brand concept, in other words, is the specific meaning that brand managers create and communicate to target market, which is accomplished by promoting a brand to appeal to any of three categories of basic consumer needs: functional, symbolic, or experiential.

Brand-concept management directed at **functional needs** attempts to provide solutions to consumers current consumption-related problems, potential problems, or conflicts by communicating that the brand possesses specific attributes or benefits capable of solving these problems. The advertisement for the Gillette Sensor Excel razor illustrates the functional appeal. The ad emphasizes that the Sensor accommodates a man's need for close and comfortable shaves (the key functions) by virtue of its blade system and pivoting action that senses and adjusts to each face's unique features. Appeals to functional needs are the most prevalent form of brand-concept management. In industrial selling, for example, salespeople typically appeal to their customers' functional needs for higher-quality products, faster delivery time, or better service.

Whereas many brands are marketed based primarily on their functionality, others are marketed to satisfy psychological desires. Appeals to **symbolic needs** are those directed at consumers' desire for self-enhancement, role position, group membership, affiliation, and belongingness. Brand-concept management directed at symbolic needs attempts to associate brand use with a desired group, role, or self-image. Marketers of personal beauty products, alcoholic beverages, and cigarettes frequently appeal to symbolic needs. Marlboro ads, for example, invariably, portray lone cowboy characters who symbolize the masculine and individualistic traits of Marlboro smokers.

The advertisement for Waterman pens also illustrates an appeal to symbolic needs. This ad does not tout the great writing instrumentality of Waterman pens or describe specific product attributes or other functional benefits; rather, it appeals to symbolic needs by directly associating itself with the McCooey family, an attractive and apparently successful group of young professionals. Five distinct Waterman pens are displayed juxtaposed against the photo of the

five McCooey siblings. Minimal advertising copy simply claims that «while style is key, individuality is still everything». The message is subtle but clear: Owners of Waterman pens are stylish, discriminating, yet individualistic.

Consumers' **experiential needs** represent their desires for products that provide sensory pleasure, variety, and cognitive stimulation. A product such as blue jeans satisfies consumers' experiential needs inasmuch as jeans are extraordinarily rich in experiential significance. In fact, many people have vivid memories associated with wearing their favorite jeans.

Brand-concept management directed at experiential needs promotes brands as being out of the ordinary and high in sensory value (looking elegant, feeling wonderful, tasting or smelling great, sounding divine, and so on) or cognitive stimulation (exciting, challenging, mentally entertaining, and so on). Let us take the ad for Lenox china as an example. The only stated content in the ad is the familiar line «Lenox, Always Elegant». The ad appeals to readers' desire to own beautiful objects that perfectly harmonize with the joy and spirit of the holiday season.

It is important to recognize that many brands offer a mixture of functional, symbolic, and experiential benefits. In the case of Waterman pens, for example, the brand offers excellent writing instrumentality (functional benefit) appeals to one's desire to own objects that other successful people possess (symbolic benefit), and looks great and is comfortable to the hand (experiential benefit). However, the Waterman ad does not attempt to communicate all of these but rather appeals only to prospective consumers' symbolic needs. Generally speaking, successful brand-concept management typically requires a communication strategy that appeals to a single type of consumer needs (functional, symbolic, or experiential) rather than attempting to be something for everyone – that is, a generic brand concept. A brand with multiple, or generic, concepts is difficult to manage because it

1) competes against more brands (those with purely functional, purely symbolic, purely experiential, and mixed concepts), and

2) may be difficult for consumers to identify its basic features and benefits.

It is the responsibility – and indeed the obligation – of brand managers to carefully supervise brands, adjusting their meanings when necessary (due to competitive challenges, changes in consumer preferences, and so on) and continuously striving to enhance their equity. The Global Focus section illustrates how the equity in Coca-Cola's famous brand name enabled it to successfully penetrate what used to be the German Democratic Republic, or East Germany, after the momentous collapse of the Berlin Wall in 1989.

All aspects of a brand's marketing mix (the product itself and its price, distribution, and promotion) contribute to brand-equity enhancement. However, here we will concentrate solely on the communications aspect of marketing.

***GLOBAL FOCUS:  
THE WALL CAME DOWN AND COKE'S SALES WENT UP***

The post-World War II separation between East and West Germany came to an abrupt and dramatic end in 1989 when the Berlin Wall was dismantled and the people of West and East Germany soon were reunited as a single country. This opened a new market into the former German Democratic Republic, or East Germany. Within weeks of the toppling of the Wall, Coca-Cola was actively developing relationships in the former GDR.

Coke invested more than \$400 million - roughly equivalent to \$25 for each person living in East Germany – on a infrastructure of bottling plants and distribution centers. The advertising campaign designed to promote Coke was extremely effective in its appeal to East Germans' symbolic need of patriotism. Ads claimed: «Hier produziert. Hier getrunken» (Produced here. Drunk here). Brand awareness of Coke in the GDR was high prior to the toppling of the Wall, because East Germans watched ads on West German television stations. In fact, research revealed that 90 percent of East Germans knew about Coca-Cola even though the product had not been sold in their country since 1945 (when East Germany was cordoned off from West Germany and placed under Communist control).

Still, the results of Coke's efforts in the former East Germany were exceptional. Sales went from zero to 21 million cases the first year. In three years sales were up to nearly 100 million cases, and the per capita consumption of Coke even surpassed the consumption levels in France and the United Kingdom.

This exceptional marketing effort illustrates how the equity in the Coke name was quickly extended to a new market – and how the choice of a wise brand concept appealing to patriotic and ethnocentric needs made Coke the drink of choice among East Germans<sup>1</sup>.

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<sup>1</sup> Adapted from Greg Farrel, "We Got The Achtung, Baby!". – Brandweek, January 18, 1993. – p. 23-26.

#### 1.2.4. Personal Selling

A good sales force that embodies the positive qualities identified in the opening vignette is essential for corporate success. Personal selling is crucial to marketing communications effectiveness. Indeed, popular business wisdom holds that everything starts with selling. Personal selling provides the push (as in push strategy) needed to get customers to carry new products, increase their amount of purchasing, and devote more effort in merchandising a company's brand. At the retail level, personal selling can determine whether a purchase is made and how often consumers shop at a particular store.

This chapter presents the reader with a broad array of ideas about the nature of personal selling and explores several dimensions of personal selling. First examined is personal selling's role in the marketing-communications mix, its advantages and disadvantages, and the attractive characteristics of personal selling and opportunities in this field.

It is important to note that many readers of this text will initiate business career in personal selling positions and later on in their careers move into sales management posts. Some will embark on a selling career working with a consumer packaged-goods firm; others will obtain sales employment with a business-to-business organization or service-oriented company. Still others will pursue careers in fields such as advertising and public relations. Some may not consider these jobs to be personal selling, but account managers in these fields are heavily involved in selling their companies' services to prospective clients. Selling is part and parcel of many jobs in business, so it is best to maintain an open attitude toward this pursuit and learn as much as possible about it.

Personal selling is a form of person-to-person communication in which a salesperson works with prospective buyers and attempts to influence their purchase needs in the direction of his or her company's products or services. The most important feature of this definition is the idea that personal selling involves personal interaction. This contrasts with other forms of marketing communications in which the audience typically consists of many people, sometimes millions (as in the case of mass-media advertising).

#### *Personal Selling's Role in the Marketing Communications Mix*

**Integrated Marketing Communications and Personal Selling.** As explained at various points throughout the text, all elements of marketing communications must work together to achieve overall organizational

objectives. From an integrated marketing communications perspective, personal selling is inextricably related to all other marketing communications elements. For example, advertising to the trade and to ultimate consumers is of little value unless the sales force is able to gain product distribution for new brands and maintain distribution for established brands.

Likewise, the creation of clever point-of-purchase displays is of little value unless the sales force secures retailer cooperation in using these displays. The sales force also is critical in assuring that trade-oriented sales promotions work as they are intended and that sufficient products are available to support sales promotions aimed at consumers.

**Personal Selling's Unique Role.** Each marketing communications element has its own unique characteristics, purposes, and advantages. The personal selling activity is crucial to enhancing a company's equity and the equity in individual brands. Personal selling's primary purposes include educating customers, providing product usage and marketing assistance, and providing after-sale service and support to buyers.

Personal selling, in comparison to other promotional elements, is uniquely capable of performing these functions as a result of the person-to-person interaction mode that characterizes this form of marketing communications. Consequently, various advantages accrue to personal selling compared to other forms of marketing communications.

1. Personal selling contributes to a relatively high level of customer attention, since in face-to-face situations it is difficult for a potential buyer to avoid a salesperson's message.

2. It enables the salesperson to customize the message to the customer's specific interests and needs.

3. The two-way communication characteristic of personal selling yields immediate feedback, so that an alert salesperson can know whether or not his or her sales presentation is working.

4. Personal selling enables a sales person to communicate a larger amount of technical and complex information than other promotional methods.

5. In personal selling there is a greater ability to demonstrate a product's functioning and performance characteristics.

6. Frequent interactions with a customer permit the opportunity for developing long-term relations and effectively merging selling and buying organizations into a coordinated unit to serve both sets of interests.

The primary disadvantage of personal selling is that it is more costly than other forms of promotion because sales representatives typically interact with

only one customer at a time. Hence, when considering only the outcomes or results accomplished with the personal-selling effort (an effectiveness consideration), personal selling is generally more effective than other promotion elements. However, when considering the ratio of inputs to outputs (cost to results), personal selling is typically less efficient than other promotion tools. In practice, allocating resources to personal selling and the other promotion elements amounts to an effort at balancing effectiveness and efficiency.

### *Attractive Features of Personal Selling*

Numerous challenging and exciting job opportunities are available in this field. The attractive features of a sales job include freedom of action, variety and challenge, opportunities for advancement, and desirable financial and nonfinancial rewards.

**Job Freedom.** In field-sales positions (those outside of retail settings), the individual is primarily responsible for most of his or her day-to-day activities. Many sales positions involve little direct supervision. Salespeople may go days or even weeks without seeing their supervisors.

Of course, with freedom comes responsibility. The unsupervised salesperson is expected to conduct his or her business professionally and to achieve sales objectives.

**Variety and Challenge.** Managing one's own time presents a challenge that many professional salespeople enjoy. Much like the person who operates his or her own business, a salesperson can invest as much time and energy into the job as desired and can generate the number of rewards for which he or she is willing to work.

**Opportunities for Advancement.** More and more companies expect their middle and upper level managers to have had sales experience, because they believe it helps an individual understand a business from the ground-level up. More corporate presidents come from the sales ranks than from any other position; sales experience provides them with knowledge of the customers, the trade, the competition, and their own company.

**Attractive Compensation and Nonfinancial Rewards.** Personal selling is potentially both lucrative and rewarding. Nonfinancial rewards include feelings of self-worth for a job well done and the satisfaction that comes from providing a customer with a solution to a problem or with a product or service that best meets his or her needs.

## *Modern Selling Philosophy*

Before modern selling philosophy, there must have been an earlier variety. Let us label this earlier version antiquated and place the two in stark contrast, realizing of course that any such comparison is necessarily simplified.

In a word, antiquated selling is seller-oriented. Selling practices in this older view are undertaken with the seller's interests paramount. Manifestations of this approach include high-pressure selling tactics, little effort to understand the customer's business, and little postsale follow-through and attention to customer satisfaction.

Are these practices truly antiquated in the sense that they no longer are practiced? Certainly not. Some firms are still antiquated; although they remain in business, they no longer thrive. Their selling practices lag behind contemporary forces that they imposed a higher standards on sales performance. These forces include intense competition, narrow profit margins, sophisticated buying practices, and expectations of reliable and dependable service from vendors.

In most prospering firms, modern selling philosophy has supplanted this seller-oriented approach. A partner-oriented selling mind-set exists in most successful firms. These firms realize that their own success rests with their customers' successes. Hence, modern partner-oriented wisdom makes customer satisfaction its highest priority. Modern selling practice is based on the following principles:

1. The sales process must be built on a foundation of trust and mutual agreement. Selling should not be viewed as something someone does to another; rather, it should be looked upon as something two parties agree to do for their mutual benefit. In fact, it is easy to argue that modern salespeople do not sell but rather facilitate buying. This difference is not merely semantics - it is at the root of the transformation from the antiquated to modern selling philosophies.

2. A customer-driving atmosphere is essential to long-term growth. This is a corollary point to the preceding principle. Modern selling requires that the customer's welfare, interests, and needs be treated as equal to the seller's in the partnership between seller and buyer. A customer-oriented approach means avoiding high-pressure tactics and focusing on customer satisfaction. Salespeople have to be trained to know the customer and to speak in a language that the customer understands. Perhaps the preceding points are best summed up in these terms: «Be product centered, and you will make a few sales; be prospect centered, and you will gain many customers».

3. Sales representatives should act as if they were on the customer's payroll. The ultimate compliment a salesperson can receive is a comment from a customer to the sales supervisor along these lines: «I'm not sure whether your sales rep works for me or for you». The closer salespeople are to the customer, the better they will be at providing solutions to the customer's problems. However, successful salespeople never forget that their ultimate responsibility resides with their employer. Solving customers' problems and building relations are means to ends; the end itself is performing those behaviors that will maximize the long-term interests of the salesperson's employer.

4. Getting the order is only the first step; after-sales service is what counts. No customer problem should be too small to address. Modern selling philosophy calls for doing whatever is necessary to please the customer in order to ensure a satisfying long-term relationship. The Global Focus describes how Japanese salespeople achieve success in contrast with their Western counterparts.

5. In selling, as in medicine, prescription before diagnosis is malpractice. This principle holds that no one solution is appropriate for all customers any more than any single diagnosis is appropriate for all patients. Customers' problems have to be analyzed by the modern salesperson and solutions customized to each problem. The days of «one solution fits all» are gone. Moreover, because most people like to make their own decisions or at least be involved in making them, a salesperson should treat the customer as a partner in the solution.

6. Salesperson professionalism and integrity are essential. Customers expect high standards of conduct from their salespeople and dislike unprofessional, untrustworthy, and dishonest behavior.

### *Selling Activities*

This section describes the various kinds of activities that salespeople perform. What exactly does a salesperson do? The specific activities and their range of performance vary greatly across sales positions. Nonetheless, the following ten activities are common to nearly all selling jobs.

**Selling Function.** This is the typical activity envisioned when thinking of personal selling. Selling functions include planning the sales presentation, making the presentation, overcoming objections, trying to close the sale, and so on.



**Working with Orders.** Much of a salesperson's time is spent writing up orders, working with lost orders, handling shipment problems, expediting orders, and handling back orders.

**Servicing the Product.** These activities are performed primarily by people who sell technical products (e.g., industrial machine). Activities include testing a newly sold product to ensure that it is working properly, training customers to use the product, and teaching safety procedures.

**Managing Information.** These activities involve receiving feedback from customers and then relaying the information to management. Much of this is done in the course of day-to-day selling. This activity has been greatly facilitated in recent years with advances in computer technology that simplify the salesperson's information-entry task. New handheld computers, called personal digital assistants or PDAs, accept handwritten input via ballpoint pen and then digitize the handwriting. PDAs include brands such as Apple Computer's Newton Message Pad, Sharp Electronics' Expert Pad, and Tandy's Zoomer.

Gillette, the company that is best known for razors and blades but which also markets such health- and beauty-aid brands as Noxema. Cover Girl, and Noxell, has equipped its sales representatives with pen-based computers for gathering important market data. Immediately on entering a retail account, Gillette's sales reps are instructed to gather information on matters such as competitive prices, the presence of instore promotions, whether new brands or sizes are in the store, and so on. Information gathered on the salesperson's pen-based computer is transmitted to a central database nightly via modem. These data are analyzed and statistical profiles or product trends and store activity are transferred at a later date back to the salespeople for use in influencing retail accounts to purchase more Gillette products.

**Servicing the Account.** These activities include inventory control, stocking shelves, handling local advertising, and setting up and working with point-of-purchase displays. Such activities are primarily performed by salespeople who call on retail customers such as supermarkets and drugstores.

**Attending Conferences and Meetings.** Attending conferences and sales meetings and working at trade shows are activities in which nearly all salespeople participate to some extent. These conferences often are held at attractive locations where recreational activities are available during periods when formal meetings are not being conducted.

**Training and Recruiting.** Salespeople who are in more advanced stages of their careers become involved in training new salespeople, traveling with trainees, and similar duties.

**Entertaining.** Some sales positions involve entertaining customers through activities such as dining and playing golf. While the antiquated view of selling would hold that you can buy customers by wining and dining them, modern selling philosophy includes a role for customer entertainment but recognizes that customers are earned. (through loyal, efficient, dependable service) rather than bought.

**Traveling.** Although sales jobs involve some traveling, the amount of time spent out of town is highly variable, ranging from virtually no travel to journeying thousands of miles each month.

### ***GLOBAL FOCUS: SELLING JAPANESE STYLE***

Modern selling philosophy and modern selling practice are not the same thing. That is, what ought to be and what actually occurs may be worlds apart. The incommensurability of philosophy and practice is perhaps particularly acute in the United States, where organizational structures and personalities make it difficult for many Americans to behave according to the six principles underlying modern selling practice. For example, the individualistic style and competitive spirit that are part of the American psyche make it difficult for some salespeople to consider their customers' needs as important as their own.

Japanese salespeople's personalities are perhaps better suited to implementing modern selling philosophy. Respect is the foundation of Japanese selling. Being respectful (deferential to their customers and dedicated to their needs) is easy for Japanese businesspeople insofar as the feudal roots of Japan placed businesspeople at the bottom of the societal hierarchy. As one writer observes, «Today's Japanese sales reps, if they're good, still behave as if they're at the bottom of the social ladder, respecting and trying to satisfy their customers».

The Japanese selling style is sometimes referred to as “wet” – implying that it is flexible, accommodating, caring and human. The American style is more likely to be “dry” – or more inflexible, logical, and cut-and-dried. A notable distinction in how the wet and dry are manifested concerns customer service. Upon being informed of a customer problem, an American sales representative might simply just pass the problem along to the technical support staff with

hopes that the problem will be resolved. Japanese sales reps, on the other hand, will personally become involved in solving the problem, work with the support staff, and submit a report to the customer explaining why the product failed and what has been done to prevent that failure from happening again.

Sales & Marketing Management magazine conducted a nonscientific survey of American sales managers who work for Japanese companies to learn whether Japanese marketing and sales personnel are different from, and perhaps better than, their American counterparts. Some of the key findings are these:

- Because individuality and independence are not as highly valued in Japan as America, Japanese marketers and salespeople are less inclined to take credit for successes or blame others for failures.

- Japanese companies, even those located in the United States, rarely use nonfinancial incentives to recognize, praise, or reward salespeople for successful performance. Good performance is simply expected, and special praise is deemed unnecessary.

- Because loyalty to one's employer is a fundamental characteristic of Japanese society, commissions are generally an unnecessary component of compensation packages. Salespeople consider it their duty to create business for their companies; it is the honorable thing to do, and no special compensation is required for doing what duty demands.

- Because Japanese typically stay with one company for their entire professional lives, there is a greater tendency than in the United States to focus on long-term results. American businesspeople, by comparison, frequently switch jobs; hence, compensation and incentive packages are tied to short-term results.

- Japanese businesspeople are more dedicated to their companies than are Americans. Accordingly, Japanese tend to work longer hours, oftentimes working (at least entertaining) until midnight<sup>2</sup>.

## Summary

It would be an over-simplification to assume that the promotional mix only contains the elements of advertising, PR, sales promotion and personal selling. There are a great many tools available to the marketer, and the borders between

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<sup>2</sup>Adapted from:

1. Bill Kelley, «Culture Clash: West Meets East». — Sales & Marketing Management, July, 1991. — p. 28-34;

2. George Leslie, «U.S. Reps Should Learn to Sell 'Japanese Style'». — Marketing News, October 29, 1990, p. 6.

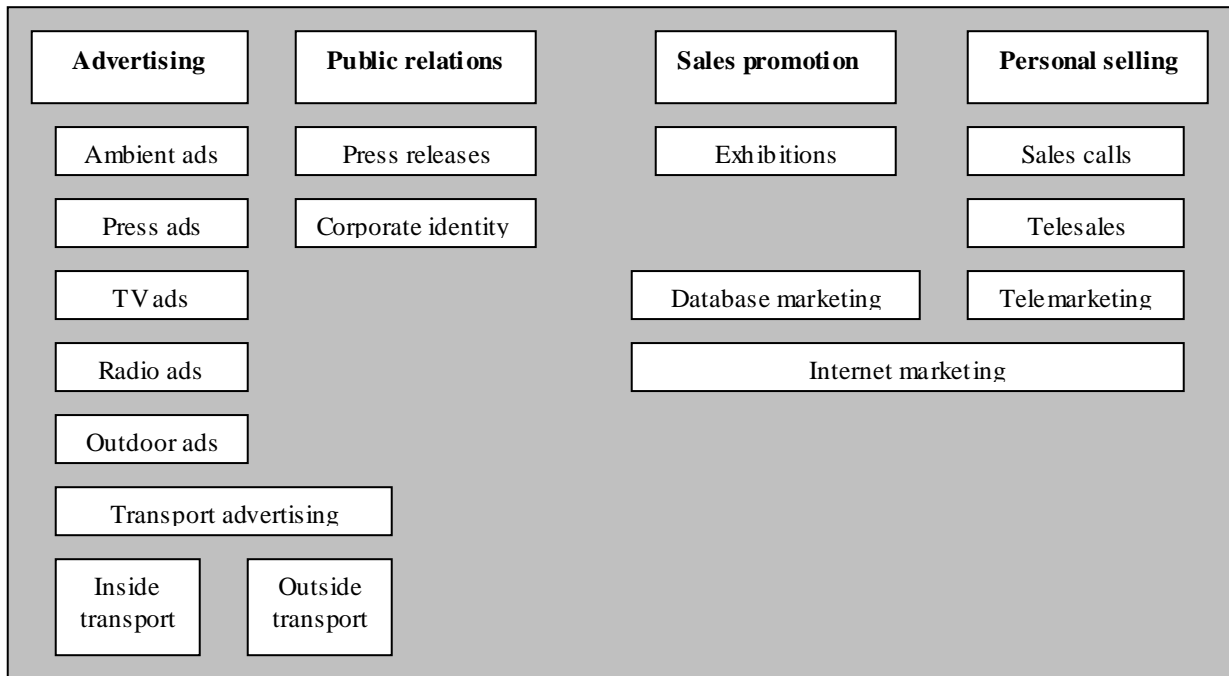
the various activities are being eroded to such an extent that the consensus view is that marketing communications should be integrated as far as possible and the remaining demarcation lines should be done away with altogether. This is probably also a simplistic view, but provided care is taken that brands are still allowed their own identity and cultural issues are accounted for when communications cross borders, integration will certainly reduce costs and increase impact.

### **Chapter Questions**

1. What are the main advantages and disadvantages of integrated marketing communications strategies?
2. Why have the distinctions between above the line and below the line communications become blurred (or even irrelevant)?
3. How can senior management prepare for media events?
4. What are the main pitfalls of using sponsorship for image building? How might these be avoided?
5. Why might a firm prefer to use corporate image advertising rather than press releases?
6. What are the advantages of involving pressure groups in discussions?
7. How might product placement benefit film makers?
8. How might brand architecture be developed to link food company brands?
9. What factors need to be taken into account when designing packaging if customer complaints are to be minimized? What might be done to the package to maximise contact with dissatisfied customer?
10. How might positive word of mouth be encouraged for a pizza delivery service?
11. What would be the issues surrounding the branding, packaging and merchandising of a baby food product?
12. Who are likely to be the most important groups of opinion leaders for the hi-fi market?
13. What is the difference between direct marketing and junk mail?
14. How might database marketers avoid accusations of invasion of privacy?
15. Why do direct marketers segment bottom-up?
16. Why is customer retention gaining precedence over customer acquisition?
17. How can marketers help the customer get close to the firm?
18. How might sales promotion be used in the launch of a new nightclub?

19. What are the main reasons for the growth in sales promotion at the expense of advertising?
20. What might be an appropriate self-liquidating promotion for hot-dog sausages? Give three examples, with your reasons.
21. What might be an appropriate partner for a firm manufacturing canned meats such as corned beef and chopped pork? Give three examples, with your reasons.
22. How does sales promotion help the salesforce to sell?
23. Why are salespeople paid commission as well as a salary when other employees are only paid a salary?
24. Why is it that salespeople often take the customer/s side in disputes with the company?
25. Show on a figure 2 the connections between different marketing communications.

Figure 2. A taxonomy of marketing communications



## CHAPTER 2. ADVERTISING

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The first advertising agencies did not create ads; these firms were media brokers who earned a living by charging a fee in return for negotiating rates with newspapers for placing other people's messages. As magazines began to come on the scene, they helped companies to prepare their ads and create more elaborate messages backing them up with attention-getting artwork and photos. Eventually, they formed agencies and grew closer to the advertisers than to the media.

Advertising now is big business, to say the very least. Expenditures in the United States totaled \$147 billion in 1994. This amounts to approximately \$564 in advertising for each of the nearly 261 million men, women, and children in the United States as of 1994. By comparison, the next largest advertising expenditure per capita is in Japan at approximately \$277.

Some American companies invest over \$1 billion a year on domestic advertising. In 1993, for example, Procter & Gamble spent \$2.4 billion; Philip Morris, \$1.8 billion; General Motors, \$1.5 billion; and Sears, Roebuck & Co., \$1.3 billion; and PepsiCo invested \$1 billion in domestic advertising. Even the U.S. government's advertises to the tune of over \$300 million. The government's advertising goes to such efforts as military recruiting, the Postal Service, Amtrak rail services, the U.S. Mint (e.g., commemorative coins), and AIDS awareness.

### 2.1. Advertising Functions

These massive investments suggest that many firms have faith in the effectiveness of advertising. In general, advertising is valued because it is recognized as performing a variety of critical communications functions: (1) informing, (2) persuading, (3) reminding, (4) adding value, and (5) assisting other company efforts.

**Informing.** Advertising makes consumers aware of new products, informs them about specific brands, and educates them about particular product features and benefits. Because advertising is an efficient form of communication, capable of reaching mass audiences at a relatively low cost per contact, it facilitates the introduction of new products and increases demand for existing products, largely by increasing consumers' top of mind awareness (TOMA) for established brands in mature product categories.

**Persuading.** Effective advertising persuades customers to try advertised products. Sometimes the persuasion takes the form of influencing primary demand – that is, creating demand for an entire product category. Most frequently, advertising attempts to build secondary demand, the demand for a specific company's brand.

**Reminding.** Advertising keeps a company's brand fresh in the consumer's memory. When a need arises that is related to the advertised product, past advertising impact makes it possible for the advertiser's brand to come to the consumer's mind as a purchase candidate. Effective advertising also increases the consumer's interest in a mature brand and thus the likelihood of purchasing a brand that otherwise might not be chosen. Advertising, furthermore, has been demonstrated to influence brand switching by reminding consumers who have not recently purchased a brand that the brand is available and that it possesses favorable attributes.

**Adding Value.** There are three basic ways by which companies can add value to their offerings: innovating, improving quality, or altering consumer perceptions. These three value-added components are completely interdependent.

Innovation without quality is mere novelty. Consumer perception without quality and/ or innovation is mere puffery. And both innovation and quality, if not translated into consumer perceptions, are like the sound of the proverbial tree falling in the empty forest.

Advertising adds value to brands by influencing consumers' perceptions. Effective advertising causes brands to be viewed as more elegant, more stylish, more prestigious, and perhaps superior to competitive offerings. Effective advertising, then, can lead to increased market share and greater profitability. It is little wonder why (as discussed in the opening vignette) the world's largest advertiser, Procter & Gamble, fully appreciates advertising's value-added role.

**Assisting Other Company Efforts.** Advertising is just one member of the marketing communications team. Advertising is at times a scorer that accomplishes goals by itself. At other times advertising's primary role is as an assister that facilitates other company efforts in the marketing communications process. For example, advertising may be used as a vehicle for delivering sales promotions such as coupons and sweepstakes and attracting attention to these sales promotion tools.

Another crucial role of advertising is to assist sales representatives. Advertising presells a company's products and provides salespeople with valuable introductions prior to their personal contact with prospective

customers. Sales effort, time, and costs are reduced because less time is required to inform prospects about product features and benefits. Moreover, advertising legitimizes or makes more credible the sales representative's claims.

Advertising also enhances the results of other marketing communications. For example, consumers can identify product packages in the store and recognize the value of a product more easily after seeing it advertised on television or in a magazine. Advertising also can augment the effectiveness of price deals. One study found that customers were more responsive to retailers' price deals when retailers advertised that fact compared to when retailers offered a deal but did not advertise it.

Although the discussion has made it clear that advertising is an extremely important business function, perhaps especially in the United States, it is pertinent to note that advertising's importance varies from country to country. This variance is not just in terms of advertising expenditures, but also in terms of consumer perceptions of advertising.

## **2.2. Setting Advertising Objectives**

The relations among target markets, objectives, and budgets are presented with the following mantra:

All marketing communications should be (1) designed with a particular target market in mind, (2) created to achieve a specific objective, and (3) undertaken to accomplish the objective toward the target market within budget constraints.

We now continue with this theme as it relates specifically to advertising objective setting and budgeting. These activities are the bedrock of all subsequent advertising decisions. Advertising strategy built on a weak foundation is virtually guaranteed to fail. Intelligent objectives and an adequate budget are critical for advertising success.

**Advertising objectives** are goals that advertising efforts attempt to achieve. Setting advertising objectives is possibly the most difficult task of advertising management, yet these objectives provide the foundation for all remaining advertising decisions. There are three major reasons why it is essential that advertising objectives be established prior to making decisions regarding the guts of an advertising program – that is, message selection and media determination:

1. Advertising objectives are an expression of management consensus. The process of setting objectives literally forces top marketing and advertising



personnel to agree on the course advertising is to take for the following planning period as well as the tasks it is to accomplish for a specific brand.

2. Objective setting guides the budgeting, message, and media aspects of advertising strategy. Objectives determine how much money should be spent and provide guidelines for the kinds of message strategy and media choice needed to accomplish the objectives.

3. Advertising objectives provide standards against which results can be measured. Good objectives set precise, quantitative yardsticks of what advertising hopes to accomplish. Subsequent results can then be compared with these standards to determine whether the advertising accomplished what it was intended to do.

### *Who, what, where, when, and how often?*

Several categories of advertising objectives guide advertising strategy: questions of who, what, where, when, and how often.

**Who?** The most basic consideration underlying advertising-strategy formulation is the choice of target market. Objectives related to the who question specify the target market in terms of demographics, psychographics, geodemographics, or other characteristics that influence choice behavior. For example, Chrysler's Neon was targeted at the college-educated, under-30 buyers known as Generation X.

**What?** The what question involves two sets of considerations: (1) what emphasis? and (2) what goals? The emphasis issue relates to the features and benefits to be emphasized and the emotions to be evoked when advertising a brand. For example, Chrysler's introductory marketing of the Neon evoked an image of a hip and fun automobile that would fare well against comparable foreign imports.

The goals issue deals with the specific communication or sales objectives that need to be accomplished at the present stage in a brand's life cycle. Advertising may be designed to accomplish several goals:

- 1) to make the target market aware of a new brand,
- 2) to facilitate consumer understanding of a brand's attributes and its benefits compared to competitive brands,
- 3) to enhance attitudes and influence purchase intentions,
- 4) to invite product trial, and
- 5) to encourage repeat purchase behavior.

**Where? When? How Often?** Which geographic markets need to be emphasized, what months or seasons are best, and how often the product should be advertised are additional issues that need to be addressed when setting advertising objectives.

Although advertising practitioners must take all of the preceding categories into consideration when setting objectives, subsequent attention focuses exclusively on defining the goals. This is because other considerations are all situation specific, but the goal issue is relevant to all situations and brands.

A full appreciation of how advertising goals (objectives) are set requires that we first look at advertising from the customer's perspective. That is, advertisers establish objectives that are designed to move customers to eventually purchase the advertiser's brand.

### *Requirements for Setting Good Advertising Objectives*

An advertising objective is a specific statement about a planned advertising execution in terms of what that particular advertisement is intended to accomplish. That goal is based on the current, or anticipated, competitive situation in the product category and the problems that the brand must confront or the opportunities that are available for it to seek.

The specific content of an advertising objective depends entirely on the brand's idiosyncratic situation. Hence, it is infeasible to discuss objective content without current details (such as market research information) about the advertising context. We can, however, describe the requirements that all good advertising objectives must satisfy. Let us first start by making it clear that not all statements of ad objectives are good. Consider the following examples:

Example A: The advertising objective this year is to increase Brand X's sales.

Example B: The advertising objective is to increase by July 31 the target audience's awareness of Brand X from 60 to 80 percent.

These extreme examples differ in two important respects. First, Example B is obviously more specific. Second, whereas Example A deals with a sales objective, Example B involves a nonsales goal.

**Objectives Must Include a Precise Statement of Who, What, and When.** Objectives must be stated in precise terms. At a minimum, objectives should specify the target audience (who), indicate the specific goal – such as awareness level – to be accomplished (what), and indicate the relevant time

frame (when) in which to achieve the objective. For example, the advertising campaign for Rembrandt mouth rinse might include objectives such as these:

1) Within six months from the beginning of the campaign, research should show that 70 percent of all consumers who use mouth rinse are familiar with the Rembrandt brand».

2) «Within six months from the beginning of the campaign, research should show that at least 50 percent of the target audience know that Rembrandt is an alcohol-free alternative to the established brands».

Advertising objectives provide valuable agendas for communication between advertising and marketing decision makers and offer benchmarks against which to compare actual performance. These functions can be satisfied, however, only if objectives are stated precisely.

Example B represents the desired degree of specificity and, as such, would give executives something meaningful to direct their efforts toward as well as a clear-cut benchmark for assessing whether the advertising campaign has accomplished its objectives. Example A, by comparison, is much too general. Suppose sales have actually increased by 2 percent during the course of the ad campaign. Does this mean the campaign was successful since sales have in fact increased? If not, how much increase is necessary for the campaign to be regarded as a success?

**Objectives Must Be Quantitative and Measurable.** This requirement demands that ad objectives be stated in quantitative terms so as to be measurable, as are the hypothetical objectives given for Rembrandt mouth rinse. A nonmeasurable objective for Rembrandt would be a vague statement such as «Advertising should increase consumers' knowledge of product features» This objective lacks measurability because it fails to specify the product features for which customers are to possess knowledge.

**Objectives Must Specify the Amount of Change.** In addition to being quantitative and measurable, objectives must specify the amount of change they are intended to accomplish. Example A (to increase sales) fails to meet this requirement. Example B (to increase awareness from 60 to 80 percent) is satisfactory because it clearly specifies that anything less than a 20 percent awareness increase would be considered unsuitable performance.

**Objectives Must be Realistic.** Unrealistic objectives are as useless as having no objectives at all. An unrealistic objective is one that cannot be accomplished in the time allotted to the proposed advertising investment. For example, a brand that has achieved only 15 percent consumer awareness during

its first year on the market could not realistically expect a small advertising budget to increase the awareness level to, say, 65 percent next year.

**Objectives Must Be Internally Consistent.** Advertising objectives must be compatible (internally consistent) with objectives set for other components of the marketing communications mix. It would be incompatible for a manufacturer of packaged goods to proclaim a 25 percent reduction in sales force size while simultaneously stating that advertising's objective is to increase retail distribution by 20 percent. Without adequate sales force effort, it is doubtful that the retail trade would give a brand more shelf space.

**Objectives Must Be Clear and in Writing.** For objectives to accomplish their purposes of fostering communication and permitting evaluation, they must be stated clearly and in writing so that they can be disseminated among their users and among those who will be held responsible for seeing that the objectives are accomplished.

### **Summary**

Advertising is the most visible part of promotion. It refers to any paid form of nonpersonal presentation and promotion of ideas, goods, services, persons or places through the mass media such as newspapers, magazines, television or radio by an identified sponsor.

### **Chapter Questions**

1. How long is the history of advertising?
2. What are functions of advertising?
3. What are the differences between advertising and other marketing communication tools?
4. What are the main objectives of advertising?

## CHAPTER 3. BEHAVIORAL FOUNDATIONS OF MARKETING COMMUNICATIONS

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The consumer is constantly being bombarded with information which is potentially relevant for making choices. The consumer's reactions to that information, how that information is interpreted, and how it is combined or integrated with other information may have crucial impacts on choice. Hence, [marketing communicators'] decisions on what information to provide to consumers, how much to provide, and how to provide that information require knowledge of how consumers process, interpret, and integrate that information in making choices.

### 3.1. Stages Of Consumer Information Processing

The following sections discuss consumer information processing in terms of eight interrelated stages:

1. Exposure to information.
2. Selective attention.
3. Comprehension of attended information.
4. Agreement with comprehended information.
5. Retention in memory of accepted information.
6. Retrieval of information from memory.

#### *Exposure to Information*

The marketing communicator's fundamental task is to deliver messages to consumers, who, it is expected, will process the messages and be persuaded to undertake the course of action advocated by the marketer. By definition, exposure simply means that consumers come in contact with the marketer's message (they see a magazine ad, hear a radio commercial, and so on).

Although exposure is an essential preliminary step to subsequent stages of information processing, the mere fact of exposing consumers to the marketing communicator's message does not ensure that the message will have any impact. Gaining exposure is a necessary but insufficient condition for communication success.

#### *Selective Attention*

**Attention** means to focus on and consider a message to which one has been exposed. Consumers attend to only a small fraction of marketing communications stimuli because demands placed on attention are great; therefore, attention is highly selective. Selectivity is necessary because information-processing capacity is limited, and effective utilization of this capacity requires the consumer to allocate mental energy (processing capacity) to only messages that are relevant and of interest to current goals. For example, once their initial curiosity is satisfied, most nonsmokers, when reading a magazine, will pay relatively little attention to the advertisement for cigars in because the product is less relevant to them than it is to smokers.

There are three kinds of attention: involuntary, nonvoluntary, and voluntary. **Involuntary attention** requires little or no effort on the part of a receiver. A stimulus intrudes upon a resisting person's consciousness. In this case, attention is gained on the basis of the intensity of the stimulus – examples include a loud sound and a bright light. **Nonvoluntary attention**, sometimes called spontaneous attention, occurs when a person is attracted to a stimulus and continues to pay attention because it holds his or her interest. A person in this situation neither resists nor willfully attends to the stimulus initially.

However, he or she continues to pay attention because the stimulus has some benefit or relevance. Generally, advertisers create messages to gain the nonvoluntary attention of an audience, since in most situations consumers do not willfully search out advertising messages.

Therefore, advertisements must attract and maintain attention by being interesting and, often, entertaining. Finally, **voluntary attention** occurs when a person willfully notices a stimulus. A consumer who is considering the purchase of, say, new snow skis will consciously direct his or her attention to ski advertisements. Also, people who have recently made important purchase decisions will voluntarily attend to messages to reassure themselves that their decisions were correct.

As this discussion indicates, attention is highly selective. Attention selectivity is determined both by properties of the marketing stimulus itself and by factors that rest in the consumer's background and psychological makeup. The following discussion reviews three sets of appeals that marketing communicators employ to enhance consumers' attention to advertisements and other messages.

**Appeals to Cognitive and Hedonic Needs.** Consumers are most likely to attend to messages that serve their cognitive needs and those that make them feel good and bring pleasure (hedonic needs). Regarding **cognitive needs**,

consumers are most likely to attend to those stimuli that are congruent with their informational goals. A student who wants to move out of a dormitory and into an apartment, for example, will be on the look-out for information pertaining to apartments.

Classified ads and overheard conversations about apartments will be attended to even when the apartment seeker is not actively looking for information. Similarly, advertisements for food products are especially likely to be noticed when people are hungry. For this reason, many restaurant and fast-food marketers advertise on the radio during the after-work rush hour. Fast-food advertisers also promote their products on late-night television for the same reason.

**Hedonic needs** are satisfied when consumers attend to messages that make them feel good. People are most likely to attend to those stimuli that have become associated with rewards and that relate to those aspects of life that they value highly. For example, sexually-oriented messages, the use of babies, appetizing food items, gala events are some of the commonly used stimuli in advertisements. These appeals are inherently pleasurable to most people because they are firmly associated in our memories with past good times, enjoyment, and those things we value in life.

**Use of Novel Stimuli.** There are a wide variety of novel forms of marketing messages. In general, **novel** marketing communications are unusual, distinctive, or unpredictable devices. Such stimuli tend to produce greater attention than those that are familiar and routine. This can be explained by the behavioral concept of human adaptation. People adapt to the conditions around them: As a stimulus becomes more familiar, people become desensitized to it. Psychologists refer to this as habituation. For example, if you drive past a billboard on the way to school or work each day, you probably notice it less on each occasion. If the billboard were removed, you probably would notice it was no longer there. In other words, we notice by exception.

The April 1994 cover of Lands' End's apparel catalog represents an extremely effective use of novelty. A zebra is shown with colorful, unzebra-like stripes, which ties in nicely with the statement at the bottom of the page: «Our new stripes [on short-sleeved sports shirts] may be enough to make you change yours». Another novel and attention-getting message is the paper-doll style character.

**Use of Intense Stimuli.** **Intense Stimuli** (those that are louder, more colorful, bigger, brighter, etc.) are more likely than less intense stimuli to attract attention. This is because it is difficult for consumers to avoid intense stimuli,

thus leading to involuntary or nonvoluntary attention. One need only walk through a shopping mall, department store, or supermarket and observe the various packages, displays, sights, sounds, and smells to appreciate the special efforts marketing communicators take to attract consumers' attention.

Advertisements, too, utilizes intensity to attract attention. For example, the advertisement for Soft Scrub with Lemon cleanser catches the reader's attention by highlighting a huge lemon on top of the package to reinforce that the brand is formulated with lemon. The multiple bright oranges reflect another effective use of stimulus intensity in advertising by Minute Maid orange juice.

In sum, attention involves allocating limited processing capacity in a selective fashion. Effective marketing communications are designed to activate consumer interests by appealing to those needs that are most relevant to a market segment. This is no easy task; marketing communications environments (stores, advertising media, noisy offices during sales presentations) are inherently cluttered with competitive stimuli and messages that also vie for the prospective customer's attention. Research shows that clutter in television advertising reduces the effectiveness of individual commercials. Commercials appearing later in a stream of multiple commercials and those for low-involvement products are particularly susceptible to clutter effects.

### *Comprehension of What Is Attended to*

To comprehend is to understand and create meaning out of stimuli and symbols. Communication is effective when the meaning a marketing communicator intends to convey matches what is extracted by consumers from the messages. The term **comprehension** often is used interchangeably with perception; both terms refer to interpretation. Because people respond to their perceptions of the world and not to the world as it actually is, the topic of comprehension, or perception, is one of the most important subjects in marketing communications.

The perceptual process of interpreting stimuli is called **perceptual encoding**. Two main stages are involved. **Feature analysis** is the initial stage whereby a receiver examines the basic features of a stimulus (such as size, shape, color, and angles) and from this makes a preliminary classification. For example, a consumer is able to distinguish a motorcycle from a bicycle by examining such features as size, presence of an engine, and the number of controls. A lemon is distinguished from an orange by its color and shape.



The second stage of perceptual encoding, **active synthesis**, goes beyond merely examining physical features. The context or situation in which information is received plays a major role in determining what is perceived and interpreted, or, in other words, what meaning is acquired. Interpretation results from combining, or synthesizing, stimulus features with expectations of what should be present in the context in which a stimulus is perceived. For example, a synthetic fur coat placed in the window of a discount clothing store (the context) is likely to be perceived as a cheap imitation; however, the same coat, when attractively merchandised in an expensive boutique (a different context), might now be considered a high-quality, stylish garment.

A humorous way to better understand the difference between feature analysis and active synthesis is by examining cartoons. Witty cartoonists often use humor in subtle ways. They insert characters and props in cartoons that require the reader to draw from his or her own past experiences and recollections in order to perceive (comprehend) the humor. Before reading on, consider the cartoon from Gary Larson's now discontinued «The Far Side».

The readily recognized features in this cartoon (feature analysis) are three Neanderthal characters, a mammoth, and a spear that has fallen short of the mammoth. These features are not humorous per se; rather, humor is comprehended by active synthesis on the reader's part. Some people immediately pick up on the humor, while others see no humor at all. Understanding the cartoon requires that one generalize to the situation in the cartoon from what happens in a basketball game.

Specifically, when a player fires up a shot that completely misses the basket, fans spontaneously hoot in unison “Airrrr ball... airrrr ball” Gary Larson has generalized to the plight of the Neanderthal man who has failed to reach the mammoth with his spear and who then is ridiculed by his chums: “Airrrrr spearrrr... airrrrr spearrrr!..”.

The important point in the preceding discussion is that consumers' comprehension of marketing stimuli is determined by stimulus features and by characteristics of the consumers themselves. Expectations, needs, personality traits, past experiences, and attitudes toward the stimulus object all play important roles in determining consumer perceptions. Due to the subjective nature of the factors that influence our perceptions, comprehension is oftentimes idiosyncratic, or peculiar to each individual.

An individual's mood also can influence his or her perception of stimulus objects. Research has found that when people are in a good mood they are more likely to retrieve positive rather than negative material from their memories; are

more likely to perceive the positive side of things; and, in turn, are more likely to respond positively to a variety of stimuli.

These findings have important implications for both advertising strategy and personal selling activity. Both forms of marketing communications are capable of placing consumers in positive moods and may enhance consumer perceptions and attitudes toward marketers' offerings.

**Miscomprehension.** People occasionally misinterpret or miscomprehend messages so as to make them more consistent with their existing beliefs, expectations, or other cognitive-structure elements. This typically is done without conscious awareness; nonetheless, distorted perception and message miscomprehension are common.

A dramatic but tragic case that points out the consequences of misperception occurred in 1988, when the crew of the USS Vincennes shot down an Iranian commercial airliner in the Persian Gulf. The crew, under stress, had been warned that Iranian F-14 warplanes were in the area; therefore, they expected to see an F-14 warplane attacking their ship. They saw a warplane (actually a commercial airliner) and shot it down, killing 290 people – a tragic case of human error.

An example of selective perception in a marketing context can be seen in a study that examined viewer miscomprehension of three forms of televised communication: programming content, commercials, and public-service announcements (PSAs). Nearly 3,000 people from test sites throughout the United States were exposed to two communication units from a pool of 60 different communications (25 commercials, 13 PSAs, and 22 program excerpts). Respondents answered six true/false questions immediately after viewing the communications.

Two of the six statements were always true, and the remainder were always false; half related to objective facts, and half were inferences. A high rate of miscomprehension was revealed across all three forms of communications, with an average miscomprehension of nearly 30 percent. Surprisingly, advertisements were not miscomprehended any more than the other communication forms.

### *Agreement with What Is Comprehended*

A fourth information-processing stage involves the manner by which individuals yield to, that is, agree with what they have comprehended in a message. Comprehension by itself does not ensure that the message will change consumers' attitudes or influence their behavior.

Agreement depends on whether the message is credible and whether it contains information and appeals that are compatible with the values that are important to consumers. For example, a consumer who is more interested in the social-value implications of consuming a particular product than in acquiring functional value is more likely to be persuaded by a message that associates the advertised brand with a desirable group than one that talks about product features.

### *Retention and Search/Retrieval of Stored Information*

Retention and information search and retrieval are discussed together because both involve memory factors related to consumer choice. The subject of memory is a complex topic that has been studied extensively. Theories abound and research findings are sometimes contradictory. These technicalities need not concern us here, however, because our interest in the subject is considerably more practical. From a marketing-communications perspective, memory involves the related issues of what consumers remember (recognize and recall) about marketing stimuli and how they access and retrieve information when making consumption choices. The subject of memory is inseparable from the process of learning, so the following paragraphs first discuss the basics of memory, then examine learning fundamentals, and, finally, emphasize the practical application of memory and learning principles to marketing communications. The opening vignette touches on the two interrelated topics treated in this chapter, attitudes and persuasion. To understand one topic requires an understanding of the other. Attitude is a mental property of the consumer. Persuasion is an effort by a marketing communicator to influence the consumer's attitude and behavior in some manner.

The analogy of an automobile race should clarify the distinction between attitude and persuasion and their mutual interdependence. An automobile race consists of a driver with a vehicle who has the objective of beating competitive drivers to the finish line. In marketing communications, the drivers (marketing communicators) have vehicles at their disposal (the markets' thoughts about and opinions of attitude toward their brands). They are trying to accelerate the vehicle (persuade the market) toward the finish line before fellow drivers (the competition) get there. Thus attitude is the object and persuasion the objective of the marketing communications race.

Consider the following illustration. General Motors planned for several years to introduce a battery-charged automobile, to be named Impact. This

electrically powered car travels approximately only 120 miles per charge but, on the positive side, is noiseless, has rapid pickup, and, best of all, is better for the environment than gasoline-powered cars. Most consumers, it seems safe to predict, will initially resist changing from conventional cars to battery-operated ones. Yet there will be a segment of early adopters (discussed in the next chapter) who will accept this innovative vehicle. Along with this acceptance will come competition from other American, European, and Japanese automobile makers. All firms will thereafter compete for market share, and marketing communications activities will strive to build brand preference for each firm's offering and to persuade consumers to buy their brand rather than competitive alternatives.

This chapter first describes the core attitude concept and then discusses several frameworks that explain how attitudes are formed and changed and how persuasion occurs. In effect, we will be studying marketing communications from the consumer's perspective. The chapter builds upon the fundamentals explained in the previous chapter and provides insight into why marketing communicators' messages sometimes succeed and at other times fail to influence consumers' attitudes and behavior.

### **3.2. The Nature And Role Of Attitudes**

Attitude is one of the most extensively examined topics in all of marketing. The reason is simple: Understanding how people feel toward different objects (such as brands within a product category) makes it possible to predict and influence behavior so that it is compatible with the marketing communicator's interests.

#### *What is an attitude?*

Attitudes are hypothetical constructs; they cannot be seen, touched, heard, or smelled. Because attitudes cannot be observed, a variety of perspectives have developed over the years in attempting to describe them'. The term attitude will be used here to mean a general and enduring positive or negative feeling toward or evaluative judgment of some person, object, or issue. Beyond this basic definition are three other notable features of attitudes: They:

- 1) are learned,
- 2) are relatively enduring, and
- 3) influence behavior.

Consider the following examples of consumer attitudes that express feelings and evaluations with varying degrees of intensity: "I like Diet Pepsi», "I think Hootie and the Blowfish are great», "Mike Tyson is a creep», "I favor recycling», and "I love the Cleveland Indians» All of these attitudes are learned and will likely be retained until there is some strong reason to change them; moreover, it can be expected that the holders of these attitudes would behave consistently with their evaluations – drinking Diet Pepsi, going to a Hootie concert, turning the channel when Tyson appears on TV, recycling aluminum cans, jumping at an opportunity to attend a Cleveland Indians baseball game, and so on.

The preceding description focuses on feelings and evaluations, or what is commonly referred to as the **affective** component; this is generally what is referred to when people use the word attitude. However, attitude theorists recognize two additional components, cognitive and conative. The **cognitive** component refers to a person's beliefs (i.e., knowledge and thoughts) about an object or issue ("Timberland shoes are stylish and durable"; "Snackwell low-fat cookies taste nearly as good as the 'real thing'").

The **conative** component represents one's behavioral tendency, or predisposition to act, toward an object. In consumer-behavior terms, the conative component represents a consumer's intention to purchase a specific item. Generally speaking, attitudes predispose people to respond to an object, such as a brand, in a consistently favorable or unfavorable way.

A clear progression is implied: from initial cognition, to affection, to conation. An individual becomes aware of an object, such as a new brand, then acquires information and forms beliefs about the brand's ability to satisfy consumption needs (cognitive component). Beliefs are integrated, and feelings toward and evaluations of the product are developed (affective component). On the basis of these feelings and evaluations, an intention is formed to purchase or not to purchase the new product (conative component). An attitude, then, is characterized by progressing from thinking (cognitive), to feeling (affective), to behaving (conative).

An illustration will help clarify the notion of attitude progression. Consider the case of Doug, who recently purchased a new Ford Contour. When in the process of making a brand-choice decision, Doug knew precisely what he wanted in a new automobile: economy, reasonable passenger and luggage space, good resale value, and a smooth-shifting automatic transmission. He acquired a variety of information about the Ford Contour and other models from friends and acquaintances, from advertisements, and from his own shopping

experiences. He formed beliefs about product features and about specific automobile models as a result of this information search-and-processing activity.

These beliefs (representing the cognitive-attitude component) led Doug to form specific feelings toward and evaluations of various automobile models (affective component). He liked the Honda Accord, except for what he considered to be a rather jerky-shifting automatic transmission. Overall, his most positive affect was toward the Ford Contour, and his intention to purchase this model (conative component) finally materialized when he drove the new automobile away from the Ford dealership.

### **3.3. Persuasion In Marketing Communications**

The foregoing discussion of attitudes – the object-provides us with useful concepts as we turn now to the strategic issue of how marketing communicators influence customers' attitudes and behaviors through persuasive efforts: the objective. Salespeople attempt to convince customers to purchase one product rather than another; advertisers appeal to consumers' reason or to their fantasies and feelings in attempting to create desired image for their brands so that consumers will someday purchase them; brand managers use coupons, samples, rebates, and other devices to induce consumers to try their products and to purchase them now rather than later.

Persuasion is the essence of marketing communications. Marketing communicators – as well as all persuaders (politicians, theologians, parents, teachers) – attempt to guide people toward the acceptance of some belief, attitude, or behavior by using reasoning or emotional appeals. The actual process by which this occurs is examined later in the chapter. First, however, it will be useful to provide some brief discussion on the ethics of persuasion inasmuch as the word persuasion may suggest to you something manipulative, exploitative, or unethical.

#### *The Ethics of Persuasion*

At times, marketing communicators' persuasion efforts are undeniably unethical. Shrewd operators bamboozle the unsuspecting and credulous into buying products or services that are never delivered. Elderly consumers, for example, are occasionally hustled into making advance payments for household repairs (e.g., roof repairs) that are never performed. Unscrupulous realtors sell swamp land in Florida. Telemarketers sometimes get our attention under the

pretense that they are conducting marketing research and then try to sell us something. Persuasion by some marketing communicators is unethical. Of course, so sometimes are persuasive efforts by government officials, the clergy, teachers, your friends, and even you. Persuasion is a part of daily life in all its facets. The practice of persuasion can be noble or deplorable. There is nothing wrong with persuasion per se; it is the practitioners of persuasion who sometimes are at fault. To paraphrase an old adage: Don't throw the persuasion baby out with the bath water; just make sure the water is clean.

### *Multiple Forms Persuasion*

It would be erroneous to think that persuasion is a single method, practice, or technique. Rather, there are as many persuasion methods in theory as there are persuasion practitioners. This is a bit of an exaggeration, but it serves to emphasize that persuasion practices are highly diverse. Another important point is that the topic of persuasion can be viewed from two perspectives. The first involves examining persuasion from the perspective of the persuader and studying the persuasive techniques used by practitioners. The other perspective focuses on the persuadee by exploring what factors cause a person to be persuaded. The next section looks at persuasion from the persuader's perspective, and a later section then takes a persuadee-oriented view.

### *Tools of Influence: the Persuader's Perspective*

Persuaders in all capacities of life routinely use a variety of tools, which have evolved throughout the millennia to influence people. They are widely understood by many persuaders, if only tacitly. Persuadees, such as consumers, learn these tactics again, if only tacitly and from knowledge, or schemas, about persuaders' persuasive tactics. A well known persuasion researcher coined the catchy phrase *schemer schema* to capture the idea that people form rather strong and stable intuitive theories about marketers' efforts to influence their actions.

A social psychologist, Robert Cialdini, has spent much of his professional career studying the persuasive tactics used by car dealers, insurance salespeople, fund-raisers, waiters, and other persuasion practitioners. His studies, involving both work in the field (as car salesperson, fund-raiser, etc.) and laboratory research, have identified six tools of influence that cut across persuasion practices. These are (1) reciprocation, (2) commitment and consistency, (3) social proof, (4) liking, (5) authority, and (6) scarcity.

Before discussing each of these influence tools, it is important to note that these tactics work because much of our behavior occurs in a rather automatic, noncontrolled, and somewhat mindless fashion. In other words, due to limitations on our information processing capacities (as discussed in the previous chapter) and time pressures, we often make judgments and choices without giving a great deal of thought to the matter. Cialdini refers to this as click, whirr behavior. He uses this term in reference to patterns of behavior (called fixed-action patterns) that appear throughout the animal kingdom. Many animal species (including *Homo sapiens*) will, under special circumstances, engage in patterns of scripted behavior in response to some trigger feature. For example, mother hens will automatically act motherly on hearing the sound cheep-cheep. That single sound activates maternal behavior; if a football could emit the sound cheep-cheep, a mother turkey would act motherly toward it, taking it under her wing and nurturing it; however, she will not nurture her own offspring if they are unable to make that sound.

Humans sometimes also operate in a click, whirr fashion. Something triggers a response (click), and then an automatic, scripted pattern of behavior follows (whirr). We are not fully aware of this happening (if we were, it would not happen), but, as we will see, persuaders know how to click on, or trigger, our behavior, and out whirrs a response that results in our purchasing a product, making a donation, or doing something else that favors the persuader's best interests.

### *Reciprocation*

As part of the socialization process in all cultures, people acquire a norm of reciprocity. As children we learn to return a favor with a favor, to respond to a nicety with another nicety. Knowing this, marketing communicators sometimes give gifts or samples with hopes that customers will reciprocate by purchasing products. We see this with in-store sampling of food items in supermarkets. Anyone who has ever attended a Tupperware party (or other product party of this sort) knows that the hostess often distributes free gifts at the beginning with designs that attendees will reciprocate with big purchases.

This happens not only with individual consumers, but also in business-to-business marketing interactions. For example, beginning in the late 1980s many pharmaceutical companies introduced the practice of dinner meetings with physicians. A company invites a small group of physicians to dinner at an expensive restaurant; exposes them to a product presentation before dinner;



wines and dines them; then, afterwards, presents them with a \$100 "honorarium" for having given their time and attention. Research shows that 80 percent of dinner meetings produce increased sales of the presented brand! Click-whirr: "Something nice was done for me; I should return the favor»

You would be correct if you are thinking that reciprocation tactics do not always work. Sometimes we "see through" the tactic and realize that the nicety is not really a sincere offering but rather a come-on to get us to respond in kind. In saying this, an important theme carries through the entire discussion of influence tactics: No influence tactic is equally effective under all circumstances. Rather, the effectiveness of a tactic is contingent on the circumstances: Whether and when a tactic is effective depends on the persuasion circumstances and the characteristics of the persuader and persuadee. As a student of marketing communications, it is critical that you incorporate this "it depends" thinking into your understanding of marketing practices. No influence tactic is universally effective. Rather, the situation or circumstances determine whether and when a tactic might be successful.

With regard to reciprocation, this tactic is most effective when the persuadee perceives the gift giver as honest and sincere. Party plans like the Tupperware parties typify this situation in that the persuader (the host or hostess) is often friends with the persuadees.

### *Commitment and Consistency*

After people make a choice (a commitment), there often is a strong tendency to remain faithful to that choice. Consistency is a valued human characteristic. We admire people who are consistent in their opinions and actions. We sometimes feel ashamed of ourselves when we say one thing and do something differently. Hence, the marketing communicator might attempt to click-whirr the consumer by getting him or her to commit to something (commitment is the click or trigger) and then hope that the consumer will continue to act in a manner consistent with this commitment.

Consider the tactic often used by automobile salespeople. They get the consumer to commit to a price and then say they have to get their sales manager's approval. At this point the consumer has psychologically committed to buying the car. The salesperson, after supposedly taking the offer to the sales manager, returns and declares that the manager would not accept the price. Nevertheless, the consumer, now committed to owning the car, will often increase the offer. In the trade this is referred to as lowballing the consumer, a

tactic that is widespread because it is effective (albeit not entirely ethical).

When would you expect commitment and consistency to be most effective in marketing communications? Think first before reading on. Again, the apparent sincerity of the persuader would play a role. The tactic is unlikely to work when it is obviously deceitful and self-serving. From the persuades perspective, it would be expected that consumers are most likely to remain consistent when they are highly ego-involved in their choices. In other words, it is hard not to be consistent when a great amount of thought and psychological energy have gone into a choice.

### *Social Proof*

What do I do? How should I behave? The principle of social proof is activated in circumstances where appropriate behavior is somewhat unclear. Not knowing exactly what to do, we take leads from the behavior of others; their behavior provides social proof of how we should behave. For example, suppose someone asks you for a charitable donation. The appropriate amount to give is unclear, so you might ask the fund-raiser what amount others are giving and then contribute a similar amount. As discussed in the following chapter, new-product developers sometimes encourage widespread adoption by giving new products to opinion leaders and trendsetters, who, it is expected, will provide social proof for others to adopt the same behavior. In general, we are most likely to accept the actions of others as correct "when we are unsure of ourselves, when the situation is unclear or ambiguous, when uncertainty reigns»

### *Liking*

This influence tactic deals with the fact that we are most likely to adopt an attitude or undertake an action when a likable person promotes that action. There are various manifestations of likability. Two of the more prominent in marketing communications are physical attractiveness and similarity. Research has shown that people respond more favorably to others whom they perceive to be like themselves and physically attractive. This explains why models in advertising, individuals on magazine covers, and celebrity endorsers are typically attractive people to whom consumers can relate and like. The montage shows ten celebrities used in the 1995 advertising campaign undertaken by the National Fluid Milk Processing Promotion Board. These individuals (Lauren Bacall, Christie Brinkley, Naomi Campbell, Iman, Joan Lunden, Joan Rivers,

Isabella Rossellini, Vanna White, Heather Whitestone, and Kristi Yamaguchi) represent various age groups and appeal to different consumer groups. Each celebrity, research reveals, is liked by at least some sizable groups of consumers.

### *Authority*

Most people are raised to respect authority figures (parents, teachers, coaches, etc.) and to exhibit a sense of duty toward them. It therefore comes as no surprise that marketing communicators sometimes appeal to authority. Because marketers cannot invoke the same types of sanctions as real authority figures (e.g., parents withholding allowances), appeals to authority in the marketplace typically use surrogates of real authority figures. For example, advertisers sometimes use medical authorities to promote their products' virtues. During late-night television programming and at other fringe times, broadcasters often air infomercials that devote 30-minute programs to weight-loss, skin-care, exercise equipment, and hair-restoration products. Frequently these products are endorsed by medical doctors, entertainers, and athletes, upon whose authority the consumer is promised the product will perform its function.

### *Scarcity*

This influence tactic is based on the principle that things become more desirable when they are in great demand but short supply. Simply put, an item that is rare or becoming rare is more valued. Salespeople and advertisers use this tactic when encouraging people to buy immediately with appeals such as "only a few are left", "we won't have any more in stock by the end of the day", and "they're really selling fast».

The theory of **psychological reactance** helps explain why scarcity works. This theory suggests that people react against any efforts to reduce their freedoms or choices. Removed or threatened freedoms and choices are perceived as even more desirable than previously. Thus, when products are made to seem less available, they become more valuable in the consumer's mind. Of course, appeals to scarcity are not always effective. But if the persuader is credible and legitimate, then an appeal may be effective. (Click-whirr: «Not many of this product remain, so I better buy now and pay whatever it takes to acquire it»).

## **Summary**

This chapter has covered some aspects of communications theory and consumer behaviour. Consumer behaviour is not straightforward, and marketing communications is not simply a matter of 'pushing the right buttons'. People are individuals, and cannot be treated as if they were all alike.

Ideas can only be transmitted indirectly, through symbols. Symbols do not have universally accepted meanings. Senders and receivers must have a common field of experience. Noise and interference detract from communications.

Most communication is non-verbal. Ethnocentrism is a common cause of communications failure. Perception is both analytical and synthetic. Thus, each individual has their own view of reality.

Marketing communications have a major role in positioning brands correctly in the consumer's world map. Attitudes can be changed by altering either cognition or affect. Halo effect colours all aspects of the attitudinal object. Most of the influences on decision-making will be outside the marketer's control. Needs are the driving force in consumer behaviour, not marketers. Miscommunication results from many causes, but motivation to seek understanding will reduce the incidence of miscommunication

## **Chapter Questions**

1. What is the difference between a symbol and an icon?
2. If ideas can be transmitted through symbols, why are there so many cases of misunderstood communications?
3. What are the factors in the success of Coca-Cola's global communications strategy?
4. Why are the most advertisements ignored by consumers?
5. How does celebrity endorsement work?

## **CHAPTER 4. MAJOR MEDIA**

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Advertising industry terminology conventionally distinguishes between advertising media and vehicles. Media are the general communication methods that carry advertising messages, that is, television, magazines, newspapers, and so on. Vehicles are the specific broadcast programs or print choices in which advertisements are placed. Hence, for example, television is a specific medium, and *Seinfeld*, *Friends*, *NBC Evening News*, and *Monday Night Football* are vehicles for carrying television advertisements. Magazines are another medium, and *Time*, *News-week*, *Ebony*, and *Cosmopolitan* are vehicles in which magazine ads are placed.

### **4.1. Characteristics Of Traditional Major Advertising Media**

Virtually any environment, in which messages can be printed, sung, blared, or announced in any other fashion is a potential advertising medium. Ads on blimps; on the walls of restrooms; on T-shirts; on buses and bus stops; on shopping carts in stores; on store floors; on race cars and boats; on the apparel of golfers, tennis players, and other athletes; and on signs that trail behind small airplanes and products appearing in movies and television programs are just some of the spots where advertising is placed. These "special purpose" media are, of course, minor in relation to the traditional advertising media: television, radio, newspaper, magazines, and out-of-home advertising on billboards.

These five media are known as the major advertising media, within which the majority of advertising expenditures are placed. Nearly \$100 billion in advertising expenditures were placed in these major media, with television and newspapers running neck and neck in dominance in 1996.

Each medium and each vehicle has a set of unique characteristics and virtues. Advertisers attempt to select those media and vehicles whose characteristics are most compatible with the advertised brand in reaching its target audience and conveying its intended message. If the objective is to demonstrate product features, television is the best medium, followed by magazines, newspapers, radio, and out-of-home advertising. Television is also particularly powerful in terms of its entertainment and excitement value and its ability to have an impact on the viewer. Magazines are strong in terms of elegance, beauty, prestige, and tradition. Newspapers offer newsworthiness and low prices. Radio, which is especially personal, allows for the listener's imagi-

nation to play a part, while out-of-home advertising is especially appropriate for package identification.

## **4.2. Major Advertising Media**

The following sections will be devoted to each of the major advertising media, placing considerable emphasis on each medium's strengths and limitations. Because it would be easy to misinterpret these discussions and the conclusions to be drawn, a few words of caution are in order. In particular, it might be tempting to play a counter game when examining each medium's strengths and limitations. That is, the reader might erroneously conclude that one medium is superior to another simply because more advantages and fewer limitations are listed. But this assuredly is not the intent of the following discussions.

The overall value or worth of an advertising medium depends on the advertiser's specific needs in a particular situation and the overall budget available for advertising a brand. No advertising medium is always the best. The value or worth of a medium depends on the circumstances confronting a brand at a particular time: its advertising objective, the target market toward which this objective is aimed, and the available budget.

An analogy will clarify this point. Suppose someone asked you: "What type of restaurant is best?" An immediate single answer is difficult to offer, because you undoubtedly would recognize that what is best in a restaurant depends on a person's particular needs on a specific dining occasion. In some circumstances price and speed of service are of essence, and restaurants like McDonald's would win out by this criterion. On other occasions, ambiance rules the day, and a classy French restaurant might be considered ideal. In yet another situation, the consumer is looking for a balance between dining elegance and reasonable price, and hence a middle-of-the-road eating establishment would serve the purpose. In sum, there is no such thing as a universally «best» restaurant.

The same is true of advertising media. What medium is "best" depends entirely on the advertiser's objectives, the competitive challenge, and budget availability. The best medium, or combination of media, is determined not by counting advantages and limitations but by conducting a careful examination of the advertised brand's needs and resources.

The presentation of ad media progresses in the following order: First discussed is the smallest and most unique ad medium, out-of-home advertising.

Coverage turns next to the two print media, newspapers and magazines, and then to the two electronic media, radio and television.

In addition to these major media, later sections are devoted to the so-called new media-primarily advertising on the World Wide Web, or Internet. Finally, a brief discussion is devoted to a variety of unique advertising media (e.g., blimp advertising) that are relatively small in comparison to the major media but which nonetheless play an important role for advertisers in select situations.

#### 4.2.1. Out-Of-Home Advertising

Out-of-home advertising, or outdoor for short, is the oldest form of advertising with origins dating back literally thousands of years. Although billboard advertising is the major aspect of out-of-home advertising, outdoor encompasses a variety of other delivery modes: advertising on bus shelters, giant inflatable (e.g., the Goodyear blimp; see the Focus on Marketing Communications), various forms of transit advertising (e.g., ads painted on buses and trucks), skywriting, T-shirts emblazoned with brand logos, and so on. The one commonality among these is that they are seen by consumers outside of their homes (hence the name) in contrast to television, magazines, newspapers, and radio, which are received in the home (or in other indoor locations).

Outdoor advertising is regarded as a supplementary, rather than primary, advertising medium. Out-of-home advertising expenditures in 1996 amounted to approximately \$1.69 billion, which represents less than 2 percent of total advertising expenditures in the five major media.

Product categories that historically have spent the most on outdoor advertising include tobacco products and alcohol. However, these two categories, which increasingly have come under fire for excessive outdoor advertising in inner-city areas, have dramatically reduced outdoor advertising. For example, although still the largest outdoor advertiser, tobacco represents approximately only 10 to 15 percent of outdoor revenues today, compared to 40 percent less than two decades ago.

#### 4.2.2. Blimps as an Advertising Medium

Most people enjoy blimps. There is something very special about seeing such a large object meandering in the sky with no apparent goal in mind or haste to get anywhere. Unlike airplanes, which rush inexorably to their destinations, blimps just seem to be there-floating without worries, unconstrained by time,

there only for the enjoyment of the observer.

It is perhaps this warm and fuzzy feeling that people get when spotting a blimp that makes them such an attractive advertising medium. When flying above population centers, attention is virtually guaranteed. Who can resist looking at a blimp? And if one cannot resist, the advertiser is assured that consumers will be exposed to the brand name festooned on the blimp. Unlike other advertising media, such as television and magazines, in which the advertiser competes in a cluttered environment for the prospective customer's attention, blimp advertisers have the luxury of an uncluttered clear blue sky.

Growing numbers of advertisers are turning to the blimp as an alternative medium. In addition to its other advantages, blimp advertising also has a relatively low cost. The \$350,000-per-month charge for a full-size blimp costs an advertiser approximately the same amount as only one or two 30-second network television commercials or two full-page ads in a single magazine. In addition to the venerable Goodyear blimp, other blimp advertisers include Met Life, Blockbuster, Fuji, Gulf Oil, and Budweiser.

Fuji Photo Film Co. took great delight in being selected as the sole blimp to carry network television cameras in telecasting the World Cup soccer championship that was contested in the United States in 1994. Fuji's marketing executives decided to spend millions of dollars in hopes of reaching the 30 billion (not million) worldwide television viewers who were expected to watch the games. For the worldwide blimp pops – the brief time when a television network shows a blimp floating above a sports arena and gives it a quick plug – Fuji was willing to pay an estimated \$20 million. At that price, to reach 30 billion sports fanatics, the cost per thousand amounts to only 67 cents. By comparison, a \$250,000 television commercial that reaches 15 million households has a cost per thousand of \$12.50. It is little wonder that Fuji and other advertisers see considerable value in blimp advertising.

#### 4.2.3. Billboard Advertising

Although there are a variety of out-of-home advertising vehicles, billboard advertising is the major outdoor medium. Advertising on billboards is designed with name recognition as the primary objective. The major forms of billboard advertising are poster panels and painted bulletins.

**Poster Panels.** These billboards are what we regularly see alongside highways and in other heavily traveled locales. Posters are silk-screened or lithographed and then brought and pasted in sheets to the billboard. Companies



typically sell billboard space on a monthly basis. Posters can be either 8-sheet or 30-sheet, literally designating the number of sheets of paper required to fill the allotted billboard space. An 8-sheet poster is 6'2" high by 12'2" wide, although the actual viewing area is a slightly smaller 5' by 11' (or, in other words, 55 square feet of viewing space). The much larger 30-sheet poster is 12'3" high by 24'6" wide, with a 9'7" by 21'7" viewing area (or approximately 207 square feet of viewing space).

**Painted Bulletins.** Painted bulletins are hand painted directly on the billboard by artists hired by the billboard owner. Standard bulletins measure 14 feet high by 48 feet wide and represent a total viewing space of 672 square feet. These bulletins are generally repainted every several months to provide a fresh look. Advertisers typically purchase these large bulletins for a one- to three-year period with the objective of achieving a consistent and relatively permanent presence in heavily traveled locations.

Outdoor advertising is purchased through companies that own billboards, called plant. Plants are located in all major markets throughout the nation. Companies like Gannett and Gateway are some of the larger plants that have operations in multiple metropolitan areas. To simplify the national advertiser's task of buying outdoor space in multiple markets, buying organizations, or agents, facilitate the purchasing of outdoor space at locations throughout the country.

Plants have historically sold poster advertising space in terms of so-called showings. A showing is the percent of the population that is theoretically exposed to an advertiser's billboard message. Showings are quoted in increments of 25 and are designated as #25, #50, #75, and #100. The designation #50, for example, means that 50 percent of the population in a particular market is expected on any given workday to pass the billboards on which an advertiser's message is posted.

In recent years plants have converted to gross rating points (GRPs) as the metric for quoting poster prices. As discussed thoroughly in the following chapter, GRPs represent the percentage and frequency of an audience being reached by an advertising vehicle. Specifically, one outdoor GRP means reaching 1 percent of the population in a particular market a single time. Outdoor GRPs are based on the daily duplicated audience as a percentage of the total potential market. For example, if four billboards in a community of 200,000 people achieve a daily exposure to 80,000 persons, the result is 40 gross rating points. As with traditional showings, GRPs are sold in blocks of 25, with 100 and 50 being the two most-purchased levels.

### *Outdoor Advertising's Strengths*

A major strength of outdoor advertising is its broad reach and high frequency levels. Outdoor advertising is effective in reaching virtually all segments of the population. The number of exposures is especially high when signs are strategically located in heavy-traffic areas.

Another advantage is geographic flexibility. Outdoor advertising can be strategically positioned to supplement other advertising efforts in select geographic areas where advertising support is most needed. Low cost per thousand is another advantage. Outdoor advertising is the least expensive advertising medium on a cost-per-thousand basis. Because outdoor advertising is literally bigger than life, product identification is substantial. The ability to use large representations offers marketers excellent opportunities for brand and package identification.

Outdoor advertising also provides an excellent opportunity to reach consumers as a last reminder before purchasing. This explains why frequently purchased products and services (like cigarettes, soft drinks, beer, and restaurants) are the heaviest users of outdoor advertising. Advertisers in these categories hope to have their brands seen just prior to the consumer's brand choice.

### *Outdoor Advertising's Limitations*

A significant problem with outdoor advertising is nonselective. Outdoor advertising can be geared to general groups of consumers (e.g., inner-city residents) but cannot pinpoint specific market segments (say, professional African-American men between the ages of 25 and 39). Advertisers must turn to other advertising media (such as radio and magazines) to pinpoint audience selection.

Short exposure time is another drawback. "Now you see it, now you don't" appropriately characterizes the fashion in which outdoor advertising engages the consumer's attention. For this reason, outdoor messages that have to be read are less effective than predominantly visual ones.

It also is difficult to measure outdoor advertising's audience. The lack of verified audience measurement is regarded by some as a significant impediment that must be overcome if outdoor advertising is to become a more widely used advertising medium»

A final outdoor advertising problem involves environmental concerns.

Billboards, the so-called "pollution on a stick», have been banned in some manner by six states and more than 1,000 local governments.

#### 4.2.4. Newspapers

Newspapers in the United States reach approximately 60 million households during the week and nearly 63 million on Sundays. Newspapers have historically been the leading advertising medium, but recently television surpassed newspapers as the medium that receives the greatest amount of advertising expenditures. Newspaper advertising receipts are derived from local retail advertising (approximately 50 percent), classified ads (approximately 38 percent), and national ads (approximately 12 percent).

Local advertising is clearly the mainspring of newspapers. However, newspapers have become more active in their efforts to increase national advertising. These efforts have been facilitated by the Newspaper Advertising Bureau (NAB), a nonprofit sales and research organization. The NAB offers a variety of services that assist both newspapers and national advertisers by simplifying the task of buying newspaper space and by offering discounts that make newspapers a more attractive medium. Moreover, the trend toward regional marketing has led to greater use of newspaper advertising by major consumer packaged-goods companies.

In the past, a major problem in buying newspaper space, especially for regional or national advertisers that purchased space from newspapers in many cities, was that newspaper page size and column space varied, thereby preventing an advertiser from preparing a single advertisement to fit every newspaper.

Analogously, imagine what it would be like to advertise on television if, rather than having fixed 15-, 30-, or 60-second commercials for all networks and local stations, some local stations ran only 28-second commercials, while others preferred 23-second, 16-second, or 11-second commercials. Buying time on television would be nightmarish for advertisers. So it was in buying newspaper space until the early 1980s, when the advertising industry adopted a standardized system known as the Standardized Advertising Unit (SAU) system. The implementation of the SAU system made it possible for advertisers to purchase any one of 56 standard ad sizes to fit the advertising publishing parameters of all newspapers in the United States.

Under this system, advertisers prepare advertisements and purchase space in terms of column widths and depth in inches. There are six column widths:

1 column: 2'<sup>1</sup>/<sub>6</sub>"  
2 columns: 4'<sup>1</sup>/<sub>4</sub>"  
3 columns: 6'<sup>7</sup>/<sub>16</sub>"  
4 columns: 8'<sup>5</sup>/<sub>8</sub>"  
5 columns: 10'<sup>13</sup>/<sub>16</sub>"  
6 columns: 13"

Space depth varies in size from 1" to 21". Thus, an advertiser can purchase an ad as small as 1" by 2'<sup>1</sup>/<sub>6</sub>" or as large as 13" by 21" with numerous in-between combinations of column widths and depths in inches. A chosen size for a particular advertisement can then be run in newspapers throughout the country. Space rates can be compared from newspaper to newspaper and adjusted for circulation differences. For example, the daily SAU column-inch rate for the Chicago Tribune (circulation: 697,000) is \$345, whereas the same rate in the competitive Chicago Sun Times (circulation: 524,000) is \$299. On the surface, the Sun Times is cheaper than the Tribune, but when adjusted to a per-thousand-readers basis, the cost per thousand of procuring a column inch in the Tribune is \$0.495 (i.e., \$345-697) compared to a cost of \$0.571 (i.e., \$299-524) to advertise in the Sun Times} Hence, it is actually cheaper to advertise in the Tribune. Of course, the advertiser must observe audience characteristics, newspaper image, and other factors when making an advertising decision rather than considering only cost.

The choice of an advertisement's position must also be considered when buying newspaper space. Space rates apply only to advertisements placed ROP (run of press), which means that the ad appears in any location, on any page, at the discretion of the newspaper. Premium charges may be assessed if an advertiser has a preferred space positioning, such as at the top of the page in the financial section. Whether premium charges are actually assessed is a matter of negotiation between the advertiser and the newspaper.

### *Newspaper Advertising's Strengths*

Because people read newspapers for news, they are in the right mental frame to process advertisements that present news of store openings, new products, sales, and so forth. Mass audience coverage is a second strength of newspaper advertising. Over 60 percent of adults read a daily paper and on Sunday's readership increases to 70 percent. Coverage is not restricted to specific socioeconomic or demographic groups but rather extends across all strata. However, newspaper readers on average are considerably more

economically upscale than television viewers. College graduates are over 70 percent more likely to read a newspaper than the population at large. Special-interest newspapers also reach large numbers of potential consumers. For example, over 80 percent of all college students read a campus newspaper.

Flexibility is perhaps the greatest strength of newspapers. National advertisers can adjust copy to match the specific buying preferences and peculiarities of localized markets. Local advertisers can vary copy through in-paper inserts targeted to specific zip codes. In addition, advertising copy can be placed in a newspaper section that is compatible with the advertised product. Retailers of wedding accessories advertise in the bridal section, sporting-goods stores advertise in the sports section, and so forth.

The ability to use detailed copy is strength of newspaper advertising. Detailed product information and extensive editorial passages are used in newspaper advertising to an extent unparalleled by any other medium. Timeliness is a final significant strength of newspaper advertising. Short lead times (the time between placing an ad and running it) permit advertisers to tie in advertising copy with local market developments or newsworthy events. Advertisers can develop copy or make copy changes quickly and thereby take advantage of dynamic marketplace developments.

### *Newspaper Advertising's Limitations*

Clutter is a problem in newspapers, as it is in all of the other major media. A reader perusing a newspaper is confronted with large numbers of ads, all of which compete for the reader's limited time and only a subset of which receive the reader's attention. A second limitation of newspaper advertising is that newspapers are not a highly selective medium. Newspapers are able to reach broad cross sections of people but, with few exceptions (such as campus newspapers), are unable to reach specific groups of consumers effectively.

Occasional users of newspaper space (such as national advertisers who infrequently advertise in newspapers) pay higher rates than do heavy users (such as local advertisers) and have difficulty in securing preferred, non-ROP positions. In fact, newspapers' price lists (called rate cards) charge higher rates for national than local advertisers. This partially explains the role of cooperative advertising. Newspapers generally offer a mediocre reproduction quality. For this and other reasons, newspapers are not generally known to enhance a product's perceived quality, elegance, or snob appeal, as do magazines and television.

Buying difficulty is a particularly acute problem in the case of the national advertiser who wishes to secure newspaper space in a variety of different markets. Each newspaper must be contacted individually, and, on top of this, the rates charged to national advertisers are typically higher than those charged to local advertisers. Fortunately, as previously mentioned, the Newspaper Advertising Bureau (NAB) is making great strides toward facilitating the purchase of newspaper space by national advertisers. One NAB program is known by the acronym CAN DO, which stands for Computer Analyzed Newspaper Data On-Line System. This program provides national advertisers with pertinent information about newspapers in terms of cost per thousand (abbreviated **CPM**, with the M being the Roman numeral for 1,000) and demographic information on age, household income, and household size.

A final significant problem with newspaper advertising involves the changing composition of newspaper readers. Whereas most everyone used to read a daily newspaper, readership has declined progressively over the past two decades. The most faithful newspaper readers are individuals aged 45 and older, but the large and attractive group of consumers aged 30 to 44 are reading daily newspapers less frequently than ever before. Daily newspaper readership in this age group fell by 30 percent in less than two decades—from 75 percent in 1972 to 45 percent by 1990.

#### 4.2.5. Magazines

Magazines used to be considered a mass medium. Today, however, there are literally hundreds of special-interest magazines, each appealing to audiences that manifest specific interests and lifestyles. In fact, Standard Rates and Data Services, the technical information source for the magazine industry, identifies nearly 1,300 consumer magazines in dozens of specific categories, such as automotive (e.g. Motor Trend); general editorial (e.g. the New Yorker); sports (e.g. Sports Illustrated); women's fashions, beauty, and grooming (e.g. Glamour); and many others. In addition to consumer magazines, there are hundreds of other publications classified as farm magazines or business publications. Advertisers obviously have numerous options when selecting magazines to promote their products.

A number of factors influence the choice of magazine vehicles in which to advertise. Most important is selecting magazines that reach the type of people who constitute the advertiser's target market. However, because the advertiser typically can choose from several alternative vehicles to satisfy the target-

market objective, cost considerations also play an extremely important role. Advertisers who are interested in using the magazine medium can acquire a wealth of data about the composition of a magazine's readership (in terms of demographic and lifestyle profiles). This information is provided in each magazine's media kit that is made available to ad agencies and prospective advertisers. Media kits also provide prospective advertisers with pertinent cost information in the form of a rate card. This card includes advertising rates for different page sizes and black and white (B&W), two-color, or four-color ads. For example, an advertiser would pay \$86,155 to place a full-page, four-color ad in *Cosmopolitan*.

As is typical in magazines' price policies, cumulative discounts are available based on the number of pages advertised in *Cosmopolitan* during 12 consecutive months. An advertiser would receive a 20 percent discount, for example, if its advertising in this magazine totals between 30 and 35 full pages during a 12-month period. Or, in other words, rather than the full rate of \$86,155 per page, the rate would be adjusted to \$68,924 per page. Cumulative quantity discounts offered by magazines provide clear incentives for advertisers to maintain continuity with a particular magazine. The rate card in also provides a variety of additional information, including regional advertising rates, closing dates, and mechanical requirements.

Although every magazine has its own media kit, advertisers and their agencies do not have to contact each magazine to obtain them. Standard Rate and Data Services, or SRDS, compiles media kits and then makes these available (of course, for a fee) to advertisers and their agencies. Most recently SRDS has developed a CD-ROM version of its print directory, named the Electronic Media Kit Library. Media buyers use the Electronic Media Kit Library to expedite and simplify the search for business or consumer publications. To search for a class of magazines, such as those targeted to people interested in a vegetarian lifestyle, all the media buyer need do is input a key word-in this case, vegetarian-and all magazines that have this word or a variant in their title will be called up. Information for each magazine (or book as they are referred to by the advertising industry) includes editorial features, rates, readership profiles, circulation, competitive data, editorial calendars, contact persons at the magazine, and additional information. Needless to say, SRDS's print directory and the Electronic Library provide media buyers with invaluable information and greatly simplify their work.

The CPM (cost-per-thousand) measure introduced earlier is used by advertisers to compare different magazine buys. Cost-per-thousand information

for each magazine is available from two syndicated magazine services: Mediamark Research, Inc. (MRI) and Simmons Market Research Bureau (SMRB). These services provide CPM figures for general reader categories (e.g. "total men") and also break out CPMs for subgroups (e.g. "men aged 18 to 49", "male homeowners"). These more specific subgroupings enable the advertiser to compare different magazine vehicles in terms of cost per thousand for reaching the target audience (i.e. CPM-TM) rather than only in terms of gross CPMs. Cost-per-thousand data are useful in making magazine-vehicle selection decisions, but many other factors must be taken into account.

### *Magazine Advertising Strengths*

Some magazines reach very large audiences. For example, magazines like TV Guide, Modern Maturity, Reader's Digest, and National Geographic have total audiences (as measured by MRI and SMRB) that exceed 20 million readers. However, the ability to pinpoint specific audiences (termed selectivity) is the feature that most distinguishes magazine advertising from other media. If a potential market exists for a product, there most likely is at least one periodical that reaches that market. Selectivity enables an advertiser to achieve effective, rather than wasted, exposure. This translates into more efficient advertising and lower costs per thousand target customers. Magazines are also noted for their long life. Unlike other media, magazines are often used for reference and kept around the home (and barber shops, beauty salons, and dentists' and doctors' offices) for weeks. Magazine subscribers often pass along their copies to other readers, further extending a magazine's life.

In terms of qualitative considerations, magazines as an advertising medium are exceptional with regard to elegance, quality, beauty, prestige, and snob appeal. These features result from the high level of reproduction quality and from the surrounding editorial content that often transfers to the advertised product. For example, food items advertised in Bon Appetit always look elegant; furniture items in Better Homes and Gardens look tasteful; and clothing items in Esquire and Cosmopolitan appear especially fashionable.

Magazines are also a particularly good source for providing detailed product information and for conveying this information with a sense of authority. That is, because the editorial content of magazines often contains articles that themselves represent a sense of insight, expertise, and credibility, the advertisements carried in these magazines convey a similar sense of authority, or correctness.



A final and especially notable feature of magazine advertising is its creative ability to get consumers involved in ads or, in a sense, to attract readers' interest and to encourage them to think about the advertised brands. This ability is due to the self-selection and reader-controlled nature of magazines in comparison to more intrusive media such as radio and television. A cute, albeit unintentional, portrayal of this ability appeared in the Family Circus comic strip, which typically presents the thoughts of preschool age children as they contemplate the world around them. This particular strip opens with Billy saying to his sister, Dolly:

"I'll tell you the difference between TV, radio, and books. ...TV puts stuff into your mind with pictures and sound. You don't even hafta think". In the next box he states: "Radio puts stuff into your mind with just sounds and words. You make up your own pictures". And in the final section Billy proclaims: "Books are quiet friends! They let you make up your own pictures and sounds. They make you think". Substitute the word "magazines" for "books", and you have a pretty good characterization of the power of magazine advertising.

In addition to the standard magazine advertising practices that are appealing and attention gaining, magazine advertisers sometimes go to dramatic lengths to enhance reader involvement. For example, Revlon and Estee Lauder have offered eye-shadow and blusher samples on the pages of fashion magazines. Rolls-Royce included a scent strip in one of its ads that imitated the smell of the leather interior of its cars. Two liquor brands, Canadian Mist whiskey and Absolut vodka, used ads with microchips to play songs when the page opened. (A New York woman reported a case of "Absolut chaos" when she walked into her apartment building to a chorus of noisy mailboxes full of magazine ads gone haywire.)

Transamerica included a pop-up ad in Time magazine that featured the insurance company's distinctive pyramidal-shaped building set against the San Francisco skyline. An especially creative magazine advertising effort to enhance reader involvement was Toyota's use of three-dimensional viewfinders in 14 million copies of Time, People, and Cosmopolitan magazines. The ads were designed to show off the new look of the redesigned Corolla. Readers looked into the viewfinder and saw a very realistic three-dimensional portrayal of the car. The ad received exceptionally high recall scores. Recall levels were 83 percent among males and 76 percent among females as compared with average recall rates for a four-page auto ad of 39 percent for males and 31 percent for females.

### *Magazine Advertising Limitations*

Several limitations are associated with magazine advertising. First, unlike TV and radio, which by their very nature infringe on the attention of the viewer/listener, magazine advertising is not intrusive; readers control whether to be exposed to a magazine ad.

A second limitation is long lead times. In newspapers and the broadcast media, it is relatively easy to change ad copy on fairly short notice and in specific markets. Magazines, by comparison, have long closing dates that require advertising materials to be on hand for eight weeks or longer. For example, to run an advertisement in the March 1995 issue of *Cosmopolitan*, an advertiser or its agency had to place the ad by December 22, 1994, at the latest—more than two full months before the ad would appear.

As with other advertising media, clutter is a problem with magazine advertising. In certain respects clutter is a worse problem with magazines than, say, television, because readers can become engrossed in editorial content and skip over advertisements so as not to have their reading disrupted.

Magazine advertising also provides fewer geographic options than do other media. *Cosmopolitan* offers advertisers the opportunity to place ads just in any of seven regions or any particular state. An advertiser that is interested only in select markets—say, Dallas/Fort Worth and Houston, Texas — would probably refrain from advertising in *Cosmopolitan* (or in other magazine vehicles) because much of the magazine circulation would be wasted on readers outside these two metropolitan areas.

A final limitation of magazine advertising is variability in circulation patterns from market to market. *Rolling Stone*, for example, is more read in metropolitan than rural areas. Hence, advertisers who are interested, say, in reaching young males would not be very successful in reaching nonmetropolitan readers. This would necessitate placing ads in one or more additional magazines than *Rolling Stone*, which would up the total cost of the media buy. Radio, TV, or both might better serve the advertiser's needs and provide more uniform market coverage.

#### 4.2.6. Radio

Radio is a nearly ubiquitous medium: nearly 100 percent of all homes in the United States have radios; most homes have several radios; virtually all cars have a radio; and more than 50 million radios are purchased in the United States

each year. These impressive figures indicate radio's strong potential as an advertising medium. Although radio has always been a favorite of local advertisers, it is only in recent years that regional and national advertisers have begun to appreciate radio's advantages as an advertising medium. This trend is largely due to the fact that Americans are listening more now than anytime in recent decades. A recent study found that Americans aged 12 and older average 24 hours a week listening to the radio.

Radio advertisers are interested in reaching target customers at a reasonable expense while ensuring that the station format is compatible with the advertised brand's image and its creative message strategy. Several considerations influence the choice of station. Station format (classical, progressive, country, top 40, etc.) is a major consideration. Certain formats are obviously inappropriate for particular products and brands.

A second consideration is the choice of geographic areas to cover. National advertisers buy time from stations whose audience coverage matches the advertiser's geographic areas of interest. This typically means locating stations in preferred metropolitan statistical areas (MSAs) or in so-called areas of dominant influence (ADIs), which number approximately 200 in the United States and correspond to the major television markets.

A third consideration in buying radio time is the choice of day part. Most stations offer anywhere from two to five day parts. Rate structures vary depending on the attractiveness of the day part; for example, AAAA is priced higher than AAA, which is priced higher than AA, and so on. Information about rates and station formats is available in *Spot Radio Rates and Data*, a source published by the Standard Rate and Data Services.

### *Radio Advertising Strengths*

The first major strength of radio is that it is second only to magazines in its ability to reach segmented audiences. An extensive variety of radio programming enables advertisers to pick specific formats and stations to be optimally compatible with both the composition of their target audience and their creative message strategies. Radio can be used to pinpoint advertisements to specific groups of consumers: teens, Hispanics, sports fanatics, news enthusiasts, conservatives, liberals, and so on. One media director explains radio's narrowcasting versatility this way:

There's classical music to reach the same kind of educated, high income adults [who] read *Smithsonian* or *Travel and Leisure*, only at less cost. You've

got a yen to reach working women? Stations like WBLS in New York reach them more efficiently than TV's Soul Train or black magazines such as Ebony and Essence. You've got teen stations, old lady stations, stations which reach sports nuts, young adults and middle-of-the-roaders. So don't think of radio as a mass medium unless sheer tonnage at the lowest CPM is your game. The radio networks are made up of hundred of stations with different formats, audiences, signal strengths, coverage, etc.

A second major advantage of radio advertising is its ability to reach prospective customers on a personal and intimate level. Local store merchants and radio announcers sometimes are extremely personable and convincing. Their messages come across as if they were personally speaking to each audience member.

A former CEO of J. Walter Thompson USA, one of the largest advertising agencies in the United States, metaphorically described radio as a "universe of private worlds" and a "communication between two friends". In other words, people select radio stations is much the same way that they select personal friends. People listen to those radio stations with which they closely identify. Because of this, radio advertising is likely to be received when the customer's mental frame is most conducive to persuasive influence. Radio advertising, then, is a personal and intimate form of "friendly persuasion".

Economy is a third advantage of radio advertising. In terms of target audience CPM radio advertising is considerably cheaper than other mass media. Over the past quarter century, radio's cost per thousand has increased less than any other advertising medium.

Short lead times are another relative advantage of radio advertising. Because radio production costs are typically inexpensive and scheduling deadlines are short, copy changes can be made quickly to take advantage of important developments and changes in the marketplace. For example, a sudden weather change may suggest an opportunity to advertise weather-related products. A radio spot can be prepared quickly to accommodate the needs of the situation. A spokesperson for the Vermont Teddy Bear Company, which is a regular advertiser on radio, describes it this way: "We can react very quickly [when advertising on radio]. We can change the copy according to what we have in stock, or to a specific occasion or holiday».

A very important advantage of radio advertising is its ability to transfer images from television advertising. A memorable television advertising campaign that has been aired frequently effects in consumers a mental association between the sight and sound elements in the commercial. This

mental image can then be transferred to a radio commercial that uses the TV sound or some adaptation of it. The radio commercial thus evokes in listeners a mental picture of the TV ad-much in the fashion that Billy described in childlike terms in the Family Circus cartoon mentioned earlier. The advertiser effectively gains the advantage of TV advertising at the lower cost of radio.

A final strength of radio advertising is its ability to avail itself of the reputations and the sometimes bigger-than-life persona of local personalities. Snapple Natural Beverages, for example, gained much of its early success when it started advertising on a New York radio show hosted by the highly controversial Howard Stern. More recently, Snapple signed up conservative talk-show host Rush Limbaugh to promote its Snapple Diet Ice Tea. As explained by a spokesperson for Snapple's ad agency, "this brand [Snapple] is one of those brands that does best when it's passed by word-of-mouth-when someone you know tells you Snapple is a great drink".

### *Radio Advertising Limitations*

Radio's foremost limitation, one it shares with other ad media, is that it is cluttered with competitive commercials and other forms of noise, chatter, and interference. Radio listeners frequently switch stations, especially on their car radios, to avoid commercials.

A second limitation is that radio is the only major medium that is unable to employ visualizations. However, radio advertisers attempt to overcome the medium's visual limitation by using sound effects and choosing concrete words to conjure up mental images in the listener. It is important to note that many advertising campaigns use radio as a supplement to other media rather than as a stand-alone medium. This reduces radio's task from one of creating visual images to one of reactivating images that already have been created via television or magazines.

A third problem with radio advertising results from a high degree of audience fractionalization. On the one hand, selectivity is a major advantage of radio advertising, but at the same time the advertiser is unable to reach a diverse audience because each radio station and program has its own unique set of audience demographics and interests.

A final limitation is the difficulty of buying radio time. This problem is particularly acute in the case of the national advertiser who wishes to place spots in different markets throughout the country. With more than 10,000 commercial radio stations operating in the United States, buying time is complicated by

unstandardized rate structures that include a number of combinations of fixed and discount rates.

#### 4.2.7. Television

Television is practically ubiquitous in the United States and throughout the rest of the industrialized world. Television sets are present in over 98 percent of all American households, which, as of 1995, number approximately 97 million. As an advertising medium, television is uniquely personal and demonstrative, yet it is also expensive and subject to considerable competitive clutter.

Before we elaborate upon television's specific strengths and weaknesses, it will first be instructive to examine two specific aspects of television advertising:

- 1) the different programming segments, or so-called day parts, and
- 2) the alternative outlets for television commercials (network, spot, local, and cable).

##### *Television Programming Segments*

Advertising costs, audience characteristics, and programming appropriateness vary greatly at different times of the day and during different days of the week. Like radio, these times of day are referred to as day parts. The three major day parts are prime time, daytime, and fringe time, each of which has its own strengths and weaknesses.

**Prime Time.** The period between 8:00 P.M. and 11:00 P.M. (or between 7:00 P.M. and 10:00 P.M. in some parts of the country) is known as prime time. The best and most expensive programs are scheduled during this period. Audiences are largest during prime time, and the networks naturally charge the highest rates for prime-time advertising. Popular prime-time programs sometimes reach as many as 20 to 25 million households.

**Daytime.** The period that begins with the early morning news shows and extends to 4:00 P.M. is known as daytime. Early daytime appeals first to adults with news programs and then to children with special programs designed for this group. Afternoon programming, with its special emphasis on soap operas and talk shows, appeals primarily to people working at home and, according to rumor, college students in dormitories.

**Fringe Time.** The period preceding and following prime time is known as fringe time. Early fringe starts with afternoon reruns and is devoted primarily to

children but becomes more adult oriented as prime time approaches. Late fringe appeals primarily to young adults.

Television messages are transmitted by local stations, which are either locally owned cable television systems or are affiliated with the four major commercial networks (ABC, CBS, NBC, and Fox) or with an independent cable network (such as TBS, the Turner Broadcasting System). This arrangement of local stations and networks allows for different ways of buying advertising time on television.

**Network Television Advertising.** Companies that market products nationally often use network television to reach potential customers throughout the country. The advertiser, typically working through an advertising agency, purchases desired time slots from one or more of the major networks and advertises at these times on all local stations that are affiliated with the network. The cost of such advertising depends on the time of day when an ad is aired, the popularity of the television program in which the ad is placed, and the time of year—advertising rates are higher in the first (January through March) and fourth (October through December) quarters of the year, when more people are inside watching television and ratings are at their peak. The average cost for all 30-second television commercials during the fourth quarter of 1994 was \$143,200, with some of the most popular programs commanding well over \$250,000 for 30 seconds of commercial time.

Network television advertising, although expensive in terms of per-unit cost, can be a cost-efficient means to reach mass audiences. Consider a 30-second commercial that costs \$250,000 and reaches 20 percent of the 97 million American households. Although a quarter of million dollars is a lot to pay for 30 seconds of commercial time, reaching 19.4 million households means that the advertiser would have paid approximately only \$12.89 to reach every 1,000 households.

Network advertising is inefficient, and in fact infeasible, if the national advertiser chooses to concentrate efforts only on select markets. For example, some brands, though marketed nationally, are directed primarily at consumers in certain geographic locales. In this case, it would be wasteful to invest in network advertising, which would reach many areas where target audiences are not located.

**Spot Television Advertising.** The national advertiser's alternative to network television advertising is spot advertising. As the preceding discussion intimated and as the name suggests, this type of advertising is placed (spotted) only in selected markets.

Spot advertising is particularly desirable when a company rolls out a new brand market by market before it achieves national distribution; when a marketer needs to concentrate on particular markets due to poor performance in these markets or aggressive competitive efforts; or when a company's product distribution is limited to one or a few geographical regions. Also, spot advertising is useful even for those advertisers who use network advertising but need to supplement the national coverage with greater amounts of advertising in select markets that have particularly high brand potential. Greater use of spot television advertising is to be expected in the future inasmuch as consumer packaged-goods companies are using more regionalized marketing and more sophisticated geodemographic segmentation practices.

**Local Television Advertising.** Television advertising historically has been dominated by national advertisers, but local advertisers are turning to television in ever greater numbers. Local advertisers often find that the CPM advantages of television, plus the advantage of product demonstration, justify the choice of this advertising medium. Local television advertising is particularly inexpensive during the fringe times preceding and following prime-time programming.

**Cable Advertising.** Cable television has been available for a number of years, but only recently have advertisers turned to cable as a potentially valuable advertising medium. Though some national advertisers are still somewhat uncertain about the advertising potential of cable television, growing numbers of national companies now advertise on cable TV-companies such as Procter & Gamble, General Motors, AT&T, Philip Morris, Hasbro, Kellogg, and General Mills all spend over \$40 million annually advertising on cable TV. Cable television's household penetration increased from only 22.6 percent in 1980 to a level now exceeding 65 percent.<sup>38</sup> Cable stations are available to reach almost any imaginable viewing interest. Cable advertising is attractive to national advertisers for several reasons. First, advertisers are able to reach more finely targeted audiences (in terms of demographics and psychographics) than when using network or spot advertising. Second, the combination of high network rates and declining audiences has compelled advertisers to experiment with media alternatives such as cable. A third reason for cable advertising's growth is the demographic composition of cable audiences. Cable subscribers are more economically upscale and younger than the population as a whole. By comparison, the heaviest viewers of network television tend to be more economically downscale. It is little wonder that the upscale characteristics of cable viewers have great appeal to many national advertisers.



**Television's Strengths.** Beyond any other consideration, television possesses the unique capability to demonstrate a product in use. No other medium can reach consumers simultaneously through both auditory and visual senses. Viewers can see and hear a product being used, identify with the product's users, and imagine themselves using the product.

Television also has intrusion value unparalleled by other media. That is, television advertisements engage one's senses and attract attention even when one would prefer not to be exposed to an advertisement. In comparison, it is much easier to avoid a magazine or newspaper ad by merely flipping the page, or to avoid a radio ad by changing channels. But it is often easier to sit through a television commercial rather than attempting to avoid it either physically or mentally. Of course, as will be discussed shortly, remote devices have made it easier for viewers to avoid television commercials via zipping and zapping.

A third relative advantage of television advertising is its combined ability to provide entertainment and generate excitement. Advertised products can be brought to life or made to appear even bigger than life. Products advertised on television can be presented dramatically and made to appear more exciting and less mundane than perhaps they actually are.

Television also has the unique ability to reach consumers one on one, as is the case when a spokesperson or endorser espouses the merits of a particular product. Like a personal sales presentation, the interaction between spokesperson and consumer takes place on a personal level.

More than any other medium, television is able to use humor as an effective advertising strategy. As discussed in the previous chapter, many of the most memorable commercials are those using a humorous format. In addition to its effectiveness in reaching ultimate consumers, television advertising also is effective with a company's sales force and the trade. Salespeople find it easier to sell new or established brands to the trade when a major advertising campaign is planned. The trade has added incentive to increase merchandise support (e.g., through advertising features and special display space) for a brand that is advertised on television. In the final analysis, the greatest relative advantage of television advertising is its ability to achieve impact. Impact is that quality of an advertising medium that activates a "special condition of awareness" in the consumer and that "enlivens his [or her] mind to receive a sales message»

**Television Advertising Limitations.** As an advertising medium, television suffers from several distinct problems. First, and perhaps most serious, is the rapidly escalating advertising cost. The cost of network television advertising has more than tripled over the past two decades. A dramatic illustration of this is

the increasing cost of buying advertising time during the Super Bowl. In 1975, a 30-second commercial cost \$110,000. By 1996, this same 30 seconds of advertising time cost \$1.2 million.

A second problem is the erosion of television viewing audiences. Videocassette recorders, syndicated programs, cable television, and other leisure and recreational alternatives have diminished the number of people viewing network television. The four major networks' share of television audiences during prime time fell from 91 percent in 1979 to around 60 percent today. Program ratings—that is, the percentage of households tuned in to a particular program—have consistently fallen over the past 40 years. Whereas the top-rated programs used to have ratings in the 50s (meaning that over 50 percent of all television households were tuned in to these programs), the top-rated programs now barely exceed ratings of 20 or 21. For example, *Gunsmoke* was the top-rated program from 1957 to 1961 with ratings consistently around 40, and, from 1972 to 1976, *All in the Family* was the leading program with ratings above 30. However, *Home Improvement*, the top-rated program in 1994, had a rating of only 21.9.

There also has been substantial audience irrationalization. Advertisers cannot expect to attract large homogeneous audiences when advertising on any particular program due to the great amount of program selection now available to television viewers.

Fourth, even when people are viewing cable as well as network television, much of their time is spent switching from station to station, zapping or zipping commercials. Zapping occurs when viewers switch to another channel when commercials are aired, prompting one observer to comment (only partially with tongue in cheek) that the remote control "zapper" is the greatest threat to capitalism since Karl Marx. Although zapping is extensive, one intriguing study provided evidence suggesting that commercials that are zapped are actively processed prior to being zapped and may have a greater positive effect on brand-purchase behavior than commercials that are not zapped. Zipping takes place when ads that have been recorded with a VCR along with program material are fast-forwarded (zipped through) when the viewer watches the prerecorded material. Research has shown that zipping is extensive.

Clutter is a fifth serious problem with television advertising. Clutter refers to the growing amount of nonprogram material: commercials, public service messages, and promotional announcements for stations and programs. Clutter has been created by the network's increased use of promotional announcements to stimulate audience viewing of heavily promoted programs and by advertisers'

increased use of shorter commercials. Whereas 60-second commercials once were prevalent, the duration of the vast majority of commercials today is only 30 or 15 seconds. The effectiveness of television advertising has suffered from the clutter problem, which creates a negative impression among consumers about advertising in general, turns viewers away from the television set, and perhaps reduces brand name recall.

Discussion of television advertising would not be complete without at least a brief mention of the infomercial. Introduced to television in the early 1980s, the long commercial, or **infomercial**, is an innovative alternative to the conventional form of short television commercial typically 15, 30, or 60 seconds in duration. Infomercials are full-length commercial segments run on cable (and sometimes network) television that typically last 30 minutes and combine product news and entertainment. Infomercials account for nearly one-fourth of the programming time for most cable stations. Sales of products generated by infomercial programs reached \$1 billion in 1994. It is claimed that a successful infomercial uniquely blends both entertainment and selling. Here, according to an industry spokesperson, is what an infomercial must do to be successful:

With an infomercial you're asking people to find you by accident. Once they find you, they must find the show so compelling, so entertaining, that they watch 'till the very end. By that time they've got to be so excited that they pick up the telephone and give the producers money.

In the early years, infomercials were restricted primarily to unknown companies selling skin care, balding treatment, exercise equipment, and various feel-good products. However, the growing respectability of this form of advertising has encouraged a number of well-known consumer-goods companies to promote their brands via infomercials. Some of the better known brands that have turned to infomercials include Avon, Braun, Clairol, Chrysler, Estee Lauder, Hoover, Pioneer, and Sears. Even the venerable Procter & Gamble has experimented with an infomercial with its Fixodent brand of denture adhesive.

The cost of producing an infomercial starts at around \$150,000 and can reach as high as \$850,000. National cable rates typically cost the advertiser \$3,000 to \$20,000 per 30-minute show. Cable programming obviously does not deliver the numbers of consumers that network programming generates, but numerous advertisers have found the infomercial to be an extremely effective promotional tool for moving merchandise. This long-form commercial is apparently here to stay.

#### 4.2.8. Interactive Advertising Media

Conventional advertising media have served advertisers' needs for many years, but recent there have been increased efforts on the part of advertisers and their agencies to locate new advertising media that are less costly, less cluttered, and potentially more effective than the established media. Some observers have gone so far as to claim that traditional advertising is on its deathbed. The contention is that new, interactive media are superior to the traditional media due to their ability to provide consumers with virtually full control over commercial information they choose to receive or avoid.

Traditional advertising media vary in the degree to which they are able to generate mental activity from consumers. Nonetheless, all of these media engage the consumer in a relatively passive fashion: The consumer listens to and/or sees information about the advertised brand, but he or she has limited control over the amount or rate of information receipt. What you see (or hear) is what you get. There is action, but there is no interaction. Whereas action involves a flow in one direction, interaction entails reciprocal behavior. This idea of reciprocity generally defines the nature of the new, interactive media.

It is easy to define the term interaction but it is difficult to precisely identify the specific media that should be included within the bounds of interactive media. One observer claims that defining interactive media is as difficult as lassoing Jell-O. Another spokesperson says, "Anyone who claims definitive knowledge about interactive technology and its potential effects on advertising or on anything else in life should be given wide berth these days. It's just too soon to tell". The point of both statements is that this is a fledgling industry that is just beginning to develop, and as such it will be some time before the specific form and character of the industry takes clear shape.

Complexities aside, interactive advertising is defined here as encompassing all media that enable the user (who no longer is a "receiver" in the traditional, passive model of communication) to control the amount or rate of information that she or he wishes to acquire from a commercial message. The user can choose to devote 1 second or 15 minutes to a message. He or she is, for all intents and purposes, involved in a "conversation" with the commercial message at a subvocal level. A request for additional information occurs with the push of a button, the touch of a screen, or the click of a mouse. In all instances, the user and source of commercial information are engaged in a give-and-take exchange of information-intercourse rather than mere transmission and reception. By analogy, an American football quarterback and receivers are somewhat

equivalent to the traditional media: The quarterback throws the ball, and the receivers attempt to catch it. Comparatively, in rugby, players toss the ball back and forth as they advance the ball downfield-each passes and each receives; their relation is analogous to the give-and-take reciprocity that defines interactive media.

So defined, interactive commercial media at this time include the following:

- CD-ROM
- Virtual reality
- The Internet
- Interactive kiosks.

**CD-ROM.** Advertisers have not as yet utilized CD-ROM software as a significant advertising medium, but the only thing holding back greater utilization is the relative paucity of owners of multimedia computers – that is, computers capable of providing both video and audio presentations via CD-ROM drives. As greater numbers of households and businesses purchase or upgrade to multimedia computers, advertisers will use this medium to present consumers with detailed product information. The marketing of tourism is a particularly appropriate category for CD-ROM communication. Imagine a tourist location responding to prospective tourists' requests for information by mailing a CD that they could play in their home computers. This CD would contain the sights (video as well as still pictures) and sounds (music, wildlife sounds, the sound of the beach, etc.) of the area and would present this information in a newsworthy and entertaining fashion. CD-ROM software also has considerable potential in the area of business-to-business marketing. Audiovideo CD presentations of new products can be mailed to prospective customers, with prospects encouraged to call for additional information or to invite a personal sales visitation.

**Virtual Reality.** Artificial reality arcades are appearing across the country in which participants pay as much as \$6 for a four-minute game. Wearing a virtual reality helmet or goggles and wearing a specially designed glove, the participant interacts with animated objects and enjoys lifelike sensations when moving his or her head or touching something with the glove. It was only a matter of time before marketers began using this medium for commercial purposes. One of the initial users was Bubble Yum, a brand of gum for children, which fielded a 16-market tour by taking a virtual reality machine to malls around the United States. More than 18,000 people, mostly youngsters, "traveled" to Planet Bubble Yum; the objective of their trip was to compete

against others to see who could catch the most chunks of three-dimensional animated Bubble Yum flying through the air. Future ingenious applications of virtual reality in commercial contexts will undoubtedly be seen, though the potential applications may be restricted to marketing to the teens and preteens who seem to be most intrigued by this technology.

**The Internet.** The Internet, also referred to as cyberspace or the information superhighway, is a huge worldwide network of interconnected computers that permits the electronic transfer of information. A major research organization has claimed that the "Internet revolution is sweeping the globe with such swiftness that companies are desperately trying to understand what is occurring, what it all means, where it is going, and how to leverage this new opportunity". Millions of people throughout the world have access to the Internet and to the World Wide Web (the Web, or WWW). Following are some key aspects of Internet users in the United States and Canada:

- 37 million persons aged 16 or older had access to the Internet in 1995.
- 24 million Canadians and Americans have used the Internet within the last three months.
- 18 million have used the World Wide Web in the past three months.
- Internet users average about 5.5 hours per week on the Internet.
- Males represent approximately two-thirds of Internet users and about 77 percent of Internet usage.
- On average, WWW users are economically upscale with more education and higher-status occupations than the population in general.
- Approximately 14 percent (2.5 million) of WWW users have purchased products or services over the Internet.

Thousands of marketers have turned to the Internet as a prospective medium for promoting their brands (such as Ragu in the opening vignette) and transacting sales. The World Wide Web is the area on the Internet where commercial operations occur and where! Internet, or Net, users (called surfers) go for information. Businesspeople, government workers, and students, professors, and other university personnel commonly access the Web through search mechanisms such as Netscape. Individuals at home most often obtain access by paying for on-line services such as America Online (AOL), Prodigy, and CompuServe. (See Global Focus for discussion of European on-line services.)

The Web has become a hot new medium, with over 2,500 home pages, or Web sites, as of 1995. One expert (the director of MIT's highly respected media laboratory) has gone so far as to claim that more people would be using the Internet in the year 2000 than viewing network TV. Considering the fact that

there will be approximately 100 million U.S. television households by 2000, and that at least 60 percent of all households view network television when their sets are on, this prediction translates into a huge number of potential Internet users.

**Internet Advertising.** How does Internet advertising differ from conventional media advertising? Some metaphors help clarify the capabilities of Internet communications. For instance, Internet Web sites are often described as an "electronic yellow pages".

As predicted by Advertising Bureau (IAB) and PricewaterhouseCoopers, in the Great Britain by the end of the 2009 the market size of Internet advertisement will go ahead of television advertisement. Probably, the forecast is a little bit bold, however even the Russian tendencies confirm: demand for online-advertising grows up. More than 70 thousand companies in Russia use context advertisement. But it is not a limit, because the growth of number of advertisers is measured by one million of small, average and large enterprises.

What does the advertiser wait, when he comes to place the advertisement in one or another resource? Certainly, all advertisers are different and they pay attention to different criteria. But first of all, it is CPT (cost of 1000 showings), coverage and structure of the audience.

Today context advertising is placed mainly by suppliers of different B2C – products for middle class and representatives of B2B – producers of the industrial goods. One of the most perspective segments of context advertisement placement is financial services. Their consumption needs much preliminary work: information gathering, tariffs and conditions comparison. “Even if you get in the office of any well-known organization, it will not be so comfortable for you to get this information there as from Internet”.

One more perspective segment is the segment of the industrial goods, especially if they are intended for very narrow markets, and geographic distribution of potential clients is high.

Now about 1200 advertising agencies specialize in services of context advertisement placement but it is far from the limit on condition that demand for this kind of services grows up. There are more than 10 000 advertising agencies and web-studios in Russia that can be interested in adding “context” to their tools.

Technologies evolution of interests definition is the basis for development of the context communications. To raise the effectiveness of advertisement it is necessary to know more about wishes of the target audience. Owing to the expansion of research tools context advertising can solve problems not only in

navigation, but also in creation of the demand. "The future of "the context" is the useful and demanded information which can foresee wishes".

Heading of up to 30 signs, the text of up to 70 signs are a usual results of advertisement search for today's users. But is it necessary to be limited by this format? The development of ways of the audience influence can allow market operators to expand essentially a spectrum of problems solved by means of context advertisement. The first experiments held in integration with the non-typical media and increasing the audience covering have already begun.

The cost of the contact was and remains one of the first parameters which attract attention of any advertiser. In order to understand, how much the advertisement can cost it is necessary to define site positioning. The average CPT of Runet strongly depends on the resource content and that audience which visits it. The rule is: if the site is of general subjects, has a wide audience and the content generate by users, and the big traffic is observed, the cost of the showing will be much less, than on a specialized thematic resource. So, the most expensive CPT is observed now on sites of group "Business and the finance".

Not clear methods of advertisement effectiveness and its payment estimation is a traditional obstacle for advertisers' attraction. The context advertisement supported by Internet-statistics was one of the first to succeed in lowering the acuteness of these problems. Now in the market not only the traditional payment for contact (CPM) is used, but also more progressive models, in particular, the transition of visitors to a site (CPC) and Pay-Per-Call. In process of technological base development it is necessary to wait for creation of new model payments for actions of the client (CPA) but it is so far a field for researches and experiments.

Also it is important to have the clear information about the scope and structure of the site's audience. Naturally, it is important for all advertisers to get in their niche. Moreover, the flexibility in formats is very important. Apart from, typical banner places, which should be designated on a resource for simplification of the planning system, advertisers can be interested in implementation of special projects - for example, such as integration into content of the resource, competitions and interactive actions.

Perspective direction is the development of integration with computer games, software interfaces and mobile devices. There are not clear formats of "the context" sale. Probably, it will be an advertisement as results of mobile search (WEB/WAP), probably an advertisement on thematic sites, SMS-, MMS-, or a voice advertisement, or maybe, all of this will work together.



Now the advertiser tries to abandon standard kinds of advertising (rich media, text references, etc.) and use closer communications with the audience. And Internet opens much more opportunities for this purpose than any other media. As an example of such non-standard decisions can be the joint project of the magazine Glamour, the radio station Love Radio and the brand Nokia. Glamour readers were offered to send a photo of the lover and love confession to the magazine site. The participant who has sent the most romantic photo, had a chance to receive a phone Nokia as a gift. All advertisers estimate their companies differently. Someone is interested in quantity of visits to sites, someone is interested in converting of visitors into clients. It can be difficult for a site to influence on these parameters, but it is necessary to know about them in order to realize, what the advertiser wants and to understand him.

There are three basic mechanisms of audience monetization on Internet. Speaking about media advertisement, it can be sold independently or through sales houses. Speaking about search advertisement it is necessary to participate in partner programs of search sites.

As a matter of fact, on the media advertisement market there are four types of participants: a site, an advertiser, an agency and a sales house. Communications are possible in all directions, and all participants of process actively communicate with each other. But big advertisers nevertheless prefer to place advertisements through agencies. This gives them an ability to accumulate budgets on all mass-media and to receive additional discounts from total amount. The sales house is a participant of the market, which accumulates all sales of advertisements of several resources. And it is frequently more profitable to the owner of a site to work with the advertiser through the sales house, because he can concentrate on the content development, new services and special projects while the sales house sells his advertising and provides stable earnings. The direct sales of advertisement needs a department of sales and communication with a quantity of customers that entails additional expenses of time and money.

At present there is more than half of media advertising in Internet is on sale through sales houses. But, on the other hand, the scheme of direct sales exists too and has chances for success. For example, site WomanJournal.Ru sells advertisements through the sales-house, but its creative resources are focused at creation of new various Internet-projects for potential advertisers.

How much is it possible to earn on context advertisement? The answer for this question depends on three factors: the traffic, the audience and the location of a banner. A site about mobile communication, for example, with the

attendance of about 300 000 persons a week, earn about \$ 3500 a week. In general, one of the partner programs advantages is predicted earnings. The owner of the site receives, on average up to 50% of the context advertisement cost placed in his site. Even very small projects with the attendance of tens up to several hundreds visitors a day can participate in the partner programs.

When selling media or context advertisement, it is worth looking at preferences of advertisers, representing various fields of activity in order to understand what it is better to distribute the efforts to. For example, such categories of advertisers as "Cars" and "The finance" equally actively use media and search advertisement. Advertisers with high cost of client's attraction direct the basic share of budgets to the context.

In the future context advertising should turn into the universal solution with payment for result at the market price and will be applied to all spectrum of advertising-marketing problems. This is definition of a market capacity, and the state of demand, formation of demand by constructing of the personal communications and monitored direction of demand to points of sales.

### ***GLOBAL FOCUS: ON-LINE IN EUROPE***

Whereas 37 percent of U.S. households owned a personal computer in 1994, the percentage in Europe varied from 15 percent in France to 30 percent in Denmark. The real difference between American and European computer usage, however, is the fact that nearly one-half of American computers are equipped with modems-thereby enabling access to commercial on-line services-compared to only about 20 percent of European home computers. Modem ownership is low in Europe due to the expense and difficulty of connecting computers to European phone systems.

It is estimated that as of 1995 there were only around 200,000 on-line subscribers in Europe compared to over 6 million in the United States. However, the number of European on-line users is predicted to explode to 16 million by 2000. This impressive potential has led to a partnership between America Online and the European company Bertelsmann to develop and launch interactive services jointly in Europe. The joint AOL/Bertelsmann service began in 1995 with services offered in the United Kingdom, Germany, and France. The "on-lining" of Europe provides opportunities for American brand marketers to reach European consumers via the Web – and, of course, for European marketers to reach American consumers. The creation of home pages is made

more complicated, however, by the need to use multiple languages and to appeal to different cultural interests and values. Thus the global communications potential of the Web has both advantages and drawbacks<sup>3</sup>.

The standard Yellow Pages supplement to telephone directories provides information about products, stores, and services. This information is ordered alphabetically by the type of business, and the consumer who is interested in locating a particular product or service scans the Yellow Pages in search of prospective suppliers of the product or service. Upon encountering prospective suppliers, the Yellow Pages user acquires information about the supplier's services, location, and telephone number. In similar fashion, the user, or surfer, of the Net goes to Web sites in search of specific information or merely in the pursuit of news or entertainment value. Whereas the real Yellow Pages are limited to only the printed information, electronic yellow pages allow the user, using links, to dig deeper and deeper for additional information or entertainment. Like the Yellow Pages, Web sites are effective only to the extent that they are able to both attract and hold the surfer's attention.

The Internet can also be described as a "cyberspace 800 number". Of course, 800 numbers enable telephone callers to both acquire additional information about products and services and to place orders. The great promise of the Internet is that it will serve as an electronic shopping mall whereby shoppers locate suppliers, place orders, have charges placed against their credit cards, and receive shipments of products by expedited mail service. Consumer confidence and the potential for misuse of credit-card numbers are the only impediments to the Internet serving as a major forum for transacting commercial exchanges.

Both metaphors convey the Internet and its World Wide Web shell as media for the consumer both to interact with the marketer and to transact commercial exchanges. Because the present profile of Internet and WWW users is that of a young, economically upscale, predominantly male, and computer-knowledgeable person, advertising via the Net must satisfy the nonpromotional standards that have been informally established. In other words, surfers will choose to devote their attention to those Web sites that offer informational or entertainment value. They will look to buy, but they do not want to be aggressively sold. Marketers face a challenge in making their messages accept

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<sup>3</sup>Scott Donaton and Dagmar Mussey, "Mine's Next Battlefield: Europe Advertising Ase", March 6, 1995. – p. 18.

and enjoyable while simultaneously conveying information about brand virtues without being perceived as hucksters.

**Measuring Internet Effectiveness.** A major concern for commercial users of the Internet is one of measuring the effectiveness of their advertising. In the early years, no research services measured Internet usage in a fashion similar to the service provided by the A.C. Nielsen Company in its measurement of television viewership. But research companies eventually evolved to measure the frequency with which Web sites are visited, the length of the visitations, and the path by which surfers arrive at particular sites. This information is invaluable to marketers in gauging the effectiveness of their Internet advertising and in determining how to improve their efforts.

Interactive advertising on the Internet will not supplant the traditional advertising media, but advertisers and their agencies now have a revolutionary new medium for reaching present users of their brands and prospective customers. Just as advertising was altered forever with the introduction of television in the late 1940s, another seismic shift has occurred with the opportunity to advertise on the Net.

## Summary

This chapter is about advertising in different media: in newspapers, professional journals, on TV and radio, in the cinema and Internet so on.

The printed page is still the most widely used advertising medium, since it is relatively cheap, easy and convenient to use, and provides the customer or consumer with a permanent record of the advertisement for later reference if needed.

Radio, TV and cinema are among the most attention-grabbing of advertising media because they are active – these are media that actually do something, rather than sit passively on paper. Radio and TV advertising are in some ways the most obvious and obtrusive media. Cinema, like TV, offers the chance to show the product in use and to engage both sight and hearing; cinema advertising offers the future advantage of having a captive audience.

Outdoor advertising runs the spectrum from the very passive medium of billboards through to the extremely involving ambient media. At the most passive end, the giant hoardings which appear in every city are used to show brief glimpses of products, brands and corporate slogans to passer-by. This medium, although difficult to research and evaluate, is still one of the most widely used advertising methods. Moving on, outside transport advertising

fulfils much the same function in much the same way, but this time both the medium and the audience move. Greater impact is achieved by using illuminated or rotating billboards.

### **Chapter Questions**

1. Why is the creative brief so important?
2. How might print advertising be used to back up other media?
3. Why is the approach used for unsought communications different from that sought communications?
4. What methods exist for tracking the effectiveness of press advertising?
5. What criteria might be used when choosing a print medium to advertise a prestige hi-fi system?
6. Why is radio similar to word-of-mouth communication?
7. Why do viewers zap (or zip) TV advertisement? What might be done to prevent this?
8. If the CPT for TV is unfavourable compared with a press advert? Why should anyone use TV?
9. Explain the purpose of using off-the-screen selling/
10. How might radio adverts be used to support other media?
11. What categories of product might best be advertised in the cinema?
12. In terms of communications theories, why are cinema advertisements likely to be more effective than TV advertisement?
13. How could billboard adverts be made more interactive?
14. What products might best be advertised on eggs? Why?
15. Why might inside transport advertising be more effective than outside transport advertising?
16. In terms of perception theory, why are billboard adverts likely to be less effective than TV advertising?
17. What factors mitigate the unreliability of hot-air balloons?

## CHAPTER 5. SECRETS OF EFFECTIVE PROMOTION

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### 5.1. Agency-Client Relations

Media strategies and decisions are most often the joint enterprise of the companies that advertise (the clients) and their advertising agencies. This section first examines the advertising-agency role; discussion turns then to the issue of agency compensation.

Businesses routinely employ the services of outside specialists: lawyers, financial consultants, management consultants, tax advisors, and advertising agencies. By their very nature, these "outsiders" bring knowledge, expertise, and efficiencies that companies do not possess within their own ranks. A management consultant firm (such as McKinsey and Company, the Boston Consulting Group, or A.T. Keamey) is capable of finding solutions to its clients' complex business problems. By saving clients large sums or recommending attractive earnings opportunities, management consulting firms perform extremely valuable functions and fully justify their not-so-meager fees. Similarly, advertising agencies provide great value to their clients when they develop highly effective and profitable advertising campaigns.

#### *Alternative Ways to Perform the Advertising Function*

In general, advertisers have three alternative ways to perform the advertising function. First, a company can maintain its own in-house advertising operation. This necessitates employing an advertising staff and absorbing the overhead required to maintain the staff's operations. Such an arrangement is unprofitable unless a company does a large and continuous amount of advertising. Even under these conditions, most businesses choose instead to use the services of advertising agencies, who are specialists in this facet of business.

An alternative arrangement is to contract for advertising services with a full-service advertising agency. Full-service agencies perform research, creative services, media planning and buying services, and a variety of client services. They also may be involved in the advertiser's total marketing process and, for a fee, may perform other marketing services including sales promotion, publicity, package design, strategic marketing planning, and sales forecasting.

Why would an advertiser want to employ the services of a full-service agency? The advantages include:

- 1) acquiring the services of specialists with in-depth knowledge of current advertising and marketing techniques,
- 2) obtaining negotiating muscle with the media, and
- 3) being able to coordinate advertising and marketing efforts.

The major disadvantages are that (1) some control over the advertising function is lost when it is performed by an agency rather than in-house, (2) agencies sometimes cater to larger clients and neglect smaller clients, and (3) agencies sometimes are inefficient in media buying.

A third alternative is to purchase advertising services a la carte. That is, rather than depending on a single full-service agency to perform all advertising and related functions, an advertiser may recruit the services of a variety of firms with particular specialties in creative work, media selection, production, advertising research, sales promotion, publicity, new-product development, and so on. This arrangement's advantages include the ability to contract for services only when they are needed, the availability of high-caliber creative talent, and potential cost efficiencies. The disadvantages include a tendency for specialists (so-called boutiques) to approach client problems in a stereotyped rather than innovative fashion, a lack of cost accountability, and the financial instability of many smaller boutiques.

Many advertisers actually employ a combination of the different advertising options rather than using one of them exclusively. For example, a firm may have its own in-house agency but contract with boutiques for certain needs. Although in-house agencies and boutiques experienced considerable growth during the late 1960s and early 1970s, the trend today is toward full-service agencies and away from in-house agencies – especially among larger advertisers.

## **5.2. The Production Of The Effective Ads**

What makes a good advertising message? What is the process that leads to the creation of advertising messages? What are the different types of creative strategies, and when and why are they used? What is the role of corporate advertising?

The present chapter examines the message aspect of advertising, the matter of what makes effective advertising and the related subject of creative advertising and formulation of advertising strategy. It introduces the concept of the mechanism to bridge the advertiser's creative process with the values that drive consumers' product and brand choices. A following section describes

seven creative strategies most often used by advertising practitioners. Finally, the discussion moves away from product- and brand-oriented advertising to corporate image and issue advertising.

It is easy, in one sense, to define effective advertising: Advertising is effective if it accomplishes the advertiser's objectives. This perspective defines effectiveness from the output side, or in terms of what it accomplishes. It is much more difficult to define effective advertising from an input perspective, or in terms of the composition of the advertisement itself.

There are many perspectives regarding what makes for good advertising, and practitioners are broadly split on the issue. This is because practitioners have a variety of experiential bases from which they have drawn their philosophies. For example, a practitioner of direct-mail advertising probably has a different opinion about what constitutes effective advertising than does Shirley Polykoff, the creator of the Miss Clairol campaign, or Steve Hayden, the inspirational source behind the "1984" Macintosh commercial.

Simple definitions of what constitutes good advertising are often little more than misleading attempts to generalize from a base of limited experiences. For example, the following definition offered by one well-known advertising practitioner is meaningless in its generality: "A good advertisement is one which sells the product without drawing attention to itself". This is equivalent to saying that a newscaster is good only if he or she does not attract attention to him- or herself or that a good professor goes unnoticed by his or her students. Of course, this is unrealistic.

Although it is impractical to provide a singular, all-purpose definition of what constitutes effective advertising, it is meaningful to talk about general characteristics. At a minimum, good (or effective) advertising satisfies the following considerations:

1. It must extend from sound marketing strategy. Advertising can be effective only if it is compatible with other elements of an integrated and well-orchestrated marketing communications strategy.

2. Effective advertising must take the consumer's view. Consumers buy product benefits, not attributes. Therefore, advertising must be stated in a way that relates to the consumer's – rather than the marketer's needs, wants, and values.

3. Effective advertising is persuasive. Persuasion usually occurs when there is a benefit for the consumer in addition to the marketer.

4. Advertising must find a unique way to break through the clutter. Advertisers continuously compete with competitors for the consumer's attention.



This is no small task considering the massive number of print advertisements, broadcast commercials, and other sources of information available daily to consumers. Indeed, the situation in television advertising has been characterized as "audiovisual wallpaper" – a sarcastic implication that consumers pay just about as much attention to commercials as they do to the detail in their own wallpaper after seeing it for years.

5. Good advertising should never promise more than it can deliver. This point speaks for itself, both in terms of ethics and in terms of smart business sense. Consumers learn quickly when they have been deceived and will resent the advertiser.

6. Good advertising prevents the creative idea from overwhelming the strategy. The purpose of advertising is to persuade and influence; the purpose is not to be cute for cutes' sake or humorous for humor's sake. The ineffective use of humor results in people remembering the humor but forgetting the selling message.

Effective advertising is usually creative. That is, it differentiates itself from the mass of mediocre advertisements; it is somehow different and out of the ordinary. Advertising that is the same as most other advertising is unable to break through the competitive clutter and fails to grab the consumer's attention.

It is easier to give examples of creative advertising than to exactly define it. Many advertising practitioners would consider the following four examples to be effective, creative advertising:

- The pink bunny campaign for Energizer batteries. This is the campaign where a pink drum-beating bunny is shown in a variety of situations all of which portray the bunny's endurance as exceeding the other commercial protagonists'. This ongoing campaign has employed a variety of executions of the same underlying theme: Energizer batteries, like the drum-beating bunny that concretizes the argument, are still going, and going, and going...

- The Sega! Sega! campaign for Sega Genesis. Not many years ago Sega was on the verge of going belly-up. But a brilliant ad campaign initiated in 1992 has dramatically reversed the pecking order in the 16-bit video game category. This campaign has positioned Sega as the "cool" brand for teenagers. In one well-known execution, a nerdish youngster is taunted by bullying classmates until he buys a new Genesis system. Thereafter, it is he who bosses the bullies around. This commercial ends, as do all others, with the signature scream, Sega! Sega! In the year following the debut of this campaign, Genesis game sales soared 196 percent, and Sega's market share increased to 60 percent of a \$6 billion video game market.

- Since 1988, the Little Caesar's pizza chain has been recognized for its campaign with the toga-clad "Pizza, Pizza" man. In 1994 Little Caesar's advertising was judged by one testing system as the second-best television campaign of 1994. This appealingly zany campaign captures and holds the viewer's attention and provides Little Caesar's with a unique image vis-a-vis its more laid-back competitors.

- Consider, finally, the advertising for Bud Light. This brand of beer in 1992 commanded a 6.9 percent share of market compared to category leader Miller Lite, which had a 9.1 percent share. These shares may seem small, but every share point in the \$45 billion domestic beer category amounts to sales of \$450 million! But by 1994 Bud Light had surpassed Miller Lite as the leading brand and had increased its market share to 8.6 percent. Much of this rapid growth is attributable to Bud Light's effective advertising. Some readers may remember the Spuds MacKenzie campaign: Lasting from 1986 to 1989, it always presented a hip dog in the company of scantily clad women who fawned over Spuds (and who appealed to the young males Budweiser was aimed at attracting). After several years of advertising neglect, Bud Light again enjoyed the fruits of clever advertising when it developed a campaign to show the great lengths to which consumers would go to get Bud Light. Executions in this campaign included

- 1) a "Ladies Night" commercial in which four burly guys dress in drag to get the ladies' discount on Bud Light;

- 2) a con artist ("Yes I am") who claims he is someone else so he can avail himself of free Bud Light; and

- 3) a pathetic character ("I love you, man!") who ingratiates himself to others to get their BudLight.

Most readers probably vividly remember some or even all of these commercials. They appealed to you because they offered solid reasons for wanting to watch them, and they made their selling points in an entertaining, creative fashion.

But what is creativity? Unfortunately, there are no simple answers to this elusive aspect of advertising. It is beyond the purpose of this text to attempt a thorough explanation of the creative process. Let the following three accounts suffice. First, Jack Smith, vice chairman and creative director of the Leo Burnett advertising agency in Chicago, describes creativity as "a sensitivity" to human nature and the ability to communicate it. The best creative advertising comes from an understanding of what people are thinking and feeling". John O'Toole, former president of the American Association of Advertising Agencies,

describes advertising creativity as "a new combination of familiar elements that forces involvement and memorability". Perhaps jazz musician Charlie Mingus said it best: "Creativity is more than just being different. Anybody can play weird, that's easy. What's hard is to be simple as Bach. Making the simple complicated is commonplace, making the complicated simple, awesomely simple, that's creativity".

In sum, effective, creative advertising must make a relatively lasting impact on consumers. This means getting past the clutter from other advertisements, activating attention, and giving consumers something to remember about the advertised product. In other words, advertising must make an impression. Based on the above perspectives on creativity, this means developing ads that are empathetic (i.e., that understand what people are thinking and feeling), that are involving and memorable, and that are "awesomely simple" The following Focus on Marketing Communications describes a brilliant creative advertising campaign for Absolut Vodka.

### **Summary**

The following quote aptly summarizes the essentials of effective advertising:

It is advertising that is created for a specific customer.

It is advertising that understands and thinks about the customer's needs.

It is advertising that communicates a specific benefit.

It is advertising that pinpoints a specific action that the consumer takes. Good advertising understands that people do not buy products – they buy product benefits... Above all, effective advertising gets noticed and remembered, and gets people to act.

### **Chapter Questions**

1. When might a marketer not carry out pre-testing on a communications campaign?
2. Why should marketers continually monitor the effect of their communications activities?
3. What are the critical factors in planning a communications exercise?

## Self-Assessment Questions

Try the self-assessment questions below to test your knowledge of this book.

1. **Interference is:**
  - A. Distortion of messages by differences in culture.
  - B. Extraneous non-intelligent clutter which distorts messages.
  - C. Intelligent clutter which distorts messages.
  - D. Poor reception on broadcast media.
2. **Sending a message by several different routes is called:**
  - A. Redundancy.
  - B. Integration.
  - C. Multitasking.
  - D. Overflow.
3. **What does AIDA stand for?**
  - A. Attention, interference, deliberation, action.
  - B. Attention, interest, desire, action.
  - C. Action, intelligence, direction, advertising.
  - D. Advertising, intelligence, design, activation.
4. **A campaign which appeals to people's thought processes is called:**
  - A. A rational campaign.
  - B. A teaser campaign.
  - C. An emotive campaign.
  - D. A lifestyle campaign.
5. **A campaign which associates the product with an aspirational group is called:**
  - A. A teaser campaign.
  - B. A lifestyle campaign.
  - C. A rational campaign.
  - D. An emotive campaign.
6. **Advertising the company rather than the brand is called:**
  - A. Institutional advertising.
  - B. Sales promotion.
  - C. Public relations.
  - D. Company promotion.
7. **The words in an advertisement are called:**
  - A. The message.
  - B. Copy.
  - C. Media.
  - D. Execution.
8. **Deciding where the advertisements are going to appear is called:**
  - A. Identifying the target.
  - B. Media planning.
  - C. Strategy.
  - D. Creating the platform.
9. **A test carried out before an advert is screened is called:**

- A. A t-test.
  - B. A pre-test.
  - C. A recognition test.
  - D. A post-test.
10. **Someone who believes that advertising is creating a materialistic society is called:**
- A. An advertising moral guardian.
  - B. A consumer activist.
  - C. An advertising seeker.
  - D. An advertising aficionado.
11. **Sales promotions often lead to permanent brand switching.**
- A. True.
  - B. False.
12. **Sales promotions can be used in business-to-business deals.**
- A. True.
  - B. False.
13. **Order takers find solutions for customers.**
- A. True.
  - B. False.
14. **Missionaries do not take sales orders.**
- A. True.
  - B. False.
15. **Complex products mean short training for salespeople.**
- A. True.
  - B. False.
16. **Low order values indicate short training periods for sales people.**
- A. True.
  - B. False.
17. **Commission is a good motivator for sales people.**
- A. True.
  - B. False.
18. **Good public relations is a key factor in increasing sales.**
- A. True.
  - B. False.
19. **Sponsorship works best when there is a link between the sponsor and the sponsored event.**
- A. True.
  - B. False.
20. **Proactive PR means setting out to change opinions.**
- A. True.
  - B. False.
21. **Sales \_\_\_\_\_ management seeks to give every salesperson an equal chance of making sales.**
- A. Administration.
  - B. Territory.

- C. Motivation.
- D. Training.
- 22. Sales people who find solutions for new and existing customers are called order \_\_\_\_\_.
  - A. Finders.
  - B. Takers.
  - C. Makers.
  - D. Getters.
- 23. A sales promotion that pays for itself is called self-\_\_\_\_\_.
  - A. Pricing.
  - B. Financing.
  - C. Repairing.
  - D. Liquidating.
- 24. An advertising campaign in which the strap line is provided several weeks after the initial advertisements are run is called a \_\_\_\_\_ campaign.
  - A. Teaser.
  - B. Rational.
  - C. Emotional.
  - D. Lifestyle.
- 25. Match the word to the definition.
 

25.1 Noise	A. Converting the message into meaning.
25.2 Interference	B. Sending the message by several routes.
25.3 Redundancy	C. Intelligent distractions.
25.4 Decoding	D. Non-intelligent distractions.
- 26. The way people build up a view of the world is called:
  - A. Role.
  - B. Perception.
  - C. Attitude.
  - D. Normative compliance.
  - E. Personality.
- 26. The relationship with the supplier is more important than the price for most consumers.
  - A. True.
  - B. False.
- 27. If the product fails, the consumer will experience post-purchase dissonance.
  - A. True.
  - B. False.
- 28. In-store promotion is an example of an environmental stimulus.
  - A. True.
  - B. False.
- 29. The internal search involves asking close friends and family about possible purchases.
  - A. True.
  - B. False.

## **Заключение**

Маркетинговые коммуникации, являясь одним из центральных компонентов комплекса маркетинга, в последнее время привлекают к себе все более пристальное внимание со стороны представителей науки и бизнеса. На фоне растущей информированности потребителей применение маркетинговых коммуникаций необходимо рассматривать как одно из важнейших направлений деятельности предприятия, нацеленное на установление его взаимосвязей со всеми участниками маркетинговой среды. Формирование комплекса маркетинговых коммуникаций облегчает процесс восприятия потребителем получаемой информации и обуславливает достижение предприятием своих коммуникационных целей в условиях турбулентной внешней среды.

Однако в большинстве случаев предприятия игнорируют специфику собственных рынков, учитывая лишь общие рекомендации по формированию программы продвижения. Этот факт влечет за собой резкое снижение экономической эффективности политики продвижения, а также препятствует возврату затраченных средств. Поэтому в настоящее время существует реальная необходимость в адаптации подходов к продвижению в зависимости от особенностей рынка, маркетинговых целей предприятия, характеристик целевой аудитории и других факторов. Все это дает возможность говорить о формировании нового, интегрированного подхода к разработке кампаний по продвижению.

## **Conclusion**

The future of marketing communications is, like most other things, uncertain. What is a certainty is that the world in general is changing rapidly, the rate of change is increasing, and marketing communications must reflect those changes if it is to remain relevant in the twenty-first century.

What needs to change is not merely the tools of marketing communications, although the impact of IT and rapid wide-band communications networks will cause changes enough. Marketers must also change the way they plan for communications of the shift in the power base that underpins communication.

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## GLOSSARY

### A

**Accommodation strategy** – consulting with stakeholders to determine a strategy which will be acceptable to all parties.

**Accumulation** – collecting small production batches from one or more manufacturers into amounts large enough to be worth shipping.

**Actual state** – the current position of the individual in terms of well-being and possessions.

**Adoption** – building a given brand or product into one's regular daily life.

**Advertisement** – a paid insertion of a message in a medium.

**Affect** – what is felt about a product; liking, dislike, fear, etc.

**Affective states** – conditions of the emotional or physical well-being of the individual that cause interrupts.

**Agent** – an individual or firm who arranges sales of goods and services without actually taking possession of them.

**AIDA** – acronym for Attention, Interest, Desire and Action – the four stages of response to communications.

**Aided recall** – the degree to which an individual can recognise an advertisement when it is shown to him/her.

**Allocation** – breaking down large shipments into smaller amounts.

**Analogy** – a projective technique in which the respondent is invited to identify himself/herself with a non-human object.

**Assorting** – gathering together groups of related goods under one roof in order to sell them to specialist retailers.

**Assortment depletion** – the consumption of the whole or most of an item in the consumer's stock of possessions.

**Assortment extension** – the act of adding to an existing stock of possessions.

**Auxiliary characteristics** – those features and benefits that are secondary to the primary characteristics; the less essential aspects that differentiate the product from its close substitutes.

### B

**Backward integration** – taking control of suppliers.

**Balance of payments** – the difference between the value of exports and the value of imports.

**Barter** – the exchange of goods for other goods without the exchange of money.

**Behavioural segmentation** – grouping potential customers according to their activities, attitudes and lifestyles.

**Brand architecture** – the process of structuring brands in order to transfer brand equity from product levels to corporate levels.

**Brand awareness** – the degree to which the consumer has knowledge of a given brand.

**Brand extension** – marketing new products under an old brand name.

**Brand manager** – the person with responsibility for decisions concerning a specific brand.

**Brand switching** – the act of buying a different brand from the one usually purchased.

**Break-down forecasting** – predicting sales by calculating the firm's share of the overall market.

**Build-up forecasting** – predicting sales by calculating the firm's share of each segment and adding these together.

**Buy-back** – a form of countertrading in which capital equipment is sold in exchange for a future stream of the goods that the equipment will produce.

**Buyer** – the individual who carries out the mechanical processes of purchasing.

## C

**Cash Cow** – a product with a large share of a low-growth market.

**Cash-and-carry wholesalers** – stockists whose retailer customers visit the warehouse, pay for goods on the spot, and remove them in their own transport.

**Catalogue showrooms** – high street retailers who display goods only by means of a catalogue.

**Channel conflict** – differences of direction between channel members.

**Channel co-operation** – the process of coordinating the activities of channel members to achieve agreed objectives.

**Channel of distribution** – the routes and intermediaries through which a product passes from producer to end user.

**Channel power** – the means by which one channel member is able to exert his/her will over another channel member.

**Clinical focus group** – a heterogeneous group of respondents brought together under clinical conditions to discuss an issue.

**Cognition** – what is thought about a product; beliefs and opinions.

**Co-marketing** – the marketing of one brand alongside another.

**Comparative advantage** – the natural advantage one country has over another in terms of production or resources.

**Compatibility** – the degree to which the new product fits in with the customer's existing purchases and lifestyle.

**Competitor-based pricing** – using competitors' prices as a starting-point for price-setting.

**Complexity** – the degree to which the product is difficult to learn to use.

**Compositioning** – grouping products under a single brand name with a single position in the consumer's perceptual map.

**Conation** – planned behaviour regarding a product or event.

**Concentric diversification** – developing new products for new markets, but with production synergies with the present range.

**Concessionaires** – retailers who rent space in department stores and use their own staff to sell goods to consumers.

**Confidence** – the degree to which the individual feels sure that the attitude is the correct one.

**Conglomerate diversification** – the introduction of new products unrelated to the firm's existing technology.

**Consideration set** – the group of products which the individual is aware would adequately meet his or her needs.

**Consumer products** – goods and services purchased for the personal consumption of an individual or his/her family.

**Contactors** – those individuals within an organisation whose work brings them into direct contact with stakeholders.

**Convenience products** – cheap, frequently purchased items which do not require much thought or planning.

**Convenience store** – small retailer located in a residential area offering household items and food.

**Conviction** – the belief that a given product will meet one's needs better than any other.

**Copywriter** – individual who supplies the words for advertisements.

**Core benefits** – the benefits that would apply to all consumers of the product category.

**Corporate objectives** – the ultimate goals that the corporate management hope to achieve.

**Cost leadership** – the maintenance of a competitive edge by means of keeping costs low.

**Cost-plus pricing** – basing the price calculation on the firm's production costs, plus a predetermined allowance for profit.

**Countertrading** – exporting into a market on condition that goods of equal value will be imported from the same market.

**Culture** – a set of shared beliefs and behaviours common to a society.

**Customary pricing** – a price applied to a product or for a minimum amount of a product and fixed for a number of years.

**Customer research** – information gathering regarding the customer's needs and wants.

**Customer survey** – forecasting sales by asking customers how much of the product they expect to buy.

**Customisation** – adapting the firm's products to meet local market conditions.

**Customs union** – a treaty between nations under which the member states agree to common external tariffs in most goods.

**Cut-off** – the maximum or minimum acceptable values for product attributes.

**Cycle analysis** – examining earlier sales figures to see whether there is evidence of a recurring pattern over a period of years.

## **D**

**Data** – facts gathered in the course of research.

**Database marketing** – the use of computers to profile and contact customers and potential customers.

**Decider** – the individual who has the power to make the final purchasing decision.

**Decision support systems** – computer-based information-gathering and interpreting systems used to inform marketing decisions.

**Defence strategy** – changing the way the business is run in order to avoid outside pressures.

**Delphi technique** – forecasting by asking each interested party to make their own estimate, then circulating the estimates to the other members of the group for comment and revision.

**Demand** – a want which can be paid for.

**Demand pricing** – prices based on the customers' demand for the product.

**Demographic segmentation** – grouping potential customers according to their position in the structure of the population.

**Demographics** – the study of population structure.

**Deontology** – the belief that actions can be deemed ethical or unethical independently of outcomes.

**Department store** – a large city-centre store offering a wide range of household goods, clothing, cosmetics and food.

**Depth interview** – an interview with an individual, using probing questions to arrive at the individual's innermost feelings.

**Derived demand** – the state of affairs where the demand for a component derives from the demand for the finished product.

**Description** – the process of industrial buying whereby the buyer describes the required product and asks suppliers to provide tenders for its supply.

**Desired state** – the position the individual would like to be in, in terms of well-being and possessions.

**Differentiated marketing** – concentrating effort on a segment or segments by offering a product which the target customers would see as superior.

**Differentiation** – distinguishing the firm and its products from all competitors.

**Direct costs** – expenses attributable solely to a particular product.

**Direct response** – promotions that include a coupon or telephone number for the customer to contact the manufacturer or service provider without going through intermediaries.

**Discount sheds** – large out-of-town stores offering consumer durables or hardware.

**Discounter** – a retailer offering a very limited range of goods at low prices.

**Distribution research** – studies of distribution methods and systems with a view to improving distribution in the future.

**Distribution strategy** – the planning process concerned with selecting the most effective outlet for goods and services.

**Distributor survey** – forecasting sales by asking the firm's distributors to estimate how much of the product they expect to sell.

**Divestment** – the act of disposal of a used-up or worn out product or its packaging.

**Dodo** – a product with a low share of a shrinking market.

**Dog** – a product with a low share of a low-growth market.

**Drive** – the state of unease that derives from the gap between the desired and actual states.

**Drop shippers** – individuals or firms who take orders from retailers and buy the goods from manufacturers, shipping the goods without taking physical possession of them.

## E

**Early adopters** – people who adopt a new product after the innovators have already adopted it.

**Early majority** – consumers who adopt a product once it has been thoroughly tried and tested, but before more than half the population have adopted the product.

**Eclectic theory** – the view that firms choose their internationalisation strategy according to their own strengths and weaknesses.

**Economic choice** – the decisions forced on customers and producers by the scarcity of resources.

**Economies of scale** – savings made as production and marketing activity increase; the reduction in unit costs brought about by more efficient large-scale production.

**Editing** – the act of removing spoiled or aberrant data, prior to analysis.

**Elastic demand** – a state of affairs where the amount of the product that will be purchased is strongly affected by its price.

**Employee markets** – those individuals who provide time and expertise to the firm in exchange for salaries or wages.

**Empowerment** – authorising employees to make decisions regarding customer service reparation without recourse to managers.

**Environmental stimulus** – a factor in the search or purchase environment that causes an interrupt.

**Equitable performance** – the level of product performance which the individual would regard as reasonable, given the cost of the search in terms of time and effort and financial cost of the product.

**Ethnocentrism** – the belief that one's own culture is 'right' and that other cultures are pale imitations.

**Exchange rates** – the prices at which foreign currency is exchanged for national currency.

**Exclusive dealing** – agreements that prevent a channel member from dealing with a competing channel member.

**Execution format** – the overall style of an advertisement.

**Executive judgement** – forecasting sales by asking senior management to estimate the potential business.

**Expected performance** – the level of product performance the consumer expects, given the pre-purchase information collected.

**Experiencing focus group** – a homogeneous group of respondents brought together to give the researcher experience of talking to a group from the population of interest.

**Experiment** – a controlled event in which a subject is given a stimulus and his/her reactions are noted.

**Export agents** – firms that arrange the export of goods without taking possession of the goods themselves.

**Export houses** – firms that buy goods for resale abroad.

**Exporting** – manufacturing in the home country and selling the goods abroad.

**External environment** – those cultural, social, economic, legal and competitive factors that are outside the organisation.

**External search** – information obtained from sources other than the individual's personal experience and memories.

**Extremity** – the strength of attitude towards a product.

## F

**Family branding** – grouping products under a single brand.

**Fluctuating demand** – this is common in industrial markets, whereby a small reduction in consumer demand for a product will lead to de-stocking, thus causing a big reduction in demand for components.

**Focus** – the degree to which the firm is concentrating on a specific segment or segments of the market.

**Focus group** – a group of respondents brought together to discuss an issue in the presence of a moderator, who records the group's deliberations.

**Forward integration** – taking control of customers.

**Franchising** – allowing a foreign firm to operate a business concept (including intellectual property) in exchange for royalties and other fees.

**Frequency** – the number of times a given individual will see a given advertisement.

**Full-service merchant wholesalers** – merchant wholesalers who also offer marketing services to retailers.

**Functional organisation** – organising the marketing responsibilities according to the function of the staff concerned.

## G

**Gatekeeper** – an individual who controls the flow of information to a decision-maker.

**General-merchandise wholesalers** – stockists of a broad range of goods to sell to retailers.

**Geographic segmentation** – dividing potential customers into groups according to their location, either nationally or in smaller areas, for example areas of a city.

**Globalisation** – marketing a standardised product worldwide.

## H

**Hedonic needs** – the pleasurable or aesthetic aspects of product ownership or service use.

**Heuristic** – a simple “if ... then” decision-making rule.

**Horizontal diversification** – introducing new products (unrelated to the current range) to existing markets.



**Horizontal integration** – the act of merging with, or buying out, competitors at the same level in the distribution channel.

**Hypermarket** – a large out-of-town store offering a very wide range of consumer goods.

## I

**Ideal performance** – the level of product performance that the consumer would regard as meeting or exceeding all criteria.

**Importing** – bringing goods into the home country from a foreign country.

**Industrial products** – goods or services purchased by a business for use in the course of running the business.

**Inelastic demand** – a state of affairs where the amount of the product that will be purchased is relatively unaffected by its price.

**Influence markets** – individuals and organisations in the marketing environment who have influence over the firm's activities.

**Influencer** – an individual who has influence, but not power, in a buying decision.

**Influencers** – those individuals within an organisation who have no contact with customers but who do have a marketing role.

**Information** – data that have been interpreted and explained.

**Informational influence** – the need to seek information from a reference group.

**Innovators** – the first people to adopt a new product.

**Inspection** – the act of examining a variable product to ensure that it meets particular criteria.

**Institutional advertising** – advertising in which the company or institution is promoted rather than a specific product.

**Interference** – purposeful noise that interrupts communications.

**Internal environment** – those cultural, social and economic factors that are contained within the organisation itself.

**Internal PR** – public relations exercises aimed at the workforce and other stakeholders within the organisation.

**Internal publics** – those groups within the firm to whom the firm needs to communicate its objectives and policies.

**Internal search** – information retrieved from the individual's memories and experience.

**Interpreting** – the act of extracting meaning from data in order to create information.

**Interrupt** – an event or piece of information that temporarily suspends the information search.

**Interviewer bias** – errors in results caused by deliberate or accidental acts of the interviewer.

**Isolateds** – those individuals within an organisation who have no contact with customers and have no marketing role.

## **J**

**Joint demand** – the state of affairs where the demand for one product is affected by the demand for another product.

**Joint ventures** – a collaboration between two firms in the same or complementary industries to carry out a specific task with a view to mutual profit.

## **L**

**Laggards** – the last people to adopt a new product.

**Late majority** – people who only adopt a product when approximately half the customers in the market have already done so.

**Law of primacy** – the rule that states that later information is interpreted in the light of earlier experience, thus implying that early experience is more important than later experience.

**Licensing** – allowing a foreign firm to utilise the intellectual property of the owner in exchange for a royalty.

**Lifestyle campaign** – a series of advertisements showing a product being used as part of a desirable lifestyle.

**Limited-line wholesalers** – stockists of a small range of goods for specialist retailers to buy.

**Limited-service wholesalers** – dealers who buy in bulk and arrange delivery to retailers without actually taking physical possession of the goods.

**Line family branding** – grouping related products under a single brand name.

**Loading** – the level of demand for a service at different times of the day, week, month or year.

**Logistics** – the process of strategically managing the movement and storage of materials, parts and finished goods from suppliers, through the firm, and on to consumers.

**Loyalty card** – a plastic card entitling the bearer to discounts on purchases at a particular store.

## **M**

**Macro-environment** – those environmental factors that are common to all firms and that can be influenced, but not controlled.

**Mailshots** – postal communications intended to obtain business or appointments for selling interviews.

**Margin** – the amount of profit calculated as a percentage of the selling price.

**Market development** – increasing sales of current products in new markets.

**Market research** – studies of consumer needs, wants, behaviour and personalities in order to inform marketing decisions.

**Marketing** – the management process which identifies, anticipates and supplies customer requirements efficiently and profitably.

**Marketing audit** – a systematic assessment of the organisation's current marketing activities in order to inform the planning process.

**Marketing cost analysis** – examination of the costs of getting business in.

**Marketing environment research** – information gathering about the organisation's environment in terms of political, socio-cultural, economic and technological threats and opportunities.

**Marketing information systems** – ongoing information-gathering systems and record-keeping systems used to inform marketing decisions.

**Marketing mix** – the seven areas of activity with which marketers are most concerned; price, product, place, promotion, people, process and physical evidence.

**Marketing orientation** – the approach that puts the customer at the centre of everything the firm does.

**Marketing research** – all forms of information-gathering used to inform marketing decisions.

**Markets** – groups of customers or consumers with similar needs and wants.

**Mark-up** – the amount of profit calculated as a proportion of the bought-in price.

**Mark-up pricing** – adding a fixed percentage to the bought-in-price of a product.

**Matrix** – a table in which data are arranged in two or more dimensions.

**Mechanistic (bureaucratic) organisation** – an organisation in which leadership is chosen according to qualifications and experience, regardless of the current tasks facing the organisation.

**Media event** – a meeting held to announce corporate news, to which journalists are invited.

**Meet-the-competition strategy** – setting prices close to those of the nearest competitors.

**Merchant wholesalers** – buyers of goods to sell to retailers, often using a salesforce.

**Micro-environment** – environmental factors that are close to the firm and to an extent controllable by the firm.

**Missionaries** – salespeople who seek to promote the company and its products to new prospects.

**Modifiers** – those individuals within the organisation who have regular contact with stakeholders but have no direct marketing role.

**Monopolistic competition** – a condition where one supplier has a significant market share obtained by differentiating its product from those of its competitors.

**Monopoly** – a condition where one firm produces a product that has no close substitutes.

**Motivation** – the predisposition that arouses and directs behaviour towards certain goals.

**Multinational marketing** – operating production, promotion, pricing and distribution in the most beneficial countries regardless of national boundaries.

**Multivariable segmentation** – grouping potential customers according to several segmentation bases.

## N

**Need** – a perceived lack of something, e.g. food when hungry.

**Negotiation** – the act of discussing with a supplier what would be the best way of approaching a new-purchase task.

**Network** – a diagrammatic representation of the relationships between concepts.

**New product development (NPD)** – the process of developing new products from idea stage through to launch on the market.

**Niche marketer** – a retailer offering a depth of range of a single product line.

**Niche marketing** – concentrating effort on a very small market segment.

**Noise** – non-purposeful interference with communications.

**Non-store retailing** – any sales to consumers which do not take place in a shop.

**Non-traceable common costs** – expenses incurred across a range of products that cannot be allocated to any specific product.

**Normative compliance** – the pressure exerted by reference groups to behave in the same way as the rest of the group.

## O

**Observability** – the degree to which the product can be seen by others.

**Odd-even pricing** – the practice of ending prices with an odd number of cents, pence, etc., in order to give the impression of a lower price.

**Oligopoly** – a condition where the market is controlled by a small group of suppliers.

**Omnibus studies** – surveys carried out on behalf of several researchers at once.

**Optimal stimulation level** – the level of gap between desired and actual states at which the individual feels stimulated, but not yet uncomfortable.

**Order getters** – salespeople who provide solutions for new and existing customers from among the available product portfolio.

**Order takers** – salespeople who record and process purchase orders from people who had already decided to purchase.

**Organismic organisation** – an organisation where the leadership devolves to the individual with the most appropriate expertise for the task facing the organisation.

**Outshopping** – buying goods from retailers outside the area where one lives.

## P

**Panels** – permanent or semi-permanent groups of respondents who are prepared to comment on a wide range of issues.

**Penetration pricing** – pricing a new product low in order to maximise market penetration before competitors can enter the market.

**Per capita income** – average earnings per head of population.

**Perception** – the analytic and synthetic process of developing a world view.

**Perceptual mapping** – the process of positioning products, events and experiences in relation to one another.

**Perfect competition** – a condition where the market contains a large number of suppliers, no one of which can significantly influence price or supply.

**Persistence** – the stability of an attitude over time.

**Personal selling** – a person-to-person communication intended to meet a customer's needs at a profit.

**Physical distribution** – moving products from producer to consumer.

**Piggy-backing** – exporting or promoting one product alongside another complementary product, often from a different firm.

**Piloting** – the act of testing a questionnaire or other research tool on a small group of respondents in order to detect errors in its design.

**Planned impulse** – buying behaviour in which a planned course of action is changed as the result of a new stimulus.

**Positioning** – the grouping of similar product types together in the consumer's perceptual map.

**Postal surveys** – questionnaires sent and returned through the mail.

**Post-purchase consonance** – the state of affairs where the product's characteristics and benefits match up to or exceed the purchaser's expectations.

**Post-purchase dissonance** – the state of affairs where the product's characteristics and benefits do not meet the purchaser's expectations in one or more respects.

**Post-purchase evaluation** – the examination of the purchased product to determine whether it meets, exceeds or fails to meet pre-purchase expectations.

**Post-tests** – testing of the effectiveness of advertising materials after they have been shown to the general public.

**Predatory pricing** – pricing products so far below those of competitors that the competitors will be bankrupted.

**Premium** – the amount a customer is prepared to pay above the price of a standardised product in order to obtain a product which more closely fits his or her needs.

**Prestige pricing** – applying a high price to a product to indicate its high quality.

**Pre-tests** – testing of advertising materials before they are shown to the general public.

**Price elasticity of demand** – the extent to which the demand for a product is affected by its price.

**Price leaders** – firms whose market share and share of the capacity in the industry are great enough for them to be able to set the prices in the market.

**Primary characteristics** – the main aspects of a product which provide the core benefits to the consumer.

**Primary research** – research carried out first-hand; original, previously unpublished work.

**Private responses** – complaints made about the product or supplier to friends or others.

**Proactive management** – a management approach that seeks to anticipate problems and act before they arise.

**Proactive PR** – public relations exercises undertaken as a result of internal planning within the organisation.

**Proactive strategy** – seeking out stakeholders and changing their viewpoints in advance of action.

**Problem Child** – a product with a low share of a high-growth market.

**Product** – a bundle of benefits.

**Product advertising** – advertising in which a product category is promoted rather than an individual brand.

**Product development** – improving the present products or adding new products to current markets.

**Product differentiation** – the features and benefits of a product that distinguish it from its near substitutes.

**Product life cycle (PLC)** – the stages a product goes through from launch to obsolescence.

**Product manager** – the person with responsibility for a particular product type.

**Product orientation** – the paradigm that suggests that the 'perfect' product will suit all consumers.

**Product research** – studies of customer and consumer responses to product offerings with a view to adapting future offerings.

**Production orientation** – the paradigm that suggests that efficiency in the production process is the main way for a firm to succeed.

**Product-line pricing** – applying differential pricing policies to products that are co-dependent in terms of demand.

**Projective technique** – a research method which invites respondents to project their own views onto a third party, or a cartoon character, in order to avoid embarrassment.

**Promotion research** – organised information-gathering regarding the effectiveness of promotional activities or potential audience responses to proposed promotional activities.

**Promotional mix** – the combination of PR, advertising, personal selling and sales promotion leading to purposeful marketing communications.

**Prospects** – individuals who are prepared to talk to a salesperson about their needs.

**Protectionism** – the tendency of a government to exclude foreign competition.

**Psychographic segmentation** – grouping potential customers according to their personality traits.

**Psychological pricing** – applying prices that appeal to the customer's emotions and subconscious thought processes.

**Psychological proximity** – the degree to which two or more nations share cultural attributes.

**Public relations (PR)** – activities intended to convey an organisation's messages to its publics.

**Publics** – those groups and individuals which have a direct or indirect impact on an organisation's activities.

**Pure impulse** – buying behaviour undertaken without prior rational thought.

## Q

**Qualitative research** – gathering of non-numerical data.

**Quality** – the relationship between what is expected and what is received.

**Quantitative research** – gathering of numerical data.

**Quota sample** – a group of respondents having the same mix of relevant characteristics as the sample frame.

## **R**

**Rack jobbers** – retailers who rent shelf space in retail shops and stock the shelves themselves.

**Random factor analysis** – examining the abnormal figures within the analysis of sales trends to attribute causation.

**Random sample** – a group of respondents taken from a sample frame, each member of which has an equal chance of being included in the random sample.

**Ratchet effect** – the phenomenon whereby an increase in sales resulting from a sales promotion tends to remain after the promotion ends.

**Rational campaign** – an advertisement or series of advertisements using facts and figures in an authoritative way to appeal to the consumer's cognition.

**Reach** – the number of people who are exposed to an advertisement.

**Reaction strategy** – waiting until outside pressures force change.

**Reactive management** – an approach that involves responding to outside and inside influences as they arise.

**Reactive PR (defensive PR)** – public relations exercises undertaken as a response to outside pressures.

**Redundancy** – sending the same message via different routes to overcome the distorting effects of interference and noise.

**Reference group** – a formal or informal group from which the individual seeks cues regarding appropriate behaviour.

**Referral markets** – those individuals or firms who do not themselves buy from the firm, but who can influence others to do so.

**Regional organisation** – giving responsibility for all marketing tasks to the regional management.

**Re-invention** – the process of finding new uses for old products.

**Relationship marketing** – a business approach that concentrates on the long-term relationship between the firm and its stakeholders rather than on single transactions.

**Relative advantage** – the degree to which a new product is better than the product the customer is currently using.

**Reminder impulse** – buying behaviour undertaken when the individual is reminded of something.

**Resistance** – the level of difficulty experienced in changing an attitude.

**Respondents** – individuals who participate in research studies.



**Retailer** – an individual or firm who buys goods or services and sells them on to consumers.

**Role** – the group of behaviours expected of the occupant of a given position.

## S

**Sales analysis** – examination of the sources of income the company has.

**Sales manager** – the manager responsible for controlling, recruiting, training and motivating the salesforce.

**Sales orientation** – the view that customers will not ordinarily buy enough of a product without an aggressive selling and advertising campaign.

**Sales promotion** – a temporary offer used to increase immediate sales.

**Sales research** – information gathering about the selling process in order to improve training and motivation of the salesforce.

**Sales territory** – the geographical or industrial area allocated to an individual salesperson.

**Salesforce survey** – forecasting sales by asking members of the salesforce to estimate how much of the product they expect to be able to sell.

**Salesperson** – the person responsible for finding solutions for customers' needs on an individual basis, within the constraints of what the firm has to offer.

**Sample** – a representative sub-group of respondents taken from the population as a whole.

**Sampling** – the act of testing a small part of a bulk supply to judge whether the whole meets particular criteria.

**Sampling bias** – errors in results caused by studying an unrepresentative group of respondents.

**Sampling frame** – the population of potential respondents from which a sample will be taken.

**Seasonal analysis** – examining earlier sales figures to see whether there is evidence of a recurring pattern over a period spanning less than a year.

**Secondary research** – published research; second-hand information, already published and available.

**Second-market discounting** – offering products at a lower price in a second market than is charged in the main market.

**Segmental organisation** – giving responsibility for marketing tasks to individuals who deal with specific segments of the market.

**Segmentation** – the process of categorising consumers into groups with similar needs.

**Self-liquidating offers** – sales promotions in which the consumer makes a purchase of an associated product, the price of which more than covers the cost of the promotion.

**Service-quality benchmarking** – adopting best practice in terms of customer service from both competitors and non-competitors.

**Shelf price** – the retail selling price.

**Shopping products** – goods or services that are purchased infrequently and therefore require an extended decision-making process.

**Signals** – attributes of the product or its peripheral aspects that indirectly indicate its quality.

**Single-variable segmentation** – grouping potential customers according to one segmentation base.

**Skimming** – applying high prices on the launch of a novel product and steadily reducing them as the product penetrates the market.

**Societal marketing** – the paradigm that suggests that the firm's activities must be carried out in a sustainable way if customers' needs are to be met in the longer term.

**Sorting out** – a wholesaler function of grading or classifying variable goods for resale.

**Speciality line wholesalers** – stockists of a limited range of goods specific to an industry.

**Speciality products** – goods or services that are available only from a limited range of outlets.

**Stages of development theory** – the view that companies go through stages of internationalisation from simple exporting through to global manufacture and marketing.

**Stakeholders** – those who have a direct or indirect interest in the organisation's activities.

**Standby airfreight** – cargo that will be loaded onto the next available aircraft with room for it.

**Star** – a product with a large share of a fast-growing market.

**Strategy** – the overall direction in which the organisation is heading.

**Stratified sample** – a group of respondents whose individual characteristics fall within specified strata of the overall sampling frame.

**Structured interviews** – the administering of a questionnaire-type survey in a face-to-face situation.

**Suggestion impulse** – buying behaviour undertaken when the individual receives a new stimulus.

**Supermarket** – a large high street store offering food and household items.

**Supplier markets** – those individuals and firms who provide goods and services to the firm.

**Symbol** – a universally agreed sign that stands for the concept being communicated.

## **T**

**Tabulating** – the arrangement of data in tables.

**Tactics** – the methods by which an organisation achieves its strategic objectives.

**Tamper resistance** – creating packages that cannot be surreptitiously opened and resealed.

**Targeting** – selecting the segments that would be most effective in meeting the firm's overall aims.

**Tariffs** – customs duties.

**Taxonomy** – the arrangement and naming of data.

**Teaser campaign** – an advertisement shown in two parts, each part some weeks or months apart, in which the hook line is in the second advertisement.

**Teleconferencing** – focus groups conducted over the telephone.

**Telemarketing** – canvassing for business by telephone.

**Teleology** – the belief that actions should be judged ethically by their outcomes.

**Telephone surveys** – administering a questionnaire over the telephone.

**Test marketing** – offering a new product within a small geographical area in order to obtain data for estimating sales for the market as a whole.

**Third-party responses** – complaints made to the supplier through a third party, such as a lawyer or consumer protection agency.

**Time-series analysis** – estimating future sales by looking at a series of sales figures from an earlier time.

**Total quality management** – the practice of ensuring that each step in the production process meets the quality criteria, with the intention of ensuring that the finished product also meets those criteria.

**Traceability** – the degree to which a shipment can be located within the distribution network.

**Traceable common costs** – expenses that are incurred across a range of products, but that can be allocated to specific products.

**Transaction marketing** – a business approach that concentrates on transactions between a firm and its customers.

**Trend analysis** – predicting future sales by examining tendencies in past sales figures and projecting forwards.

**Trialability** – the degree to which the product can be tested before purchase.

**Tying contracts** – agreements that insist on a channel member buying additional products to the main one being bought.

## U

**Unaided recall** – the degree to which an individual can remember an advertisement without being prompted.

**Undercut-the-competition strategy** – setting prices consistently below those of the nearest competitors.

**Undifferentiated marketing** – marketing to the entire population, on the assumption that everybody is a possible customer for the product, and therefore the market is not segmented.

**Unsought products** – products that the consumer would recognise a need for, but would not ordinarily seek out.

**Usage rate** – the quantity of the product that an industrial customer will use in a given period.

**User** – the individual who will actually use the product (usually considered in an industrial buying situation only).

**USP (unique selling proposition)** – the feature or benefit of a product that no other product has.

**Utilitarian needs** – needs that derive from the practical aspects of ownership of a product or use of a service.

## V

**Valence** – the direction of feeling about a product; positive or negative.

**Value-expressive influence** – the pressure to experience psychological association with a group by conforming to its norms, values or behaviours, even if membership is not sought.

**Variety store** – a retailer offering a limited range of related goods.

**Vertical integration** – the act of merging with, or buying out, suppliers and customers in order to control the channel of distribution.

**Video-conferencing** – focus groups conducted over a video link.

**Voice responses** – complaints made direct to the supplier.

## W

**Want** – a specific satisfier for a need, e.g. a steak.

**War Horse** – a product with a large share of a shrinking market.

**Wealth concentration** – the degree to which the wealth of a country is concentrated in the hands of the richest citizens.

**Wholesaler** – a distribution intermediary who buys goods with the intention of selling them on to retailers.

Учебное издание

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