Chapter 15
Advertising, Publicity, and Sales Promotion
At the end of this presentation, you should be able to:

1. understand why a marketing manager sets specific objectives to guide the advertising effort.
2. understand when the various kinds of advertising are needed.
3. understand how to choose the “best” medium.
4. understand the main ways that digital advertising differs from advertising in other media.
5. understand how to plan the "best" message—that is, the copy thrust.
At the end of this presentation, you should be able to:

6. understand what advertising agencies do.
7. understand how to advertise legally.
8. understand the importance of and different types of publicity.
9. understand the importance and nature of sales promotion.
10. know the advantages and limitations of different types of sales promotion.
11. understand important new terms.
Strategy Planning, Advertising, Publicity, and Sales Promotion (Exhibit 15-1)
International Dimensions Are Important
### Advertising Spending as Percent of Sales for Illustrative Product Categories (Exhibit 15-2)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum refining</td>
<td>0.1</td>
</tr>
<tr>
<td>Computers and office equipment</td>
<td>0.9</td>
</tr>
<tr>
<td>Plastic products</td>
<td>1.7</td>
</tr>
<tr>
<td>Business services</td>
<td>1.8</td>
</tr>
<tr>
<td>Dairy products</td>
<td>2.4</td>
</tr>
<tr>
<td>Motor vehicles and car bodies</td>
<td>2.5</td>
</tr>
<tr>
<td>Soft drinks, water</td>
<td>3.6</td>
</tr>
<tr>
<td>Sugar and confectionary products</td>
<td>4.1</td>
</tr>
<tr>
<td>Footwear (except rubber)</td>
<td>4.2</td>
</tr>
<tr>
<td>Malt beverages</td>
<td>5.2</td>
</tr>
<tr>
<td>Cable and other pay TV services</td>
<td>6.2</td>
</tr>
<tr>
<td>Sporting and athletic goods</td>
<td>9.0</td>
</tr>
<tr>
<td>Games and toys</td>
<td>9.8</td>
</tr>
<tr>
<td>Soap and detergent</td>
<td>9.8</td>
</tr>
<tr>
<td>Perfume and cosmetics</td>
<td>20.3</td>
</tr>
</tbody>
</table>
Advertising Spending as Percent of Sales for Illustrative Product Categories (Exhibit 15-2)

RETAILERS:

- Grocery stores: 0.8%
- Hotels and motels: 1.9%
- Eating places: 2.7%
- Women's clothing stores: 3.5%
- Jewelry stores: 6.3%
- Amusement parks: 7.5%
- Furniture stores: 7.8%

Advertising as percent of sales
The Decision to Position a New Product
Setting Ad Objectives is a Strategy Decision

Advertising Objectives Should Be Specific

- Position Brands
- Introduce New Products
- Obtain Outlets
- Ongoing Contact
- Support Sales Force
- Get Immediate Action
- Maintain Relationships

Objectives Should Be Specific
What's the Advertising Objective?
Examples of Different Types of Advertising over Adoption Process Stages (Exhibit 15-3)

**Awareness**
- Teaser campaigns
- Pioneering ads
- Jingles/slogans
- Viral advertising
- Announcements

**Interest**
- Informative or descriptive ads
- Image/celebrity ads
- Search ads
- E-mail ads
- Demonstration of benefits

**Evaluation and Trial**
- Competitive ads
- Persuasive copy
- Comparative ads
- Testimonials
- Search ads

**Confirmation**
- Reminder ads
- Informative “why” ads

**Decision**
- Direct-action retail ads
- Point-of-purchase ads
- Price deal offers
Coordinating Advertising Across the Channel to Achieve Objectives

Key Issues

Advertising Allowances

Cooperative Advertising
Types of Advertising (Exhibit 15-4)

- Institutional Advertising
  - Pioneering Advertising
  - Competitive Advertising
  - Reminder Advertising

- Product Advertising
Competitive Advertising

Swedish Rail. A smarter way to travel.

Talk is cheap. Proof is free.

Purex Complete with Zout detergent is tough on stains and costs less than the leading brand. But don't take our word for it. Prove it to yourself with a free sample.

FreeSamplePurex.com

Interactive Exercise: Types of Advertising

Kinds of Advertising

- Pioneering
- Institutional
- Competitive
- Reminder
Institutional Advertising – Remember Our Name

- Focuses on Name and Prestige of a Company
- Informs, Persuades, or Reminds
- Develops Goodwill
A television ad for Target encourages consumers to go to their nearest Target store for a big end-of-season sale coming up in two weeks. This type of advertising is:

A. pioneering.
B. reminder.
C. indirect competitive.
D. direct competitive.
E. institutional.
Community Bank sends an advertisement via direct mail to several thousand customers, quoting special low financing rates on new vehicles for a limited time only. The ad names some other financial institutions and shows their respective loan rates. Community Bank promises to beat any rate offered for a comparable term. This type of advertising is:

A. pioneering.  
B. indirect competitive.  
C. comparative.  
D. reminder.  
E. institutional.
Choosing the “Best” Medium – How To Deliver the Message

- Promotion Objectives
- Target Market Characteristics
- Funds Available
- Nature of the Media
# Estimated U.S. Ad Spending, Percent Growth, and Advantages and Disadvantages of Major Advertising Media (Exhibit 15-5)

<table>
<thead>
<tr>
<th>Media</th>
<th>2013 Ad Spending (billions)</th>
<th>Projected % Growth 2013-14</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television &amp; cable</td>
<td>64.3</td>
<td>3.8</td>
<td>Demos, image building, good attention, wide reach, cable selective</td>
<td>“Clutter”—ads compete for attention, expensive</td>
</tr>
<tr>
<td>Direct mail</td>
<td>48.2</td>
<td>-1.7</td>
<td>Highly targeted, flexible, can personalize</td>
<td>Relatively costly per contact, “junk mail,” hard to retain attention</td>
</tr>
<tr>
<td>Internet</td>
<td>36.3</td>
<td>18.4</td>
<td>Ads link to detailed website, “pay for results,” easy to track results</td>
<td>Hard to compare costs with other media</td>
</tr>
<tr>
<td>News papers</td>
<td>23.0</td>
<td>-8.0</td>
<td>Flexible, timely, local market</td>
<td>“Clutter”—ads compete for attention, poor photo quality</td>
</tr>
</tbody>
</table>
## Estimated U.S. Ad Spending, Percent Growth, and Advantages and Disadvantages of Major Advertising Media (Exhibit 15-5)

<table>
<thead>
<tr>
<th>Media</th>
<th>2010 Ad spending. (billions)</th>
<th>2010 % of Total Spend</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magazine</td>
<td>17.4</td>
<td>-3.4</td>
<td>Involved readers, very targeted, good detail &amp; “pass along”</td>
<td>Inflexible, long lead times, cost can be high</td>
</tr>
<tr>
<td>Radio</td>
<td>17.2</td>
<td>1.9</td>
<td>Wide reach, low cost, segmented audience</td>
<td>Weak attention, many different rates, short exposure</td>
</tr>
<tr>
<td>Outdoor &amp; cinema</td>
<td>8.7</td>
<td>5.0</td>
<td>Captive audience</td>
<td>Glance medium; younger audience for cinema</td>
</tr>
<tr>
<td>Yellow Pages</td>
<td>8.1</td>
<td>-9.0</td>
<td>Reaches local customers ready to buy, inexpensive</td>
<td>Many competitors listed in same place, hard to differentiate</td>
</tr>
</tbody>
</table>
An Emphasis on Targeting

Direct Mail Has Grown

“Must Buys” May Use Up Funds

Traditional Media Are More Targeted

Specialized Media Are Gaining

Key Issues
Interactive Exercise: Promotion Planning

Promotion Planning Decisions

A marketing manager is trying to decide whether to use television advertising or direct mail to promote a new brand of spray paint.
Digital Advertising

Key Issues

- Advertisers Know Your Location
- Direct Response Desired
- Facebook and Google “Know”
- Pay Per Click Advertising
- Text Ads
- Big Data
- Behavioral Targeting

Advertisers
Desired
Pay Per
Behavioral
Big Data
Text Ads
Advertisers
Direct
Location
Response
Know Your
Pay Per
Click
Advertising
Behavioral
Targeting
Facebook
and Google
“Know”
Pay Per
Click
Advertising
"Know"
Big Data
Text Ads
Behaivorlal
Targeting
Facebook
and Google
“Know”
Pay Per
Click
Advertising
"Know”
Planning the Best Message—What to Communicate
Planning the Best Message Example
AIDA – Attention, Interest, Desire, and Action

Get **Attention**

Hold **Interest**

Arouse **Desire**

Obtain **Action**

Can Global Messages Work?
A famous athlete is featured in a commercial for a pain-relieving rub that can help soothe muscle aches and pains. He says, “If it works for me, it’ll surely work for you.” This testimonial is mainly aimed at the ________ stage of the AIDA model.

A. attention
B. interest
C. desire
D. action
E. confirmation
A Unique Selling Proposition
Advertising Agencies Often Do the Work

- Specialists
- Big agencies do most of the work
- Ethical issues in advertising agencies
Measuring Advertising Effectiveness Is Not Easy

- Success Depends on the Total Marketing Mix
- Research and Testing May Improve Odds
- Hindsight May Lead to Foresight
How to Avoid Unfair Advertising

- Government May Say What’s Fair
- FTC Controls Unfair Practices
- Support for Claims Is Fuzzy
- Standards Are Changing
Benefits and Challenges of Advertising Media, Owned Publicity Media, and Earned Publicity Media (Exhibit 15-6)

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Examples</th>
<th>Benefits</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Advertising (paid media)    | Print, television, and online advertising | • High message control  
• More precise targeting  
• Potentially large audience | • Not trusted  
• Customers easily avoid  
• More costly, declining effectiveness |
## Benefits and Challenges of Advertising Media, Owned Publicity Media, and Earned Publicity Media (Exhibit 15-6)

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<thead>
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<th>Media Type</th>
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<th>Benefits</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>Publicity—owned media</td>
<td>Website, blog, Twitter, YouTube,</td>
<td>• High message control</td>
<td>• Still need to drive or attract customers to sites</td>
</tr>
<tr>
<td></td>
<td>Pinterest page, and Facebook</td>
<td>• Relatively low cost</td>
<td>• Company communication not as trusted as earned media</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Niche audiences</td>
<td>• Initial investments and ongoing maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Versatile in message content and format</td>
<td></td>
</tr>
</tbody>
</table>
Benefits and Challenges of Advertising Media, Owned Publicity Media, and Earned Publicity Media (Exhibit 15-6)

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<th>Examples</th>
<th>Benefits</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publicity—earned media</td>
<td>Articles in popular press, word-of-mouth, buzz, “viral,” and pass-along</td>
<td>• Most trusted information source&lt;br&gt;• Customers rely on this information</td>
<td>• Very little message control&lt;br&gt;• Can be negative toward brand&lt;br&gt;• Difficult to measure&lt;br&gt;• Difficult to create&lt;br&gt;• Difficult to target</td>
</tr>
</tbody>
</table>
Types of Publicity (Exhibit 15-7)

How does the customer obtain the communication?

Through popular and trade press

Targeting commercial press
- Press kits
- Online media room
- Posting press releases

"Found" through search, pass-along, or experience
Types of Publicity (Exhibit 15-7)

How does the customer obtain the communication?

- Through popular and trade press
- "Found" through search, pass-along, or experience

One-way communication
- Targeting consumers
  - Useful website content
  - Video or podcasts
  - Games
  - Branded services

Interactive communication
- Targeting organizations
  - Commercial white papers
  - Case studies
  - Webinars
How does the customer obtain the communication?

Through popular and trade press

"Found" through search, pass-along, or experience

One-way communication

Interactive communication

Targeting consumers
- Blogs & social media
- Customer reviews & online communities

Targeting organizations
- Social media
- Blogs
- Online communities
Examples of Different Types of Publicity and Different Promotion Objectives (Exhibit 15-8)

Getting attention & holding interest
- Viral videos
- Direct-to-consumer press releases
- Articles in the press
- Social media

Arousing desire & obtaining action
- Customer reviews
- Case studies
- Webinars

Developing a desired positioning
- Viral videos
- Games
- Branded services
- Commercial white papers

Managing ongoing customer relationships
- Social media like Facebook
- Blogs
- Online communities
- Podcasts, webcasts, webinars
### Example of Sales Promotion Activities (Exhibit 15-9)

<table>
<thead>
<tr>
<th>Aimed at final consumers or users</th>
<th>Aimed at wholesalers or retailers</th>
<th>Aimed at company’s own sales force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contests</td>
<td>Price deals</td>
<td>Contests</td>
</tr>
<tr>
<td>Coupons</td>
<td>Promotion allowances</td>
<td>Bonuses</td>
</tr>
<tr>
<td>Aisle displays</td>
<td>Sales contests</td>
<td>Meetings</td>
</tr>
<tr>
<td>Samples</td>
<td>Calendars</td>
<td>Portfolios</td>
</tr>
<tr>
<td>Trade shows</td>
<td>Gifts</td>
<td>Displays</td>
</tr>
<tr>
<td>Point-of-purchase materials</td>
<td>Trade shows</td>
<td>Sales aids</td>
</tr>
<tr>
<td>Banners and streamers</td>
<td>Meetings</td>
<td>Training materials</td>
</tr>
<tr>
<td>Frequent buyer programs</td>
<td>Catalogs</td>
<td></td>
</tr>
<tr>
<td>Sponsored events</td>
<td>Merchandising aids</td>
<td></td>
</tr>
<tr>
<td>Videos</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Some Possible Effects of a Sales Promotion on Sales (Exhibit 15-10)

- Sales temporarily increase, then decrease, then return to regular level
- Sales temporarily increase and then return to regular level
- Sales increase and then remain at higher level
Problems in Managing Sales Promotion

- Erodes Brand Loyalty
- Need for Alternatives
- Not for Amateurs
- Hard to Manage
Different Types of Sales Promotion for Different Targets
You should now be able to:

1. understand why a marketing manager sets specific objectives to guide the advertising effort.
2. understand when the various kinds of advertising are needed.
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4. understand the main ways that digital advertising differs from advertising in other media.
5. understand how to plan the "best" message—that is, the copy thrust.
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10. know the advantages and limitations of different types of sales promotion.
11. understand important new terms.
Key Terms

1. advertising allowances
2. cooperative advertising
3. product advertising
4. institutional advertising
5. pioneering advertising
6. competitive advertising
7. direct competitive advertising
8. indirect competitive advertising
9. comparative advertising
10. reminder advertising
11. copy thrust
12. advertising agencies
13. corrective advertising