Graduate/Postgraduate Diploma in Marketing
Intermediate Level

Recommended Study Text

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Chapter 01
Communication Models

This chapter will cover the Following
1. Understanding Communications
2. Basic Communications Model
3. Analysing the Receiver
4. Response Process Models
5. Involvement Models
6. Cognitive Processing of Communication

1. Understanding Communication

Communication can be viewed as the transmission of information. Information is a form or pattern, thus, the sending and receiving form is Communication. According to this definition, the symbols below are also a form of communicating between you and I.

But the problem arises, because this view of communication does not consider the meaningfulness of the pattern that is transmitted.

For promotional purposes, therefore, a more useful approach of defining communication, is the sharing of information. Implicit in this definition is the notion of transmission of information, because sharing necessitates transmission. More importantly, whatever is shared must have a meaning for the individuals involved. Hence if the symbols above sound gibberish to you, the process may not be termed as communication. Communication could be defined as follows.

Any act by which one person gives to or receives from person information about that person's needs, desires, perceptions, knowledge, or affective states. Communication may be intentional or unintentional, may involve conventional or unconventional signals, may take linguistic or nonlinguistic forms, and may occur through spoken or other modes." (National Joint Committee for the Communicative Needs of Persons with Severe Disabilities, 1992, p. 2)

The communication process begins with a source: which is an individual, a group or an organization, that has a meaning which it intends and attempts to share with a receiver or an audience. It could be an organization trying to convey its message to thousands of viewers worldwide.
2. Basic Communications Model

To transmit meaning, the source must place meaning into a series of signs that represent ideas. This is known as Encoding. This process requires the source to convert meaning into a series of signs that represent ideas or concepts. The coding should be done in a pattern familiar to the audience,

Secondly, when coding, only signs that the receiver needs to link with the product should be portrayed. Marketers must avoid those signs that may have several meanings to the audience. For example id the word Soda is referred to a soft drink, some customers (particularly) in the U.S. may relate it to bicarbonate of Soda, or Soda as a dilute for Scotch etc.

Thirdly, an adequate medium must be selected for the transmission, E.g. Radio jingles, Television ads, Billboards, Newspapers, leaflets, which ever is suitable for the product at hand. Marketers should be especially careful about their target audience. For e.g. If the radio message is meant for theatre viewers and is these theatre goers depend mainly on newspapers, the advertising campaign would be a flop!!

Fourthly, the receiver or audience is/are the person/s who decodes the message by converting the symbolic concepts into an understandable format. Seldom does the receiver decode the exact same meaning that the sender intended.

Noise may refer to the interference generated while the receiver is trying to grasp the coded message. For example faulty printing of the ad, or snow on the television, or other competitors trying to acquire the customer’s attention!! For example in Sri Lanka, Lanka
Bell introduced the CDMA phone first, but SunTel intervened and completely altered customer perception about the actual inventor.

Finally the receiver’s response to the sender’s message is the Feedback to the source. Feedback is usually not immediate, but the source expects to receive much Feedback after the message is conveyed and processed in the customer.

3. Analyzing the Receiver

The first step in communication management is to have a clear target audience with whom the message would be delivered. Target audiences can include current and potential users and decision makers that have strong influence over the organization, individuals, community groups, the general publics, and/or other stakeholders.

Your value proposition must be relevant to your target market. This means your target market must be clearly defined. It's not uncommon for a business to have to refocus and revisit their targeting, especially if it was not clearly identified in the beginning stages of business.

It is necessary to find the right balance when defining your target market in a way that causes your audience to recognize that you are talking specifically to them. This often requires companies to narrow down their target market. Identification of the target audiences has a strong influence on the rest of the communication steps. By correctly identifying the target audiences will help in determining the objectives and other communication strategies. Firstly, marketers should be aware about the impressions of these targets towards their products, organization, activities, competitors etc. Image is the set of beliefs, ideas, and impressions a person holds regarding an object. To assess the image, the first step is to measure the target audience’s knowledge, using a scale:

<table>
<thead>
<tr>
<th>Never heard of</th>
<th>Hearf of Only</th>
<th>Know a Little bit</th>
<th>Know a Fair amount</th>
<th>Know Very well</th>
</tr>
</thead>
</table>

If most of the respondents, for example, select the first two categories, the communication challenge is to build greater awareness. On the other hand, if most of the respondents select the last two categories, so too the communication objective is to find out their favorability to the organization and its products and services.

The power of your brand relies on the ability to focus. That is why defining your target market will help to strengthen your brand's effectiveness.
3.1 Conduct Your Informal Market Analysis

These are some of the questions that marketers must face when catering to their Target Markets. The following questions will help you assess your market analysis. Make your study as complete as possible. Use the Internet to conduct research. You can also read news stories that are related to your target market. This will help you to narrow down your target by interest, demographic, and common trends.

1. Who is our target audience?
2. Where is our target audience located?
3. What do they think about our current brand?
4. What would we like them to think about our brand?
5. How will we attract them to our products or services?
6. Who else is competing for their loyalty and devotion?
7. Are we targeting business or consumer sectors?

3.2 Select Targets on which to Focus

A firm must take care to choose its target market segments carefully. If it picks too narrow a group of segments, it may fail to reach the volume and hence profits, it requires. If it selects too broad a group, it may spread its marketing efforts so thin that the extra expense more than offset the increased sales and profits.

The Criteria to be used in selecting the target segments are as follows:

- Size: The estimated size of the market in the segment is an important factor in deciding whether it’s worth pursuing
- Expected Growth: Although the size of the market in the segment is small now, perhaps it is growing significantly or is expected to grow in the near future.
- Competitive Position: Is there a lot of competition now in the segment or is there likely to be competition in the near future?
- Cost of reaching the segment: A segment that is inaccessible to the firm’s marketing actions should not be pursued.
- Compatibility with the organization’s Objectives and resources: if your restaurant doesn’t have the cooking equipment to make breakfast and has a policy against spending more money on restaurant equipment, then don’t try to reach the breakfast segment!!!!

Too many retailers fail to define their target market and positions clearly. The try to have “something for everyone” and end up satisfying no market well. In contrast, successful retailers define their target markets well and position themselves strongly.
4. The Response Process Models

The following table will list several response process models that would be discussed in length.

<table>
<thead>
<tr>
<th>Models</th>
<th>Stages</th>
<th>AIDA Model</th>
<th>Hierarchy-of-Effect Model</th>
<th>Innovation-Adoption Model</th>
<th>Information processing model</th>
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<tr>
<td>Cognitive Stage</td>
<td>Attention/Awareness</td>
<td>Awareness</td>
<td>Knowledge</td>
<td>Awareness</td>
<td>Presentation</td>
</tr>
<tr>
<td>Affective Stage</td>
<td>Interest</td>
<td>Liking</td>
<td>Preference</td>
<td>Interest</td>
<td>Yielding</td>
</tr>
<tr>
<td>Behavior Stage</td>
<td>Desire</td>
<td>Desire</td>
<td>Conviction</td>
<td>Evaluation</td>
<td>Retention</td>
</tr>
<tr>
<td></td>
<td>Action</td>
<td>Action</td>
<td>Purchase</td>
<td>Trial</td>
<td>Behavior</td>
</tr>
</tbody>
</table>

4.1 The A.I.D.A Model

AIDA is an acronym of the model used in creating powerful and effective marketing communications, sales letters and is widely used in advertising today. The Model represents the stages a salesperson must take a customer through in the personal selling process.
Also, notice how some use the two step method while others use the one step method. In the one step method, AIDA and the selling is done in one communication. Most business to business marketing uses two step method. A two step method usually involves a teaser ad where the prospect eventually seeks more information. The full information is then sent and the next step in the sales cycle begins.

<table>
<thead>
<tr>
<th>Key Concepts</th>
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<tr>
<td><strong>Attention</strong></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
</tr>
<tr>
<td><strong>Desire</strong></td>
</tr>
<tr>
<td><strong>Action</strong></td>
</tr>
</tbody>
</table>
4.2 Hierarchy-of-Effects Model

In particular, hierarchy-of-effects model can be one of a good model to be considered in the development of communication strategy. It shows the process by which advertising works and assumes a consumer passes through a series of steps in a sequential order, from the initial awareness of the product or service, to the actual purchase. The model is explained below:

- **Awareness**: If most of the target audience is unaware of the activities or products of the organization, the communication objectives are to build awareness. This can be done, for example, through introducing the name and logo of the product through various appropriate communication channels.

- **Knowledge**: The target audience might already have awareness of the products/services and its activities, but now know much more. In this context, communication objectives are to provide the target audiences with deeper understanding of products and services which can probably be useful for the target audiences.

- **Liking**: If the target members know the products and services of the organisation, the communication objectives will be to create ‘favorableness level’ of the target audience; how they feel about the products or services or organization. For e.g., if people have an unfavorable view which is because of real problems, the organization will have to take appropriate measures to rectify these problems.

- **Preference**: The target audience might like the product but not prefer it to others. In this case, the communicator must try to build consumer preference by promoting quality, value, performance, and other features. The communicator can check the campaign’s success by measuring audience preferences after the campaign.

For e.g. 2.4 billion of the world’s population drink Coke. Pepsi created a brand image of their product too but though people don’t dislike Pepsi; they favour Coke to it, all because of the extent to which Coke has influenced its customers!!!

- **Conviction**: A target audience might like a particular product or service but not develop a conviction about buying or adopting it. The communicator’s task is to
build conviction among interested audiences that buying the products or services is their best choices.

- **Purchase**: Finally, some members of the target audiences might have conviction but for some reasons they may not make decision to make the purchase. The communicator can lead the potential users to take the final step, for example, by offering special price, guarantee, and trial, providing credit, etc.

### 4.3 Innovations Adoption Model

The Innovations Adoption Model evolved from Rodger’s diffusion of innovations. This model represents the stages a customer passes through in adopting a new product or service. Like the other models. It says potential adopters must be moved through a series of steps before taking some action (in this case, deciding to adopt a new product).

The challenge facing a majority of companies introducing new products today is to create awareness and interest amongst customers and to get them to evaluate the product favourably. The best way to evaluate a new product is through actual use, so that performance can be judged. Marketers usually encourage trial, by using demonstration or sampling programs. After trial, consumers either adopt the product or reject it.

Innovation refers to any product that is perceived to by some one as new. Everett Rogers introduced the concept of diffusion where he defined it as a process of “spreading a new idea from its source of invention or creation to its ultimate users or adopters”. With diffusion there is another process which takes place which is known as adoption meaning “the mental process through which an individual passes from first hearing about an innovation to final adoption.”

- **Stages of the Adoption Process**

Adopters of new products seem to move through the following five stages.

<table>
<thead>
<tr>
<th>Awareness</th>
<th>The consumer becomes aware of the innovation but lacks information about it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>The consumer is induced to seek information about the innovation</td>
</tr>
<tr>
<td>Evaluation</td>
<td>The consumer considers whether to try the innovation.</td>
</tr>
<tr>
<td>Trial</td>
<td>The consumer tries the innovation to improve his or her estimate of its value.</td>
</tr>
<tr>
<td>Adoption</td>
<td>The consumer decides to make full and regular use of the innovation</td>
</tr>
</tbody>
</table>
Diffusion of Innovation (Adopter categorization)

Everett M. Rogers based on a research presented five adopter categories

Roger sees the five adopter groups as different from their values. He describes the innovators as “Venturesome” who are willing to try new ideas at some risk. Early adopters are said to be guided by “Respect” which means they are opinion leaders in their community and adopt new ideas early but carefully.

Early majority are said to be “Deliberate” where they adopt new ideas before the average person. Late majority are said to be “Skeptical” where they adopt an innovation only after a majority of people have tried it.

The laggards are tradition bound who are suspicious of changes and only adopts when all options are exhausted.

Marketers will have to target their products at innovators and early adopters appropriately if they are using opinion leadership to induce the diffusion process.

4.4 The Information Processing Model (I.P.M.)

The Information Processing Model (I.P.M.) was introduces by William McGuire. It initially included only six steps, namely,

a) The persuasive message must be communicated.

b) The receiver will attend to the message.

c) The receiver will comprehend the message.

d) The receiver yields to and is convinced by the arguments presented.

e) The newly adopted position/attitude is retained.

f) The desired behavior takes place.

In a later article, McGuire (1976, p.303) reconfigured this model to include eight steps:

a) Exposure

b) Perception

c) Comprehension
d) Agreement  
   After comprehension, an opinion must arise about the believability and validity of the persuasive message. Agreement with the message can be influenced by number factors, both internal (such as previously held beliefs) and external (the perception of the source as being credible or the type of appeal used, for examples).

e) Retention  
   Remembering the accepted information is the fifth step in the process. A substantial amount of time may pass between the conveyance of the message and the actual moment a purchase decision is made.

b) Perception  
   Even with exposure, attention is not guaranteed. In this world of sensory overload, it is necessary for the human mind to accept only a small portion of the deluge of information it receives. Selective perception helps the mind bring information into manageable portions by using certain techniques.

c) Comprehension  
   The third step in the attitude change process requires the receiver to grasp the full meaning and implications of the message. It must not only be heard, but also understood and contemplated.

da) Agreement  
   Agreement with the message can be influenced by number factors, both internal (such as previously held beliefs) and external (the perception of the source as being credible or the type of appeal used, for examples).

e) Retention  
   Remembering the accepted information is the fifth step in the process. A substantial amount of time may pass between the conveyance of the message and the actual moment a purchase decision is made.

Chapter 01 – Communication Models
f) Retrieval
   Closely tied to retention is the act of retrieval. This step refers to the search strategies that obtain information from cognitive storage systems.

g) Decision Making
   In the second-to-last step, the stages are finally coming together and the consumer must make a choice from the available options.

h) Action
   In this case, action refers to a purchase based on a prior decision. This step is especially important to those measuring advertising's effectiveness through increased sales.

4.5 Evaluating Traditional Response Hierarchy Models

The four models above view the response process as moving through a series of stages:

Cognitive stage: Represents what the receiver perceives or knows about the particular product or brand. This state includes awareness that the brand exists and knowledge, information or comprehension about its characteristics and benefits. Affective Stage: Refers to the receivers feelings or affect level for the particular brand. Desire, preference and conviction are also prevalent here. Conative/Behavioural: the consumers action towards the brand; trial, purchase, adoption or rejection.

4.6 Alternative Response Hierarchies

a) Standard Learning Hierarchy

The traditional learning hierarchy was the traditional stair step cognition-affect-conation model. Citing McGuire (1968, 1974), Ray pointed out that this progression occurs only in special instances and not for a majority of communication processes. Instead, McGuire maintains it chiefly appears along with high involvement in the topic of a message and “when there are clear differences between the alternatives” (Ray, 1973).

This model consists of a LEARN > FEEL > DO SEQUENCE. Information and knowledge acquired or learned about the various brands are the basis for developing feelings that guide what the customer will do. In this Hierarchy, the consumer is an active participant in the communication process who gathers information through active learning.

This hierarchy is likely when the consumer is highly involved in the purchase process and there is much differentiation among competing brands. High involvement purchase decisions like purchase of industrial products and consumer durables (Computers, DVD players, cars etc). Advertisements for these products are usually very detailed and attempt to give consumers great deal of information.
b) Dissonance/ Attribution Hierarchy

The Dissonance-attribution hierarchy places action before information or attitude processes. This is an exact reversal of the standard learning model (conation, then affect, and finally cognition). Smith and Swinyard (1983) showed that learning can directly succeed experience when it comes to product. This model follows classic dissonance – purchase occurs under force or spontaneously, the consumer develops an attitude after trial and then seeks and/or consumes information to support their attitude. Dissonance attribution is likely to appear when involvement levels are high but product differentiation or alternative identification extremely low. An individual has to make a purchase, perceives “no-choice” between options, the action triggers a change in attitude in order to defend the purchase and then searches for information to support those attitudes.

See The Example Below:

“When I recently purchased a new bread making machine, I was really not sure what features I wanted or what features were important. So I relied upon the sales person's recommendation and the brand name to make my decision. Having used the machine, I (or at least my husband who does the baking) have formed a feeling toward the product and learnt more about the attributes of the machine.”

c) The Low Involvement Hierarchy

Here the receiver is seen as passing from Cognition to Behaviour to attitude change. i.e. LEARN > DO > FEEL sequence

Involvement hierarchy occurs most frequently when there are minimal differences between alternative products. Sometimes this hierarchy occurs when high involvement isn't necessary from the audience. This hierarchy does not only occur with low-priced everyday products. According to research low-involvement hierarchy is experienced in some social structures such as voting.
A low-involvement purchase happens when a consumer is at the store and recognizes the brand name of a product from a commercial or advertisement and buys it. After taking action (purchasing the product) the consumer will live with it and use it for a certain amount of time before formulating a distinct opinion of the product. The consumer views it on Television and when at the store, the product strikes them when they see an image of the product _ and hence, purchase!!

For example , Heinz has dominated the ketchup market for over 20 years by repeatedly telling customers that its brand is the richest and the thickest .Heinz has used a variety of advertising campaigns over the years ,but they all repeat the same basic theme and focus on the consistent quality of the brand ,

![HEINZ Before and After]

5. The Involvement Models

5.2 The FCB Planning Model:

The FCB Grid (Vaughn, 1980, 1986) uses involvement (high-low) and think/feel as the two dimensions for classifying product categories. This classification suggests that purchase decisions are different when thinking is mostly involved and others are dominantly involved with feeling. In addition, different situations also exist, resulting in decision-making processes which require either more or less involvement. The product category matrix is fabricated using these two dimensions i.e. Thinking & Feeling on the horizontal axis and Low/High Involvement in the vertical axis.

The horizontal side of the matrix is based on the hypothesis that over time there is consumers’ movement from thinking toward feeling. High and low involvement is also a continuum, proposing that high involvement can decay to relatively low involvement over time. Four quadrants are developed in the matrix based on these two dimensions in the FCB Grid. The quadrants summarize four substantially major goals for advertising strategy: "to be informative, affective, habit forming or to promote self-satisfaction"'' (Vaughn, 1980).
With this FCB Grid, advertisers can develop advertising strategy according to consumers’ relations towards a product according to information (learn), attitude (feel) and behavior (do) issues.

### Additional Information

The primary grid validation study was conducted in the United States among 1,800 consumers across some 250 product categories. The results are that products and services were reasonably positioned as expected, and some ‘think’ and ‘feel’ items correlated with involvement, which corroborated that it was possible to have varying amounts of think and feel - high or low - depending on involvement (Vaughn, 1986). Also, international study about the Grid has been conducted by asking over 20,000 consumer interviews in 23 countries. This study indicates that consumer mental processes are quite similar throughout different countries in spite of communication distinctions in advertising (Vaughn, 1986). In spite of the successful validation of the FCB Grid by thorough research, Vaughn (1986) accentuated the importance of speculation about the involvement and think-feel dimensions.

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<table>
<thead>
<tr>
<th>THINKING</th>
<th>FEELING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. INFORMATIVE (THINKER)</strong></td>
<td><strong>2. AFFECTIVE (FEELER)</strong></td>
</tr>
<tr>
<td>CAR-HOUSE-FURNISHINGS-NEW PRODUCTS</td>
<td>JEWELRY-COSMETICS-FASHION APPAREL-MOTORCYCLES</td>
</tr>
<tr>
<td>MODEL: LEARN-FEEL-DO</td>
<td>MODEL: FEEL-LEARN-DO</td>
</tr>
<tr>
<td>(Economic?)</td>
<td>(Psychological?)</td>
</tr>
<tr>
<td>Possible Implications</td>
<td>Possible Implications</td>
</tr>
<tr>
<td>TEST: Recall</td>
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</tr>
<tr>
<td>Diagnostics</td>
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<tr>
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<td>Reflective Vehicles</td>
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<td>CREATIVE: Specific Information</td>
<td>CREATIVE: Executional</td>
</tr>
<tr>
<td>Demonstration</td>
<td>Impact</td>
</tr>
</tbody>
</table>

| **3. HABIT FORMATION (DOER)** | **4. SELF-SATISFACTION (REACTOR)** |
| FOOD-HOUSEHOLD ITEMS | CIGARETTES-LIQUOR-CANDY |
| MODEL: DO-LEARN-FEEL | MODEL: DO-FEEL-LEARN |
| (Responsive?) | (Social?) |
| Possible Implications | Possible Implications |
| TEST: Sales | TEST: Sales |
| MEDIA: Small Space Ads | MEDIA: Billboards |
| 10 Second I.D.’s | Newspapers |
| Radio; POS | POS |
| CREATIVE: Reminder | CREATIVE: Attention |
6. Cognitive Processing Of Communications

The hierarchal response models were for many years’ approaches to study the receiver’s responses to marketing communications. Attention centered on identifying relationships between specific controllable variables (such as source and message factors) and the outcome or response variables “(such as attention comprehension, attitudes and purchase intentions). The approach has been criticized on a number of grounds, one of which was on account of its black box nature since it can’t explain what causes these reactions. In response, researchers have developed several approaches

6.1 The Cognitive Response Approach:

a) Understanding the Model

A cognitive response is a thought generated in response to persuasive communication and therefore, triggers an attitude change. The way in which a cognitive response effects attitude, after being exposed to persuasive communication, has to do with the way the recipient of the communication manipulates, elaborates and integrates the information.

The cognitive response theory attempts to understand the link between the initial response to communication and the attitude change that results. The theory says that a cognitive response influences final attitude and therefore may effect behavior.

b) Product/ Message Thoughts:

Attention has been focused on two types of responses: counter arguments and support arguments. The latter (Support) are those consumers who process thoughts that affirm the claims made in the advertisements (“Ultra Tide looks like a really good product, I think I must try it”). The Former however, occurs when a consumer express disbelief of
disagreement of a claim made in the ad ("I don’t believe that any detergent could remove this stain") These Counter Arguments relate negatively to the product, while the support arguments relate positively.

c) Source Oriented Thoughts

These are directed at the communication. One of the most important responses in this category is Source Derogations, or negative thoughts about the spokes person or organization making the claims. If customers find a particular salesperson annoying or untrustworthy, the y are less likely to accept what this source has to say.

d) Ad Execution Thoughts

That is, the individual’s thoughts about the ad itself. These thoughts can be either favourable or unfavourable. They are important because of their effect on attitudes towards the advertisement as well as the brand. The importance of affective reaction and feelings generated by the ad depend on several factors, among them, the nature of the ad and the type of processing engaged in my receiver.

6.2 The Elaboration Model

The Differences in the ways that consumers process and respond to persuasive messages are addressed in the elaboration model (E.L.M.) of persuasion. According to this model, the attitude formation depends on the amount of elaboration or processing of information in response to a relevant message. High elaboration means that the receiver carefully considers the arguments contained in the message.

Low Elaboration on the other hand, refers to when the receiver does not engage in an active information processing technique but rather forms his/her own impression about the message, based on negative or positive cues.

This model is presented in the next page.

a) Persuasive Communication

For a message to be effective it must be persuasive. Determining whether the message is indeed persuasive is what this model is all about. If it is a neutral message, it has failed to be persuasive and the receiver can take it or leave it for what it is worth (a waste of the receiver’s time). So, assuming that the message is in some way, at least a little bit persuasive, the receiver becomes involved in the next step.

b) Motivated to Process

In order for the receiver to have motivation to process the message it must have some relevance to her. It should pertain to something that she already knows about. At least some familiarity with the subject matter of a message will encourage the receiver to
process it. People have a lot to do in a day. They don’t have a chance or the desire to think about every little thing that pops up. This is known as low involvement. When a person has little or no tie to a product or message, they have little involvement with it and thus little or no desire to hear much about it. On the other hand is high involvement. A person suffering from asthma will want to know about new breakthroughs in the treatments that will help her breath a little easier. In shopping for a car, a consumer will want to find out about all the features of several different models in order to make an informed and confident decision before spending such a sum of money. When a person has a high degree of personal experience with information conveyed in the persuasive communication, he or she is more likely to pay attention and get deeper into the message.

**The Elaboration Model**

![Diagram of the Elaboration Model]

### c) Ability to process

Now the receiver has been motivated to process but does he have the ability to do so? There may be a multitude of distractions: the kids screaming for dinner or the neighbor is at the door for another cup of sugar.
Other advertisements and outlets of information are also distracters. Competition among persuasive messages is fierce and the receiver’s time is precious. He may simply not have the opportunity to process the message at that particular time.

If the receiver can understand the message and there are no distractions, he or she can then go to the next stage in the model.

d) Nature of Arguments in the Message

What is the message trying to say? If it is a strong message -- that is, if it is a well-constructed and convincing message, the receiver is more likely to receive it favorably. Persuasion may occur even if the message content is in contrast to the receiver’s initial attitude. If it is in keeping with the receiver’s previous opinions, there is likely to be lasting, positive persuasion. At this point it is likely that behavior can be predicted as a result of persuasion i.e. the consumer will purchase the asthma medication because she was persuaded based on the strength and relevance of the message. Successful persuasion has occurred!

If the receiver has become involved with the message this far into the central path but the message does not contain a valid argument or if it contains false information there is likely to be a **boomerang effect**.

This means that the receiver will reject the message and form negative thoughts and feelings about the message. This is especially true when the receiver is an expert or has a lot of previous knowledge about the subject of the message. She may disagree with the ideas expressed in a well-formed argument and simply reject the message. Or she may see the inadequacies of the message and dismiss it as unreliable information, failing to be persuaded.
Graduate/Postgraduate Diploma in Marketing

Intermediate Level
Promotional Practice

Recommended Study Text

Module Two
Chapter 2
Advertising

Section A - Advertising Management

Section A will cover the Following

1. The role of Advertising in Promotions
2. Advertising as a Management Process
3. Choosing an Advertising Agency
4. Writing a Brief
5. Different Functions within an Advertising Agency
6. Cultural differences between the Advertising Agency and Client

1. The Role of Advertising in Promotions

In today’s complex market place consumers are bombarded with messages through an ever-expanding assortment of media. The traditional media such as Television and radio have been the main stay of advertising programs and they contend with newspaper and magazine ads, signs, billboards, direct-mail campaigns and other traditional channels. Recent times many new ways of communicating with consumers has evolved such Ads on the Internet, clothing lines with messages printed on them, telemarketing etc.

This represents a great challenge for marketers. Companies do not have the budgets to utilize every possible medium. They must select what media to use and messages must be of sufficient quality to give the company an advantage in a highly cluttered world and a world in which people are becoming increasingly proficient at simply tuning ads out.

To be effective, an ad first must attract attention. Next, it must be remembered. Then the message of the advertisement should induce action, such as a purchase, a shift in brand loyalty or at least obtain a position in the buyer's long-term memory.

Three ingredients must be combined to create effective advertisements:

a) Developing an advertising management scheme for the company
b) Strategic selection of media
c) Careful designing of the advertisement

Selecting media and designing the actual advertisements go hand in hand: one cannot be performed without the other in mind.
1.1 Advertising as a Component of the IMC Process

Advertising is one component of integrated marketing communications. It is also part of the "traditional" promotions mix of Advertising, Sales and trade promotions and personal selling, these functions along with other activities such as direct marketing and public relations efforts form the basis for communicating with individual consumers and business customers.

The role advertising plays varies by company, products and the marketing goals established by the firm, for some products and companies advertising is the central focus with the other components (trade promotions, consumer promotions and personal selling) used to support various advertising campaigns. In other situations advertising supports a national sales force and trade promotions programs. In the business-to-business sector advertising often supports other promotional activities, such as trade shows and personal sales calls. In the consumer sector, the reverse is often true.

Advertising is usually is the primary communication vehicle in reaching consumers, other promotional tools (contests, giveaways, special packages) are then used to support the advertising function. In both business-to-business and consumer promotions the key to using advertising effectively is to see it as one of the spokes in the "wheel" of the total promotional effort with the remaining "spokes" being the other components of the IMC approach.

IMC program is more than just promotions and advertising tactics. Integrated communications include clear communications between departments as well as with outside customers and suppliers, IMC programs apply information technologies to develop databases that help, everyone in the firm to understand customer needs and characteristics including both business customers and end user consumers. Effective integrated communications programs mean that every facet of the organization works toward the goal of reaching customers with a clear consistent message within that framework advertising plays a major and vital role in establishing effective communications.
1.2 Advertising Management

Advertising management lays the groundwork for the total advertising program. Advertising campaign management is the process of preparing and integrating a specific advertising program with the overall IMC message.

The key element in this process is:

a) Developing the Message Theme

The message theme is an outline of key idea(s) that the advertising program is supposed to convey. It should match the company's overall marketing and IMC strategies. E.g. - Sri Lankan Telecom (SLT) Low IDD rates makes it affordable to everyone to be in touch with your loved ones abroad.

b) Selecting the Media

Logical combinations of media should match the message strategy as well as the design and desired appeal of the ad. SLT e.g. selected Media – (Television) audio/visual media ideal for emotional appeal.

c) Identifying a Leverage Point

A leverage point is the key element in the advertisement that taps into or activates a consumer's personal value system (a value, idea, or, concept). SLT e.g. -You don’t have to wait any more.

d) The Major Appeal

The appeal is how to design the advertisement that attracts attention or presents information to consumers. Typical appeals include the use of humor, fear, sexual suggestiveness, logic, and emotions. SLT e.g. – appeals to emotions of people waiting to hear from their loved ones (the anxiety of waiting).

e) Executional Framework

The executional framework explains how the message will be delivered. Some examples of executional frameworks include the slice-of-life approach, fantasies, dramatizations, and ads constructed using animation. SLT e.g. – slice-of-life approach (people from different walks of life waiting for some thing or some one.

When the three tasks of message theme design, media selection and advertisement design have been integrated we can infer that the IMC format has been followed. The firm speaks in one clear voice and the message has a better chance of reaching and affecting key buyers.
2. Advertising as a Management Process

Advertising management program is the process of preparing and integrating a company's advertising efforts with the overall IMC message that already exists. An effective program consists of four activities, which combine to form the advertising management process.

They are:

a) Review the company's activities in light of advertising management
b) Select an in-house or external advertising agency
c) Develop an advertising campaign management strategy
d) Complete a creative brief.

The major principle guiding these four efforts is consistency. To be effective in developing successful advertisements the company's products or services and methods of doing business need to match the form of advertising agency chosen, the strategy of the campaign and the work of the advertising creative. The goal is to provide a coherent message that restates the image of the overall IMC program.

2.1 Company Activities in Advertising Management

Successful company leaders build their businesses by carefully tending to a few major activities. One key endeavor is to make sure the firm has a well thought out clearly specified mission statement. The overall mission of an organization is a general outline of the company's direction and purpose. Many times, an IMC program is based on a similar statement of an overall objective. From there, members of the company can complete the following tasks:

- Identify potential customers.
- Build products and services to meet customer needs.
- Match the company's IMC process with its advertising management program.

These three efforts must be coordinated in order to mesh the company's message with its desired audience while vendoing various goods and services. Most firms have four general categories of potential customers: (1) end users, (2) other businesses, (3) institutions, and (4) governmental customers. Some even argue there is a fifth, international customers. Although marketing to consumers and businesses in another country offers unique challenges most marketers see it is an extension of these four general categories. It is important to designate which customers are being approached so that the company's messages are attractive to these target markets. Products and services are designed in part with target markets and customers in mind.

IMC programs and advertising campaigns are much easier to integrate with clearly specified target markets and well-designed products and services. Effective IMC
programs heavily rely on management teams defining the company's mission and aligning company activities into the same integrated, one-voice approach that speaks to all constituents. When these factors are pulled together effectively, the company can commence with more specific advertising projects.

3. Choosing an Advertising Agency

The first step in developing an advertising program is choosing between an in-house advertising group and an external advertising agency. Many larger-size organizations have begun to house integrated communications and advertising programs within internal departments. Part of the reasoning is that internal organization members have a better sense of the company's mission and message.

By hiring a few key marketing and advertising experts, many firms can develop effective advertising programs by outsourcing some of the functions, such as the writing, filming or recording, and editing the actual advertisement in addition to planning and purchasing media time (on television and radio) and space (in magazines, in newspapers, and on billboards). The disadvantage to this approach is that the company can go "stale" in its marketing efforts and fail to recognize other promotional or advertising opportunities.

The department also may lack the expertise to carry out all of the necessary functions. Instead, the tendency may be to cut costs in developing ads rather than taking advantage of the knowledge and expertise that advertising agencies have to offer. This is especially true in the international arena, wherein a firm probably lacks the necessary understanding of language and customs, as well as key buyer behavior of the target market.

3.1 Decision Variables between In-house vs. External Agencies

In making the decision to use an external agency or in-house department. A firm considers the following five critical issues:

a) Size of the account
b) Money that can be spent on media
c) Objectivity factor
d) Complexity of the product
e) Creativity issue

Concerning the account size, a small account usually is not attractive to an advertising agency because it sees little opportunity for profit. Also, with regard to money spent on media, smaller accounts are less economically sound for the agency, because more money must be spent on producing advertisements rather than on purchasing media time or space.
Unless 75 percent of the company's advertising budget can be spent on media purchases, it may be wise either to do the work in-house or to develop contracts with smaller specialty firms to prepare various aspects of the advertising campaign.

An agency is likely to be more objective than is an in-house advertising department since they are much more independent from the power plays and politics of the organization they create advertisements for.

However for highly complex products it may be advisable to work with an in-house Advertising department since specialized knowledge of the product is required. Agency members have a difficult time understanding more complicated products. To get them to understand often requires a considerable amount of time, which costs money. For complex products in-house departments work best. For generic or more standard and simple products, ad agencies have more to offer.

The final issue to consider in choosing an agency versus performing the work in-house is creativity. Most agencies claim they have greater creativity than any in house department has. Although they may, in-house departments are able to freelance with various creative people in the actual ad design process. The question, then, is how well the company's creative people or freelancers can perform as compared to an agency's creative personnel for most firms this is very difficult to judge.

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
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<tbody>
<tr>
<td>List 15 different agencies operating in Sri Lanka and identify locally, regionally and multinational based agencies. Categorize the top 5 agencies out of these.</td>
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### 3.2 Types External Advertising Agencies

Although the variety of advertising agencies available in Sri Lanka is limited due to the market size. But in major markets such US All sizes and types of advertising agencies exist. At one end of the spectrum are the highly specialized boutique-type agencies that offer only one specialized service (e.g., making television ads) or that serve one particular type of client at the other end of the spectrum are the full-service agencies providing all types of advertising services as well as advice and assistance in working with the other components of the IMC model, such as sales and trade promotions, direct-marketing programs, and public relations events.

Individual advertising agencies provide a number of services for companies seeking to refine their IMC programs. They may include:

- Consulting and giving advice about how to develop target markets
- Providing specialized services for business markets
- Providing suggestions on how to project a strong company image and theme
• Supplying assistance in selecting company logos and slogans
• Preparation of advertisements
• Planning and purchasing media time and space

In addition to advertising agencies there are other closely associated types of firms. Media service companies negotiate and purchase media packages (called "media buys") for companies (Sri Lankan example – Media Factory).

Direct-marketing agencies handle every aspect of a direct-marketing campaign, through telephone orders (800 numbers), through Internet programs or by direct mail. Some companies focus on either sales promotions or trade promotions or both (Sri Lankan example – Promo Watch). These companies assist in giveaways such as pens and calendars. They also provide assistance in making posters end-of-aisle displays and other attention-getting mechanisms. Public relations firms are experts in helping companies and individuals develop positive public images and are called in for damage control when negative publicity arises (Sri Lankan example – Rowland). In-house members of the organization can render these activities, just as an in-house marketing department can perform advertising and IMC programs. In both instances, company leaders must decide how they can complete these key marketing activities effectively and efficiently.

3.3 Choosing an External Advertising Agency

The decision to retain an advertising agency is largely based on the belief that the agency can provide important services and assistance. These services give the client firm an advantage in the marketplace. For instance a high-quality advertising agency can help a firm create and build the type of strong image and brand name critical for survival in the twenty-first century. A strong brand name strengthens both consumer and business-to-business preferences for products. This in turn results in greater sales; lower marketing costs and allows the producer to charge a price premium. Therefore finding an advertising agency that can both create a strong brand name and increase brand sales is important for long-run success.

Example - When Ceylon cold stores decided to re-launch their range of soft drinks to achieve a greater level of success in the marketplace they invited a short listed set of advertising agencies to pitch for the account including the agency then known as LDB Lintas who was successful with the pitch . This advertising Agency was responsible for the now famous advertising campaign that helped Ceylon cold stores brands to compete effectively with leading international players to capture a major share of the local soft drinks market.

The process of choosing an advertising agency is difficult. The company's leaders must decide how much involvement the agency will have and how many functions the agency should be able to perform. The next step is to develop effective selection criteria to help company leaders make wise choices in the process of hiring an advertising agency.'
Activity

Identify a public relations company operating in Sri Lanka and find out what services they offer and how they operate.

a) The Steps in the Advertising Agency Selection

- Establishing clear goals
- Identify the Process and Selection criteria
- Obtaining References
- Evaluating Oral and written presentations
- Meet key people
- Making the decision

Choosing the advertising agency that best suits a company requires careful planning. The figure … Identifies the steps involved in this process. Additional information about each of these steps follows.

- Establishing Clear Goals

Before making any contact with an advertising agency it is important to identify and prioritize various corporate goals. Goals provide a sense of direction for the company's leaders, for the agency account executive, and for the advertising creative. Each is more likely to be "on the same page" as preparation of the advertising campaign unfolds. Without clearly understood goals, it becomes virtually impossible to choose an agency, because company leaders may not have a clear idea what they want to accomplish. Unambiguous goals help ensure a good fit between the company and the agency.

- Selection Process and Criteria

The second step in selecting an agency is to finalize the selection process and define the criteria that will be used for the selection. Ideally every firm must establish the process and criteria in advance in order to reduce biases that may enter into the decision process due to personal likes and dislikes although a good chemistry between the agency and the firm is important.

- Reference Requests

Once the initial screening is complete it is time to request references from those agencies still in the running for the contract. Most agencies willingly provide lists of their best customers to serve as references. A good strategy the company can use is to obtain references of firms that have similar needs among these clients. It helps to obtain names of former clients of the agency, finding out why they switched can provide valuable information.
Background checks also provide useful information. This can be accomplished by finding firms that have dealt with each agency. Also, talking to media agents who sell media time provides insights as to how an agency buys time and deals with customers. Companies that have formed contracts with individual agencies for production facilities or other services are excellent sources of information. Background checks help the client company make sure the agency can provide quality professional services.

- **Oral and Written Presentations**

The next step in the selection process is to request an oral and written presentation by the finalists. The agency should be willing to provide a formal presentation addressing a specific problem, situation, or set of questions. These presentations reveal how each agency would deal with specific issues that arise as a campaign is prepared. This helps client companies ascertain whether the agency uses tactics and methods that are acceptable.

- **Meeting Key Personnel**

During the presentation phase, the opportunity exists to meet with the creative personnel, media buyers, account executives, and any other personnel who will be working with an account. *Chemistry* between employees of the two different firms is important. The client companies' leaders should be convinced that they are comfortable working with the agency leaders and that they feel comfortable with each other.

Whenever possible, a client company's leaders should visit the advertising agency's office as part of the evaluation process. Often agencies use people called "heavy hitters" to win contracts, but then turn the account over to other individuals in the agency after signing the deal. Visiting the agency's office provides an opportunity to meet every person who might work on the account. Talking with these individuals generates quality information about how the account will be handled. The visiting period also can be used to hammer out specific details, such as identifying the actual person(s) who will work on the advertisements, and either agreeing to the use of freelancers (independent contractors who provide various services) to work on the project or prohibiting the agency from using such individuals.

- **Selection and Contract**

The final step of the process is to make the choice and to notify all finalists of the decision. A contract is drawn up with the advertising agency to specify all terms and activities and letters are written to agencies that did not win the bid. Many times these agencies contact the company seeking information about why they were not chosen. It is in the interests of both organizations to remain cordial and professional even when a contract is not given, because they may do business in the future.
b) Evaluation Criteria in Selecting an Agency

- Size of the agency
- Relevant experience of the agency
- Conflicts of interest
- Creative reputation and capabilities
- Production capabilities
- Media purchasing capabilities

Figure…..lists some of the major issues to be considered as part of the selection process. This list is especially useful in the initial screening process, when the task is to narrow the field to the top five (or fewer) agencies.

- **Size of the Agency**

  The size of the agency is important, especially as it compares to the size of the company hiring the agency. If a large firm were to hire a small agency, the small agency may be overwhelmed by the account. A small firm hiring a large agency may find that the company's account might be lost or could be treated as being insignificant.

- **Relevant Experience**

  *Relevant experience* in an industry is the second type of evaluation criteria that companies use. When an agency has experience in a given industry, it better understands the client firm, its customers and the structure of the marketing channel. Further the agency should have relevant experience without representing a competitor. Such experience may be gained when an agency sells a related product or works for a similar company that operates in a different industry. For example, an agency has a manufacturer of automobile batteries as a client, this experience is relevant to selling automobile tires. The agency should have experience with the business-to-business side of the market so that retailers, wholesalers, and any other channel party is considered in the marketing and advertising of the product.

- **Conflict of Interest**

  It is important to be certain the agency does not have any *conflicts of interest*, an advertising firm that has been hired by one manufacturer of tires experiences a conflict of interest if the firm is hired by another tire company.

- **Creative Reputation and Capabilities**

  The initial screening process includes an investigation into each agency's *creative reputation and capabilities*. One method of judging an agency's creativity is to ask for a list of awards the company has received. Although awards do not always translate into effective advertisements, in most cases there is a positive relationship between winning awards and writing effective ads. Most creative awards are given by peers. As a result. They are good indicators of what others think of the agency's creative efforts.
• **Production Capabilities**

*Production capabilities* of the agencies should be examined if these services are expected to be provided by them. The production of the final artwork for printed material is usually provided by the agency itself. However productions of television commercials or radio commercials are generally outsourced to specialized production houses and the process of producing the commercial is coordinated by the advertising agency on behalf of the client; this is mostly the case in the local scenario. It is important that the selected agency has a good working relationship with these production houses.

• **Media Purchasing Capabilities**

If the agency is to buy the media time on behalf of the client it is imperative that they possess the necessary media buying skills.

Questions the company should ask in this area include:

- Does the agency buy efficiently?
- Is the agency able to negotiate special rates and publication positions?
- Does the agency routinely get "bumped" by higher-paying firms, so ads do not run at highly desirable times?

This type of information can be difficult to obtain. The company hiring the agency must be persistent and engage in thorough research. Accessing each agency's Web page, reading annual reports, and searching for news articles about individual agencies can be helpful. Most ad agencies provide prospectus sheets describing their capabilities. These reports render some information about their media buying skills.

The final three selection criteria—*other services available, client retention rates* and *personal chemistry*- are revealed as the final steps of selection take place. These criteria help make the final determination in the selection process.

c) **Motivating the Agency to Work at its Optimum Capacity**

- Sharing information –Being open and sharing information readily being honest and trusting
- Making them part of the team – understanding that they are part of your marketing communication team and making them feel that way
- Setting goals -Giving specific, achievable measurable goals with adequate time to achieve them in
- Taking the agency on field visits
- Appreciation - Giving credit when its due
- Performance reviews – conducting annual performance reviews
4. Writing a Brief

4.1 What is a Client Brief?

The is a document prepared by client to provide necessary information and direction to prepare the advertisement or Ad campaign. The information provided by client in this document is expected to produce an advertisement that conveys the desired message in a manner that will positively impact potential customers. Details about each element of the brief are provided next.

4.2 Contents of a Client Brief

a) Background

This includes; a brief introduction to the Company, Market environment, Product information Circumstances under which product is launched, Competitive situation etc.

b) The Objective

The first step in preparing the creative strategy is to identify the objective of the advertisement. Possible objectives include:

- Increase brand awareness
- Build brand image
- Increase customer traffic
- Increase retailer or wholesaler orders
- Increase inquiries from end users and channel members
- Provide information
- Induce purchase

The creative people must understand the main objective before designing an advertisement, because the primary objectives guide the design of the advertisement and the choice of an executional theme. An ad to increase brand awareness prominently displays the name of the product. An ad to build brand image can display the actual product more prominently.

c) The Target Audience

An advertisement designed to persuade a business to inquire about new computer software will be different than a consumer advertisement from the same company. A business advertisement focuses on the type of industry and the project member of the
buying center who will see it. The more detail that is known about the target audience the easier it is for a creative to design an effective advertisement.

Target market profiles that are too general are not very helpful. Rather than specifying males, ages 20 to 35 more specific information is needed (e.g. males 20 to 35, college educated. professionals). Other information such as hobbies, interests, opinions and lifestyles makes targeting an advertisement even more precise. Consumer insights such as why, when and how they purchase the product will be very useful in selecting the communication approach.

d) The Message Theme

The message theme is an outline of key idea(s) that the advertising program is supposed to convey. The message theme is the benefit or promise the advertiser wants to use to reach consumers or businesses. The promise or unique selling point (USP) should describe the major benefit the product or service offers customers. For example, the message theme for an automobile could be oriented toward luxury, safety, fun, fuel efficiency, or driving excitement. The message theme for a hotel could focus on luxury, price, or unusual features, such as a hotel in Paris, France noting the ease of access to all of the nearby tourist attractions. The message theme should match the medium selected, the target market, and the primary IMC message to be effective.

Message themes can be oriented toward either rational or emotional processes. A "left-brain" ad is oriented toward the logical rational side, which manages information such as numbers, letters, words, and concepts. Left-brain advertising is logical and factual and the appeals are rational. For example, there are logical features, which are part of the decision to buy a car (size, price, special features). At the same time, many cars are purchased for emotional reasons. The right side of the brain deals with the emotions. It works with abstract ideas, images, and feelings. A car may be chosen for its color, sportiness, or other less rational reasons.

Most advertising is either right-brained or left-brained. Effective advertising is produced when there is a balance between the two sides. Rational, economic beings have difficulty defending the purchase of an expensive sports car such as a Porsche. Many product and service purchases are based on how a person feels about the product or service combined with rational information.

e) The Support

The fourth component of the creative strategy is the support. Support takes the form of the facts that substantiate the message theme. An exercise machine advertisement claiming to reduce weight may support this point by noting independent medical findings or testimonials from people with success stories with the machine. The creative needs these supporting facts to design effective advertisements.
f) The Constraints

The final step in the development of a creative strategy is identification of any constraints. These are the legal and mandatory restrictions placed on advertisements as well as financial considerations. Non financial constraints may include legal protection for trademarks, logos and copy registrations. They also include disclaimers about warranties, offers, and claims as well as time lines.

For warranties a disclaimer specifies the conditions under which they will be honored. For example, tire warranties often state they apply under normal driving conditions with routine maintenance, so that a person cannot ignore tire balancing and rotation and expect to get free new tires when the old ones wear out quickly. Disclaimer warranties notify consumers of potential hazards associated with products. For instance, tobacco advertisements must contain a statement from the Surgeon General about the dangers of smoking and chewing tobacco. Disclaimers about offers spell out the terms of financing agreements, as well as when bonuses or discounts apply. Claims identify the exact nature of the statement made in the advertisement. For example, nutritional claims must contain a statement about the size of serving or other information that makes it clear how many nutrients are actually in the product.

It is also important that client communicates clearly to the agency the funds available for the communication effort, otherwise this could lead to agency coming up with communication solutions that client cannot afford.

Ideally the Agency performance evaluation criteria should be communicated to the agency at this stage and agreed upon.

After these steps have been reviewed, the creative brief is complete. From this point forward, the message and the media match, and actual advertisements can be produced. Effective creative briefs focus everyone involved on both the IMC message and the current intent of an advertising campaign. This in turn, gives companies better chances of reaching customers with messages that return measurable results and helps guarantee the success of both the company and the advertising agency.

4.3 The Process of Briefing

Ideally all the personnel involved from the client end in the development of the communication effort should take part in the initial briefing, including the final decision makers. It is important that agreement is reached internally with regard to the brief prior to meeting the agency.

Client should meet with Ad agency team and present the brief and discuss it with the agency and clarify any issues or questions the agency may have. Client should set realistic time lines for the development of the campaign in consultation with the agency and agree on the evaluation a criterion which is to be based on the brief.
5. Different Functions within an Advertising Agency

When the process has been completed, the agency and the company work together to prepare the advertising campaign. Along the way, the account executive plays a key role in the process, as does the advertising creative and media buyer. A brief review of the activities performed by these individuals follows;

- The account service personnel
- The creative personnel
- Traffic
- Studio
- Audio Video Productions
- Print productions
- Cost & billing
- Media
- Finance, Management, IT, HR & Admin.

**Account Service Personnel**

The advertising account executive is the key go-between for both the advertising agency and the client company. This individual is actively involved in soliciting the account finalizing details of the contract, and selecting the creative personnel who will prepare the actual advertising campaign. Many times, the account executive helps the company refine and define its major message for an overall IMC program and provides other support as needed. Advertising agencies and account executives are expected to produce measurable results.

Account manager oversees the process in such a way that everyone involved feels comfortable and oriented toward the goal of creating an effectively integrated advertising campaign and marketing communications program.

**The Traffic Manager**

The traffic manager works closely with the account executive. This person's responsibility is to schedule the various aspects of the agency's work to ensure the work is completed by the target deadline. See the Communication Action Box for more information about how the traffic manager serves an important link between the account executive and the creative personnel.

**The Creative Personnel**

Creative people are the persons who actually develop and produce advertisements. Creative personnel may appear to hold the "glamour" jobs in advertising because they express their talents in the advertisements they produce. At the same time creative people face long hours and work under enormous pressures to design ads that are effective and produce results that client companies and marketing account managers want.
6. Cultural differences between the Agency and Client

Advertising agencies promote a more casual culture when compared to mostly formal client organizations to promote a working environment to foster creativity. They have flexi hours of work, casual dress codes, and first name basis relationships even with top management. They party hard enjoy the nightlife and have a reputation for mixing business with pleasure. They are very passionate about their work specially the creatives and tend to take criticism of their final output personally.

Sometimes clients coming from a more formal background struggle to understand why a creative person can’t deliver a creative idea the same way his production staff deliver production output or sales people their sales reports.
Chapter 02 – Advertising

Section B - Selecting Advertising Media

Section B will cover the Following

7. Terminology used in Managing Media
8. Print Media
9. Broadcast Media
10. Outdoor Media
11. Other Media
12. Developing a Media Schedule

7. Terminology in Managing Media

Successful marketing account executives help a firm identify target markets and then find media that reach the members of those markets, in both retail situations and business-to-business marketing efforts. Once they identify the right media, Creatives design clever memorable exciting and persuasive advertisements to help convince customers to purchase products.

Development of an advertising campaign within the framework of an integrated marketing communications program is the most important function an advertising agency can provide. Client companies depend on cost-effective ads to attract customers and entice them into purchasing various goods and services. The goal is to build a firm's image and to reach a larger consumer base. Advertising media selection is an important element in the success of any advertising program. A review of the elements of selection process follows.

7.1 Media Strategy

One of the most important ingredients in matching an advertising campaign with the overall integrated marketing communications program is to prepare an effective media strategy. A media strategy is the process of analyzing and choosing media for an advertising and promotions campaign. The strategy must take into account several factors as it is put together.

These factors, which should have been specified in the brief include:

The objective of the campaign
  a) The target audience
  b) The message theme (the key message to be conveyed to target markets)
  c) Other constraints and considerations, such as the overall IMC objectives, legal restrictions, and so forth.
These guidelines help the advertising creative, account executive, media buyer, and company representatives decide which media to use for a given campaign. They also must look for logical combinations of media for advertising messages.

In the United States:

- The average consumer reads or looks over only nine of the more than two hundred consumer magazines on the market.
- A radio listener usually tunes in to only three of the stations available in a given area.
- Television viewers watch fewer than eight of the thirty-plus stations available by cable or satellite and average network prime-time ratings have declined by more than 30 percent over the last decade.

Simply finding the right places to speak to potential customers is an increasingly challenging task.

Also, to make the account executive and media buyer’s jobs more difficult prices for advertisements have not gone down and often have risen. Client budgets for advertising have not kept up with inflation, yet they have increased their demands for results and accountability. The marketing team faces many difficulties as they seek to provide the right media outlets for the company.

Recently, Porsche Cars North America altered its media strategy. The objective was to expand the company’s customer base to include new, younger car buyers while still appealing to its loyal Porsche owners. To accomplish this goal Porsche made the decision to retain the content and message of various advertisements. In conjunction with Porsche's advertising agency, Carmichael Lynch of Minneapolis, a specific media strategy was designed to reach younger prospects in the outer target markets. Porsche's media strategy included:

- More advertising space purchased in lifestyle magazines (Most of Porsche's advertising dollars went for print advertisements in car-buff magazines)
- Expansion of direct-mail programs
- Regional television advertising campaigns (Television advertisements were placed in regional markets rather than national spots)

The marketing team viewed buying national advertising as highly inefficient for Porsche, because most of the company’s customers are located in specific regions. The idea of this change in media strategy was to target new consumers more effectively and to find ways to speak directly to these prospective new sports car owners.
Once the media strategy is in place other aspects of media selection can proceed. The first step is to prepare a thorough media-planning program using the general advertising methods and objectives.

7.2 Media Planning

Media planning begins with a careful analysis of the target market. One method of addressing media planning is to approach it from the customer's viewpoint. The idea is to plot the choices in media that a specific, defined target market might experience through the course of a typical day. For example, this list can include the examples below.

- A favorite morning news programme on TV (Mulpituwa on Swarnavahini)
- A favorite wake up radio station or one listened to during the commute to work - E.g. Shak Morning Show on YES FM
- A favorite morning News paper (Daily News)
- Trade journals read during office hours (LMD)
- Favorite radio stations played during office hours (Super fax request)
- Favorite computer sites accessed during work (Yahoo)
- Favorite magazines read during the evening (Adoh)
- Favorite television shows watched during evening (9.00 Taladrama on Swarnavahini)
- Shopping, dining, and entertainment venues (Majestic City/Crescat)

Specific details of this type can be extremely valuable in developing the media strategy. Demographics such as age, sex income and education are not enough to determine the media habits of a person in a target market. Discovering viewing patterns of customers means companies can design messages to appeal to key consumers and make them available at the times and locations for key consumers to receive them.

Several individuals are involved in media planning. In addition to account executives and creatives most agencies utilize media planners and media buyers. In smaller agencies the media planner and media buyer can be the same person. In larger companies they usually are different individuals.

7.3 Media Planners

Media planners provide extremely valuable functions. The primary job of the media planner is to formulate a program stating where and when to place advertisements. Media planners work closely with creatives and account executives. It is important for the creative 'to know which media will be used, because the choices have such a large impact on how advertisements are designed. Thus, television ads are designed differently than are radio or newspaper ads.
One of the primary tasks of the media planner is to conduct research to match the product with the market and media. If a product's target market is 18- to 25-year-old males with college degrees, who love the outdoors, then the media must have a high percentage of its audience in the 18- to 25-year-old, male, college-educated, outdoor category.

Thus, it is no accident that a fishing magazine contains advertisements for a bass boat and fishing gear next to articles about the summer feeding habits of bass and other fish. A successful media planner identifies these ideal locations for the client's advertisements. For example, the advertisement for New Balance running shoes was placed in *Runner's World* near an article about running. The media planner formulates a media plan spelling out the best way to reach the client's customers.

Part of the media planner's research is devoted to gathering facts about various media, such as the circulation rates and demographic groups each medium reaches. Besides demographic information, media planners want to know something about the lifestyles, opinions, and habits of each medium's audience. For instance, the audience for television shows may be quite different than those of radio stations and magazines. Careful research improves the chances of selecting appropriate media for the campaign.

### 7.4 Media Buyers

After the media are chosen, someone must buy the space and negotiate rates, times and schedules for the ads. This is the work of the media buyer. Media buyers stay in constant contact with media sales representatives. They should have a great deal of knowledge about rates and schedules. Media buyers also look for special deals and tie-ins between different media outlets (e.g., radio with television, magazines with the same owner, etc.).

To ensure promotional dollars are spent wisely, it is best to involve the media planner and the media buyer with the creative and the account executive in the design of an advertising campaign. Each plays a critical role in the development of, an integrated marketing communications program. The challenge of coordinating the efforts of these individuals intensifies when they are from different companies.

The size of the advertising agency or media buying firm alone does not ensure effective media purchases. Although it would seem logical to assume that larger agencies have the clout to dictate lower prices from media outlets, this is not necessarily true. There is little connection between the size of an advertising firm and the prices it can negotiate. In fact, in one study the differences in media costs were based on the time the actual purchase was made (closer to the day the ad was to run) rather than the size of the agency.

Other major factors in cost differences are knowledge of the marketplace and the ability to negotiate package deals. Spot television media plans vary by as much as 45 percent in the price of the spot. For example, a media plan costing one firm $10 million can cost another firm $15.3 million. Radio time slots vary by as much as 42 percent and national print ads by as much as 24 percent?
More importantly, differences in effectiveness of advertising are often related to:

- Quality media choices (the right ones) made by each agency
- Creativity
- Agency culture and track record
- Computer systems to analyze data
- Relationships between the agency and the medium's sales representative

Thus, the negotiated price is only one element in the success of an advertising program. Effectiveness in advertising is also determined by quality of the selections made by the marketing team and the content of the ad itself. Media should be selected and purchased with specific advertising objectives in mind. These goals assist marketing team members in choosing the right media and combining them effectively to achieve the desired results.

### 7.5 Media Selection Criteria

The traditional view of advertising has been to design a message that will accomplish the intended IMC objective, and then find the best media channel. This view is slowly being replaced as the roles of media planners and media buyers have grown in importance.

#### a) Advertising Objectives

In selecting media, it is important to review the communications objectives established during the development of the IMC program. These objectives guide media selection decisions as well as the message design. Seven concepts or technical terms used in media objectives:

- Reach
- Frequency
- Gross rating points
- Effective rating points.
- Cost
- Continuity
- Impressions

These ingredients are the key features of an advertising program.
• **Reach** is the number of people, households, or businesses in a target audience exposed to media vehicle or message schedule at least once during a given time period. A time period is normally four weeks. In other words, how many targeted buyers did the ad reach? A country and western radio station is more likely to reach someone wanting to buy a cowboy hat. An ad in *Business Week* is more likely to reach a member of the buying center seeking financial services for a business.

• **Frequency** is the average number of times an individual household or business within a particular target market is exposed to a particular advertisement within a specified time period, again, usually over four weeks. Or, **how many times did the person see the ad during the campaign?** A regular viewer sees the same ad shown each day on *Hollywood Squares* more frequently than an ad shown once on *Who Wants to Be a Millionaire?*, even though the Millionaire program has a far greater reach.

• **Gross rating points** (GRP) is a measure of the impact or intensity of a media plan. Gross rating points are calculated by multiplying a vehicle's rating by the frequency or number of insertions of an advertisement. GRP give the advertiser an idea about the odds of the target audience actually viewing the ad.

• **Cost** is a measure of overall expenditures associated with an advertising program or campaign. Another useful number that can be calculated to measure a program's costs is its cost per thousand (CPM). CPM is the dollar cost of reaching 1,000 members of the media vehicle's audience. The cost per thousand is calculated by using the following formula:

\[
CPM = \frac{\text{Cost of media buy}}{\text{Total audience}} \times 1,000
\]

Another cost calculation can be made besides CPM. One critical concern is the cost of reaching a firm's target audience. Therefore, a measure called the cost per rating point (CPRP) was developed. The cost per rating point is a relative measure of the efficiency of a media vehicle relative to a firm's target market. Ratings measure the percentage of a firm's target market that is exposed to a show on television or an article in a print medium. To calculate the cost per rating point, the formula is

\[
CPRP = \frac{\text{Cost of media buy}}{\text{Vehicle's rating}}
\]

• **Continuity** is the exposure pattern or schedule used in the ad campaign. The three types of patterns used are continuous, pulsating, and discontinuous. A continuous campaign buys media time in a steady stream. For instance, the Sketchers ad uses a continuous schedule if the company buys ad space in specific magazines over a period of one to two years. By rotating the advertisement, readers do not become bored with one particular ad.

A firm that uses a pulsating schedule always maintains some minimal level of advertising but increases advertising at periodic intervals. For instance, a retailer such as JC Penney may advertise some throughout the whole year but will increase adver-
tising in small, short bursts around holidays such as Christmas the day after Thanksgiving, Memorial Day, Labor Day, Mother's or Father's Day, and Easter. The goal of pulsating advertising is to take advantage of consumer interests in making more purchases or buying special merchandise during holidays. For instance, the BLOCKBUSTER advertisement just prior to Christmas encouraged consumers to purchase a BLOCKBUSTER gift card.

A discontinuous campaign schedule places advertisements at special intervals with no advertising between. For example, a ski resort can use discontinuous advertising by running ads during the fall and winter seasons with none during the spring and summer.

- **Impressions.** The number of gross impressions is the total exposures of the audience to an advertisement. It does not take into consideration what percentage of the total audience may or may not see the advertisement. The total readership of *National Geographic* is 21,051,000. If six insertions were placed in *National Geographic* multiplying the insertions by the readership would yield a total of 126 million impressions.

**b) Achieving Advertising Objectives**

One basic issue facing advertisers is how many times a person must be exposed to an ad before it has an impact on that consumer. Most agree that a single exposure is not enough. Deciding on what is the actual number inspires a great deal of debate. Some argue it takes three exposures whereas others say as many as ten. The basic rule, developed by Herbert Krugman, states it takes a minimum of three exposures for an advertisement to be effective. This is the *three-exposure hypothesis*. Most media planners have followed it for quite a while.

Many advertisers believe three exposures are not enough to create an impression in the consumer's mind, because of the amount of clutter that exists. Clutter also can affect the types of objectives firms try to accomplish. For instance, increasing brand awareness may be easier than building brand image, because attention getting is easier than capturing someone's interest long enough to make a point about the firm's image. Also, a well-known brand that is the first choice of the majority of consumers can accomplish its objective with fewer ad exposures than a less well-known brand.

Seeking to discover the minimum number of exposures needed to be effective is based on two concepts: **effective frequency** and **effective reach**.

- Effective frequency refers to the *number of times* a target audience must be exposed to a message to achieve a particular objective.
- Effective reach is the *percentage of an audience* that must be exposed to a particular message to achieve a specific objective. (Implied in the concept of effective reach is that some minimum number of exposures exists).

Both effective frequency and effective reach are crucial factors. Too few exposures mean
the advertiser will fail to attain its intended objectives. On the other hand, too many exposures waste resources. The goal is to discover the optimal reach and frequency mix to accomplish the intended objectives without experiencing diminishing returns from extra ads.

The challenge appears when consumer differences are considered. It may take three exposures to an advertisement to impact one consumer but ten for another. Differences in interests, personalities, and exposures to the media outlets chosen, all influence individual consumers.

Other elements can enhance effective frequency and effective reach. They include the size and placement of ads. A small magazine advertisement will not have the same impact as a larger ad. In television advertising, a spot in the middle of an ad sequence usually does not have the same impact as those at the beginning and end of the series. A firm is using 15-second television ads, effective frequency may require six exposures compared to only four if they use longer 45-second spots.

Another important factor that affects these objectives is the number of different media a particular advertising campaign uses. Generally, a campaign involving two types of media, such as, television and magazines, has greater effective reach than a campaign using only one medium, such as magazines only.

c) Recency Theory

A new theory concerning reach and frequency challenges the traditional three exposure hypothesis. This approach, called Recency Theory, suggests that a consumer’s attention is selective and focused on his or her individual needs and wants. The traditional three-exposure hypothesis is based on the intrusion value of advertisements and the idea that advertisements can make an impact on an audience regardless of individual needs or wants. Intrusion value is the ability of media or an advertisement to intrude upon a viewer without his or her voluntary attention.

Recency Theory states that consumers use selective attention processes as they consider advertisements. They give attention to messages that might meet their needs or wants. The closer, or more recent, an ad is to a purchase the more powerful the ad will be. Also when a consumer contemplates a future purchase of the product being advertised it becomes more likely that the consumer will pay attention to and react favorably toward the ad For example a member of a buying center from a business that is in the market for a new copier notices advertisements about copiers. Someone not in the market for a copier ignores the same ad. The same is true in consumer markets: An individual needing a new pair of jeans notices clothing ads, especially ones that deal with jeans.

Recency Theory notes that advertising is a waste of money when ads reach individuals who are not in the market for a particular product and who do not need the product. Advertisers must give careful attention to targeting ads to individuals who want or need a firm's goods and services. In other words, advertising life insurance to teenagers wastes
promotional funds. At the same time advertising supplemental health insurance to the elderly on social security is highly likely to be noticed and have a profound impact on that target market.

One difference in Recency Theory is the idea that one ad exposure is enough to affect an audience when that person or business needs the product being promoted. Additional exposures actually may be a waste of money. The advertising strategy that matches recency theory spreads the message around using a variety of media, each one providing only one exposure per week or time period. In the case of selling supplemental health insurance to the elderly, magazines such as *Senior Living*, televisions spots on local news and weather programs, and newspaper ads close to the obituary section can quickly reach the target audience in a cost-effective manner. Such an approach, which maximizes reach, accomplishes more than increasing frequency.

In the business-to-business arena application of Recency Theory means ads should appear in a number of outlets rather than running a series of ads in one trade journal. Many times a number of individuals who are members of the buying center each have different interests and training. To make sure each one sees the ad placing ads in all of the journals that might contact a given buying center member is important. To facilitate the purchasing process for a company seeking to buy an audio conferencing system, the media buyer purchases space in trade journals, human resource journals, and sales journals and business journals to effectively reach various members of the buying center. Recency Theory suggests that one exposure might be enough for each member because the member is looking for information and ready to help make a purchase decision. To reach business personnel while traveling, polycom recently placed an advertisement in the Delta Airline’s *Sky* magazine because of the higher odds that more than one buying center member might see the ad while flying with Delta.

d) Media Multiplier Effect

Recent studies by Millward Brown and A. C. Neilsen highlight the benefits of combining different media. Using a telephone survey, Millward Brown found that ad awareness was 65% when consumers viewed the ad both on television and in a magazine. It was 19% for those who saw only the magazine ad and 16% for those who saw only the television ad.

The increased impact of using two or more media is termed the media multiplier effect, which means the combined impact of using two or more media is stronger than using either medium alone. Business-to-business firms are just now applying this concept as they use more than traditional trade journals for their advertising dollars. The key is to find effective combinations of media when designing a media mix. Consider the many possible options and combinations. Media experts work continually to decide which go together for individual target markets, goods and services, and advertising messages.
e) Media Mix

Selecting the proper blend of media outlets for advertisements is a crucial activity. As campaigns are prepared, decisions must be made concerning the appropriate mix of media. Media planners and media buyers are both excellent sources of information on the most effective type of mix for a particular advertising campaign. It is the challenge of the creative to design ads for each medium that speaks to the audience yet ties in with the overall theme of the integrated advertising campaign.

A survey of the use of media by different industries (Table 1) shows considerable differences in media mixes that different consumer industries use. Notice that retailers spend more on newspaper advertising (61.1 percent) than they do on any other media. At the same time all of the other categories spend more on television advertising. Choosing the appropriate advertising channels and then effectively combining outlets requires the expertise of a media planner who can study each outlet and match it with the product and overall message.

Table 01.

<table>
<thead>
<tr>
<th>Category</th>
<th>Magazines</th>
<th>Newspapers</th>
<th>Outdoor.</th>
<th>Television</th>
<th>Radio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>4.2%</td>
<td>61.1%</td>
<td>2.0%</td>
<td>27.8%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Automotive</td>
<td>14.0</td>
<td>32.7</td>
<td>0.7</td>
<td>50.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Services</td>
<td>12.6</td>
<td>36.8</td>
<td>1.6</td>
<td>44.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Entertainment</td>
<td>2.3</td>
<td>17.2</td>
<td>1.8</td>
<td>75.8</td>
<td>2.9</td>
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<tr>
<td>Foods</td>
<td>14.9</td>
<td>0.7</td>
<td>0.3</td>
<td>80.5</td>
<td>3.6</td>
</tr>
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<td>Cosmetics</td>
<td>32.5</td>
<td>0.5</td>
<td>0.07</td>
<td>66.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>11.4</td>
<td>32.7</td>
<td>1.2</td>
<td>51.3</td>
<td>3.3</td>
</tr>
</tbody>
</table>


f) Media Selection in Business-to-Business Markets

Many goals in business-to-business advertisements are the same as those devoted to consumers. It remains important to identify key target markets to select the proper media and to prepare creative enticing ads resulting in some kind of action, such as a change in attitude toward the company or movement toward a purchase decision.

In addition to trade journals, business-to-business advertisers also use business magazines such as Business Week and consumer magazines. A total of 54.2 percent of the advertising budget goes for magazines. When newspapers and yellow pages are added to this list, print media accounts for about 75 percent of all business-to-business advertising.

Identifying differences between consumer ads and business-to-business ads is becoming more difficult, especially in television outdoor, and Internet ads. In the past, it was easy to spot business-to-business ads: The content was clearly aimed toward another company.
and television, outdoor, and the Internet was seldom used. Currently, about 64 percent of all business-advertising dollars are spent in non-business environments.

Several items explain this shift to more non-business media. First, business decision makers are also consumers of goods and services. The same psychological techniques used to influence and gain the consumer attention can also be used for business decision makers.

Second, and probably the most important, business decision makers are very difficult to reach at work. Gatekeepers (secretaries, voice mail systems, etc.) often prevent information flow to users, influencers, and decision makers. This is especially true for straight re-buy situations whereby orders are given to the current vendor. If a company is not the chosen vendor, it is extremely difficult to get anyone's attention. To avoid various gatekeepers, business-to-business firms try to reach the members of the buying center at their homes, in their cars, or in some other non-business venue.

A third reason for this shift to non-business media is that the clutter among the traditional business media has made it more difficult to get a company noticed. Business advertisers realize that to have a chance for a sale, they must have a recognizable brand name. Taking lessons from brand giants such as Nike, Campbell's Soups, Wal-Mart, and Tide. Business marketers now know they must establish a strong brand name. A strong brand name helps the company gain the attention of members of the buying center.

W. W. Grainger Company sells industrial maintenance supplies such as motors, tools, lights, sanitary supplies, heating, and air-conditioning equipment to other businesses. Believing that purchasing agents are likely to watch football, Grainger decided to enhance the company's brand name via television rather than use cluttered trade journals. Research conducted by Grainger indicated that the users and influencers for its products, maintenance and repair foreman are likely to watch sports. Consequently, Grainger purchased advertising space on *Aftonday Night Football* and other sporting events such as NCAA basketball.

In the past business ads were fairly dull, but now they look much more like consumer ads. Creative appeals and the use of music, humor, sex, and fear, similar to consumer ads are used. The boldest business ads sometimes include nudity or other more risqué material. In fact many consumers cannot tell the difference. These firms hope that few business decision makers will notice they are seeing a business ad. When that happens the business advertiser has succeeded.

**Gathering evidence of success**

Technology has made it easier to define effective reach and effective frequency For instance a business placing an advertisement in a business journal such as *Inc.* or *Business Week* can gain access to research tallying the number of responses to the advertisement. Then the business can track the impact of the message. If the objective were to increase
inquiries about a product by 10 percent, the business can see how many direct inquiries were made before and after the ad runs. If the ad appears in successive issues of a magazine, it can be relatively easy to track increases in inquiries associated with each successive issue. A business also can hire professional media research firms to track the reach of the advertisement. The research firm develops measures of how other businesses responded. Such firms provide information about whether the ad affected the buying decision and if members of the buying center remembered seeing the ad, although these methods are not foolproof they do provide better information than does an educated guess or past experience. Actual records kept over time can become valuable assets in determining effective frequency and effective reach. Once the media buyer, media planner, account executive, and company leaders agree about basic objectives of the advertising campaign they can select the actual media. Marketing experts consider each medium's distinct pros and cons. That also consider logical (and illogical) combinations of media.

8. Print Media

8.1 Newspapers

For many smaller local firms, newspaper ads, billboards, and local radio programs are the only viable advertising options, especially if television ads are too cost prohibitive. Newspapers can be distributed daily, weekly, or in partial form as the advertising supplements found in the front sections of many grocery stores and retail outlets. Retailers still rely heavily on newspapers ads, because they offer geographic selectivity (local market access). Promoting sales, retail hours, and store locations is easy to accomplish in a newspaper ad. Short lead time allows retailers to change ads and promotions quickly. This flexibility is a strong advantage. It allows advertisers the ability to keep their ads current. They can modify ads to meet competitive offers or to focus on recent events.

a) Advantages and Disadvantages of Newspapers

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Credibility</td>
<td>Poor buying procedures</td>
</tr>
<tr>
<td>Strong audience interest</td>
<td>Major Clutter</td>
</tr>
<tr>
<td>Longer copy messages possible</td>
<td>Poor quality reproduction</td>
</tr>
<tr>
<td>Cumulative volume discounts</td>
<td>Internet Classified competition</td>
</tr>
<tr>
<td>Coupons and special response features</td>
<td></td>
</tr>
</tbody>
</table>

Newspapers have a high level of credibility. Readers rely on newspapers for factual information in stories giving newspaper greater credibility. Newspaper readers hold high interest levels in the articles they read. They tend to pay more attention to advertisements as well as news stories. This increased audience interest allows advertisers to provide more copy detail in their ads. Newspaper readers take more time to read copy, unless simply too much information is jammed into a small space.
Newspaper advertisers receive **volume discounts** for buying larger *column centimeters* of advertising space. Many newspapers grant these volume discounts, called *cumulative discounts*, over one-month, three-month, or even year-long time periods. This potentially makes the cost-per-exposure even lower, because larger and repeated ads are more likely to garner the reader's attention.

Many local consumers rely heavily on newspaper advertising for information about grocery specials and other similar price discounts. Many local merchants use newspaper coupons. Newspapers also provide other **special-response features** ("Mention our ad in today's paper, and receive 10% off").

At the same time, there are limitations and disadvantages to newspaper advertising. First, newspapers **cannot be targeted as easily to specific market segments** (although sports pages carry sports ads, entertainment pages contain movie and restaurant ads, and so forth).

Newspapers also have a **short life**. Once read, a newspaper normally is cast to the side, recycled or destroyed. If a reader does not see an advertisement during the first pass through a newspaper, it probably will go unnoticed. Readers rarely pick up papers a second time. When they do, it is to continue reading, not to reread or rescan a section that has already been viewed.

Newspaper advertising suffers from two **clutter problems** first; weekend papers are usually larger and more cluttered. Second, holiday season newspapers, especially between Thanksgiving and Christmas hold the most ads of the year. Thus clutter is at the highest during peak selling seasons.

Newspaper ads often have poor **production quality**. Few companies buy color ads because they are much more expensive. Photos and copy tend to be harder to read and see clearly compared to other print media, especially magazines.

Newspaper ads tend **not to be wild or highly creative**. Newspapers editors normally avoid and turn down anything that may be controversial, such as Calvin Klein ads featuring more-or-less naked models. Newspapers are very careful about offending their readers.

Globally a new threat to newspapers is the Internet, not a decline in newspaper readership due to movement to the Internet, but rather a shift by advertisers from classified newspaper ads to classified Internet ads. Two large electronic competitors are Microsoft's Sidewalk and CarPoint. Newspapers experience a decline in newspaper ads as retailers move into e-commerce, because retailers are the major advertisers in newspapers.

Retail sales via e-commerce are over $8 billion annually. As more households acquire computers and hook to the Internet and consumers become more accustomed to e-commerce, more advertising will shift from newspapers to the Internet.
It is ironic that as newspapers lose advertising, especially classifieds; to the Internet it is being replaced by advertising for Internet companies. As with the other media, the largest growth category is the dotcom advertisements, especially in the financial and telecommunication industries.

**b) Types of Press Ads**

Print media offer different types of advertising.

- **Classified Advertising.**

  The classified sections of publications offer small spaces for text-only ads. The advantage is that classified space is very cheap, and the publication usually typesets the ad for you. The disadvantage is the difficulty of attracting attention with so much competition and so little space: icons, headline, styles and impactful/incentive copy are required to make an ad stand out.

- **Display Advertising**

  Offers further opportunity for creativity: the advertisers design and provide their own artwork or film, constrained only by the technical specifications (size, colour) of the publication. Full-colour magazine ads are a good example. 'Long copy' advertisements break the usual simple visual style of display advertising by including lots of detailed information.

- **Advertorials**

  Are advertisements presented as edited copy, in order to take advantage of the perceptively objective authority of editorial matter? Features on health and beauty, advice, house and garden are often advertisements for the products and services 'reviewed' or 'recommended'.

- **Loose inserts or 'drop outs’**

  Are printed leaflets (produced by the advertiser inserted into magazines and newspapers)? They usually work out 4 or 5 times more expensive than advertising space - but draw up to 5 or 6 times as many responses as a full-page advertisement.

**c) Press Advertisement Rates**

Print media is bought in column centimeters or standard page divisions (quarter, half or full page, or 'junior' page). The cost/rate differs.

- The size of the ad
- The number of colours in the ad and the production quality of the publication
- Position of the ad for which a premium may be charged
- The readership-numbers of the publication
- The potential for readership targeting or niche marketing
d) Positioning Press Ads

Media research into 'traffic per page' (the reading and noting of different pages in a print publication) suggests the following.

- Early pages are read more than late pages (depending on editorial content)
- Right-hand pages have higher noting scores than left-hand pages
- Pages opposite relevant or popular editorial content do better than pages opposite other advertising and less read editorial content.

Cover space is particularly sought after because of its high visibility, and usually also because the covers are printed on better quality paper for colour production. The outside front cover is likely to be most expensive, followed by outside back, inside front (especially if opposite the contents page) and inside back.

e) Scheduling of Press Ads

With press advertising, in some circumstances it is generally advisable to repeat an ad more often.

- If the ad is small (and may not be noticed by all readers at one exposure)
- If the publication is high circulation (so the ad may not be noticed by all readers)
- If the product or ad is interesting’ (and will therefore continue to attract attention)

Even so, the law of diminishing returns operates with repeated exposure. As the ad reaches a higher proportion of the relevant audience, more often, the rate of response levels off. Awareness of the company or offer increases with repetition, but the rate of direct response to individual ads (via coupon or response line) falls: the 'easiest' prospects have already been reached.

The best time to place an ad depends on many factors: seasonal selling cycles (summer/winter, Christmas), relevant editorial content (special features or supplements), and even different days of the week and times of day (encouraging working hours, evening or weekend purchases).

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make list all English Newspapers available in the Sri Lankan market and indicate their circulation figures and column centimeter rates.</td>
</tr>
</tbody>
</table>

8.2 Magazines

a) Use of Magazines for Advertising

The glamour of television has overshadowed magazines for a long time. For many advertisers, magazines have always been a second choice. Recent research, however, indicates that in some cases magazines are actually a better option. A study by the A. C.
Neilsen Company revealed that people who viewed ads in magazines were from 2 percent to 37 percent more likely to purchase the product.

Also a study by Millward Brown, examining the cost effectiveness of magazine advertising, revealed promising information for magazines. The study suggested that magazine advertising is three times more cost effective than television. Naturally, the validity of these results has been staunchly debated by television executives. In any case, evidence exists that magazine advertising can be effective.

b) Advantages and Disadvantages of Magazines

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>High market segmentation</td>
<td>Declining readership (some magazines)</td>
</tr>
<tr>
<td>Targeted audience interest by magazine</td>
<td>High level of clutter</td>
</tr>
<tr>
<td>Direct-response techniques (e.g. coupons, Web addresses, toll-free numbers)</td>
<td>Long lead-time to ad showing</td>
</tr>
<tr>
<td>High color quality</td>
<td>Little flexibility</td>
</tr>
<tr>
<td>Availability of special features (e.g., scratch and sniff)</td>
<td>High cost</td>
</tr>
<tr>
<td>Long life</td>
<td></td>
</tr>
<tr>
<td>Read during leisure time longer attention to ad</td>
<td></td>
</tr>
</tbody>
</table>

A major advantage of magazine is the **high level of market segmentation available**. Magazines are highly segmented by topic area. Specialized magazines are much more common than general magazines with broad readerships. Even within certain market segments such as automobiles a number of magazines exist.

Magazines are so highly differentiated that **high audience interest** becomes another advantage. An individual who subscribes to Modern Bride has some kind of strong attraction to weddings. People reading magazines also tend to view and pay attention to advertisements related to their needs and wants. Often, readers linger over an ad for a longer period of time because they read magazines in waiting situations (e.g. doctor's office) or during leisure time. This high level of interest, segmentation, and differentiation are ideal for products with precisely defined target markets.

Magazines, both trade and business journals are a **major medium for business to-business marketing**. Businesses can target their advertisements. The copy provides a greater level of detail about products. Readers, if interested, take time to read the information in the ad. Ads can provide toll-free telephone numbers and Web addresses so interested parties can obtain further information.
Magazines offer **high-quality color** and more sophisticated production processes providing the creative with the opportunity to produce intriguing and enticing advertisements. Motion, color, and unusual images can be used to attract attention. Magazines such as *Glamour* *Elle* and *Cosmopolitan* use scratch and sniff ads to entice women to notice the fragrance of a perfume or cologne. Even car manufacturers have ventured into this type of advertising by producing a smell of leather in certain ads.

Magazines have a **long advertising life**, lasting beyond the immediate issue because subscribers read and reread them. This means the same advertisement is often read by more than one person. It is not unusual for an avid magazine reader to examine a particular issue several times and spend considerable amount of time with each issue. This appeal is attractive to advertisers, because they know the reader will be exposed more than once and likely pay more attention to the ad. In addition, magazine ads last beyond the current issue. Weeks and even months later, other individuals may look at the magazine. In the business-to-business sector, trade journals are often passed around to several individuals or members of the buying center. As long as the magazine lasts, the advertisement is still there to be viewed.

One major disadvantage facing magazine advertisers is a **decline in readers**. The culprit is the Internet. The Leo Burnett Company's *Starcom Report* states that magazines lost 61 million readers from the 18- to 49-year-old age bracket in just one year. Most moved to the Internet. The largest losers were *The National Enquirer*, *Sports Illustrated*, *TV Guide*, *Consumer Reports*, *Field & Stream*, *People* and *Newsweek*. To combat this trend, many of the magazines losing readers have combined with television networks such as *People* with NBC's *Dateline* program and *Sports Illustrated's* connection with CNN.

**Clutter** is another big problem for magazine advertisers. For example, a recent 318-page issue of *Glamour* contained 195 pages of advertising and only 123 pages of content. Ads can be easily lost in those situations. To be noticed, the advertisement must be unique or stand out in some way such as the advertisement for Bijan perfume showing a woman smoking a cigar.

**Long lead times** are a major disadvantage of magazines, because advertisements must be submitted as much as six months in advance of the issue. Consequently making changes in ads after submission is very difficult. Also, because of the long life of magazines images or messages created through magazine advertising have long lives. This is good for stable products or services but not for volatile markets or highly competitive markets wherein the appeal, price or some other aspects of the marketing mix changes more frequently.

**Cost** is also a major factor with magazines in major markets such as US. Because of its high-quality production and long shelf life, magazine advertising tends to be expensive. Ads can run over a million dollars for a single four-color page. Magazines continue to proliferate even with the problems of declining readership. The wide variety of special interests makes it possible to develop and sell them. Many advertisers still can target...
audiences and take advantage of various magazine features, such as direct-response Internet addresses and coupon offers.

This is especially true in the business market. Although business-to-business marketers increasingly use other media, trade journals and business magazines remain an effective method of reaching their target markets. As a result, the nature of advertising in magazines may change, but individual companies still will find effective uses for the outlets.

c) Trade Journals

Trade journals provide an opportunity to reach members of the buying center whom salespeople cannot reach. Gatekeepers cannot prevent trade journals from reaching different members of the buying center. Unfortunately, if the firm is in a straight re-buy situation, it is doubtful the ad will be noticed. If the firm is in a modified re-buy and the buying center is in the information search stage, then the ad has a better chance of success.

Clutter is a major problem in trade journals. Also, business advertisers often fill their ads with too much information. Therefore, ads should be designed to gain the reader's attention, and the copy must be manageable.

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>List three magazines available in the local market and identify their potential target audience segment.</td>
</tr>
</tbody>
</table>

8.3 Print Media Terminology

a) Circulation and Readership Figures

In Sri Lanka this information is generally provided by the publications itself. Circulation refers to the number of copies in circulation in other words number of copies published by a particular newspaper or magazine. This figure is often the basis of advertising rates. How ever this offers only partial information.

There may be many more readers than purchasers. People may pass a publication on to others to read, or e.g. many people in dentists’ waiting rooms or hairdressers may peruse a magazine. It is the estimated readership that interests the advertisers.

Readership refers to the number of people reading a particular publication/ issue. Readership is generally calculated by multiplying number of copies published by the average number of readers per issue.

For Newspapers in Sri Lanka the accepted number of average readers per issue is Five (05), this is based on the idea that on average five people read a newspaper bought by one individual, main argument supporting this figure is that average size of a family unit in
Sri Lanka is Five members. E.g. if the number of copies issued is 100,000 then the readership for this particular issue is 5 X 100,000 = 500,000.

Internationally there are readership surveys that publish the average readership per issue. Readership data is also available on what types of readers consume various publications, with what frequency and in what manner (all the way through or some sections only).

9. Broadcast Media

9.1 Radio

a) Use of Radio as an Advertising Medium

Radio is a personal and 'intimate' medium which encourages relationship and trust: according to the Radio Advertising Bureau (www.rab.co.uk), people are more likely to believe what they hear on radio than what they see on television. Radio tends to form the background to other activities. This enables it to have a wide reach (since it can be listened to while driving, working, and jogging).

Radio may not be considered as glamorous as television. This makes it more difficult to attract talented creatives to prepare ads. At the same time, a well-placed, clever ad appeals as being a one-on-one message (announcer to driver in a car stuck in traffic).

Local radio has a particularly close 'community' image. National radio stations are aimed more at a particular type of listener, many smaller local companies still heavily rely on radio advertising, and most radio ads are produced locally and with small budgets. Radio offers several advantages to advertisers.

Skillful radio advertisers help the listener remember the message by creating a powerful image to visualize or through repetition.

It is important to help the consumer move the ad from short term to long-term memory. Various sound effects and lively memorable tunes assist in this process. Through repetition a person hears an advertisement often enough to assist in recall; just like repeating a phone number or e-mail address you remember the numbers or letters.

Radio stations tend to have definable target markets based on their formats. Certain formats (talk radio, lite mix, oldies. etc.) attract similar audiences. This means a firm that wants to advertise on pop stations in the East can find similar stations across the country.

Ex - Campbell's Soup found radio spots were an effective way to promote its Chunky Soup and its tie-in with the National Football League. The company advertised on radio stations with primarily male audiences and strong sports programming using professional football players praising Chunky soup.
b) Advantages and Disadvantages of Radio

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recall promoted</td>
<td>Short exposure time</td>
</tr>
<tr>
<td>Narrower target market</td>
<td>Low attention</td>
</tr>
<tr>
<td>Ad music can match stations programming</td>
<td>Few chances to reach national audience</td>
</tr>
<tr>
<td>High segmentation Potential</td>
<td>Target duplication (stations’ similarity)</td>
</tr>
<tr>
<td>Flexibility in making new ads</td>
<td>Overload –too much info in one ad</td>
</tr>
<tr>
<td>Able to modify ads to fit local conditions</td>
<td></td>
</tr>
<tr>
<td>Intimacy with DJ’s and radio personalities</td>
<td></td>
</tr>
<tr>
<td>Mobile (People carry radios everywhere)</td>
<td></td>
</tr>
<tr>
<td>Creative opportunity with music and sounds</td>
<td></td>
</tr>
</tbody>
</table>

Radio stations offer considerable flexibility and a short lead time. Commercials can be recorded and placed on the air within a few days and sometimes within hours. Ads can be changed quickly. This is especially helpful in volatile markets or in the retail sector wherein companies want to change the items featured on sale.

Radio also helps a national company that wants to modify each advertisement to fit local conditions. In other words, a manufacturer can develop one national advertisement and change it for each dealer or retailer that carries the manufacturer's merchandise. The modification can be as simple as providing an address, phone number, or Web address for each local outlet.

One major advantage of radio is *intimacy*. Listeners can develop closeness to the DJs and other radio personalities. This closeness grows over time. Listening to the same individual becomes somewhat personalized, especially if the listener has a conversation with the DJ during a contest or when requesting a song. The bond or intimacy level gives the radio personality a higher level of credibility and an edge to products and services the radio celebrity endorses. No other medium offers this advantage. Ex. Shak on Yes FM (breakfast show)

Besides intimacy, radio is *mobile*. People carry radios to the beach, the ballpark, work, and picnics. They listen at home, at work, and on the road in-between. No other medium stays with the audience quite like radio.

Radio also has disadvantages. One is the short exposure time of an ad. Like television, most radio advertisements last only 15 or 30 seconds.

The lack of visual images is also a disadvantage, but can be overcome by different techniques: the use of dialogue, mood, drama, humour and curiosity.

Listeners involved in other activities, such as driving or working on a computer may not pay attention to the radio. Further people often use radio as a background to drown out...
other distractions, especially at work.

Target Duplication, Several radio stations may try to reach the same target market. For instance, there are several English radio channels that appeals to the young adults in Sri Lanka. In Chicago, USA there are several rock stations. Advertising on every station is not financially feasible yet reaching everyone in that target market is not possible unless all rock stations are used. The rock music audience is divided among those stations with each having its own subset of loyal listeners.

Finally, because many ads are locally produced a common problem with radio ads is putting too much information into one ad, It overloads the consumer and very little is retained.

Radio advertising is a low-cost option. Ads can be placed at ideal times and adapted to local conditions. The key to radio is careful selection of stations, times, and construction of the ad.

Tests can be created to see if ads effectively reach customers. Immediate response techniques, contest entries, and other devices provide evidence about whether customers heard and responded to ads.

Radio remotes occur when the station broadcasts from a business location. Remotes are a popular method of attracting attention to a new business (restaurants, taverns, small retail shops, etc.) or to a company trying to make a major push for immediate customers. Effective radio promotions can be combined with other media (local television, newspapers, etc.) to send out a more integrated message. Ex- Yes FM Crescat broadcast during the festive season.

For business-to-business advertisers, radio provides the opportunity to reach businesses during working hours, because many employees listen to the radio during office hours. More importantly, radio can reach businesspeople while in transit to or from work. Both radio and television usage has increased for business-to-business marketing.

c) Buying Radio airtime

Radio ads are usually bought in series of 15 second or 30 second 'slots'. Because of the high 'portability' of radio, there may be a wider range of off-peak scheduling opportunities.

d) Some Terminology used in Radio Buying:

- TSA (Total Survey Are): the area covered by a station's signal
- Campaign reach: The number of listeners who heard at least one ad in a particular campaign, either expressed in thousands, or as a percentage of the population.
- Frequency (Opportunities to hear or OTH) – The average number of times a listener
will hear a campaign ad usually during a week.

- Weekly reach: The number of listeners who tune into a station at some point during a week, expressed as a percentage of TSA.

- Weekly hours: The total amount of listening (measured in hours) that a station accounts for. So, if XYZ radio has a 51% share from all radio listening, 51% of all radio listening is to XYZ radio.

- Listenership figures

  **Survey Research Lanka Pvt Ltd.** release reports showing what percentage/volume of the population listens to commercial radio, at what times and for how long, with breakdowns for each radio station. Although such listenership data do not indicate whether people hear or take in any ads that may air during their listening hours, there are several positive indicators that radio can perform well in this respect.

  - Prompted recall of radio ads is 80% of that of TV ads
  - Radio listeners report that they do not generally switch stations when ads come on
  - An average campaign on radio will reach each consumer four times a week
  - Talk-back radio has a high response rate, even late at night

<table>
<thead>
<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>One of the problems with radio advertising is choosing from the large number of stations on the air. Selecting the right ones can be difficult. List 10 channels, and examine three of these, radio channels and try to profile to your best ability their listeners based on age, personality, education background and income, culture and income.</td>
</tr>
</tbody>
</table>

9.2 Television

a) Use of Television as an Advertising Medium

Because of the high exposure, glamour and audio-visual impact of television, it has become the favoured medium for launching new products, raising brand awareness and building brand loyalty, re-positioning brands and also motivating the employees and supply chain partners of the advertising organisation.

A major recent global trend is in the development of "direct response TV advertising, in which the viewer is given a telephone number and invited to call for more information or to place an order. Choosing appropriate television advertising outlets is not easy because there are so many options. Companies must carefully select those programs and channels most likely to reach their target audiences. Table 2 lists the advantages and disadvantages of television advertising.
Television offers advertisers the most extensive coverage and highest reach of any of the media. A solitary advertisement can reach millions of viewers simultaneously.

Even though ads are quite expensive the cost per contact is relatively low. This low cost per contact justifies spending $2 million for a 30-second spot on the Super Bowl which continues to be the most costly television program.

In Sri Lanka a 30 sec spot on prime time teledrama on the national TV channel exceeds Rs 100,000.

Television has the advantage of intrusion value, which as noted earlier is the ability of a media or advertisement to intrude upon a viewer without his or her voluntary attention. Television ads with a catchy musical tune, sexy content, or motion can grab the viewers' attention.

Television provides many opportunities for creativity in advertising design. Visual images and sounds can be incorporated together to gain the attention of viewers as well as to persuade them. Products and services can be demonstrated on television in a manner not possible in print or using radio advertisements.

It is advisable to match a firm's target audience (market segment) with specific shows, each television network and each television show tends to attract a specific type of audience. Cable television programming often provides a well-defined, homogeneous audience that matches more narrowly defined target markets.

Clutter remains the primary problem with television advertising, especially on network programs, one episode of NBC's *Law and Order* contained a commercial break lasting more than five minutes. Similar breaks occur on ABC. Many viewers simply switch channels during long commercial breaks. Thus, messages at the beginning or near the end of the break have the best recall; those in the middle often have virtually no impact. Therefore, clutter makes it difficult for a single message to have any influence.

Television commercials have short life spans, most ads last 15 or 30 seconds, occasionally an advertiser purchases a 45- or 60-second ad but those are rare.

Another disadvantage of television is the high cost per ad not only for the media time but also in terms of production costs; outstanding commercials often are expensive to produce. At the same time, because television ads are shown so frequently, they quickly lose the ability to attract the viewer's interest. Companies are forced to replace the ads with something new before consumers get tired of them and tune them out, while at the same time trying to keep them long enough to recover some of the production costs involved.

Television remains a "glamour" medium. Its wide audience continues to hold a great appeal for companies vending goods and services with more general target markets. This includes most durable goods (washers, dryers, cars, etc.), many staple items (detergent,
soap, deodorant), general appeal products (snack foods, beers, soft drinks, and Internet sites), and various luxuries marketed to larger groups (cruise ships, theme parks, credit cards).

Business-to-business advertisers use television more frequently for several reasons. First, it is becoming more difficult to reach members of the business buying center and they do watch television.

Second, increased ad clutter in trade journals and traditional business outlets makes television spots a more desirable alternative. Third, business advertisements now use more emotional appeals, and television can portray emotions quite effectively. Fourth, because the importance of a strong brand identity is a growing factor in the business-to-business sector and television ads can be a source of brand identity.

Finally television is an excellent medium to reach members of the buying center when they are not preoccupied with other business concerns. Consequently, they may be more open to advertising messages.

b) Advantages and Disadvantages of Television

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>High reach</td>
<td>Greater clutter</td>
</tr>
<tr>
<td>Low cost per contact</td>
<td>Low recall due to clutter</td>
</tr>
<tr>
<td>High intrusion Value</td>
<td>Channel surfing during commercials</td>
</tr>
<tr>
<td>Qualitative creative opportunities</td>
<td>Sort amount of copy</td>
</tr>
<tr>
<td>Segmentation possible through cable outlets</td>
<td>High cost per ad (production and Media costs)</td>
</tr>
</tbody>
</table>

c) Buying Television Airtime

As with radio, it is a complex matter to access not just how many sets are owned and switched on at particular times, but how many people are actually watching - let alone consciously taking in what is being transmitted.

b) Some Terminology Used

- **TV Ratings**

The size of the television audience for a given programme (and advertising) is measured in ratings: rating points, or TVRs. One TVR point represents 1% of all homes, which have a TV set in the region to which the programme is broadcast (total TV viewing population in Sri Lanka is estimated at 13.5 million which means, a 01 TVR point (All Island) for a particular programme on a particular TV channel means 135,000 people are watching that particular programme (13.5 Million/ 100X01).
Ratings are used by TV stations to monitor the popularity of their programmes, and to set advertising rates. The advertiser pays for the number of TVRs allocated to given advertising spots. A programme with 20 TVRs is seen by 20% of homes with a TV. This is the number of people who will (in theory) see an ad once.

**Reach & Frequency**

If you placed an ad in four programmes, each with a rating of 20 TVRs, you would achieve 80 TVRs. However, some homes might have seen the ad all four times, while others may have missed it altogether. You need to distinguish between reach (the size of the audience which is exposed to an ad) and frequency (the number of times the ad is run, and therefore the number of opportunities to see it, or OTS).

**Gross Rating Points (GRPs)**

Is a measure of probable reach multiplied by probable frequency. If you buy 280 GRPs, about 70% of households should have four opportunities to see your ad. Using the above example of 20 TVRs the GRPs would be 20 (Rating or probable reach) X 4 (probable frequency) = 80.

**Target Audience Rating Points (TARPs)**

Measures reach against specific demographic audiences, across a wide range of criteria (geographic, gender, age, socio-economic bracket). These are the most effective guide for advertisers, since they allow the media planner to devise a schedule which will deliver the largest relevant audience for the available budget: the gross cumulative exposure of the campaign to the target audience can be assessed on the standard cost-per-thousand basis.

e) Scheduling TV Ads

The lowest cost per thousand is not necessarily the best schedule: One recommendation is the purchase of at least 250 - 300 TVRs, giving 70% coverage and a minimum of 4 OTS, in order to make a TV campaign worthwhile. Statistically valid and helpful for comparison as ratings are, they still give only limited information: they count 'pairs of eyes' not responsiveness to ads. Detailed qualitative media research is required to indicate people's media habits;

- Leaving the room during commercial breaks
- Using the remote control to change channel to avoid ads
- Videoing TV programmes and fast-forwarding through commercial breaks

In addition to TARPs, which suggest where and when to schedule ads in order to reach an optimum number of target viewers an optimum number of times, the advertiser should consider the following.

**Daytime audiences** are more responsive. Direct responses to TV ads are greatest between 12 noon - 4pm on weekdays (UK audience).
Audiences show greater recall of ads at the beginning of a long commercial break. The more ads they see, the lower the recall of each ad. Audiences tend to watch through commercial breaks in the middle of TV programmes, because they do not want to miss any of the programme. However, viewers are reluctant to take action in response to ads during the programme, so direct response ads are more successful during end breaks (Most people respond within 15 minutes of the ad spot.)

Advertising guru David Ogilvy suggests that while most advertisers use 30-second ads, 90-second or even two minute ads can be more effective (as with long copy press ads) specially for complex or expensive products.

Very short (10 second) ads can also be effective, and offer much higher TARPs for the available budget, since you can get more exposures. However, the greater impact of longer commercials usually offsets the reduced TARPs which longer ads deliver.

Repetition of ads increases TARPs, but is subject to the law of diminishing returns. It is essential for the message to sink in, but people easily become habitual and cease to notice or be motivated by the ad. One strategy is to have a set of related ads, which can be rotated, reinforcing but varying the message

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selecting which TV channels to invest on can be a difficult proposition given the number of stations in Sri Lanka. List 05 channels, and find out their Coverage and the total viewer share.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit Survey Research Lanka, or Lanka Market Research Bureau and find out how they conduct TV viewership research</td>
</tr>
</tbody>
</table>

10. Outdoor Media

Poster advertising is one of the oldest media for consumer goods advertising. Sites on walls, hoardings and bus shelters can be leased for a fee per calendar month. In addition, many vehicles (buses, trucks and taxis) now carry external advertising, and some are tailor-mode to do so (advertising 'floats'). Trains and buses also offer internal advertising positions; Size and visibility of the sites are the main consideration.

Billboards along major roads are the most common form of outdoor advertising. Billboards, however, are only one form of outdoor advertising. Signs on cabs, buses, park benches, and fences of sports arenas also are types of outdoor advertising. Some would argue that even a blimp flying over a major sporting event is a form of outdoor advertising.
Outdoor advertising has changed its image from "booze and (cigarette) butts" advertising to a legitimate medium over the past few decades. In 1979, tobacco accounted for 39 percent of outdoor advertising revenues, Alcohol accounted for another 11 percent.

Today those numbers have dwindled to 11 percent for tobacco and only 2 percent for alcohol. Currently, retailers account for approximately 10 percent of outdoor advertising and media outlets for another 8 percent. Other fast-growing outdoor ad programs are from the fashion industry. The Gap, Calvin Klein, Ralph Lauren, and DK.NY regularly buy outdoor space.

In Times Square in New York and on Sunset Boulevard in Los Angeles, large outdoor billboards cost as much as $100,000 per month.

a) Advantages of Outdoor Advertising

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Able to select key geographic areas</td>
<td>Short exposure time</td>
</tr>
<tr>
<td>Accessible for local ads</td>
<td>Brief messages</td>
</tr>
<tr>
<td>Low cost per Impression</td>
<td>Little segmentation possible</td>
</tr>
<tr>
<td>Broad reach</td>
<td>Cluttered travel routes</td>
</tr>
<tr>
<td>High frequency on major commuter routes</td>
<td></td>
</tr>
<tr>
<td>Large spectacular ads possible</td>
<td></td>
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</tbody>
</table>

One primary advantage of billboard advertising is its long life. For local companies, billboards are an excellent advertising medium because the message is seen only by local audiences, Local services such as restaurants, hotels, resorts, service Stations, and amusement parks are heavy users of billboards. Billboards provide an effective way to communicate a firm's location to travelers. Individuals who want to eat at a particular restaurant (Wendy's, Shoney's, Burger King) while on the road can normally spot a billboard for that restaurant.

In terms of cost per impression, outdoor advertising is a low-cost media outlet. Outdoor advertising also offers a broad reach and a high level of frequency if multiple billboards are purchased. Every person who travels by a billboard has the potential of being exposed to the message. Many billboard companies provide "rotation" packages in which an ad moves to different locations throughout a town during the course of the year, thereby increasing the reach of the ad.

Billboard ads can be large and spectacular making them major attention getting devices. A billboard's large size creates the impression that the product and message are important. Movement and lighting can add to the attention-capturing qualities of billboards.

A major drawback of outdoor advertising is the short exposure time. Drivers must pay
attention to the traffic as they speed by an outdoor ad. Most either ignore billboards or
give them just a brief glance. Ironically, in large cities along major arteries the cost of
billboard spots is increasing. The reason: traffic jams. People stuck in slow-moving traffic
spend more time looking at billboards. If this space is not available a firm can seek
billboard locations where traffic stops for signals or at stop signs. Billboards provide
limited opportunities for creativity. The short exposure time means the message must be
extremely brief. People usually ignore a complicated or detailed message. Further,
billboards offer limited segmentation opportunities because a wide variety of people may
view the billboard's message. To help overcome this problem, some companies use
godemographic software technologies to identify the profile of individuals who will pass
by a billboard in a specific neighborhood. Such an approach works well on local streets of
cities and towns but is not very effective along major interstates, with local and long
distance traffic.

Procter & Gamble uses the most current technology to place billboard advertising for
Luvs diapers by identifying geodemographic segments. P&G uses billboards placed near
day care centers and hospitals and in areas with a high number of young married with no
children or young married with very young children. In the past outdoor advertising was
seldom considered in the planning of an integrated marketing communications program
or the development of the media plan. Now outdoor advertising is an additional tool to
reach consumers. To illustrate Procter & Gamble as late as 1994 spent virtually no money
on outdoor advertising; today this budget is almost $10 million. Billboard ads can be
combined with other advertising media to repeat and reinforce messages for audiences.

11. Other Media

11.1 Cinema

Cinema advertising takes advantage of high audio-visual impact and a captive audience
but still requires a high quality and entertainment value. Cinema advertising best suits 'lifestyle' products.

- **Branded consumer goods** with high style and profile, aimed mainly at young adults
  (such as jeans and alcohol)
- **Local** services in the area of the cinema (particularly restaurants)

a) Advantages and Disadvantages of Cinema

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Able to select key geographic areas</td>
<td>Short exposure time</td>
</tr>
<tr>
<td>Accessible for local ads</td>
<td>Brief messages</td>
</tr>
<tr>
<td>Segmentation possible</td>
<td>High cost of production</td>
</tr>
<tr>
<td>Captive Audience</td>
<td>Narrow reach</td>
</tr>
<tr>
<td>Low cost per insertion</td>
<td></td>
</tr>
</tbody>
</table>
By selecting cinemas to advertise on by geographic location the advertiser can focus his message on particular geographic areas. The low cost per insertion makes it feasible for small and medium advertisers to use this medium, which is ideal for local advertisers such as restaurants, supermarkets in the vicinity, which can obtain an immediate response. (ex. KFC advertising at Majestic City cinema).

Enjoys a captive audience as the audience is concentrated on the movie screen and less likely to be distracted when compared to TV. The viewers can be segmented apart from geographically in terms of demographics and psychographics based on the type of movie being screened. The costs of airing a commercial at the cinema are relatively low in terms of face value.

Brief messages and short exposure times are key limitations though this could be overcome to an extent by airing longer version commercials such as one minute or one and half minutes. The cost of commercials aired on cinema or converting TV commercials to cinema formats can be expensive.

11.2 Internet

Forty years ago, the newest medium was television, About 15 years ago, it was cable television, currently, and it is the Internet. There is evidence that television audiences are migrating to the Internet.

In the US over a million viewers of prime-time television have shifted some of their attention to the Internet. Table presents a brief review of the major advantages and disadvantages of Internet advertising.

As shown, a major benefit of Internet marketing is the creative opportunities available and the short lead time. Creativity is possible because banners can be composed using many different types of graphics. Animation and streaming videos can be incorporated into banner ads, Short lead time is possible because an advertisement can be changed and posted on the Internet immediately, even when ads are placed on other sites.

Segmentation is easy to accomplish with the Internet. The company can track who is clicking on an advertisement and viewing various pages. Engage Technologies records the paths individuals use as they move from site to site. The company uses these data to create a profile of the person and then match it to profiles in a database.

The demographic characteristics of users are fairly well defined. Web surfers are young, well educated, and have relatively high incomes. Targeting a specific audience is not too difficult with the Internet, because most companies selling advertising space have a good idea of their audience characteristics.

Audience interest is another advantage of the Internet. Internet browsers normally go to Web sites that attract them. Advertising on these pages is efficient because the audience is
already curious about the site. For example two lucrative places to advertise are on sports-related sites and music sites. Each draws a large number of hits per day, although demographics vary. Sports sites tend to attract males. Music sites tend to attract females. Both have high levels of interest.

The use of the Internet as an advertising medium for business-to-business marketing has increased substantially. Placing ads on business sites is an excellent method of targeting ads to interested buyers.

When employees search for information about a particular product, they often will click on Internet ads to see what is offered. Business buyers look for information and consequently pay more attention to ads they see during the search. As more businesses install the Internet for their employees, reaching buying center members through advertising on the Internet should become increasingly productive.

As for disadvantages, Internet clutter is one problem. The explosion of Internet advertising means many sites show numerous ads several layers thick. Web surfers quickly bypass these ads. In addition, a Web site filled with advertisements that delay its loading causes many surfers to become impatient and move on to other sites.

Another major problem for national companies is buying procedures. Almost all advertising spots must be purchased individually from each site. No national buyers that sell Internet space on a set of sites exists as of yet. As Internet advertising matures, it seems likely that entrepreneurs will seize the opportunity to meet this need.

At this time, the Internet is still limited to those who can afford a computer and Internet services. The Internet is a new medium that many who own computers use only for e-mail or other relatively simple services.

Another problem is that Internet ads have short life spans. The wear-out time for Internet ads seems to be even shorter than that of other media. This means advertisers must spend more time updating the advertisements if they hope to gain audience attention.

Unlike television, the Internet tends not to have intrusion value. Web surfers do not have to pause on an advertisement as one would have to do when looking at a magazine or newspaper. To get surfers to stop (i.e., to intrude upon individuals), ad banners feature streaming videos and flashing displays. This approach worked for a while when it was new, but soon became old. To correct this disadvantage some advertisers have developed what is called interstitial advertising, which interrupts a person on the Internet without warning. These types of ads have to be literally clicked off to remove them from the screen and are extremely controversial. Although they have intrusion value, they also are annoying. Interstitial ads can come onto a person's computer even after logging off of the Internet or come on the screen when the next time the person logs on although untested at this time.

Interstitial advertising could prove extremely valuable to business-to-business marketers. Targeted ads could be sent to members of the buying center even after they log off of the
The chances of capturing some level of attention increase because these ads must be clicked off. Also if the business buyer has been searching for information about a product and an advertisement for that product pops onto the screen the individual will likely study the ad to see what is being offered.

The Internet is the fastest-growing medium in history. It took television 13 years to reach 50 million viewers. It took radio 38 years to reach 50 million. Experts estimate it took only 5 years for the Internet to reach 50 million users.

It is too early to know for sure the full impact of Internet advertising. If it is measured by the number of *click-troughs whereby* the ad is quickly zapped, Internet advertising appears not to be as successful as advertisers first thought.

Studies have shown that Web users tend to ignore banners and most Internet users can't even remember the last banner they clicked on. Some studies indicate that Internet advertising is ineffective.

Other studies reveal the Internet as a successful method of advertising. A study by Millward Brown International concluded that brand awareness using Internet brand banners increased between 12 percent and 200 percent. Compared to brand awareness studies of television and radio ads. Internet banners generated greater ad awareness with a single exposure than did either television or radio. Internet advertising programs are certain to grow in the future.

However the internet penetration in Sri Lanka is still a very low level with Island wide reach less than 05%. This largely due to the poor income distribution and infrastructure limitations.

**a) Advantages and Disadvantages of Internet**

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative possibilities</td>
<td>Clutter on each site</td>
</tr>
<tr>
<td>Short lead time to send ad</td>
<td>Difficult procedures to place ads and buy time</td>
</tr>
<tr>
<td>Simplicity of segmentation</td>
<td>Only for computer owners</td>
</tr>
<tr>
<td>High audience interest on each Web site</td>
<td>Short life span</td>
</tr>
<tr>
<td>Easier to measure responses directly</td>
<td>Low intrusion value</td>
</tr>
</tbody>
</table>

**b) Advertising on the Internet**

The most common Form of web advertising occurs when the advertiser uses a range of sites to drive visitors to a corporate site. Companies are still learning what works with web advertising, and what does not. There are two basic types of promotion associated with the Internet:
Online promotion uses communication via the Internet itself to raise awareness. This may take the form of links from other sites, targeted e-mail messages or banner advertisements.

Offline promotion uses traditional media such as TV or newspaper advertising to promote a website address.

Banner advertisement is a typically rectangular graphic displayed on a web page for purposes of brand building or driving traffic to a site. It is normally possible to perform a click through to access further information from another website. Banners may be static or animated. Banner adverts can be targeted at a particular audience.

Banner advertising can generally be placed through a traditional agency. It is typically paid for according to the number of users who view the web page. Cost is calculated as cost per thousand ad impressions.

There are some tricks to offline promotion that can be used to help the customer in finding the information they need on a website. When advertising in traditional media such as a newspaper or magazine, it is beneficial to highlight a specific page that is related to the offline promotion and the interests of the audience. For example:

In an American magazine: www.jaguar.com/us

In a phone advert from a company that sells other products: www.ericsson.com

By doing this, the user will be sent directly to the relevant information without having to navigate through the corporate site.

Other online advertising methods

a) Promotion in search engines and directories (such as Yahoo). Your company may want to have its company website listed when a user types in a specific keyword, such as 'office equipment'. To achieve this, your website should be registered with each of the main search engines (Yahoo, MSN, Infoseek, Netscape, Excite, for example). (Research shows that most users will only bother looking at the first 10 listings thrown up from the search).

b) Links from other sites. This involves making sure that your site is linked to as many related sites as possible.

c) Using e-mail for advertising new products directly to customers.

11.3 Direct Mail

Another major advertising medium is direct mail. Many companies send ads directly to target markets of customers through mailing lists or blanket a region for more general products. Wal-Mart, Big K (Kmart), Target, Sears, and other national retail chains often send advertisements to consumers through the mail. Credit card companies are notorious for sending out enticements to apply for their cards, especially to lower-income families.
and college students. National restaurant chains (KFC, Pizza Hut) also mail directly to potential buyers. These firms mail free samples, coupons, and other special features to potential customers on a daily basis.

The major advantage of direct mail is that it normally lands in the hands of the person who opens the mail who usually makes a significant amount of family purchasing decisions. Many mail offers include direct-response programs, so results are quickly measured. Direct mail also can be targeted to geographic market segments.

The primary disadvantages of direct mail include costs, clutter and the "nuisance" factor. To be noticed, direct-mail advertising usually requires a color brochure making the mailings more expensive to produce.

As postage rates continue to raise so do the costs of direct mail. Mailings tend to clutter post office boxes and become more prevalent during key seasons, such as Christmas. Many people are genuinely annoyed by "junk mail" and actively seek to have their names taken off of mailing lists, especially for catalog-type operations.

Some people find direct mailing to be the least "reputable" form of advertising, because many mail-fraud scams have arisen in the past few decades. Direct mail best suits well-known local or national firms seeking a more immediate response (e.g. coupon redemption) or when the company wants to reinforce ads presented in other media.

Direct mail reaches some customers who do not buy newspapers. Record clubs, book clubs, and others have used direct mail effectively over the years. It is likely many firms will continue to use the mail in the future.

Direct mail remains a favorite marketing tool for business-to-business marketers. It provides a method of bypassing gatekeepers when the names of actual members of the buying center can be obtained. Direct mail can be one method of reaching businesses when they are in a re buy situation and not open to calls by salespeople. Even if the direct mail is ignored when it is received many people often file it away for future use.

Although the cost per contact is high for direct mail. So is the response rate as compared to other media. The key to success for businesses is to make sure that the direct-mail piece gets into the hands of the right person in the buying center and that it is attractive enough to grab attention.

11.4 New Media

Technology has widened the range of advertising media to include the following:

- **Videos** including informational instructional videos and advertising accompanying entertainment videos
- **Teletext** (usually via sponsoring of relevant types of information which the target audience might access)
• **Enhanced CD and CD-ROM** (especially for selling merchandise related to the information or entertainment contained on the CD)

• **Websites.** Internet shopping and other transactions are on the increase, as issues of payment security are sorted out. Websites with product/service information and related links vary in sophistication, but can provide an attractive audio-visual and interactive experience of promotional messages. In addition, they offer an opportunity for customers to access basic information, which they might be reluctant to ask about over the phone.

### a) New media opportunities - the growth in ICT

Information and Communication technology continues to grow in both its variety and usefulness for marketing communications; ICT is often confused with web technologies. The two are not the same Web technologies, which embrace e-mail, websites, and other web-based methods of communication, whether one way or two way, are part of ICT.

• **Digital Technologies**

This area is currently growing faster than the internet/web, in offering communication opportunities. The rise in computer/internet access has now slowed down in many markets such as the UK. However, the growth of digital television in the UK is such that shortly more homes will have ISTY (interactive digital television) access than Internet access.

This presents marketers with a totally new set of opportunities for two-way communication. The growth of digital radio is also now starting to happen in the UK. Initially receivers’ were-too expensive but prices are now falling and more digital channels are opening. Again, the result is a myriad of niche targeting opportunities.

• **WAP Technologies**

Wireless Application Protocol (WAP) is also growing fast. This encompasses mobile phones, which are very much an everyday item, but also other uses of mobile phones. WAP is often to be short for words and pictures, not but a useful way of remembering opportunities brought about by texting and picture messaging. Text campaigns created by texting agencies will become an established part of the communications mix, especially when targeting younger audiences.

### 12. Media Scheduling

#### a) Developing a Media Schedule

Having taken the decision on which media to use, they need to be scheduled so that they are used at the right time. We have already discussed most of the issues in media scheduling as we described each of the major media.

To summarize on **efficient media schedule:**
• Balances maximum **reach** and maximum **repeat exposure**
• To the most **specific target audience**
• At the lowest, or budgeted **cost per thousand**
• In accordance with specific **media objectives**

**Media software packages** have been compiled by media buyers and agencies, which contain detailed readership/audience breakdowns by demographic group of each programme on each channel and each supplement of each newspaper.

The mix of **reach and repetition** within time and budget parameters is infinitely variable. It may be concentrated over a short period of time or in peaks and troughs, or evenly spread over a long period. It may be spread over multiple media, to capture wide coverage, or a limited number of targeted media, to secure maximum repeat exposure. With adequate research data, the schedule should be supported by an estimate of **reach and frequency**: the number and type of people who will have the opportunity to see each advertisement booked on the schedule, and how many times.

**b) Allocating Advertising Budgets between Production and Scheduling**

A good rule of thumb is called the 75-15-10 breakdown. That is, 75 percent of the money buys media time or space, 15 percent goes to the agency for the creative work, and 10 percent is spent on the actual production of the ad. It is important that advertisers do not get carried away with the creatives and over invests in production leaving limited budgets for media. What good can an excellent TV commercial do if it is not scheduled frequently enough to be seen by the target audience?

**c) Example of Developing a Media Schedule**

<table>
<thead>
<tr>
<th><strong>Case - The V Cosmetics</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>You are into cosmetics marketing. While focusing heavy attention to direct marketing, using your customer database, you realized that in order to improve the image of your cosmetics and inform the target consumers about your range better, to use some local advertising. You decided to look into the possibility of some local advertising. You gather the following information.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Newspapers</th>
<th>Circulation</th>
<th>Cost col/cm</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Evening Post (Mon-Sat)</td>
<td>90,000</td>
<td>Rs 350</td>
<td>10% loading for front half</td>
</tr>
<tr>
<td>The Morning News (Mon-Sat)</td>
<td>30,000</td>
<td>Rs 150</td>
<td>5% loading for right hand page</td>
</tr>
<tr>
<td>The Janatha Weekly (free)</td>
<td>70,000</td>
<td>Rs 250</td>
<td>10% loading for position in weekly ‘Events’ section</td>
</tr>
</tbody>
</table>
The Evening Post is the main paper for young people, sold extensively at commuter stations and on the streets after 5 pm. The Morning News is the more traditional paper, mainly delivered to homes and sold in newsagents during the morning. The Janatha Weekly is distributed free to letterboxes on Wednesday morning and contains local news and events.

*Local Commercial Radio*

‘Janatha Handa’ Media pack shows catchment area 300,000 adults weekly: station penetration audited at 30 net ratings points. The station is mostly a talk and easy listening station. Ads sold as package of 20x15 second slots (5 peak, 15 off-peak) for Rs 75,000. Off peak hours are weekday mornings 10:00 – 12:00 and afternoons, 2:00 – 4:00 pm and Sunday afternoons 12:00 – 4:00 pm. ‘Janatha Ridmaya’, is the sister station with a pop/rock music format. Penetration audited at 20 adult rating points, of which 80% are in the 18 -24 age bracket. The ad rates and packages are the same as Janatha Handa.

*Magazines –Targeted for women (weekly)*

Young Woman magazine will allow a full page colour advertisement for Rs 20,000 and if three insertions are taken a discount of 10% will be offered. For three additional insertions, this discount will be increased to 20%.

You want to run a campaign for three weeks: weeks commencing Monday 15th, 22nd, and 29th August. You have an overall budget of 500,000 for the campaign.

Draft a proposal campaign schedule, with costs.

---

### Solution

#### Proposed Advertising Campaign – V Cosmetics

<table>
<thead>
<tr>
<th>Media rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
</tr>
<tr>
<td><strong>Budget</strong></td>
</tr>
<tr>
<td>Product Budget</td>
</tr>
<tr>
<td>Scheduling Budget</td>
</tr>
<tr>
<td><strong>Target audience</strong></td>
</tr>
<tr>
<td><strong>Timing</strong></td>
</tr>
<tr>
<td><strong>Objectives</strong></td>
</tr>
<tr>
<td><strong>Media Schedule</strong></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Details</th>
<th>Day</th>
<th>Period – Aug</th>
<th>Total no</th>
<th>Rate</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>15 22 29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Press</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evening Post ( 2 x 10 cm)</td>
<td>Mon-Sat</td>
<td>6 6 6</td>
<td>360</td>
<td>35</td>
<td>126,000</td>
</tr>
<tr>
<td>( with 10% loading)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janatha Weekly ( 2 x 10 cm)</td>
<td>Tues</td>
<td>1 1 1</td>
<td>60</td>
<td>25</td>
<td>15,000</td>
</tr>
<tr>
<td>( with 10% loading)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Magazine</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magazine Targeted for Women</td>
<td>Weekly</td>
<td>1 1 1</td>
<td>3</td>
<td>20,000</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Radio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janatha Ridmaya’</td>
<td>2 Packages</td>
<td>2</td>
<td>75,000</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>Peak</td>
<td>5 3 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off Peak</td>
<td>15 10 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>365,100</td>
</tr>
</tbody>
</table>

**Activity**

Company Q has estimated an annual turnover of Rs 86,5 million for the coming year. Traditionally the company has been spending around 5% of its turnover for its promotional activities. The promotional executive of company Q has worked out a tentative list of promotional activities and its approximate costs. You are requested by the management to prepare a media usage schedule (monthly) which would be in line with the total estimated budget.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Months</th>
<th>Cost per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper advertising</td>
<td>Jan – Dec</td>
<td>75,000</td>
</tr>
<tr>
<td>Local radio</td>
<td>Jan – Dec</td>
<td>100,000</td>
</tr>
<tr>
<td>Promotional coupons</td>
<td>Feb &amp; Aug</td>
<td>200,000</td>
</tr>
<tr>
<td>Garden party</td>
<td>July</td>
<td>200,000</td>
</tr>
<tr>
<td>Discount sale</td>
<td>Jan – Feb</td>
<td>50,000</td>
</tr>
<tr>
<td>Annual dealer get-together</td>
<td>April</td>
<td>250,000</td>
</tr>
<tr>
<td>Posters and POSM</td>
<td>Jan – Dec</td>
<td>10,000</td>
</tr>
<tr>
<td>Stand at Craft show</td>
<td>October</td>
<td>450,000</td>
</tr>
<tr>
<td>Give away competition</td>
<td>March</td>
<td>400,000</td>
</tr>
</tbody>
</table>
13. Types of Advertising Appeals

Over the years advertisers have attempted a wide variety of advertising approaches. Seven major types of advertising appeals have been the most successful. Advertisers usually select from one of these types of appeals as they develop the advertisement: Fear, Humor, Sex, Music, Rationality, Emotions, and Scarcity.

The particular appeal to use should be based on a review of the creative brief, the objective of the advertisement, and the means-end chain to be conveyed. The actual choice depends on a number of factors, including the product being sold, the personal preferences of the advertising creative and the account executive, as well as the wishes of the client. In determining the best appeal to use, it is often a question of what appeals would be inappropriate. Advertising experts know that certain appeals are less effective at various times. For example, some research indicates that sex appeals are not effective for goods and services that are in no way related to sex.

In any case, this section provides a complete description of the types of advertising appeals that are available. Each has been successfully used and has failed in other ads. The key responsibility of the marketer is to make sure, to whatever degree is possible, that the appeal is the right choice for the brand.

13.1 Fear

Advertisers use fear to sell a variety of products. Life insurance companies focus on the consequences of not having life insurance if a person dies. Shampoo and mouthwash ads invoke fears of dandruff and bad breath. These problems can make a person a social outcast. Fear is used more often than most casual observers realize.

Simply stated, advertisers use fear appeals because they work. Fear increases both the viewer's interest in an advertisement and the persuasiveness of that ad. Many individuals remember advertisements with fear appeals better than they do warm, upbeat messages. Consumers who pay more attention to an advertisement are more likely to process the information it presents. This information processing makes it possible to accomplish the ad's main objective.
When using fear, one debate centers on how strong to make the appeal. Most advertisers believe a moderate level of fear is the most effective. A low level of fear may not be noticed, and the fear level may not be convincing in terms of severity or vulnerability. On the other hand, an advertisement with a high level of fear can be detrimental. A message that is too strong causes feelings of anxiety. This leads viewers to avoid watching the ad, by changing the channel or muting the sound. The goal of a fear ad is to be strong enough to get a viewer's attention and to influence his or her thinking, but not so strong that the person avoids seeing the advertisement.

Some recent examples of fear approaches: New Steel showed homes not built with steel being destroyed by storms, hurricanes, floods, and tornados. Alliance Capital produced a more subtle type of fear ad. The primary theme suggested that parents and grandparents could be put out on the street because they had not accumulated enough wealth. In one advertisement, the grandfather was forced to leave because of the birth of a baby. There was not enough room or money to support both.

Fear ads match well with certain types of goods and services. Account executives, creatives, and company leaders must decide if fear is a good choice or if some other type of appeal offers greater promise.

13.2 Humor

Clutter is a significant problem in every advertising medium. This makes capturing someone's attention quite difficult. Once an advertiser has the audience's attention, keeping that attention becomes even more challenging. Humor has proven to be one of the best techniques for cutting through clutter. Humor is effective in both getting attention and keeping it. Consumers as a whole, enjoy advertisements that make them laugh. Something that is funny has intrusive value and can grab attention.

The success of humor as an advertising tactic is based on three things. Humor causes consumers to: (1) watch. (2) laugh and. most importantly. (3) remember. In recall tests consumers most often remember humorous ads. To be successful the humor should be connected directly to the product's benefits. It should tie together the product features the advantage to customers and the personal values of the means-ends chain.

Recently financial and investment companies have begun using humor. In an ad a well-built young man is called in to rub the feet of an elderly woman, who is clearly keeping him as a kind of gigolo. It uses the same tag line to make the point about retirement planning.

Humorous ads pique viewer interest, which can lead to more careful consideration of the message in the ad. A well-done ad increases attention in such a manner that greater comprehension and recall of the message arguments and tag line result. Advertising research indicates that humor elevates people's moods. Happy consumers associate a good mood with the advertiser's products. Humor helps fix the company in the consumer's
cognitive structure with links to positive feelings. Humor captures the viewer's attention, cuts through ad clutter, and enhances recall.

Unfortunately, humorous ads can also backfire. Advertisers must be careful to avoid letting the humor overpower the advertisement. When humor fails, it is usually because the joke in the ad is remembered but the product or brand is not. In other words, the ad is so funny that the audience forgets or does not catch the sponsor's name. Although funny ads often win awards, they can fail in terms of accomplishing advertising objectives.

To avoid this problem, the humor should relate either to a product attributes, a customer benefit, or the personal value obtained from the product. Such ads are the most effective when humor incorporates all three elements.

Further, sarcasm and jokes made at someone's expense are often popular with younger audiences, but are not well received by baby boomer and older generations.

Another potential danger of humor is offending an ethnic minority. Anytime advertisers utilize ethnicity, they must be extremely careful to avoid offending an ethnic group. Humorous ads are fun, but difficult to design.

13.3 Sex

As advertisers look for ways to break through the advertising clutter, they use sexual appeal with increasing regularity. Advertisements in the United States contain more visual sexual themes than ever before. Nudity and other sexual approaches are much more common. Oddly, the actual number of verbal references to sex has decreased over the last decade. Instead, advertisements tend to be more explicitly sexual, showing contact and innuendos and suggest that sex is about to take place. For instance, several recent television ads for jewelry depict a woman wearing a nightgown in the bedroom, looking very passionate and aroused. Then, a ring and the price of the ring are shown with the company's name. Also, the amount of male-female physical contact in advertisements has tripled in the last 30 years. Sex appeals are one approach to building brand awareness.

Shocking viewers is one way to create such awareness. Shock tactics are usually intentional and sometimes are designed to be controversial, such as those Calvin Klein utilized. Despite being forced to cancel all the CK Jeans ads showing children in provocative positions, sales of CK Jeans rose from $113 million to $463 million in just one year. As long as sex sells, advertisers such as Calvin Klein will continue to take advantage of its appeal.

Sexuality has been employed in advertising in five ways, including:

- Subliminal techniques
- Nudity or partial nudity.
- Sexual suggestiveness.
- Overt sexuality
- Sensuality
Subliminal approaches place sexual cues or icons in advertisements to affect a viewer's subconscious mind. In an odd paradox, truly subliminal cues should not be strong enough to be noticed or create any effects. Consumers pay little attention to ads already, and a subliminal message that registers only in the subconscious mind will not be effective. If it did, there would not be the need for such strong sexual content in advertising. When an advertiser uses subliminal messages or image, the idea is to have the audience see it. For instance, Smash Advertising used both subliminal seduction and humor in its HeadHunter.net television ad. In the spot, a group of white-collar men stand ogling a computer screen. One man says, "What a package!" Another says, "Look at that figure!" Finally, a female boss shows up to take a look. She comments, "That's a position I could go for." Of course, the group was not looking at porn on the Internet. Rather, they were checking out the salary and compensation package listed for a position on the HeadHunter.net Web site.

The ad on the next page for Bijan perfume features Bo Derek. The location of her arm, the expression on her face, and the line "Bo Derek is wearing Bijan Eau de Parfume and nothing else" provide the subliminal sexual message that she is naked.

Females are not the only ones showing up nude or partially nude in ads. Many men are being displayed in ads. One Diet Coke ad shows women rushing to an office window to see a man pull off his shirt and drink the product. Ads by Calvin Klein often use male nudity. Instead of nudity, some ads using sex appeals try sexual suggestiveness. The Clairol Herbal Essence Shampoo ads borrowed the "yes, yes, yes" scene from the movie When Harry Met Sally to make the product seem more sensuous.

A recent trend in sexual suggestiveness is to use gay and lesbian themes. Swedish retailer IKEA was the first in the United States to use a gay theme. For example, Volkswagen's "da, da, da" television advertisement features two young men riding around in a VW picking up and then discarding furniture. The gay community might see the two men as a couple. Others see them as roommates or friends.

Overt sexuality is becoming more common in advertising. An illustration of this approach was the Levi-Strauss television ads depicting invisible people slowly undressing and getting ready to have sex. No human is in the ad. Only dancing jeans. Another recent trend in sexual appeals is the use of sensuality. These ads often target women who might respond to more of a sensual suggestion than an overt sexual approach. Instead of strong sexual images, they show an alluring glance across a crowded room. Many view sensuality as a more sophisticated sexual appeal approach because it relies on the imagination. It portrays images of romance and love rather than raw sexuality.

Are sex appeals effective?

A number of studies have investigated sex appeals and nudity in advertising. Almost all of them conclude that sex and nudity do increase attention, regardless of the gender of the individuals in the advertisement or the gender of the audience. Normally the attention is greater for opposite-sex situations than same-sex situations, that is a male viewing a
female in a sexually provocative advertisement pays more attention than a male viewing another male in a sexually provocative ad. The same is true for females. To encourage both males and females to pay attention to its ads, Guess often uses both a male and female in a sexually provocative manner in a single advertisement.

Although sexually oriented ads attract attention, brand recall for ads using a sex appeal is lower than ads using some other type of appeal. Thus, it appears that while people watch the advertisement, the sexual theme distracts them from paying attention to the brand name.

In addition to gaining attention, sexually oriented advertisements are rated as being more interesting to viewers. Those ads deemed to be highly controversial in terms of their sexual content were rated as more interesting by both males and females. The paradox however is that although the controversial ads are more interesting, they fail to increase the transmission of information. Respondents could not remember any more about the message of the ad than could individuals who viewed the same ad but without a controversial sexual theme.

Advertisements using overt sexual stimuli or containing nudity produce higher levels of physiological arousal responses. These arousal responses have been linked to the formation of both affective and cognitive responses. If the viewer is male and the sexual stimuli is female. Such as a naked female in an ad for cologne then the viewer tends to develop a strong feeling toward the ad based on the arousal response his body experiences. Female viewers of male nudity in an ad often experience the same type of response. Although the arousal response tends not to be as strong. The cognitive impression made on the viewers depends on whether they felt the advertisement was pleasant or offensive. If the viewer thinks the ad is in poor taste and is demeaning then negative feelings and beliefs about the brand result.

A common sexual appeal in advertising is to use decorative models. Decorative models are models in an advertisement whose primary purpose is to adorn the product as a sexual or attractive stimulus. The model serves no functional purpose in the ad except to attract attention. Automobiles, tools and beer commercials in the past often used female models dressed in bikinis to stand by their products.

Religions, cultures and value systems are the most important factors in determining the level of nudity as well as sexual references and gender-specific issues.

**Disadvantages of sex appeals**

Everyone has heard that "sex sells." Although this may be true, it may be a less powerful weapon than it used to be. To be effective, nudity must be an integral part of the product being sold rather than a decorative part designed to garner attention.

Nudity does not have the shock value it once did. Seeing another naked person in an advertisement is much less likely to cause a viewer to pay more attention to an ad. One
major criticism of sexually based advertising is that it has perpetuated dissatisfaction with one's body. Females in print advertisements and models in television advertising are quite thin. It does not make any difference if the male is viewing a male model or a female model in advertisements. In response, some firms have begun using "regular person" models in ads. Big K (Kmart) has employees pose in clothing to be sold and with other products. Many positive reactions to this approach have been the result, which means other companies may need to rethink their positions on body image advertising.

Bijan employed an extreme approach in one series of advertisements. Instead of either a super thin model or a regular person. Bijan's advertisement featured a nude overweight female. Several magazine editors refused to carry the advertisement at first but then changed their minds. Of the more than 1.000 e-mails received by Cynthia Miller, the creative who designed the ads for Bijan only a few were negative. The vast majority were very supportive of the move to think outside of the typical female model stereotype.

In general the use of sex to make products more appealing is a legitimate tactic for many companies’ products, and advertising firms. The goal should be to use sex in a manner that is interesting, germane to the product, and within the ethical standards of the region. From there taste and other more personalized standards serve as guides.

13.4 Musical Appeals

Music is an extremely important component in advertising. Music helps capture the attention of listeners and is linked to emotions, memories, and other experiences, especially a song or music that is known. Music can be intrusive, thereby gaining the attention of someone who previously was not listening to or watching a program.

Music can be the stimulus that ties a particular musical arrangement, jingle, or song to a certain product or company. As soon as the tune begins, consumers know what product is being advertised because they have been conditioned to tie the product to the music. For example, the song "Like a Rock" is often quickly linked to Chevrolet's trucks for many people, and the Intel "tune" is readily noticed by computer buffs.

Music gains attention and increases the retention of visual information at the same time. For example, think of the McDonald's jingle, "For a good time, and a great place, try McDonald's." Most remember the song along with images of the Golden Arches or Ronald McDonald. Even when consumers do not recall the ad message argument, music can lead to a better recall of the visual and emotional aspects of an ad.

Music can also increase the persuasiveness of argument. Subjects asked to compare ads with music to identical ads without music almost always rated those with music higher in terms of persuasiveness.

Musical memories are often stored in long-term recall areas of the brain. Most people can remember tunes even from their childhood days.
Several decisions are made when selecting music for ads. They include answering questions such as these:

- What role will music play in the ad?
- Will a familiar song be used, or will something original be created?
- What emotional pitch should the music reach?
- How does the music fit with the message of the ad?

Music plays a number of roles in advertisements. Sometimes the music is incidental. In others, it is the primary theme of the ad. Occasionally, the use of music misdirects the audience so a surprise ending can be used. For instance, a Volkswagen television commercial showed people on the streets of New Orleans doing things in time to the music (sweeping. bouncing a basketball, unloading a truck) with the end line "That was interesting," and the VW logo followed.

The creative must select the correct type of music from whimsical to dramatic, to romantic. Just as the wrong plot or wrong actors in an advertisement mean disaster, so does selecting the wrong music. Conversely a quality match between the music and the ad theme can lead to a strong favorable reaction by the viewer or listener.

Another important decision involves the selection of a familiar tune versus creating original music for the ad. The most common method is to write a jingle or music specifically for the advertisement.

Background or mood-inducing music is usually instrumental and advertisers often pay musicians to write music that matches the scenes in the ad, also some companies use the same instrumental tune for each commercial such as United Air Lines, which plays "Rhapsody in Blue" in the background of its television and radio ads. Local example Dialog GSM – “Got your name on it” (Familiar Song) the continued use of the specially created tune for walls Ice cream by Cargills Ice cream.

Using a well-known song in an ad has certain advantages. The primary benefit is that consumers already have developed an affinity to the song; the goal is to transfer this emotional affinity to the product. Brand awareness, brand equity and brand loyalty are easier to develop when consumers are familiar with the music, They transfer the bond from the song to the product or company. One variation on this approach is to purchase an existing song and adapt the ad to the music.

Using popular songs is often costly, the average price for rights to an established song is $250,000/- The Internet company Excite paid 57 million for the rights to Jimi Hendrix's song ": Are You Experienced," and Microsoft paid about $12 million for "Start Me up." Music is an important ingredient in ads produced for television, radio and even for the Internet. When a company becomes associated with a popular theme or tune, recall is enhanced and often the firm is seen as delivering higher quality. Creatives must either prepare music themselves or contract for it in some form. Currently, very few
organizations use long-standing musical tag lines. Instead, each ad or campaign has its own music. This makes the job of the creative more difficult. He or she must try to "hit a home run" every time a new ad is produced. Other advertising forms, most notably print and billboard do not use music. Consequently, other appeals become a better match.

13.5 Rational Appeals

This is based on the assumption that consumers use rational thought processes when making purchase decisions. The goal of a rational appeal is to provide the information needed to help make the decision. Automobile advertisements display information about gas mileage, warranties, and other features. The U.S. Postal Service provides information about prices, delivery schedules, and access.

A rational appeal often follows the hierarchy of effects stages of awareness, knowledge, liking, preference, conviction, and purchase. Creatives design ads for one of the six steps. For example, in the knowledge stage, the advertisement transmits basic information. In the preference stage the ad shifts to presenting logical reasons why one particular brand is superior, such as the superior gas mileage of the automobile or a better safety record. A rational ad leads to a stronger conviction about a product's benefits, so that the purchase is eventually made.

To be successful, rational appeals rely on consumers actively processing the information presented in an advertisement. In other words, the consumer must attend to the message, comprehend the message, and compare the message to knowledge embedded in a cognitive map. Messages consistent with the current concepts in the cognitive map strengthen key linkages. New messages help the person form cognitive beliefs about the brand and establish a new linkage from his or her current map to the new product. For example, a business customer who sees a Kinko's advertisement about videoconferencing services already may have the company in his cognitive structure. The business customer may have used Kinko's in the past but was not aware that the company offers videoconferencing. When Kinko's is already established in this person's cognitive map, it is only a matter of creating a new linkage to entice the customer to try its videoconferencing services.

Print media offer the best outlets for rational appeals. Print ads allow readers greater opportunities to process copy information. They can pause and take time to read the verbal content. Television and radio commercials are so short that it is difficult for viewers to process message arguments. Also, if a television viewer misses the ad, she must wait until the ad is broadcast again to view it.

Business-to-business advertisers use print media extensively. These advertisers take advantage of print’s ability to make rational appeals. Many advertising account executives believe trade publications are the best way to reach members of the buying center. Those in the industry read trade publications carefully. Placing an ad in a trade publication...
means the firm has an excellent chance of hitting its primary target market. Further, trade publications allow advertisers the opportunity to convey more details to potential buyers.

A rational appeal usually focuses on a primary appeal, and there are no strong peripheral cues to grab the reader's attention.

Conventional advertising wisdom states that rational appeals are well suited for high-involvement and complex products. High-involvement decisions require considerable cognitive activity and consumers spend more time evaluating the attributes of the individual brands. Thus a rational appeal is the best approach to reach them. For some consumers, however, emotions and feelings even influence high-involvement decisions. For instance, life insurance involves both rational and emotional elements. Various insurance companies can use both in seeking to influence consumers.

13.6 Emotional Appeals

Emotional appeals are based on three ideas. First, consumers ignore most advertisements. Second, rational appeals go unnoticed unless the consumer is in the market for a particular product at the time it is advertised. Third and most important, emotional advertising can capture a viewer's attention and help develop an attachment between consumer and brand.

Most creatives view emotional advertising as the key to developing brand loyalty. Creatives want customers to feel a bond with the brand. Emotional appeals reach the more creative right side of the brain. Visual cues in ads are important in emotional appeals. Also peripheral cues such as the music and the actor are crucial. Although individuals develop perceptions of brands based largely on visual and peripheral stimuli it does not happen instantly. Over time and with repetition, perceptions and attitudinal changes emerge.

Research by the Puerto Rico Tourism Company indicated that emotions are the most important factor in the selection of a vacation destination. The emotions specifically identified included tranquility, invigoration, glamour, and enlightenment. To convey these emotional appeals to the U.S. target market, Puerto Rico used singing sensation Ricky Martin in television ads. The campaign was a departure from a more rational approach. Although factors such as price, destination, and amenities were important in choosing vacations spots they are not as important as the emotional factors.

Western Union followed a similar strategy in advertisements targeted to the U.S. Spanish-language television channels and the Latin America countries. The television ads featured testimonials from people reminiscing about their relatives in Latin America whom they left behind when they came to the United States. Using scenes in kitchens gardens, and local streets, relatives point out they all receive money from their relatives in the United States via Western Union. Western Union used this emotional appeal to convey the concepts of trust and reliability, and subsequent sales grew dramatically as a result.
Business-to-business advertisers are using more emotional appeals. In the past only 5 percent to 10 percent of all business-to-business ads utilized an emotional appeal. Today, that percentage is around 25 percent. The rationale for changing to more emotional business-to-business ads is the idea that emotions affect all types of purchase decisions. Members of the buying center utilize product information in making decisions but, at the same time, are just as likely to be affected by the same emotions as regular consumers. Members of the buying center do try to minimize the emotional side of a purchase, but this does not mean that they are unaffected by emotions. As individuals, the affective component of attitudes is as important as the cognitive component. In the past, business-to-business advertisers tended to ignore the affective component.

Television is one of the best media for emotional appeals. Television offers advertisers intrusion value and can utilize both sound and sight. Television ads also are more vivid, more lifelike, and they can create dynamic situations that pull the viewer into the ad. Music may be incorporated to make the ad more dramatic. Such peripheral cues are important components of emotional appeals. These peripheral cues (music, background visuals, etc.) also attract a viewer's attention.

As mentioned, emotions can be tied with humor, fear, music, and other appeals to make a compelling case for a product. The same ad can influence a consumer both emotionally and rationally. The goal of the creative is to select the most appropriate emotional appeal for the product and company.

### 13.7 Scarcity Appeals

Another appeal that is occasionally used is scarcity. When there is a limited supply of a product, the value of that product increases. Scarcity appeals urge consumers to buy a particular product because of a limitation. The limitation can be a limited number of the products available or, more often, that the product is available for only a limited time. In 1996, General Mills introduced for a limited-time USA Olympic Crunch cereal and Betty Crocker Team USA desserts. Then at the turn of the century, General Mills introduced a Cheerios line called Millenios as a limited time product. Tiny "2s" were added to the familiar a-shaped cereal Cheerios.40 McDonald's, Wendy's, and Burger King offer sandwiches (McRib, Hot N' Spicy Chicken, Dollar Whoppers) for limited time periods throughout the year. The scarcity concept is also used for musical compilations, encouraging consumers to buy the product because of its limited availability. By making sure it is not available in retail stores, marketers increase its scarcity value.

The milk industry uses the scarcity appeal, but in a different manner. In their ads, the central figure in the commercial always needs milk to wash down food that was eaten. The disaster is that the milk is gone.

The scarcity appeal is often used with other promotional tools. For example, a manufacturer may advertise a limited price discount offer to retailers who stock up early for Christmas or some other holiday season: Contests and sweepstakes also run for
limited times. The primary benefit of scarcity appeals is that they encourage consumers to take action. Creatives normally receive information about scarcity issues in the creative brief, or from the account executive who has consulted with the company.

14. Message Strategies

The message theme or the outline of the key ideas in the ad is a central part of the creative brief. The message theme can be created using a number of message strategies. A message strategy is the primary tactic used to deliver the message theme. There are four broad categories of message strategies:

- Cognitive strategies
- Affective strategies
- Conative strategies
- Brand strategies

14.1 Cognitive Strategies

A cognitive message strategy is the presentation of rational arguments or pieces of information to consumers. The advertisement's key message focuses on the product's attributes or the benefits customers obtain from using the product. The product's attributes include a huge range of benefits. Foods may be described as healthful, pleasant tasting, low calorie and so forth. A tool can be shown as durable. Convenient, or handy to use. A drill press machine used in a manufacturing operation may be depicted as reliable as or faster than comparable machines on the market. Cognitive message strategies should make these benefits clear to potential customers. There are five major forms of cognitive strategies:

- Generic messages
- Preemptive messages
- Unique selling proposition
- Hyperbole
- Comparative advertisements

Generic messages are direct promotions of product or service attributes or benefits without any claim of superiority. This type of strategy works best for a firm that is clearly the brand leader and dominant in its industry. The goal of the generic message is to make the brand synonymous with the product category. Thus, Campbell's Soups can declare "soup is good food" without any claim to superiority because the company so strongly dominates the industry. When most consumers think of soup, they think of Campbell's. Nintendo uses similar strategies because the company dominates the video game market with over 70 percent of the market share.

Generic message strategies are seldom found in the business-to-business market because few firms dominate an industry to the extent of Campbell's or Nintendo. One major exception is Intel, which controls 75 percent of the microprocessor market. The generic message "Intel inside" has been used for years to convey to both businesses and end users...
that the processor inside practically any PC is made by Intel. Because the Intel name became synonymous with quality, IBM was forced to display the Intel inside logo to assure buyers that IBM computers contain Intel microprocessors.

**Preemptive messages** are claims of superiority based on a specific attribute or benefit of a product. Once made the claim normally preempts the competition from making such a statement. For example, Crest toothpaste is as well-known as "the cavity fighter" that the brand has preempted other companies from making similar claims, even though 'all toothpastes fight cavities. Thus when using a preemptive strategy the key is to be first company to state the advantage thereby preempting the competition from saying it. Those that do are viewed as "me-too" brands or copycats, similar to all of the night time game shows on the air following the instant success of *Who Wants to Be a Millionaire?*

A **unique selling proposition** is an explicit, testable claim of uniqueness or superiority that can be supported or substantiated in some manner. Brand parity makes a unique selling proposition more difficult to establish. Reebok claims it is the only shoe that uses DMX technology, which provides for a better fit. Because of patents, Reebok can claim this unique selling proposition.

The **hyperbole approach** makes an untestable claim based upon some attribute or benefit. When NBC claims that its Thursday night lineup is "America's favorite night of television," the claim is a hyperbole. These claims do not have to be substantiated, which makes this cognitive strategy quite popular.

The final cognitive message strategy is a **comparative advertisement.** When an advertiser directly or indirectly compares a product or service to the competition, it is the comparative method. The advertisement may or may not mention the competitor by name. Sometimes, an advertiser simply presents a "make-believe" competitor, giving it a name like product X. This approach however is not as effective for comparative advertising stating the actual competitor's name. To provide protection from lawsuits, companies must be sure they can substantiate any claims made concerning the competition.

VISA brags that many merchants using the card will not accept American Express. Burger King explains the advantages of flame broiling as opposed to frying that McDonald's and Wendy's use. In the business-to-business sector, shipping companies compare their delivery times and accuracy rates.

The major advantage of comparative ads is that they often capture the attention of consumers. When comparisons are made, both brand awareness and message awareness increase. Consumers tend to remember more of what the ad says about a brand than when the same information is in a non comparative ad format.

The negative side of using comparative ads deals with believability and consumer attitudes toward them. Many, consumers think comparative ads are less believable.
Another danger of comparative ads is the negative attitudes consumers may develop toward the ad. If viewers acquire negative attitudes toward the advertisement, these negative attitudes can transfer to the sponsor's product. This is especially true when the sponsor runs a negative comparative ad. Ex. Pringles shows someone creating a greasy mess eating regular potato chips. Although the Pringles ad does not create a problem.

In psychology, the concept of spontaneous trait transference suggests that when someone calls another person dishonest, other people tend to remember the speaker as also being less than honest.

Companies must be careful in choosing an appropriate comparison firm. In one ad, Nissan compared the Altima sedan to the Mercedes-Benz. Some viewers of the ad said comparing the two cars was like comparing apples to oranges.

Comparison ads are less common in other countries due to both social and cultural differences as well as legal restrictions. Therefore, it is important to be cognizant of cultural and legal issues.

The comparative message strategy is beneficial if used with caution. The comparison brand must be picked carefully to ensure consumers see it is a viable comparable brand. Actual product attributes and customer benefits must be used, without stretching the information or providing misleading information. If there are actual differences to compare, then comparative advertising works well.

In general, comparing a lesser known brand to the market leader seems to work well. On the other hand, comparing a new brand with the established brand is often not effective. Many times, a wise strategy is to simply make the comparison without naming the competitor. This strategy worked well for Avis, which usually does not mention Hertz in ads, yet comparisons are made and consumers know which competitor Avis refers to.

All five of these cognitive message strategies are based on some type of rational logic. The intention of a cognitive message strategy is first to present consumers with rational information about a product, service, or company, and then to help them develop positive feelings about the same product or company.

14.2 Affective Strategies

Affective message strategies invoke feelings and emotions and match them with the product, service, or company. They try to enhance the likeability of the product, recall of the appeal, or comprehension of the advertisement. Affective strategies elicit emotions that, in turn, affect the consumer's reasoning process and final lead to action. For example, an emotion such as love can help convince a consumer that a safer but more expensive car is worth the money. Affective strategies fall into two categories:

- Resonance
- Emotional.
**Resonance advertising** attempts to connect a product with a consumer's experiences to develop stronger ties between the product and the consumer. For example, use of music from the 1960s takes baby boomers back to that time and the pleasant experiences they had growing up. Any strongly held memory or emotion attachment is a candidate for resonance advertising, advertisement for Cheerios. This resonance approach shows three generations of a family in the picture combined with the words "Your heart has better things to do than deal with heart disease." Family memories and emotions combine with the product feature of being a heart-smart (low-cholesterol) cereal. Elephant orange barely (memories are made of this).

**Emotional advertising** attempts to elicit powerful emotions that eventually lead to product recall and choice. As many emotions can be connected to products, including trust, reliability, friendship, happiness, security, glamour, luxury, serenity, pleasure, romance, and passion. (ex Union Assurance Rep helping others).

Emotional appeals are not used only in consumer advertisements. They can also be used in business-to-business ads, because members of the buying center are human beings who do not always make decisions based only rational thought processes. Emotions and feelings also affect decisions, product's benefits can be presented within an emotional framework, and the advertisement is normally more effective, especially in business-to-business ads. When neither reason (cognitive) nor emotional (affective) pitches are the best, an action based approach or a brand appeal is utilized.

### 14.3 Conative Strategies

Conative message strategies are designed to lead more directly to some type of consumer behavior. They can be used to support other promotional efforts, such as coupon redemption programs, Internet "hits" and orders and in-store offers such as buy-one-get-one-free. The goal of a conative advertisement is to elicit behavior. A conative strategy is present in television advertisements promoting music CDs or cassettes which seek to persuade viewers to call a toll-free number to purchase the music. They further encourage the action by stating the CD cannot be purchased at stores and is available for only a limited time.

Action-inducing conative advertisements create situations in which cognitive knowledge of the product or affective liking of the product may come later (after the actual purchase) or during product usage. For instance, a point-of-purchase display is designed (sometimes through advertising tie-ins) to cause people to make impulse buys. The goal is to make the sale, with affective feelings and cognitive knowledge forming as the product is used. Promotional support conative advertisements are designed to support other promotional efforts, besides coupons and phone-in promotions; a company may advertise a sweepstakes that a consumer enters by filling out the form on the advertisement or by going to a particular retailer.
14.4 Brand Strategies

The final category of message strategy is not as directly oriented to consumer attitudes. Instead, brand message strategies build or enhance the brand or corporate name in some way. Brand strategies can be placed into four categories:

- Brand user strategies
- Brand image strategies
- Brand usage strategies
- Corporate advertising

**Brand user strategies** focus on the type of individuals that use a particular brand, one example of a brand user strategy involves celebrity endorsement, when celebrities are present in advertisements, and the ad tends to show the user of the brand more than the brand itself. The idea is that consumers who like the celebrity will transfer that liking to the brand itself. Thus, golfers who like Tiger Woods will use the Nike brand.

The endorsers who use the product help consumers recall the brand's name and develop a preference for that brand.

Apple Computers used a more common brand user strategy in the company’s early years of focusing on educational users. This strategy was so successful that later years when Apple tried to convince businesses to use Apple's McIntosh computers, business buyers had difficulty perceiving Apple in the business environment. The public still perceives the Apple brand as a computer designed for educational users, not business users.

A brand image strategy works toward the development of a brand "personality" (e.g. Mountain Dew). In brand image advertising the focus is on the brand rather than the user, it generally does not use celebrities in the ads. Often the ad may not even feature a person at all. If a spokesperson appears in the advertisement, it is a typical person rather than a celebrity.

The importance of a strong brand in the global business environment has led many businesses to devote more money to brand image advertising. In addition developing the brand image in trade journals, business advertisers use broadcast media such as television and radio and print media such as magazines, Business advertisers realize that having a strong brand name such as AT&T or Arthur Andersen gives the company a better opportunity to bid on business contracts and to be considered in modified and new buy situations.

**Brand usage messages** stress the different uses for a particular brand. A classic example of this approach is the Arm and Hammer baking soda commercials that suggest new uses of the product. When home baking declined to spur the sales of their baking soda the company advertised that the baking soda could be used to reduce odors in the refrigerator. Later the company's marketing team promoted the idea that it will freshen carpets and reduce odors in cat litter boxes. Then, building on the brand name, Arm and Hammer developed its own line of toothpaste and another of deodorants.
Corporate advertising promotes the corporate name and image rather than the individual brand. As companies continue to face pressure from the public to be socially responsible, corporate advertising becomes an increasingly important advertising strategy. This is especially true when consumer trust is a key issue. Therefore, banks and financial institutions engage in a great deal of corporate ads.

Companies selling chemical products are also likely to commission corporate advertising to build consumer trust. For instance, many years ago DuPont Chemical realized that corporate advertising was essential. Marketing research indicated a strong distrust of chemical companies because of environmental pollution and chemical spills. DuPont's public efforts were necessary despite the fact that almost all chemical companies sell their products to other companies rather than to individuals.

The primary goal of each of these brand strategy approaches is to develop the brand including its image, awareness of the brand, and positive reactions to the brand. Whether it is the user, the image, product usage or corporate image, the nature of a message strategy should be to incorporate the advertising messages conveyed with the overall IMC theme.

15. Executional Frameworks

An executional framework is the manner in which an ad appeal is presented; ad appeal is like the script in a movie (e.g., comedy, drama, action film). The appeal spells out the overriding format to be used, the types, appeals described included: fear, humor, sex, music, rationality, emotions, and scarcity. If the ad appeal is the script, then the plot of the movie is the actual executional framework. The creative normally decides which executional framework to utilize however, the media buyer and the account executive also influence the choice.

We describe each of the possible frameworks in detail. Almost any of them can be used within the format of one of the various appeals. For example, a slice of life can depict fear, as can a dramatization. Informative ads can be humorous, but so can animations. Testimonials or demonstrations are rational or emotional, and so forth.

15.1 Animation

Animation is one useful type of executional framework. In recent years animation in advertising has increased, due primarily to the greater sophistication of computer graphics programs. The technology now available to advertising creatives is far superior to the cartoon type previously used.

Currently, a technique called rotoscoping is accessible to many creatives. Rotoscoping is the process of placing handdrawn characters digitally into live sequences. As a result, it is possible to present both live actors and animated characters in the same frame. One well-known live action television spot using cell animation features Michael Jordan and Bugs Bunny (and other cartoon characters) in MCI commercials. Animated characters can be
human, animal, or product personifications. Besides cartoons, another method of animation, made popular by the California Raisins commercials is clay animation. Computer graphics technology now allows production companies to superimpose these personifications in live scenes.

The computer graphics technology has allowed animation to move beyond personifications into creating real-life images. For example, a recent 30-second Jeep advertisement by Chrysler Corporation opens with a shot of approximately 60 zebras gathered near a water hole in Africa. In the horizon, a Jeep appears. The zebras begin running toward the vehicle, moving into a single line as they run, a lion perched on a rock watches the whole scene. To television viewers, the zebras look real. They are not, all are computer generated. It would have been impossible to get 60 zebras to run in a single line next to a Jeep.

Animation is used mostly in television spots, although it can also be produced for movie trailers and Internet ads. Single shots of animated characters, such as Tony the Tiger, can also be placed into print ads.

15.2 Slice-of-Life

In slice-of-life commercials, advertisers attempt to provide solutions to the every day problems consumers or Businesses face. These advertisements normally show common things people experience, especially problems they encounter. Then, the, product or service is made available to solve the problem.

The most common slice-of-life format has four components:

- Encounter
- Problem
- Interaction
- Solution

Actors portray the dilemma or problem and sometimes solve the problems themselves. In others, a voice-over explains the benefits or solution to the problem that the product, service, or company provides.

A typical slice-of-life commercial starts with a child playing soccer and her parents cheering her on (the encounter). Her dirty uniform is then shown with comments by the child that it will never come clean for the championship game or a voice-over stating the same message (the problem). Another parent or the announcer in some form of interaction then introduces the benefits of the new laundry detergent: (the interaction). Then the commercial ends with a proud parent taking her daughter to a championship game in a clean uniform (the solution). Studies indicate that the slice-of-life format scores above average in its persuasion ability, which is important in leading consumers into changing their brand preferences.
Business-to-business advertisements also use slice-of-life commercials heavily. This executional framework is popular because it allows the advertiser to highlight how a product can meet business needs. For example, a typical business-to-business ad begins with a routine business experience, such as a sales manager making a presentation to the board of directors. Then, the projector used does not have a clear picture at the distance the presenter wants to use. Then the ad offers the solution: a projector from Sony. The presentation is made with great clarity, and the board of directors accepts the customer's bid for the account.

As with all slice-of-life commercials, disaster is avoided and, by using the advertised brand, a happy ending occurs. Slice-of-life executional frameworks are possible in most media, including magazines or billboards, because a single picture can depict a normal, everyday situation or problem. The secret is to let one image tell the entire story, with the product being the solution.

15.3 Dramatization

A dramatization is similar to slice-of-life executional framework. It uses the same format of presenting a problem, then solution. The difference lies in the intensity and story format. Dramatization uses a higher level of excitement and suspense to tell the story. A dramatization story normally builds to a crisis point.

An example of a dramatization" a recent Maytag commercial, which appeared after the company abandoned the "lonely repairman" theme the company had used for decades. The commercial was designed for the launch of the Gemini range. Thirty-, and 60-second spots featured children 'Carrying pizzas yelling and rushing toward a throng of adults carrying casserole dishes. The groups run toward each other on a battlefield. The two groups are ready to break into battle when the Maytag representative intervenes with the dual-oven range that will accommodate the needs of both groups. This Maytag commercial has all of the critical components of a drama executional framework. It tells a story in a dramatic way leading up to a suspenseful climax wherein the teenagers and adults are just about ready to go to war. Suddenly from nowhere appears the Maytag product that provides a solution to the crisis,

An effective and dramatic advertisement is difficult to pull off, because it must be completed in either 30 or 60 seconds. Building a story to a climatic moment is challenging, given such a short time period. Not all dramatic executional style accomplishes the high level of suspense required to make them successful. It is often much easier to simply produce a slice-of-life framework.

15.4 Testimonials

The testimonial type of executional framework has been successful for many years especially in the business-to-business and service sectors. When a customer in an advertisement tells about a positive experience with a product, this is a testimonial.
In the business-to-business sector, testimonials from current customers add credibility to the claims being made. In many business buying situations, perspective vendors are asked for references. Testimonials provide references in advance. Further most buyers believe what others say about a company more than they do what company says about itself. Thus, testimonials by someone else offer greater credibility than self-proclamations.

Testimonials also are an effective method for promoting services. Services are intangible; they cannot be seen or touched. Consumers cannot examine the services before making decisions. A testimony from a current customer is an effective method of describing the benefits or attributes of the service. This matches the method most consumers use in selecting a service. When choosing a dentist, an attorney, or an automobile repair shop, consumers often ask friends, relatives, or coworkers.

One major reason companies choose testimonials is that they enhance company credibility. Endorsers and famous individuals do not always have high levels of credibility, because consumers know they are being paid for their endorsements, in testimonials, everyday people often actual customers are the main characters. Other times they are paid actors, who look like everyday consumers not models.

When more dramatic or slice-of-life types of venues are not the best. The creative considers the use of testimonials. He or she can present them in practically every advertising medium, and they can focus on both the product itself and the overall image of the brand or firm.

15.5 Authoritative

In using the authoritative executional framework, an advertiser seeks to convince viewers that a given product is superior to other brands. One form is expert authority. These ads employ a physician, dentist, engineer, or chemist to state the product's advantages over other products.

Firms also can feature less recognized experts such as a, nurses, or even aerobics instructors. These experts also talk about the brand attributes that make the product superior.

Many authoritative advertisements include some type of scientific or survey evidence. Independent organizations, such as the American Medical Association undertake a variety of product studies. Quoting their results gives ad credibility. Survey results are less credible. Stating .that four out of five dentists recommend a particular toothbrush or toothpaste is less effective, because consumer do not have details about how the survey was conducted. On the other hand, the American Medical Association states that an aspirin a day reduces the risk of a second heart attack, it is highly credible.
Authoritative ads work especially well in specialty magazines. For example, in a hunting magazine, having an expert hunter discuss the superiority of a particular gun is effective, because readers have an interest in hunting. Brides observe the endorsements of wedding experts in special bridal magazines. Readers notice these specialized advertisements, and the claims made have greater credibility. The same is true in business-to-business magazines. Trade journals in the business world are similar to specialty magazines in the consumer world.

15.6 Demonstration

Advertisements using the demonstration executional framework show how a product works. A demonstration is an effective way to communicate the attributes of a product to viewers. Other product benefits can be described as the product is exhibited.

For example, one recent advertisement showed how a new form of dust cloth could be attached to a handle or used separately. The demonstration highlighted the product's multiple uses by cleaning a television screen, a wooden floor, a saxophone, and light fixtures on the ceiling. Thus, consumers were shown how to use the product and were able to observe its advantages at the same time.

Demonstration ads are especially well suited to television. To a limited extent, the print media can feature demonstrations, especially when a series of photos shows the sequence of product usage.

15.7 Fantasy

Some products lend themselves to the fantasy type of executional framework. Fantasy executions are designed to lift the audience beyond the real world to a make-believe experience. Some fantasies are meant to be realistic. Others are completely irrational. Often, the more irrational and illogical ads are, more clearly consumers recall them. Fantasies can deal with anything from a dream vacation spot or cruise ships to a juicy hamburger or an enticing pizza.

The most common fantasy themes, however, are still sex, love, and romance. According to some marketing experts, raw sex and nudity in advertisements are losing their impact. In their place, advertisers show a softer, more subtle presentation of sex.

Fantasy fits nicely with preferences for a tamer sexuality, which primarily is found in older members of the population. For some senior citizens, raw sex and nudity simply are offensive. Fantasy is an excellent way to approach older individuals by taking them into a world of romantic make-believe rather than hard-driving sexuality.

One product category that uses fantasy is the perfume and cologne industry. In the past, the most common theme was that splashing on certain cologne causes women to flock to you. Television fantasy ads for cruise lines show couples enjoying romantic, sensuous vacations together, swimming, jet skiing, and necking. The goal is to make the cruise into
more than just a vacation—it should become a romantic fantasy trip. Fantasy ads also can show people experiencing the thrill of winning a major sports event or sharing a common product (beer, pizza) with a beautiful model. Effective fantasies can inspire both recall and action.

The business-to-business advertising field has not used fantasy a great deal primarily because of fear that members of a buying center would not take a fantasy approach seriously. As with the other executional frameworks, creatives now use more fantasy in business-to-business ads.

15.8 Informative

A common advertising executional framework is an informative ad. Informative ads present information to the audience in a straightforward matter. Agencies prepare informative ads extensively for radio advertisements, because only verbal communication is possible. Informative ads are less common in television and print because consumers tend to ignore them. With so many ads bombarding the consumer, it takes more than just the presentation of information to grab someone’s attention.

Consumers highly involved in a particular product category pay more attention to an informational ad. Such is often the case when business buyers are in the process of gathering information for either a new buy or modified re-buy. On the other hand, if the business is not in the market for a particular product, buying center members do not pay much attention to informative ads.

Thus, informative ads work well only in high-involvement situations. Many advertisers believe that business buyers need detailed information to make intelligent buying decisions. As a result the informative framework continues to be a popular approach for business-to-business advertisers.

One of the keys to informative advertising is the placement of the ad. An informative advertisement about a restaurant placed on a radio station just before noon is listened to more carefully than if runs at 3:00 in the afternoon.

An informative ad about a diet product in an issue of *Glamour* that has a special article on weight control or exercising will be noticed more than if it is placed in the fashion section of the magazine.

An informative business ad about lathes works well next to an article about capital cost of equipment. Consequently, informative ads have limited uses but can be effective when placed properly. Beyond these types of executional frameworks, the creative decides about all of the other ingredients, including music, copy, color, motion, light, and size.
Chapter 03
Sales Promotions

This chapter will cover the Following
1. Understanding Sales Promotions
2. Consumer Promotions
3. Trade Promotions.

1. Understanding Sales Promotions

1.1 Definition

Sales promotion is a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade.

1.2 Role of Sales Promotions

Consumer promotions are aimed at a firm's customers. These customers can be end users of the product or service or they may be other business. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy.

1.3 The Growth of Sales Promotions

A decade ago, the advertising-to-sales-promotion ratio was about 60:40. Today, in many consumer packaged-goods companies, sales promotion accounts for 65 to 75 percent of the combined budget. Sales-promotion expenditures have been increasing as a percentage of budget expenditure annually for the last two decades.

Several factors contribute to this rapid growth, particularly in consumer markets. Promotion is now more accepted by top management as an effective sales tool;

- More product managers are qualified to use sales-promotion tools
- Product managers are under greater pressure to increase current sales
- The number of brands has increased
- Competitors use promotions frequently
- Many brands are seen as similar
- Consumers are more price-oriented
- The trade has demanded more deals from manufacturers
- Advertising efficiency has declined because of rising costs, media clutter, and legal restraints.

The rapid growth of sales-promotion media has created clutter similar to advertising clutter. Manufacturers have to find ways to rise above the clutter-for instance, by offering
larger coupon-redemption values or using more dramatic point-of-purchase displays or demonstrations.

1.4 Purpose of Sales Promotion & Objectives

Sales promotions objectives are derived from broader promotion objectives, which are derived from more basic marketing objectives developed for the product.

For consumers, objectives include encouraging purchase of larger sized units, building trial among nonusers, and attracting switchers away from competitors’ brands. For retailers, objectives include persuading retailers to carry new items and higher levels of inventory, encouraging off-season buying, encouraging stocking of related items, offsetting competitive promotions, building brand loyalty, and gaining entry into new retail outlets. For the sales force, objectives include encouraging support of a new product or model, encouraging more prospecting and stimulating off-season sales.

Sales-promotion tools vary in their specific objectives.

A free sample stimulates consumer trial, whereas a free management-advisory service aims at cementing a long-term relationship with a retailer.

Sellers use incentive-type promotions to attract new customers, to reward loyal customers, and to increase the repurchase rates of occasional users.

Sales promotions often attract brand switchers, who are primarily looking for low price, good value, or premiums. Sales promotions are unlikely to turn them into loyal users.

Sales promotions used in markets of high brand similarity produce a high sales response in the short run but little permanent gain in market share.

In markets of high brand dissimilarity, sales promotions can alter market shares permanently.

1.5 Some Key Benefits of Sales Promotions

- Sales promotions enable manufacturers to adjust to short-term variations in supply and demand.
- They enable manufacturers to test how high a list price they can charge, because they can always discount it.
- They induce consumers to try new products instead of never straying from current ones.
- They lead to more varied retail formats, such as the everyday-low-price store and the promotional-pricing store.
- They promote greater consumer awareness of prices.
- They permit manufacturers to sell more than they would normally sell at the list price.
- They help the manufacturer adapt programs to different consumer segments.
1.6 Factor Affecting Decisions on Sales Promotions

Today, many marketing managers first estimate what they need to spend in trade promotion, then what they need to spend in consumer promotion. Whatever is left they will budget for advertising.

There is a danger, however, in letting advertising take a back seat, because advertising typically acts to build brand loyalty.

The question of whether or not sales promotion weakens brand loyalty is subject to different interpretations. Sales promotion, with its incessant prices off, coupons, deals, and premiums, may devalue the product offering in buyers’ minds. Buyers learn that the list price is largely a fiction.

However, before jumping to any conclusion, we need to distinguish between price promotions and added-value promotions. These examples show how certain types of sales promotion can actually enhance brand image.

Pine-Sol The makers of Pine-Sol, a general liquid cleaning agent, ran a "Pine-Sol in Pine Valley" sweepstakes in which Pine Valley was the habitat of the TV soap opera All My Children. Sweepstake winners would travel to Los Angeles to meet the stars and watch four days of filming. This association of an ordinary cleaning agent with glamorous stars enhanced the Pine-Sol brand image.

AKAI AKAI, a Japanese manufacturer of stereo equipment and TV sets, managed to become a TV-set market leader in India by running value-added sales promotions. It offered good trade-in value on black-and-white TV sets at the purchase of a new color TV set. At other times, it would offer a free watch, or calculator or radio, along with the purchase of a new TV set. This steady promotion made AKAI a very popular brand in India, and competitors such as Sony were not free to compete in the same way.

However, usually, when a brand is price promoted too often, the consumer begins to devalue it and buy it mainly when it goes on sale. So there is risk in putting a well known brand leader on promotion over 30 percent of the time. Dominant brands offer deals less frequently, because most deals only subsidize current users. Brown's study of 2,500 instant-coffee buyers concluded that:

• Sales promotions yield faster and more measurable responses in sales than advertising does
• Sales promotions do not tend to yield new, long-term buyers in mature markets because they attract mainly deal-prone consumers who switch among brands as deals become available.
• Loyal brand buyers tend not to change their buying patterns as a result of competitive promotion.
• Advertising appears to be capable of deepening brand loyalty
There is also evidence that price promotions do not build permanent total-category volume. Small-share competitors find it advantageous to use sales promotion, because they cannot afford to match the market leaders' large advertising budgets; nor can they obtain shelf space without offering trade allowances or stimulate consumer trial without offering incentives.

Price competition is often used by a small brand seeking to enlarge its share, but it is less effective for a category leader whose growth lies in expanding the entire category.

The upshot is that many consumer packaged-goods companies feel they are forced to use more sales promotion than they wish. They blame the heavy use of sales promotion for decreasing brand loyalty, increasing consumer price-sensitivity, brand-quality-image dilution, and a focus on short-run marketing planning.

1.7 Consumer Promotions vs. Trade Promotions

*Consumer promotion* (coupons, Premiums, Contests & sweep stakes, Refunds, rebates, sampling, bonus Packs, prices off, and business to business promotions).

*Trade promotion* (prices off, advertising and display allowances, and free goods); and *business* and *salesforce promotion* (trade allowances, Trade contests, Trade incentives, Vendor support programmes, trade shows).

The difference between consumer promotions and trade promotions is that trade promotions are directed at firms that resell the manufacturer's or firm's products. Consumer promotions are directed toward individuals or firms that use the product and do not resell it to another business. Thus, consumer promotions can be used in both consumer markets and business-to-business markets.

2. Consumer Promotions

There are many techniques used for consumer promotions. The following are a few of them.

2.1 Coupons

A coupon is a price reduction offer to a consumer. It may be a percentage off the retail price such as 25 percent or 40 percent, or an absolute amount (Rs 100 or Rs 200).

Nearly 80 percent of all coupons are distributed by manufacturers. Eighty-eight percent of all coupons are sent out through print media with 80 percent distributed through free standing inserts (FSI). FSI are sheets of coupons distributed in newspapers, primarily on Sunday. Another 4 percent of coupons are distributed through direct mail, and 3.5 percent more are distributed either on or in a product's package. The remaining 5 percent are delivered in other ways.
Most companies prefer using FSI and print media to distribute coupons for several reasons:

- Consumers must make a conscious effort to clip or save the coupon.
- Coupons create brand awareness because consumers see the brand name on the coupon even if they do not actually use the coupon.
- FSI encourage consumers to purchase brands on the next trip to the store.

Manufacturers believe that consumers are more likely to purchase a couponed brand and remember the name when they redeem a coupon. This moves the brand to the consumer’s long-term memory. Hopefully, consumers will recall the brand and buy it the next time the need arises, even when they do not have coupons.

**a) Types of Coupons**

Coupons are often distributed in retail stores placed on or in packages. The consumer immediately can redeem the coupon while making the purchase. This type of coupon is called an **instant redemption coupon**. These coupons often lead to trial purchases and purchases of additional packages of a product. Some coupons are given out along with free samples of a product to encourage consumers to try a new brand.

Many grocery stores allow a company to cook a new food product and offer free samples of it along with coupon giveaways. Coupons also are placed in dispensers near various products, which provide convenient access for customers. All of these are forms of instant redemption coupons, because customers can use them immediately.

Coupons also can be placed inside packages so that customers cannot redeem them quite as quickly. This approach encourages repeat purchases, and the coupons are called **bounce-back coupons**.

Firms can issue coupons at the cash register. They are called **scanner-delivered coupons**, because they are triggered by an item being scanned. The item being scanned is normally a competitor's product. Firms use this approach to encourage brand switching.

Coupons also stimulate trial purchases of new products. Manufacturers send coupons in advance to consumers, making it more likely a trial purchase will follow. Prior to a shopping trip, a consumer may not have decided upon a specific brand to purchase. This means the consumer is more willing to purchase the brand with an introductory coupon mailed to his or her home than if the coupon is available only in the store, where the consumer is less likely to take the time to examine it.

**Response offer coupons** are issued following requests by consumers. Coupons then are mailed to the consumer or sent by Internet to be printed by the consumer. The coupon can also be faxed. In the business-to-business sector, a fax is the most common method of distributing response offer coupons. Office supply companies and other vendors use response offer coupons to invite business customers to make purchases or place orders. Firms also distribute coupons through their sales representatives, which allows for instant redemptions, because the salesperson also takes the order.
b) Coupon Responses

The typical response rate for a coupon distribution is less than 2 percent. Redemption rates for Internet-delivered coupons average more than 20 percent. Research into coupon redemptions helps retailers understand how consumers respond.

c) Problems with Coupons

The first disadvantage is that current brand users who are already brand loyal simply redeem the coupon with their next purchase, thereby reducing full-price revenues. Brand-loyal customers redeem approximately 80 percent of all coupons. Some firms use direct mail to distribute the coupon primarily to non loyal customers. They try to target nonusers and the competitor's customers. The primary disadvantage of this method is the high cost of direct mail, especially in light of the low response rate associated with direct-mail coupons.

Counterfeiting occurs when coupons are copied and then sent back to the manufacturer for reimbursement. The manufacturer pays for unused coupons. Newspaper-generated black-and-white coupons are the easiest to counterfeit. Color copiers have made other forms of counterfeiting easier to pursue.

Retailers can, engage in the misredemption of coupons. For instance, a coupon for soup often states the size of can for which the discount applies. If the discount is used for another size, such as a 12-ounce can instead of the 24-ounce can, then a misredemption occurs. This may be due to an error on the part of the clerk who did not check the coupon carefully. Or, the clerk might have known it was the wrong-size can but did not want to bother finding the correct size or risk making the customer mad by denying the coupon. Other times, clerks honor coupons for merchandise that was not purchased when they take the coupon and subtract it from the customer's total without matching it to the actual product.

d) Tactics to Improve Coupon Effectiveness

Three factors influence how attractive a particular coupon appears to consumers.

- The face value of the coupon- The higher the face value, the more attractive the coupon becomes and the more likely it will be redeemed.
- The distribution method- Research indicates that FSI are the most attractive to consumers because they can choose coupons in the privacy of their homes. (Consumers perceive bulk-mail coupons as the least attractive) because the individual has to sort through a series of coupons.
- Whether the coupon is for a preferred brand or at least for a brand that is already in the consumer's evoked set (readily recalled brands). Coupons for the preferred brand or one from the evoked set tend to be more attractive than those for unknown or unrecognized brand names.
Coupons are likely to remain a popular form of consumer promotion. Many retail establishments enjoy the benefits of manufacturer coupons. The coupons bring customers into the store and have no direct cost to the retailer. Other retailers double and even triple coupon face values as an additional enticement to bring customers into the store. Consequently, stronger bonds develop between retailers and manufacturers when coupon programs are in place.

### 2.2 Contests and Sweepstakes

Contests and sweepstakes are popular forms of consumer sales promotions. Both are used in consumer markets as well as business markets. A primary factor in the success of this type of appeal is the prize list. Members of the target market for the contest or sweepstakes must believe the prizes are desirable enough to entice them to participate. Prizes perceived to be of low or no value do not work.

The words *contest* and *sweepstakes* tend to be used interchangeably yet there are some differences, primarily legal. *Contests* normally require the participant to perform some type of activity. The winner is selected based on who performs best or provides the most correct answers. Often contests require a participant to make a purchase to enter.

*Contests* range from the controversial bikini or suntan contests at local nightclubs to popular television shows *Who Wants to Be a millionaire* game show contestants must answer questions correctly to win prizes. While some contests are mostly chance (e.g., *Wheel of Fortune*) others require skill.

*Sweepstakes*, It is permissible for firms to restrict customers to one entry per visit to the store or some other location. The chances of winning a sweepstakes are based on a probability factor. The probability of winning must clearly be stated on all point-of-purchase (POP) displays and advertising materials. In a sweepstakes the probability of winning each prize must be published in advance. This means the firm must know how many winning tickets, as compared to total tickets have been prepared.

People enter contests and sweepstakes that they perceive as being worth their time and attention. Consumers do not enter every contest or sweepstakes they encounter. Instead, they selectively choose. The decision is often based on the perceived value of the contest or sweepstakes prize combined with the odds of winning. The greater the perceived odds of winning, the more likely a person will play the contest or enter the sweepstakes.

The perceived value of a prize has two components: (1) extrinsic value and (2) intrinsic value. The extrinsic value is the actual attractiveness of the item (a car versus an all-expense-paid vacation). The greater the perceived value the more likely the person will participate.

Intrinsic values are those associated with playing or participating. A contest requiring the use of a skill such as the one with Woodcraft or an essay contest. Entices entry by individuals who enjoy demonstrating a skill. In that case, extrinsic rewards become
secondary. Instead participants enjoy competing and demonstrating their abilities, which in part explains the popularity of fantasy football and baseball leagues and "pick the winner" sports contests.

**a) Problems with Contests and Sweepstakes**

The problems associated with contests and sweepstakes are:

**Costs** - Contests and sweepstakes require companies to provide prizes, entry forms, legal statements, supportive advertising and other promotional activities and often enticements to retailers to set up POP displays and other contest-related materials. Failure to support a contest fully means the odds of success diminish. Companies must be prepared to undertake all of the necessary expenditures associated with the program.

**Consumer indifference** - Consumers are increasingly indifferent to many contests and sweepstakes because of the rising availability of gambling opportunities.

**Clutter** - Clutter results from the number of firms promoting contests at any given time. With so many legal and illegal places to play games of chance, the idea of making a purchase or trip to the store to enter one more contest is less appealing.

**b) Creating successful Contests and Sweepstakes**

One factor in the success level of a contest is finding the right prize. Firms can be creative in trying to reach this goal. A second factor in generating a more successful contest’ is to be able to take advantage of a special event.

The Internet provides several opportunities for individuals who play contests and sweepstakes for their intrinsic value. The Internet allows for interactive games that can challenge the contestant's ability.

To fully ensure that the success of the contest or sweepstakes, it is important to coordinate the promotion with the advertising, POP displays, and other marketing tools. All of these elements must be directed toward the same target audience and convey a united message. These features add to the cost of the contest; however such integration is a crucial ingredient in achieving the desired goals.

**2.3 Refunds and Rebates**

Refunds and rebates are cash returns offered to consumers or businesses following the purchase of a product. Consumers pay full price for the product but can mail in some type of proof of purchase, and then the manufacturer refunds a portion of the purchase price. A *refund* is a cash return on what are called "soft goods," such as food or clothing.
Rebates are cash returns on "hard goods," which are major ticket items such as automobiles. Normally refunds are small and rebates are larger. For example, the typical refund offered on a food item may be Rs 100 while the typical rebate on a car may be Rs 10,000 to 20,000 or more, depending on the price and size of the car.

a) Problems with Refunds and Rebates

The problems associated with refunds and rebates include:

- The paperwork involved
- The costs
- Diminished effectiveness

The paperwork - The retail outlet must carefully document manufacturer rebates so that the customer is reimbursed. To hold down the paperwork many automobile dealerships have the rebate assigned to the dealer and deduct the amount from the sales price. This often lessens the "impact" of the rebate, because no check is ever delivered to the customer.

The cost - The cost of a refund or rebate is the lost revenue from the sale price combined with the mailing and record-keeping costs involved. Further, a promotional or advertising campaign emphasizing the offer must be developed, or the program goes unnoticed. These extra promotional expenditures further add to the costs of the plan.

Diminished effectiveness - Many rebate programs suffer from diminished effectiveness, because consumers have come to expect them. For example, many car dealers find their customers won't buy until rebates are offered. As a result, there is no new purchase activity associated with the rebate, but rather a delay in the purchase as consumers "wait out" auto manufacturers.

b) Creating Effective Refund-Rebate Programs

To generate an effective refund or rebate program, the offer must have:

Visibility - The refund should be visible. Customers must find out about the program before they can take advantage of it.

Perceived newness - Refunds and rebates have their greatest successes when they are perceived as being new or original. When they are an entrenched part of doing business they have simply become an expected discount.

An impact - Rebates and refunds must have the impact of changing the buyer's behavior, either by leading to more immediate purchases or by causing the customer to change brands.
2.4 Sampling

One method of encouraging consumers to try new product is sampling. Sampling is the actual delivery of a product to consumers for their use or consumption. Normally samples are provided free of charge. Often a coupon or price-off incentive then is used to persuade the consumer to make a purchase of a larger version of the product, such as a full-size package.

In business-to-business markets, companies often provide samples of products to potential clients. Sampling also can be used in the service sector: For example a tanning salon may offer an initial visit free to encourage new customers to try its facilities. Dentists and lawyers use sampling when they offer an initial consultation free of charge.

The most common consumer method is in-store distribution such as when food product companies have personnel cooking the food and passing it out to individuals in the store.

Direct sampling is a program in which samples are mailed or delivered door to door to consumers. Various demographic target markets can be identified for free samples.

In the business-to-business sector, salespeople often deliver direct samples.

Response samples are made available to individuals or businesses who respond to a media offer on television, on the Internet, from a magazine, or by some other source.

Cross-ruff sampling plans provide samples of one product on another. A laundry detergent with a free dryer sheet attached to the package is a cross-ruff sample.

Media sampling means the sample is included in the media outlet. For example, a small sample of perfume can be included in a magazine advertisement.

The target audience determines the best method of sampling to use. Direct sampling is generally the ideal for business-to-business situations. Other methods tend to work better for consumers. For example, women tend to prefer mail samples they can examine at home. Men prefer samples given to them at a store or an event.

The advantage of passing out samples at an event is that the person receiving the sample receives the personal touch. A smile, a greeting, and even information can be conveyed along with the sample. Also, if the consumer liked the event, then he or she may transfer the good feelings toward the event to the sampled product.

a) Problems with Sampling

Product sampling is an effective method to introduce a new product and generate interest in that product. The primary disadvantage of this form of promotion is the cost. A special sample-size package must be developed. The package must be very similar to the regular-size pack, so consumers will be able to identify the product after using up the sample.
Many times samples are mailed adding to the expense of the program. Even samples given out in stores require either an individual to distribute them or some kind of permission from the store.

To fully cover an area with samples requires careful planning of the distribution. Many times people simply discard the sample without even trying the product. Therefore, careful market research must be employed before undertaking a sampling program.

b) Effective use of Samples

As with the other consumer promotions, sampling must be a central part of the IMC plan. The primary purpose of sampling is to encourage trial use by a consumer or a business. Sampling is most effective when it introduces a new product or a new version of a product to a market. Samples also help promote a current product to a new target market or to new prospects.

In one survey, 71 percent of a set of consumers said they would try a new product if they liked a sample. An amazing 70 percent reported that they would be willing to switch brands if the trial use of the product was a positive experience.

2.5 Bonus Packs

When an additional or extra number of items are placed in a special product package, it is called a bonus pack. For example, instead of the regular number of bars of soap in a package, the consumer buys four bars for the price of three in a bonus pack promotion.

Increasing the size or quantity of the package can lead to greater product use. For example, if a cereal box is increased in size by 25 percent, the consumer is likely to eat more cereal, because it is so readily available. This is not true for products that have a constant rate of consumption. For instance, if Colgate increases the size of a toothpaste container by 25 percent, consumers will not use more toothpaste. In effect what this does is delay the customer's next purchase.

Still, manufacturers do offer these types of bonus packs, because they may help to preempt the competition. A consumer with a large quantity of the merchandise on hand is less likely to switch to another brand, even when offered some type of deal, such as a coupon. A firm's current customers often take advantage of a bonus pack offer. When customers stockpile a quantity of a particular brand it discourages purchasing from a competitor. Bonus packs reward customer loyalty by offering them, in effect free merchandise.

Bonus packs rarely attract new customers, because the consumer has never purchased the brand before. Obtaining an extra quantity does not reduce the purchase risk. In fact, it adds to the risk, especially when the customer does not like to "waste" a product by throwing it away if dissatisfied with the product.
Bonus packs can lead to brand switching if the consumer has used the brand previously. Facing purchase decisions, consumers may opt for brands that offer a bonus pack at the regular price. These products hold an advantage over competitive brands that do not offer bonus packs.

**a) Problems with Bonus Packs**

Some marketing research indicates that consumers are skeptical of bonus pack offers. When the bonus is small (20% to 40%), consumers often believe the price has not truly changed.

Unfortunately, when the bonus is large, such as two-for-the-price-of-one sale, consumers tend to believe that the price was first increased to compensate for the additional quantity. Even though increasing the size of a bonus catches the consumer's attention, it may not convey the desired message. Bonus packs are costly because additional amounts of product sell for the same or a similar price. Also, they may incur new packaging and shipping costs. Cash flows may slow down, because customers buy larger quantities and therefore purchase the item less often.

**b) Using Bonus Packs Effectively**

Bonus packs tend to be popular with manufacturers, retailers, and customers. A retailer can build a good relationship with a manufacturer that uses a bonus pack to increase brand switching and stockpiling. Retailers gain an advantage because the bonus pack is a "bargain" or "value" offered through the retail outlet.

Customers like bonus packs because they get additional product at the same price. For ongoing products with high competition, the bonus pack approach is one way to maintain brand loyalty and reduce brand switching at a minimal cost.

**2.6 Price Offs**

A price-off is a temporary reduction in the price of a product to the consumer. A price-off can be physically marked on the product, where the regular retail price marked out and replaced by a special retail price.

Producing a label with the price reduction pre marked forces the retailer to sell the item at the reduced price. This ensures the price-off incentive provided to the retailer through the trade promotion is actually passed on to the consumer. At other times, the price-off is not on the actual item, but on a POP display, sign, or shelf.

Price-offs usually stimulates sales of an existing product. They work well in the business-to-business area. They also can entice customers to try new products, because they reduce the financial risk of making the purchase. Companies often tie price-off offers with samples of new products.
The retailer can initiate a price-off promotion. Retailers usually offer price-off discounts to draw traffic into the store. The idea is for customers to purchase additional items other than those on sale. During the holidays and other times of the year, price-off sales are very common.

a) Problems with Price-off Promotions

Price-offs are easy to implement and can have a sudden impact on sales; however they also can cause problems. While a price-off offer may have a large impact on sales, it can be devastating for profit margins because it normally takes at least a 20 percent increase in sales to offset each 5 percent price reduction.

Perhaps even a greater danger is that price-off programs encourage consumers to become more price sensitive. In the same way that customers respond to rebates, they can either wait for a price-off promotion or choose another brand that happens to be on sale.

An estimated 25 percent of consumers base their purchase decisions on price. Price-offs is often necessary because of competitive and trade pressures. Individual firms must be careful not to over rely on price-offs.

Too many price-off offers can create a detrimental impact on the firm's image.

b) Using Price-off offers Effectively

Price-off programs can be used to increase store traffic and generate sales. They work better with higher markup items and for products or services that normally do not offer discounts. The goal should be to create new interest in the product to entice buyers to take a second look. Loyal customers may be attracted to a price-off discount and buy to stock up, but they should not be the primary targets for price off programs. Instead, new users or customers who have drifted away to other products should be the target market.

Price-offs has proven to be successful trade promotions for two reasons.

- The price-off has the appeal of a monetary savings to consumers.
- The reward is immediate. Unlike rebates, refunds, contest, sweepstakes, and other promotional incentives, consumers do not have to wait for the reward.

As always price-off programs should be incorporated into the firm's overall IMC program.

2.7 Business to Business Programmes

Sales promotions are used extensively in the business-to-business area in fact, 18.7 % of business-to-business marketing budgets are spent on sales promotions. Manufacturers are the most inclined to offer some type of sales promotion to their customers.

Sales promotions are not monies offered to retailers, wholesalers, distributors, or agents who stock the manufacturer's products for resale. Those funds are trade promotions
monies. Instead, manufacturers offering some type of special promotion to their customers (another business) are involved in business-to-business sales promotions. For example, a manufacturer needing paper for copy machines may be enticed to buy from a paper company offering a sales promotion incentive. The paper itself is necessary for the company, but is not used in making products and is not resold.

Finance, insurance, and real estate services are the second largest business-to-business users of sales promotions. Although many finance, insurance, and real estate companies service consumers, a large portion of their revenues comes from business-to-business customers. A bank offering a premium or sweepstakes to small businesses uses a sales promotion. The same would be true for insurance companies and real estate companies that use sales promotions aimed at business customers.

**Coupons** often are used in the business-to-business sector. For example, an office supply company may fax or mail coupon offers to its businesses customers. A pest control business may offer an introductory coupon to encourage businesses to sign up for its services.

Ex - Microsoft offered a $99 off coupon on its one-day training session about installing and supporting Back Office SBS, which is designed for small to medium-size businesses.

**Contests and sweepstakes** can be used to attract purchases in much the same way as they are used in consumer markets. Business buyers are just as interested in winning prizes as are customers in other situations.

**Sampling** is an excellent method to encourage a business to try a product or service. For example, an office supply store offers a company the use of a copier for a month in an effort to land a contract to supply all of the firm's copiers. The types of products that lend themselves well to sampling in the business arena include:

- Fabricated and component parts
- Maintenance and repair parts
- Process materials
- Operating supplies
- Raw materials

For example, providing a sample in the area of process materials has the advantage of giving the engineers an opportunity to analyze the materials to see if it meets their standards. Through analysis, they may find that the material is actually superior to the product they currently use. Sampling is an effective method of getting a company's products into the hands of the individuals who are the influencers in business purchase decisions.

**Bonus packs** also can be part of business-to-business marketing. Offering a prospective business a bonus pack may attract new users. The lure of additional merchandise at no additional cost appeals to cost-conscious business buyers.
Price is often a negotiated item in the business-to-business sector. Consequently, *price-off programs* are not used as often. Many business relationships are formalized by a contractual agreement, and the price is fixed by that contract.

As a result, the importance of business-to-business consumer promotions programs will continue. Marketing managers should integrate these efforts into all other parts of the promotions mix, for both business buyers and other customers.

3. Trade Promotions

3.1 The Nature of Trade Promotions

Trade promotions are the expenditures or incentives used by manufacturers and other members of the marketing channel to help push their products through to retailers. The best way to understand trade promotions is to note that they are incentives that members of the trade channel uses to entice another member to *purchase goods for eventual resale*.

In other words, trade promotions are aimed at retailers, distributors, wholesalers, brokers or agents. A manufacturer can use trade promotions to convince another member of the trade channel to carry its goods.

Wholesalers, distributors, brokers and agents can use trade promotions to entice retailers to purchase products for eventual resale. When a manufacturer sells to another business for the purpose of having the good resold, then trade promotions tools are being used.

3.2 Role of Trade Promotions

The role played by trade promotions is to build strong relations with other members in the channel. When a retailer stocks the merchandise a manufacturer promotes, consumers have the opportunity to buy the product. The same is true for distributors, wholesalers, brokers, or agents. If they carry the product, they help push it down to retailers.

According to Ernst & Young, between 7 percent and 10 percent of sales revenues received from all branded goods are spent on trade promotions. In other words for every dollar of sales, seven to ten cents has been spent on trade promotions.

The money spent on trade promotions has grown from 38 percent of total promotional expenditures in the 1980s to approximately 50 percent today. Manufacturers devote more money to trade promotions than to any other promotional tool.

Many manufacturers would like to reduce these expenditures or cut them out entirely, what they find, however is a situation in which they can do neither because of:

- Resistance from retailers
- Directions from their own sales managers
- The effects on profits,
- Pressures from their competitors that still offer trade promotions:
To be effective, trade promotions should be an integral part of the IMC program, unfortunately, in most companies the individual handling trade promotions is not involved in the IMC planning process, these companies often view trade promotions as being merely a means for getting products onto retail shelves or satisfying some channel member's request.

To solve this problem, the marketing executive must explain the benefits of a systematic approach to all parts of the marketing mix to company leaders, Tie-ins between ad campaigns and trade promotions programs can help companies achieve more "bang" for their marketing bucks, The account executive also has a vested interest in bringing the trade promotions program in line with the other parts of the IMC plan, because the goal is to generate tangible sales and other measurable outcomes,

### 3.3 Objectives of Trade Promotions

The trade promotions manager should be included in the planning stages of the IMC program, This increases the chances that trade promotions and incentives will be effectively coordinated with the other components of the IMC process, Regrettably, the process is more difficult than it appears, because manufacturers and retailers have objectives that differ from each other and from those of distributors,

For manufacturing operations, the primary goal is to increase sales of their brands. Retailers, on the other hand, try to increase the market shares of their stores. Retailers may be less concerned with which brand sells the most. Instead, they promote the brands that have the highest sales or contribute the most to profits; often retailers play one manufacturer against another to see which one will offer the best deal. Therefore, manufacturers are limited in which trade promotions they can or cannot use by the retailers who sell their products. This problem becomes even more complicated when a wholesaler or distributor is involved. These organizations also have specific goals related to volume and profit.

- **Obtaining Initial Distribution** - When a firm begins operations, enters a new territory, or seeks to expand into global markets, one primary concern is finding retail outlets to carry the product. The company must be able to develop a distribution network through either a "pull" or a "push" strategy. *Demand pull* occurs when advertising and publicity causes consumers to become aware of a product's availability. These individuals then ask retailers if they carry the product, which leads the retailer to become more interested in it. A *push strategy* is the result of aggressive marketing efforts by the manufacturer to entice retailers to consider placing the product on its shelves. One goal of a trade promotions effort is to assist in this form of push strategy. Trade shows, slotting fees, vendor support programs, specialty advertising, and point-of-purchase displays help a manufacturer gain a wider audience for a new product.
• **Obtaining Prime Retail Shelf Space or Location** - Retail shelf space is critical in selling merchandise. Simply stated, a manufacturer that cannot get its products onto retailer shelves will not sell merchandise. Quality spots of shelf space mean higher sales. A manufacturer who has 24 inches of prime shelf space is likely to do better than a company given only 10 inches of shelf space. To get quality space and more space means manufacturers must be willing to provide incentives to retailers in the form of trade promotions in addition to providing products with high consumer demand. Trade allowances, contests, training programs, and trade incentives can assist in capturing and maintaining quality shelf space.

• **Supporting Established Brands** - Trade promotions efforts often are used to increase shelf space for current well established products. Even in situations where the manufacturer merely tries to maintain current shelf space, trade promotions are needed to keep competitors from taking retail space. More often than not, the competition continually tries to find ways to offer retailers a better deal. This forces manufacturers to make sure they stay on top of what is happening in order to maintain quality shelf space and lead the retailer to support established brands. For instance, if a new competitor were to enter the potato chip market that manufacturer would logically spend considerable funds seeking to push out more established brands, these chip suppliers would be interested in maintaining superior locations on grocery store and convenience store shelves. Every trade promotions tool can be used to support established brands.

• **Countering Competitive Actions** - Manufacturers often use trade promotions to counter a competitive action. The competitive action may be a trade promotion deal being offered by the competition to retailers, a consumer promotion an aggressive advertising campaign designed to increase demand pull or some other promotional effort. To ensure channel members do not emphasize the competition instead of their products. Manufacturers offer some type of trade promotion that matches the competition's effort or that is attractive to the channel member. This can become a vicious spiral in which manufacturers pump more and more dollars into trade promotions just to keep up with one another.

• **Increasing Order Sizes** - Another goal of trade promotions programs is to push an individual brand through the channel of distribution in such a way that order sizes increase. Manufacturers primarily use trade allowances and sales contests to increase order sizes. The objective may be to increase the order size from either the retailer or the distributor occasionally a POP will induce a larger order by the retailer, if the display features a major advertising campaign or a key season for the product such as starter fluid for barbeque grills featured in the summer.

• **Building Retail Inventories** - Another marketing goal can be to build retail inventories, thus preempting the competition. A large retail inventory of a particular brand should result in the retailer pushing that particular brand over competing brands. Trade allowances that lead to forward buying or diversions may actually help
reach the goal of larger retail inventories. Other parts of the IMC plan such as advertising and consumer sales promotions also drive the retailer to hold larger inventories in anticipation of increased retail sales.

- **Reducing Excess Manufacturer Inventories** - Trade promotions help manufacturers reduce inventory levels. This often occurs near the end of a fiscal year or near the end of an evaluation period when sales have not met forecasts. To ensure a quota is met, a manufacturer offers retailers an especially attractive trade promotion deal. This in turn helps reduce excess manufacturer inventories.

- **Enhancing Channel Relationships** - Manufacturers also utilize trade promotions to enhance relationships with other channel members. Contests, allowances, incentives, giveaways and training all make the relationship between the manufacturer's sales rep and the company's buyers more personal and intimate. Maintaining positive relationships is especially important if the competition also is heavily involved in granting trade promotions.

### 3.4 Trade Promotional Tools

#### a) Trade Allowances

The first major type of trade promotion manufacturers and others use in the channel is a trade allowance. Trade allowances can be packaged into a variety of forms. The purpose of a trade allowance is to offer financial incentives to other channel members in order to motivate them to make a purchase. The channel member then is in a better position to offer discounts or other deals to their customers. A discussion of the types of trade allowances follows.

An **off invoice allowance** encourages channel members to place orders, because they receive a financial discount on each case ordered. Companies often use these types of allowances during holiday seasons to encourage retailers to purchase large quantities of various items. Orders must be placed by a specific date to receive a holiday off-invoice allowance. Manufacturers also can place a minimum order size as a further condition. Off-invoice allowances are a common form of trade promotion and are used extensively because they help accomplish many IMC objectives.

A second type of trade allowance is called a **drop-ship allowance**, a drop-ship allowance is money paid to retailers who are willing to bypass wholesalers, brokers, agents, or distributors when making preplanned orders. Passing the middle members of the channel benefits both the manufacturer and retailer. Profit margins can increase for both the manufacturer and the retailer. Instead of keeping the larger margin a drop-ship allowance offers, retailers can pass along the savings to consumers by lowering prices.

Another approach to granting a trade allowance is called an **exit fee**. Exit fees are monies paid to remove an item from a retailer's inventory. This approach is often used when a manufacturer wants to introduce a new size of a product or a new version, such as a three-
liter bottle of Pepsi or Pepsi One. PepsiCo already has products on the retailer's shelves. Adding a new version of the product involves lower risk and is not the same as adding a new product. Rather than charging an up-front fee such as a slotting allowance, retailers ask for exit fees if the new version of the product fails or if one of the current versions must be removed from the inventory.

- **Disadvantages of trade allowances**

First, in extending trade allowances to retailers, manufacturers assume that a portion of the price reduction will be passed on to consumers. This occurs less than 50 percent of the time. In the majority of cases, retailers charge consumers the same price and pocket the allowance.

When a portion of the price allowance is passed on to consumers, retailers often schedule competing brands, so they can have at least one deal going at all times. It is not an accident that one week Pepsi offers a reduced price and the next Coke offers a discount. The two products are rarely promoted on-deal (passing along trade allowance discounts) at the same time. By offering only one on-deal at a time, the retailer always has a reduced price competitor for the price-sensitive consumer. The retailer also can charge the brand-loyal consumer full price 50 percent of the time. While accomplishing these goals, the retailer receives special trade allowances from both Pepsi and Coke.

Another problem trade allowances create is the practice of forward buying. Forward buying occurs when a retailer purchases excess inventory of a product while it is on-deal. The retailer then sells the on-deal merchandise after the deal period is over, saving the cost of purchasing the product at the manufacturer's full price. Forward buying provides two options to the retailer. First the retailer can choose to extend price savings to customers by selling the product cheaper than its competitors. The second option is to charge full price for the product. This increases the retailer's margin of profit on the product, because the company purchased the merchandise at a reduced price. The disadvantage of forward buying to retailers is the additional costs of holding inventory, which are known as the *carrying charges* associated with the merchandise. The decision to forward buy and how much to forward buy depends on the potential additional profit that can be earned compared to the additional costs and carrying charges for inventory.

Although these disadvantages are important considerations, many manufacturers still conclude that they must grant trade allowances in order to succeed. As a result, they remain a major part of the retail distribution process.

**b) Trade Contests**

To achieve sales targets and other objectives, manufacturers sometimes use trade contests. Rewards are given as contest prizes to brokers, retail salespeople, retail stores, wholesalers, or agents. These funds are known as spiff money. The rewards can be items such as luggage, a stereo, a television, or a trip to an exotic place.
When conducting a contest at the individual store level most channel members agree that these contests work best when restricted to a specific region. Many times, they are also limited to exclusive dealerships, such as auto, truck, or boat dealers that sell a particular brand.

Another type of trade contest is among salespeople in various retail outlets. The goal of this type of trade contest is to encourage salespeople to push the manufacturer's brand over competing brands. These types of contests are quite popular among salespeople and are common in many industries such as those producing durable goods (refrigerators, boats, dishwashers, etc.).

c) Trade Incentives

Trade incentives are similar to trade allowances. The difference is that trade incentives involve the retailer performing a function in order to receive the allowance. The goals of trade incentives vary. Therefore, the primary purpose for most plans is to encourage retailers either to push the manufacturer's brand or to increase retailer purchases of that brand.

A corporate sales program (CSP) is a form of trade incentive CSPs are offered primarily by highly specialized manufacturers. The CSP is a promotion across a manufacturer's total brand portfolio. The manufacturer ships individual products to the retailer in ready-to-display pallets. As a result, the retailer does not have to prepare the merchandise for display because it is already on a pallet. These display pallets work well for warehouse stores or retailers such as automobile parts stores in which decor is not a critical issue. By offering the incentive on the manufacturer’s entire brand, the manufacturer encourages the retailer to carry all of its brands and not just some of them.

Another form of trade incentive is called a back haul allowance (BHA). A BHA is granted when the retailer pays the cost of shipping. The primary difference between a PPA and a BHA is that the retailer, instead of the manufacturer, furnishes delivery trucks. With the back haul allowance, the retailer gets a much greater incentive allowance but also absorbs the cost of shipping.

Another type of trade incentive is a premium or bonus pack. Instead of offering the retailer a discount on the price, the manufacturer offers free merchandise. For example, a manufacturer may offer a bonus pack of one carton for each 20 purchased within the next 60 days. The bonus packs are free to the retailer and are awarded either for placing the order by a certain date or for agreeing to a minimize order. Often, to receive the free merchandise, the retailer must meet stipulations, a specified date and a minimum order size.

d) Vendor Support Programs

Vendor support programs are trade promotions manufacturers offer to support a retailer, wholesaler, or agent's programs. Naturally, vendor support programs are designed to
support the vendor's activities that most favor the manufacturer. The two most frequently used vendor support programs are bill backs and co-op advertising. In a bill back program, the manufacturer pays the retailer for special product display advertisements, or price cuts. In this case the retailer or wholesaler initially pays for the display, advertisement or price cut. Then the retailer or wholesaler bills the manufacturer for the activity, thus the term bill back. The primary advantage of the bill back to the manufacturer is that the retailer is willing to perform a function on behalf of the manufacturer in order to receive the trade incentive. The second advantage is that the retailer or wholesaler pays full price for the merchandise sold and bills the manufacturer only for the support program.

The more common vendor support program is co-op advertising. In a cooperative advertising program, the manufacturer agrees to reimburse the retailer a certain percentage of the advertising costs associated with advertising the manufacturer's products in the retailer's ad. To receive the reimbursement, the retailer follows specific guidelines concerning the placement of the ad and its content. In almost all cases, no competing products can be advertised. In most cases, to receive the reimbursement, the manufacturer's product must be displayed prominently. There may be other restrictions on how the product is advertised as well as specific photos or copy that must be used.

More importantly, almost all co-op advertising programs are tied to sales. The retailer accrues co-op advertising dollars based on a certain percentage of sales. Thus, to get the co-op money, the retailer must not only promote the brand prominently but also purchase the product for resale. As a result, it is not surprising to see the wide variety of cooperative advertisements appearing so regularly in all media, for both consumer products and business-to-business ads.

e) Trade Shows

In business-to-business marketing, total expenditures on trade shows ranks third, with only advertising and sales promotions receiving greater funding. From a manufacturer's standpoint, a trade show offers the opportunity to discover potential customers and sell new products. Also, relationships with current customers can be strengthened at the show. A trade show often provides the chance to find out what the competition is doing. Many times, trade shows present a situation in which the manufacturer's sales team can meet directly with decision makers and buyers from business-to-business clients. A trade show can be used to strengthen the brand name of a product as well as the company's image.

From the retailer's perspective, a trade show allows buyers to compare merchandise and to make contact with several perspective vendors in a short period of time. In some cases the retailer can negotiate special deals. Trade shows are an ideal place for buyers and sellers to meet in an informal low-pressure situation to discuss how to work together effectively.

Some national and international trade shows are attended by thousands of buyers. To be sure the trade show is successful; manufacturers seek out key buyers and try to avoid
spending too much time with nonbuyers. Narrowing down the large number of contacts to those most promising is called *prospecting*. Manufacturers should concentrate their efforts on three groups: solution seekers, buying teams, and power buyers. Asking the right questions identifies solution seekers and buying teams. The power buyers are more difficult to identify because they don’t want to be identified. They often do not wear badges at trade shows so vendors do not know who they are.

Several differences exist when international companies attend trade shows are the first major difference is that international attendees tend to be senior executives with the authority to make purchases. They fit into the power buyer category. The second contrast is that international attendees spend more time at each manufacturer's booth. They stay longer in order to gather and study information in greater detail. Because of the travel expense involved, the international guest wants more in-depth information than a local counterpart usually needs. The increase in international participants has caused trade show centers to set up more meeting spaces, conference centers, and even places to eat where buyers and sellers can meet to discuss buys. The number of international trade show visitors has increased dramatically in the past decade.

The decision on whether to attend a general national show or a specialty show depends on the objective the firm wishes to accomplish. When the goal is to enhance the firm's brand or corporate name generally large national shows are the best. When the goal is to expand a market base beyond the regional or current customers a national show works well. On the other hand specialty shows are better in three situations most notably when the goal is to:

- Establish a client base quickly
- Establish a new brand
- Promote a new product

Manufacturers should look beyond the numbers when choosing trade shows. Large trade shows may have a greater number of attendees, but if the attendees do not fit the profile of a manufacturer's customers the show will not be profitable. One easy method of finding out if the attendees match a manufacturer's customer profile is to talk to customers and competitors to discover which trade shows they attend. Before spending thousands of dollars on a show, a manufacturer should find out who attends and how well the show fits with the firm's goals and target market. Trade shows should match with the objectives of the overall IMC program as well as other marketing tools that are being used.

### 3.5 Concerns in Using Trade Promotions

Beyond manufacturers every other member of the marketing channel should also work to incorporate trade promotions into overall IMC efforts. This occurs only if top management buys into the integrated marketing communications concept and insists on including the trade promotion manager on the marketing team. The manager must also make sure all the team members work together with a common marketing agenda.
In most organizations, employee pay structures encourage the use of trade promotions irrespective of the IMC plan. Sales managers face quotas and if sales fall behind, the easiest way to boost them are to offer retailers a trade deal. Further, companies often evaluate brand managers based on the sales growth of a brand.

The easiest way to ensure continuing sales growth is to offer trade deals. The pattern of using trade deals to reach short-term quotas rather than long-term image and theme building will not change until top management adopts a new style.

The IMC approach will only succeed when a long-term horizon is considered and the compensation structures change to accommodate this long-term view of success. To illustrate why a change in management philosophy is necessary, consider the following situation. A sales manager or brand manager has one month left in the fiscal year and is 12 percent behind on a sales quota. To ensure the quota is reached, the sales manager requests a trade deal to encourage retailers to buy excess merchandise. In the short term, the goal has been achieved. In the long run, however, the brand's image may have eroded: It takes a long-term perspective for management to say that increasing trade promotions to meet the quota is not part of the IMC plan and should not be done. Eroding brand image to meet short-term goals is not in the company's best long-term interest.

As company leaders consider ways to include trade promotions into an overall IMC plan, they need to be aware of potential problems associated with trade promotions programs. These include:

- Costs
- The impact on small manufacturers
- Over reliance on trade promotions to move merchandise
- The potential erosion of brand image

The best way to correct this problem is to spend more on advertising designed to rebuild the brand's image. Unfortunately, to spend more on advertising means cutting trade promotions incentives. The risk becomes that other competitors will move in by offering trade promotions to retailers and shelf space will be lost as a result. Then, the vicious cycle begins again.

These four problems make management of trade promotions programs a challenging part of the marketing planning process. Effective IMC programs achieve a balance between all elements of the promotions mix and identify clear goals and targets for trade promotions programs. Only then is the company able to compete on all levels and not just through a cycle of trade promotions bidding wars.
Chapter 04
Public Relations

This chapter will cover the following areas

1. Understanding the Publics/Stakeholders
2. Understanding the Pressures that could be exerted by the Publics
3. Public Relations
4. Public Relations Tools
5. Planning for a Public Relations Campaign
6. Integration of PR with Other Tools

1. Understanding the Publics/Stakeholders

The importance of good public relations is now being realized by many organizations as the environment in which these organizations operate is becoming complex and turbulent each day. Every business is influenced by a variety of affluent publics and the level of impact that they can create either negative or positive, is great as they possess a considerable level of power. Public relations are all about creating a favourable image / reputation of the organization in concern among its key publics / stakeholders. The reputation of an organization is determined by what it does, what it says and what others say about it. Public relations activities should be implemented with a greater degree of planning and coordination. As the initial step it is important to identify the publics / stakeholders.

A public is a group of people united by a common interest that is specific to them or their situation. (Blake, The Essentials of Public Relations: 1993)

A stakeholder is a person or group that has a vested interest in the organization’s well being (Clow K.E and Baack D, Integrated Advertising, Promotion and Marketing Communications, Pearson Education, 2003)

The vested interest can be a variety of items, including:

- Dividends paid as a percentage of the operating profit
- Loans repayments that a lending institution seeks to receive
- Sales to the company or purchases made from the company
- Community well – being
- A special - interest topic

In other words, any number of items can give a person or a group a stake in the organization. If a particular public is showing a legitimate interest on the organization’s well being, that public is considered as a stakeholder.
To understand the nature of public relations it is important to identify the key stakeholders / publics that make contact with various companies. The public relations department has to monitor the opinions, views and actions of these key stakeholders / publics in order to plan communications to build favourable long term relationships and to enhance the image among these publics.

There are three types of stakeholder groups.

- Internal stakeholders
- Connected stakeholders
- External stakeholders

1.1 Internal stakeholders

- **Employees** – considered as the life blood of the organization. They must be constantly communicated about the organization and the business portfolio in order to satisfy the external publics and ultimately to achieve the firm’s overall objectives. Well informed and looked after employees are very productive and motivated in winning customers and contributing towards profit maximization for the organization. Employees show interest in a satisfactory salary and fringe benefits, a friendly working environment and career development opportunities.

- **Labour Unions** – are formed with the intention of voicing out the rights of the workforce in organizations. In countries like Sri Lanka, India and China these labour unions are backed by strong communist political parties. Thus they can exert an immense of pressure on organizational activities. Their interests mainly revolve around the betterment / welfare of the employees such as salary increments, less labour exploitation and other employee facilities / benefits such as travelling allowances.

- **Shareholders** – have a strong vested interest in company success. Some of the basic shareholder rights may include the following:
  - Secure methods of ownership registration
  - Convey or transfer shares
  - Participate and vote in general shareholder meetings
  - Elect members for the director board
  - Obtain a share from the profit of the organization which is known as dividends

Therefore shareholder communications should reflect the company’s main strategy and the central idea that guides the organization.

1.2 Connected stakeholders

- **Customers** – bring growth and profitability to the firm. Customers in the modern era are more affluent and demanding for better value for the money that they invest on goods and services they purchase. Increased competition has given the customers a wider choice in terms of selecting alternatives that fulfil their requirement.
b) *Channel members* - refer to agents, wholesalers and retailers who are involved in making the products (goods and services) available to end consumers. They have a direct effect on the success of the organization. But it must be understood that they possess a greater bargaining power as they also promote and sell competitor products and services. In order to gain priority for the company products/services among the channel intermediaries, marketers have to build strong links with them through effective public relations.

c) *Suppliers* – refer to various goods and services suppliers for a firm’s business operations such as material suppliers, infra-structure providers, marketing communication agencies, marketing research agencies, management consultancy services etc. Like channel members, suppliers are also interested in the financial standing of the client organization as that factor will secure the continuation of business. Long run relationships/partnerships with suppliers may provide organizations considerable cost advantages.

d) *Competitors* – refer to organizations which satisfy the same customer needs as the organization in concern. Competitors may appear in three forms: direct competitors, indirect competitors and the unknown competitors. A firm should pay attention more to the unknown competitor as they are the most unpredictable that can attack in the most unexpected circumstance. However, competitors are interested in the firm’s financial situation as well as the latest developments in the product/services/business portfolio such as new product launches, divestures and entry into international markets.

1.3 *External stakeholders*

a) *Government and regulatory bodies* – carefully monitor activities of businesses especially in the negative areas such as environmental pollution, labour exploitation, anti-competitive practices, illegal business practices etc. They are the policy makers of a country and may impose tax, restrictions, quotas and high standards to various businesses.

b) *Local community* – refers to communities who reside in the vicinity of the organization’s premises. A considerable percentage of customers, supply channels and employees may come from the local community. Therefore, the goodwill of the local community is required for a firm to succeed its business with less social pressure. Firms must therefore focus on community development activities and cause related marketing within the neighbourhood.

c) *Media* – is one of the most sensitive publics that influence a business organization. They can give a wider publicity to a firm either positively or negatively. The damage caused by negative publicity can sometimes be detrimental for a firm’s growth and profitability, as the general public is not willing to associate with badly reputed organizations. What interests the media is anything that is newsworthy for the public. But good media relations can reduce the amount of negative publicity spread.
d) **Financial institutions** – may refer to banks and various lending institutes (finance and leasing companies) which are very concerned about the firm’s financial stance but also interested in any goodwill the company can generate.

e) **Pressure groups** – refers to groups and individuals that may exert pressure to government, business organizations to change some aspects of life. They may exert pressure in the form of social, moral and economical to businesses. E.g. Green Peace, Friends of the Earth, Save the Children etc. are some environmental and social pressure groups.

### 1.4 Stakeholder Mapping

This is a technique used in identifying the key stakeholder publics influencing a particular organization. This will be the first step for a marketer who intends to develop an effective public relations campaign.

E.g. A stakeholder map for a bank

![Stakeholder Map Example](image-url)
E.g. A stakeholder map for a university

‡ Activity

Draw stakeholder maps for the following contexts.

a) A hotel
b) A Non governmental organization (NGO)
c) A country

2. Understanding the Pressures that could be exerted from Publics

In the previous section, we identified the types of publics that can affect / influence organizations in any context. Having identified the publics, the next step would be to assess the power that they possess and how they can exert pressure on organizations. Here we will obtain a better understanding of the needs of each stakeholder public and how public relations can be planned and implemented to reduce the amount of pressure exerted by them.

In this section we will look at some key stakeholder groups in terms of the degree of pressure that they can exert on organizations.

a) Employees / labour unions:
   - Low productivity through absenteeism and staff turnover
   - Protests and strikes at the workplace
   - Boycotting company operations
   - Spreading negative word of mouth about the organization among the public
   - Misuse of company resources
b) Customers:
- Demanding for better quality and performance at a cheaper price in the products and services they purchase
- Reduce sales / profits by switching to competitor products / services
- Consumerism (laws and regulations that are established to protect customers)
- Spreading negative word of mouth to potential customers
- Withdrawal of a product or service from the marketplace

c) Channel members:
- Refusal from stocking, promoting and selling the company goods / services
- Less priority to company goods / services in the shelf compared to the competitors
- Demanding for lower prices. e.g. Supermarket chains such as Tesco and Sainsbury which have a massive customer base and geographical coverage in the UK
- Own label brands / private brands by retailers

d) Government:
- Impose of tariff and non tariff barriers on organization’s goods and services
- Establishing laws and strict regulations on quality standards and may even ban certain products and services in the marketplace
- Reduce the benefits offered for the development of the industry / business (e.g. loan schemes and subsidiaries)

e) Local community:
- Withdrawal / boycotting the organization’s products and services in the local market
- Legislative action / law suit against company activities
- Negative word of mouth about the company amongst the local community, which results loss of potential customers and employees

Assessing the Power of Stakeholder Publics

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<th>STAKE</th>
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<td>Government</td>
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(Adapted from Freeman: 1984)
3. Public Relations

3.1 Public Relations (PR) – Definitions

In this section, we will be looking at three definitions of Public relations.

The management of corporate reputation (Haywood, All about Public Relations: 1991)

The deliberate planned and sustained effort to established and maintain mutual trust and understanding between and organization and its publics. (Institute of PR, UK)

The art and science of analyzing trends, practicing their consequences, counselling organization leaders and, implementing planned programmes of action which will serve both the organization’s and the public interest. (“Mexican Statement” formulated by representatives of over thirty national and regional PR associations in 1978)

The last definition is more descriptive as it covers both the objectives and the functions of public relations.

3.2 The Objective and the Scope of PR

The core objective of public relations functions is to maintain two way communications with the key publics that influence the organizations to ensure their understanding, goodwill, confidence, consent and cooperation, in enabling the organization to perform its activities, programmes and initiatives successfully.

The scope of PR is very broad. The International Public Relations Association (IPRA) Gold Paper No. 07 (1990) lists down a number of spheres in which PR activities would be used:

- Government – national, local and international
- Business and industry – small, medium and large
- Community and social affairs
- Educational institutions, universities and colleges
- Hospitals and healthcare
- Charities and good causes
- International affairs

It must be noted that the specific practice of public relations discipline may vary from sphere to sphere mentioned above. Even if we take a particular sphere, the specific PR activities may then again vary from organization to organization depending on the industry context, availability of resources and corporate goals / objectives.
3.3 Four Models of PR

Grunig and Hunt in the book, Managing Public Relations (1984) suggested that there are four ways in which public relations activities can be carried out known as the four models of PR. Each model will be considered in turn.

a) Press Agentry/Publicity

In this model, the role of PR would be spreading the faith of the organization, often through incomplete, half-true or distorted information about the organization to the publics. In other words, the organization will essentially tell only what it wants the public to hear. This model is only one way communication. This model is practised in areas such as sports, theatre, product promotions etc. The research findings reveal that only 15% of the companies use this model.

b) Public Information

Here the role of PR is to disseminate information about the organization to the publics not necessarily with a persuasive intent. The public relations personnel will act as in house journalists reporting various events and happenings of the organization objectively conveying the total picture to the publics differing from the previous model. This model is used by governments and non-profit making organizations. It has been estimated that 50% of the organizations use this model.

c) Two – Way Asymmetric

This model is described as a scientific persuasion, using social science theory and attitudes and behaviour to accept the organization’s viewpoint and to behave in a way that is supportive to the organization. The aim is to generate a maximum change of public behaviour and attitudes. This is a two communication flow where the organization obtains the feedback from the publics. This flow is asymmetric because the response to this feedback from the public is to improve the effectiveness of the outgoing communication rather than to stimulate change in the message content reflecting feedback from the publics. This model is used by competitive businesses and PR agencies. 20% of the companies use this model.

d) Two – Way Symmetric

In this model, the role of PR is to mediate / facilitate the mutual understanding between the organization and its publics. This communication is more dialogue than monologue where organization’s management is persuaded to change its attitudes while changing the public behaviour and attitudes. In this model both parties will come in to consensus about each others’ position which makes PR effort more successful. Regulated businesses such as water and electricity use this model.
3.4 Public Relations vs. Publicity

Publicity is any form of information from an outside source used by the news media. It is largely uncontrollable.

Although PR is concerned in obtaining publicity, not all publicity derives from PR. Public relations are well planned and implemented to create and influence publicity, to come out in such way that has a positive impact on the organization. Therefore PR is controllable compared to publicity that can either be positive or negative. But what concerns the media is anything newsworthy that interests the public in general whether it’s negative or positive.

E.g. An organization obtaining the ISO certification for its excellent quality management system will generate positive publicity, at the same time a financial fraud within the organization can create negative publicity. The communication effectiveness of PR can be measured but the impact caused by publicity cannot be measured or controlled.

‡ Case Example 01

Philip Morris began its business as tobacco company and later acquired Miller Brewing Company and 7-Up over the years. In the US, it was highly criticised that tobacco companies and brewing companies target the teenage segment to attract for their new products. In order to avoid the pressure and the negative publicity generated, Philip Morris was concerned on creating as much as positive contact points.

One successful programme was their “We Card” coalition. This was considered as a method of responsible tobacco retailing. They sent out placards to retailers stating that they ID customers who appear to be 27 years old or less. All 50 states in the US except Alabama, Alaska and Utah, the minimum age for the tobacco usage is 18, whereas in the mentioned states the minimum age requirement is 19. With this coalition, there was a considerable control in selling tobacco products to the underage. The same helped Philip Morris to establish some positive ties with the local police and retail outlets. Also the company provides training to retailers regarding crime prevention.

Other public relations activities such as the food programme for the elderly where the company joined hands with the National Meals on Wheels Foundation, and the company employees engaging in disaster relief activities such as providing water and food for the victims of floods, hurricanes or ice storms have resulted substantial positive publicity. There were advertisements and newspaper articles showing Miller beer trucks rushing to deliver fresh water and helping people during crisis demonstrating the public the company’s involvement in social causes.

4. Public Relations Tools

A marketer can use a multitude of public relations tools each representing the opportunity to contact with various constituencies, thereby enhancing the image of the firm. Some of these tools can be used to communicate with the internal publics and some with the external publics. Review of some often used PR tools are explained as follows.

4.1. Corporate Newsletters

This is an excellent way of communicating important internal information. This will include “soft” information such as company outings, birthdays of staff members, and notes about employees who got babies and information on contests for staff members such as sales contests, quiz competitions, talent contests, quality circle contests etc. The concepts developed in the Integrated Marketing Communication (IMC) plan of the company can be reinforced through corporate newsletters both directly and indirectly. The direct approach will be articles on the firm’s IMC programme itself. If the IMC programme emphasize on creating a positive “moments of truth” through superior customer service, articles on customer care, managing a positive “moments of truth”, how to win customers will support this aspect of the IMC plan. This can be taken as an indirect approach where the employees realize that management recognizes good customer service.

Corporate newsletters will motivate staff members to improve their performance level, as articles on managers and the operational staff who have contributed the firm immensely and how they were rewarded by the firm appear in these newsletters.

4.2. Internal Communications

Apart from the corporate newsletter, there are some other options that can be used for internal public relations such as memorandums, circulars, bulletin boards, e-mail list server groups etc. These venues are used to reach the internal publics routinely and are utilized to make sure that all employees remain informed about events and happenings both within and outside the organization. It is also important to ensure all messages sent out match with what the organization is intending to communicate. E.g. If the organization communicates the target markets about superior product quality and the staff has been communicated about increase output levels and minimizing cost, then both messages will contradict with each other.

4.3. Media News Releases

This is considered as a frequently used public relations tool used to communicate with the external publics. Media news releases are messages issued by the company to the media on various newsworthy topics such as new product launches, a change in corporate leadership, winning awards for corporate / business excellence etc. which creates a positive public image. Although companies and their marketing communication agencies are anxious to send out media releases, it must be understood that the media publics may
not find these items newsworthy. Therefore the most important news for companies can be ignored by the media publics. Therefore the PR managers have to be selective with what items they release to the media. Also it is equally important for a company to build goodwill / mutual understanding with the media publics and to win their trust and credibility, so that the probability is high that the members of the media will publish / broadcast the news item.

4.4. Annual Reports and Stockholder correspondence

Stockholders are an important stakeholder group in an organization. In the private sector, it will be the shareholders and if we take non profit associations and institutions, the stockholders will be the members / associates e.g. Professional institutes such as SLIM, CIM, CIMA and social organizations Lions Club of Sri Lanka, Rotary Club etc. Annual reports, proxy vote statements will keep the stockholders well informed on the financial situation of the organization and developments taken by the board / council of management.

4.5. Sponsorship Marketing

Sponsorship marketing essentially refers to an organization paying money to sponsor someone or some group that is participating in an activity. Mostly these individuals and groups will refer to local / national sports teams or individual players, musical groups or individual artistes, students participating in international educational related competitions. Companies will invest on sponsorship programmes with the intention of gaining a satisfactory return on investment in terms of boosting the sales turnover, enhancing the brand equity / customer equity or creating a favourable perceptual change among the target customer groups and other interested publics.

The objectives of a sponsorship programme are as follows;

• To generate awareness for the particular brand
• To grow brand equity
• To grow market share
• To generate goodwill and to enhance the image of the firm
• To increase brand name retention and reduce brand decay
• To help the firm develop close relationships with current and prospective customers

A successful sponsorship programme has to be seen as part of the integrated marketing mix and mustn’t be expected to do the work of advertising. Advertising will inform but sponsorships will transform the particular product or service into a new awareness or an identity. Sponsorships will help the firms in building the public credibility and it is one of the few methods that have the ability of delivering a controlled message to billions of people globally for a lengthy period of time. This is also considered as the fastest way of changing the image of a particular brand. E.g. Renault was perceived as a staid family saloon car, but since with its association with the Formula One, it has been transformed in to a sexy, modern vehicle. When there is so much of money involved, it is the job of the
market to turn customers’ tacit approval of sponsorship into active support by pushing for more creative planning, more rigorous evaluation to more innovation.

There are six steps to gain success from sponsorship marketing
- A successful sponsorship requires a long life span – long term view.
- Effective planning: avoiding quick sponsorship decisions, avoiding sponsoring one off events, determining the return on investment likely to achieve, identifying the target audience, planning the message to be communicated.
- Set clear objectives for the sponsorship programme: awareness should be at the beginning and not at the end.
- Ensure the event matches the sponsor.
- Be mindful about the budget allocation.
- Be creative, unusual or unexpected in order the sponsorship to be noticeable.
(Adopted from www.shapetheagenda.com, Charted Institute of Marketing –UK)

Examples for sponsorship marketing programmes
- UK mobile phone group O2 had embarked on a £ 12 million sponsorship deal with UK football team Arsenal (Times Magazine: August 2004)
- Dilmah Tea (M J F Group) sponsoring the Sri Lankan Cricket team over a several years for international cricket tournaments.
- NetZero, US based Internet service provider sponsoring halftime programmes at NBA and WNBA games by sponsoring their advertisements on NBC telecasts. The tie in between a basketball net and the internet is designed to build brand recognition for the sponsor.
- Dialog GSM, a leading mobile communications operator in Sri Lanka, sponsoring the Sri Lankan Olympic team at the Athens 2004 Olympic Games.
- OXY Balance (an acne treatment), a leading brand of Smith Kline Beecham sponsored the leading US pop band N-Sync on their “50 city US tour” with the intention of taking the loyalty associated with the musical entertainer.

| Activity 01 |
|——|
| Discuss as to why some sponsorship programmes fail quoting relevant case examples from marketing literature. |

| Activity 02 |
|——|
| Cinematic sponsorships have become a new trend in sponsorship marketing. Discuss in groups as to how a corporate can benefit by sponsoring a cinematic creation. You may surf the World Wide Web to illustrate relevant case examples. |

4.6. Event Management

Event marketing is quite similar to sponsorship marketing. It is where the company supports a specific event rather than a person, group or team. This often includes the company setting up a stall or a booth and having some kind of a physical presence at the
event. Mostly these events are sports related. Apart from that, aesthetic events such as musical shows, cultural festivals, and food festivals, educational events such as quiz programmes, educational fairs, and educational forums are some events sponsored by the corporate sector.

Sponsoring the right event can provide the sponsoring organization a number of benefits such as:

- Enhance both the brand image and the corporate image among various publics.
- Help to develop long standing relationship with customers and vendors.
- Help to boost the morale of the employees who are participating in the event.
- Potential to generate free publicity and goodwill.
- Enables networking and exchange of knowledge and information.

There are several key steps to take when preparing an event, in order to ensure the maximum benefit from the event sponsorship.

a) **Determine the Objectives of Sponsoring the Event**

The company should set SMART marketing objectives to accomplish before becoming involved in the specific event. Many times the goals of sponsoring an event are:

a. Help the firm maintain its market share  
   b. Build a strong brand presence in the market place  
   c. Enhance the product or firm’s image

b) **Match the Event with the Target Market**

It’s extremely important that the firm sponsor an event that matches with its target market segment/s. For an example, General Motors (GM) has been sponsoring golfing events for the past 40 years, especially the PGA Tour. GM brand, Buick was the title sponsor at four or five PGA Tour locations. Golf is attractive for GM due to the match between the target audience (the golfers and the golf fans) and Buick’s target market. Golf attracts an upscale, primarily male audience similar to the profile a typical Buick owner.

c) **Cross Promotions**

This will boost the impact of an event marketing programme. The sponsor should conduct some promotional activities during the event such as product display, sample trials, demonstrations, special discounts for purchases at the time of the event, special competitions etc. This can create a considerable amount of positive publicity/awareness for the company and its product/business portfolio. This will also help the company to generate sales leads as a majority of the participants of the event visit the special stalls set up by the sponsor.
d) **Make sure the Company is included in all Event Advertising and Brochures**

Sponsoring participants in an event should insist on placement of the company name, logo, and other product information in every advertisement and brochure for the event. Placing the sponsor name, logo along with a message in the event souvenir generates an ad with a longer life span. The sponsoring business must work to maximize brand name exposure by connecting the firm’s name with the event’s marketing programme. It is important that the sponsor works with the event management team closely to ensure that it gets the prominent exposure to the publics at the event.

e) **Track Results**

In order to determine whether the sponsoring company gets the best out of the event, it has to track the results. The key metrics are the comparison of the sales and market share before and after the event. Apart from these measurements, the firm can monitor the number of promotional leaflets / literature distributed, the number of samples distributed, marketing research to track the brand awareness level, the number of visitors to the sponsor’s display booth. These results will allow the business to evaluate the financial effectiveness for the firm, in other words the return on investment from the event sponsorship. This will help in deciding whether the company will sponsor such event in future.

‡ **Case Example - 02**

While some sponsors were basking in the glory of the Athens Olympics, others were labouring over games which haven’t even taken place yet – if they ever do. British Airways, BT, Virgin Atlantic and EDF Energy have each paid £ 1 million to be a premier partner in London 2012 – the bid to bring the Olympic Games to the capital. EDF Energy was first to sign up for a package which gives the company branding rights in above and below the line advertising, outdoor advertising exposure, access to sporting ambassadors and, optimistically, special ticketing rights to the games.

Louise Poole, head of brand for EDF Energy, says: “London is part of our heartland, and we felt that being associated with the London bid was very appropriate. We are a public service company and have a real desire to be involved in the community we serve.” Crucially, EDF Energy is advising bid organizers on the power supply infra structure necessary to redevelop the designated area in the Eastern London and stage the games themselves. This will entail diverting power to allow for construction work and establishing a network to power the different stadiums.

Poole says, “we do ongoing research in terms of understanding both a general public level of awareness of the bid and how many people are familiar with our brand. We want to be seen to be involved in the ambition to regenerate communities.”

*Adopted from “The Marketer” magazine: 6th October 2004 publication by Charted Institute of Marketing, UK.*

*Chapter 04 – Public Relations*  
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5. Planning for a Public Relations Campaign

Wilmshurst, *below-the-line Promotion* (1993), identifies seven stages in the planning and control process to ensure an effective and efficient PR programme.

a) State the problem or aim  
b) Do the research  
c) Identifies the publics  
d) Choose the appropriate media  
e) Monitor the effects  
f) Look to the future  
g) Maintain financial checks

It must be noted that this process may not be occurred in the mentioned order. This is particularly true with regard to the need for research, which will permeate every stage of the process, especially in the early stages such as identifying the problem / issue and, identifying the publics, selecting the media etc.

5.1 State the Problem or Aim

It’s important that the organization has a very clear idea as to what it intends to achieve through the public relations activity. Without a clear objective or idea at the start, how can the organization know if the public relations campaign has been effective at the end?

In generating the aims / objectives of PR activities, PR practitioners use “issue analysis” in order to identify the external forces influencing the trading or community environment, so that the firm has a clear idea as to how it will be able to accommodate or counter them. Following are some questions that the organization will need to ask in “issue analysis”.

- What is the issue?  
- How might it affect the organization?  
- What is the organization’s stance on this?  
- What are the external attitudes?  
- Whom do we wish to influence?  
- What new attributes do we wish to develop?

Once these questions are identified, they can be translated in to specific objectives addressing the organization’s needs over the next three years. (With current activities requiring specific goals and those activities in successive years may need broader aims)

5.2 Do the Research

Both formal and informal research is important to get a better understanding of the issue or problem and its wider implications. Research would permeate the entire planning process. The role of research can be elaborated as follows. (Black and Moss)
a) Defining the public relations problem / issue – the environment forces influencing the issue, the publics involved, likely actions of the competitors, results of previous public relations activities etc.

b) Planning the programme – the research will help in evaluating alternative PR strategies, pre testing the media and message strategies, evaluating the planned PR activities, evaluating consequences of alternative scenarios and estimations of costs for PR activities.

c) Monitoring the PR activities during implementation – measuring the response of the target publics, media coverage generated against the planned, and actual cost against the budgeted.

d) Assessing / evaluating the PR programme - in order to determine whether the planned aims are being achieved. This will be measured in terms of the changes in the attitudes and behaviour of the targeted publics.

5.3 Identify the Publics

Having identified the issue / problem and carried out research, the organization can identify the relevant publics whom it wishes to address in this issue / problem. In defining who the publics are, the organization will not only identify with whom it needs to communicate, but also what message to be communicated.

5.4 Choose the Appropriate Media

Once the organization clarifies the to whom it wants to communicate and what it wants to communicate, then it can consider the appropriate media and PR techniques to be employed to get over the message to the targeted publics. Some of the PR techniques that can be used are media releases, media conferences, corporate advertising, community involvement programmes, special events, lobbying activities, sponsorships, corporate literature etc.

5.5 Monitor the Effects

Without adequate mechanisms for monitoring and control, it is impossible to know whether the objectives of the PR programme have been met. The evaluations of PR activities often focus on the measurement of the effectiveness of the PR programme, rather than on the impact of the communication programmes on the target publics. Moss identifies a number of typical measurements of PR activities as stated below.

a) Monitoring the media coverage
   i) The number of column centimetres / airtime of broadcast coverage
   ii) The position of articles
   iii) The accuracy of articles
   iv) The use of appropriate wording
b) Attendance at exhibitions – number of orders and inquiries received

c) Replies to response coupons included in advertorials

d) The number of telephone inquiries following the appearance of a newspaper article or broadcast programmes

e) Response rates to a mailing

However, such methods only provide a measure of the effectiveness the programme implementation, not its ultimate impact. Therefore it’s important to carry out detail research to monitor the change of behaviour and attitudes of the relevant publics.

5.6 Look to the Future

It is known fact that the modern environment is so dynamic and what is an important issue today may not be in the near future. Thus the PR practitioner should determine the future trends and assess the current activities accordingly.

5.7 Maintain the Financial Checks

Constant vigilance in this area is needed if the public relations activity is to remain cost effective.

6. Integration of PR with Other Tools

Organizations must work hard to be certain in that it communicates to both internal and external publics in one voice. Therefore all marketing communications have to be integrated with one another to ensure the dissemination of strong, single message to its publics. Matthew P Gonng, “Putting Integrated Marketing Communications at Work Today”- Public Relations Quarterly: 1994 states the process of integrating PR with the IMC process.

6.1 Beginning a Communications Audit

The first step of this process is to conduct an audit / review of all communication related expenditures within the organization. These expenditures should be combined to a single budget that displays a clear overview of the communication activities. E.g. the budget will allocate capital resources for advertising, sales promotions, public relations, sponsorships and all other IMC operations. It is vital to coordinate all communication activities through one consolidated programme, so that a clear, single message will be communicated to the relevant publics, the resources will not be wasted and the activities will not duplicate.

6.2 Identifying the Contact Points

A communication contact point is any place where someone receives message from or about the organization. The message can be direct or indirect. E.g. packaging of the product is a contact point with customers because the information appears on the label; stock exchange listing is a contact point with the financial publics, pay check stubs and newspaper bulletins will be a contact point with the employees. The identification of the
every potential contact point will help the firm in monitoring the incoming and outgoing communications, so that this process can be strengthened to gain a positive response from the target publics.

6.3 Creating Themes and the Tones

Compatible themes, effective tones and quality messages are required across all communication channels in order to gain a positive response from the target publics. E.g. McDonalds was known for the customers; location and QSC (quality, service and cleanliness). But these themes and tones should be consistent in both internal and external communications.

6.4 Developing a Managerial Style

Dissemination of themes, tones and messages will work more successfully when a participatory management style exists. This kind of managerial style will foster the integration among various functional divisions in developing effective and consistent themes and messages to both internal publics.

6.5 Creating Shared Performance Measures

The public relations activities of the firm should be evaluated under the same performance criteria as other activities of the IMC process. Goals should be expressed in the same manner that allows the managers to compare successes and identify problem areas in the entire IMC process.

‡ Activity

Identify a very successful public relations campaign which was carried out recently by a Sri Lankan firm / multi national firm. Analyze how effectively it was planned against the seven steps suggested by Wilmshurst, Below-the-line Promotion (1993).

♪ My Short Notes

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Chapter 04 – Public Relations
Chapter 05
Direct Marketing

This chapter will cover the following areas

1. Understanding Direct Marketing
2. Growth of Direct Marketing
3. Direct Marketing Tools
4. Introduction to Database Marketing
5. Promotions on the Internet
6. Integration of Direct Marketing with other Promotional Tools

1. Understanding Direct Marketing

In the 1980s, the main promotional tools were advertising, sales promotions, public relations and personal selling. With the technological developments that took place at the dawn of the new millennium, the application of direct marketing tools became very popular among the businesses. Following are some definitions given for direct marketing.

“Direct marketing is a method of distribution in which the transactions are completed between the buyer and seller without the intervention of a sales person or a retail outlet”

_Stan Rapp, CEO of Rapp & Collins_

“It’s the planned record, analysis and tracking of customer behaviour to develop rationale marketing strategies.”

_Chartered Institute of Marketing, UK_

“It is the process in which individual customers’ responses and transactions are recorded and the data used to inform the targeting, execution and control of actions that are designed to start, develop and prolong profitable customer relationships.”

_Graeme McCorkell, Direct and Database Marketing: 1997_

The first definition is one of the oldest, which came in the 1980s, where direct marketing is considered as a more of method of distribution such as ordering goods / services through telephone and mail. But in the late 1990s, the direct marketing got a new face with the emergence of internet related technologies. It is considered as a planned and controlled marketing communication tool.
Some of the key features of direct marketing are as follows.

- **Response** – foster response from the target audience. Therefore unlike advertising and public relations, it is a two-way communication process.

- **Interactive** – foster constant communication with the target audience. Exchange of ideas and views takes place.

- **Targeted and customized** – the messages can be sent targeting a particular group and the messages can be customized to suit the individual’s information requirements.

- **Building relationships** – due to the customization of messages and the interactivity, marketers can develop extensive relationships with the customers / vendors and other interest groups.

- **Recording and analysis** – direct marketing activities help the marketers to capture the customer response levels, thus helps in planning rationale marketing strategies to obtain potential customers and retain the existing customers. In other words, customer needs and wants can be more effectively and efficiently targeted.

Further to the definition given by Graeme McCorkell, following is the direct marketing process;

- **Response**
- **Measurement**
- **Continuity**

… **Customers’ responses are recorded**

… **and the data used to inform actions**

… **Designed to start and prolong customer relationships**

To implement a direct marketing campaign, the firm may require a historical data of customers. The minimum historical data required is a history of the customers’ transactions that includes the value of each transaction, the product or the merchandise...
category and when the transaction occurred. The components of response, measurement and continuity are common to all direct marketing activities.

- **Response** – is needed to acquire a customer and begin compiling data related to that customer. It is very unusual to hear of direct marketing initiative that does not have response as a key stage in the communication programme.

- **Measurement**– has always been central to direct marketing. Response coupons, the number of inquiries obtained for the hotlines mentioned in direct response advertising are used to monitor response. Apart from that, cost per response (CPR) and cost per sale (CPS) can be used to measure the immediate results of marketing expenditure. With the use of computer based technologies, each customer can be identified and their buyer behaviour can be tracked over time. This enables the eventual return on marketing investments to be measured and forecasting to be improved.

- **Continuity** – is the aim of every competent direct marketer who seeks to maximize the gearing on the customer acquisition investment by doing more business with the customer for a longer period.

2. **Growth of Direct Marketing**

In the recent years, there has been a trend towards shorter channels. In fact direct marketing, is a zero level channel, is increasingly being used. The term direct marketing implies a company markets and sells direct to the end consumer. A number of reasons explain the growth of direct marketing in most countries of the world.

a) Reduces the distribution cost – Since the goods / services are directly marketed and sold to the end consumers, intermediary incentives / commissions and margins can be reduced. Thus goods / services can be sold at prices that are perceived as value for money by consumers.

b) There is a greater emphasis on relationship marketing than transactional marketing in the modern era. Thus direct marketing tools can be used to communicate marketing messages in an interactive and customized manner in order to establish extensive relationships with the existing and potential customers. In other words, to convert every prospective customer into an apostle.

c) Unlike the other communication tools such as public relations, advertising, sales promotions etc., direct marketing tools enable the marketers to track / record the demographic and behavioural information of customers (e.g. database marketing). This will help marketing decision makers in STP (segmentation, targeting and positioning), purchasing trend analysis, planning loyalty programmes, marketing research etc. Therefore a greater tendency can be seen in using direct marketing tools for marketing communication in the present era.
d) The advances in information technology and direct response mediums have led marketers to use direct marketing tools to reach customers / stakeholders and foster greater interactivity and responsiveness. The advances in information technology refer to the World Wide Web / internet, e-mail or viral marketing and related digital technologies that facilitate speedier response, wider choice of products/services, 24/7 marketing presence, greater interactivity, track/record customer responses etc. The latest direct response mediums may refer to digital television, interactive television, M-commerce, cable television networks/targeted media etc.

<table>
<thead>
<tr>
<th>‡ Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compare and contrast the marketing communication effectiveness of direct marketing mediums against the traditional promotional tools such as advertising, sales promotions, public relations and personal selling</td>
</tr>
</tbody>
</table>

3. Direct Marketing Tools

3.1 Direct Mail

This is the most common form of direct marketing used by marketers. This tool is very effective for everything from generating leads to obtaining sales orders. It is easily measurable in terms of the number of inquiries or number of sales generated. Direct mail can be easily targeted to various consumer groups. Marketers can test every component of a direct mail campaign, including the type to offer, the copy in the ad, graphics used, colour and the size of the direct mail packet.

Following are some key features of direct mailer:

a) Can be targeted down to individual level
b) Personalized
c) Reinforces interest stimulated by another promotional tool
d) Provides opportunities to use different creative formats
e) Can provide detailed/sophisticated information
f) Establish a rapport/extend relationships with customers

It is important that the marketers plan out direct mailing campaigns effectively in order to generate a considerable number of responses/sales leads. Given below are some key steps in planning out a direct mailer in the context of a professional educational institute.

a) Identify the appropriate target audience – e.g. school leavers who have finished their G.C.E. O/Ls and A/Ls

b) Set marketing communications objectives for the direct mailing campaign in terms of the number of responses, sales generated – e.g. 30% of the total course registrations through the direct mailer, 60% response rate etc.
c) Design the message to suit the target audience – e.g. conveying the importance of planning the future career, why this profession / career should be chosen, how the particular institute and its courses will help the students enhance their career and life etc. Further course brochures / leaflets, past student endorsements can be included in the message to generate interest.

d) Determine the ways of triggering response – enclosing discount coupons, application forms in the direct mailer, special discounts for the first 50 inquirers etc.

e) Obtain the database of the target audience – databases can be obtained from various sources and there are specialized firms in providing databases / mailing lists for a payment. In this context, the institute may obtain a database from the Ministry of Education or schools.

f) Work out budget for the direct mailing campaign – considering the expenses such as acquisition of the database, total units of promotional material used, special discount schemes, postage etc.

g) Implement the direct mailing campaign

h) Measure the effectiveness of the direct mailing campaign against the set promotional objectives in terms of the number of responses / inquiries, number of registrations which led through the direct mailer

Two trends have enhanced the quality of the direct mailer campaigns;

a) Greater sophistication of database management – firms are in a position to gather mass quantities of data from internal and external sources and the people who are managing the databases are skilled at processing information to refine direct mailing campaigns.

b) The information technology is so advanced, that the details will be available from databases making one to one communication possible with potential customers.

The new technology that takes the advantage of both trends is called **digital direct to press.** It can be used in both business to business (B2B) and business to consumer (B2C) contexts. This mechanism instructs a computer to send a specific message to a printer. This provides the marketers high quality, effective, one of a kind piece to be sent to potential customers. This can be customized to each customer, for example including the information such as location of the client / customer organization, details of the previous purchase in the B2B context. In the same manner, this method is used in the B2C context. E.g. A company can send a direct mail piece, customized to each consumer including the past purchase information. This may drive the process, where customers will feel that the firm remembers what they purchased last. It is also possible to include the names of the family and spouse, their birthdays, hobbies in to what is sent to various customers.
The down sides of direct mail / digital direct to press are as follows;

a) High cost – personalizing messages is much more expensive than running a mass offers with only personalized covering letter.
b) Requirement of high tech expertise – to design a sophisticated computer programme to be used for digital direct to print.
c) The large volume of junk mail received by consumers and businesses has created negative attitudes towards direct mailers.

### Case examples - Cysive

Cysive, a developer of e-business systems came out with a very successful direct mail marketing programme. The firm based its marketing approach on how e-business systems are developed by Cysive’s experts, inculcating the inputs of the client organization. John Saaty, the Vice President of Marketing believes that 70% of the e-commerce projects fail due to lack of expertise of those constructing the website. Therefore Cysive use their expertise in this area as their unique selling proposition.

In their campaign, the first phase was a press advertisement with a visual that features a hammer hitting an e-mail. The slogan “E-business systems built like nobody’s e-business” is supported with an ad copy highlighting how senior engineers would build a system that would be scalable, expandable and secure. This ad was published in selected journals and magazines such as Wall Street Journal, Business Week and Fortune read by business professionals. The second phase is the direct mailer targeted at CEOs of Fortune 500 companies.

The CEOs were targeted mainly for two reasons. Firstly, the type of system that Cysive builds costs in the millions of dollars. Therefore it is likely that the CEO would be involved in the purchasing decision as well as in the negotiations. Secondly even if the CEO does not get involved in the decision making process, he or she would give advice to contact Cysive for further information. Since the target market was the CEOs of Fortune 500 companies, Cysive used a different approach, where the direct mailer included a box with a real hammer with the Cysive logo placed on the surface.

On the outside of the box were the words “Some e-business systems are held together with bubble gum and spit” and inside the hammer with the phrase “We take a different approach”. The initial survey showed that the hammer was received by the targeted CEOs. The use of actual hammers cost a lot the firm. But the purpose was to make a different approach, symbolizing the development of an e-business system and also wanted something that the CEO wouldn’t throw away but would be useful. The response rate for this campaign was 2 to 3 percent, while it cost ten times than the traditional approach. Cysive eventually signed up a multimillion dollar contract and this was more than enough to cover the cost of the campaign and it did get the attention of the CEOs.

The sales people followed up every sales lead and even visited the CEOs who did not respond. In most cases, this “hammer” opened the door to Cysive to reach the top decision makers/ high ranking officials of top companies. Further, Cysive continued direct mailers using other tools such as screwdrivers, pliers and other tools. Saaty says...
“Not only these tools can be used around the office; they illustrate very effectively our goal of building an e-system with senior engineers.”

Adopted from Clow K.E and Baack D, Integrated Advertising, Promotion and Marketing Communications, Pearson Education: 2003

1.2 Catalogues

Many consumers tend to be more favourable in their responses to catalogues. These are low pressure offers and have an impact for a longer period as opposed to telemarketing and direct mailers. Catalogues are designed in such way, where consumers will go through it leisurely and provide them ample time to decide on the products that they wish to buy at prices they are willing to pay.

Many catalogues are attractive and printed in glossy art paper which includes photographic images of the product range sold. Unlike promotional leaflets and handbills, customers tend to save catalogues, so that they can leisurely go through it and also can be passed down to family members, friends and work colleagues. In the business to business context, these promotional catalogues are passed down to the other members of the buying centre or decision making unit for future use. Most telemarketing and direct mail offers are immediately discarded, making catalogues a viable alternative.

A comprehensive database is essential for a catalogue to be succeeded. Using a database, the firm can have a solid understanding of its consumers and business customers and enables to develop catalogues targeted at them. Most large catalogue companies including L.L. Bean, Spiegel, and JCPenny develop catalogues that are geared to specific market segments. If we take the Sri Lankan context, Oriflame, a French based cosmetic firm, uses personal selling along with catalogue marketing to reach their existing and potential customers. Especially catalogues are smaller and less costly, but still displaying the goods which the consumers are willing to pay. Catalogue marketing can be integrated with sales promotions where special discount coupons, competitions, prizes can be included in order to trigger purchases. In the business to business context, catalogues are considered as selling tools, appealing all the members of the decision making unit.

With the development of internet based technology, firms tend to shift from printed catalogues to virtual catalogues. Websites can be designed in such way where the company product portfolio can be displayed. Customers are able to view the product in the 3D angle and even can feel the product through virtual reality technology. E-catalogues are more flexible compared to the printed ones as the relevant pricing details and availability of stocks can be updated.
1.3 Tele-Marketing

Telemarketing is another tool used for direct marketing. The ownership of telephones is so widespread in many countries that the marketers have turned more and more to using the telephone as a way of directly selling, or at least communicating to their customers. Both outbound, where organizations contact the potential customers and inbound, where the potential customers are encouraged to contact the organization, for example direct response advertising.

Telemarketing is the planned and controlled use of the telephone for sales and marketing opportunities. Unlike all the other direct marketing, it allows two way communications. The role of telemarketing in marketing communication is elaborated below.

a) Building, maintaining, cleansing and updating customer databases
b) Market evaluation and test marketing
c) Dealer support
d) Traffic generation through customer hotlines
e) Direct sales and account servicing
f) Customer care and loyalty building
g) Crisis management

With telemarketing, the customers are contacted in their own homes or businesses with a view to creating some sort of response. Sometimes the response sought will be a direct sale, but more often the response sought will be a sales lead. This gives the opportunity for the sales personnel to make appointments and visit the prospective customers. Telemarketing is less costly compared to some other promotional tools such as advertising, personal selling is relatively low. Telemarketing has certain drawbacks too

a) Telemarketing can be annoying to some customers as sales calls are made haphazardly. Sometimes this may result in non-response from potential customers
b) There is an industry code of practice and regulations which governs the use of this tool.
c) The requirement of good mailing lists and databases.
d) The requirement of excellent communication skills and qualities such as politeness and patience.
e) Inability to identify the mood and the body language of the respondent
f) The success rate of telemarketing is something like one or two sales orders for 100 sales calls, meaning which the telemarketer has to put immense effort to achieve the promotional objectives.

1.4 Mass Media

Mass media such as television, radio, newspapers and magazines are used for direct response advertising which is a part of direct marketing. Network television is an excellent medium to reach the masses with a single message. The advertisement should
include a hotline or/ and a website, so that the customers can request further information and ask for information about the product / service portfolio and the company itself. Direct marketing through television ads is easier as both networks and cable television have sound statistics reflecting the geographic and demographic details of the target audience. When it comes to targeted communication, cable television is far more superior to the network television. E.g. when it comes to market brands which have a sporty and adventurous personality such as Nike or Reebok, ESPN or Star Sports will be appropriate for the purpose.

Even though radio does not have the reach of television, it can be utilized for conveying strong messages effectively using popular personalities and slice-of-life vignettes. Toll free numbers and web addresses stated in the radio ads must be easy to remember and repeated frequently, because consumers may not have the opportunity to write them down. Radio is an excellent medium to reinforce direct marketing campaigns from other media.

If we take the print medium, newspapers and magazines are also considered ideal for direct marketing programmes. They can be targeted to specific target audiences and newspapers can give coverage in specific geographic regions. E.g. Times, Fortune, LMD (Sri Lankan magazine) are read by the business professionals, senior managers and directors. New York Times is circulated in the vicinity of New York only. Print ads should highlight the toll free numbers and the website addresses for consumers, so that they are easily visible.

1.5 Internet and E-Mail

Internet provides a new channel for direct marketing. Internet has become the location to get more information about products and services for both consumer and business markets. With internet, companies can not only display their products in an attractive manner but also to make available on line transaction facilities. Banner ads from other sites are often used to trigger subscribers / surfers to access the firm’s web site. Software such as Connectify Direct, NCR’S Relationship Optimizer, and Prime Response Prime @ Vantage assist firms to come out innovative direct marketing programmes. Software will first track the types of purchases, click streams and other customer interactions. Then this information will be combined with the demographic and psychographic details of the customers using internal or external databases. Based on the on line purchasing behaviour or click stream behaviour, goods and services are suggested to consumers. Apart from that the transactions take place faster than off line. A consumer who has a history of purchasing premium products can be given quick access to premiums similar to those he or she has used in the past. If the particular consumer is a loyal to the web site and the products / services offered, loyalty programmes can be implemented e.g. a bonus point scheme for every on line purchase via the web site and complementary goods, entry to various competitions and special discounts can be granted if the particular consumer has exceeded a certain level of bonus points.
In addition to websites and internet advertising, companies also conduct direct e-mailers to prospecting and existing customers. E-mails make it possible for the company to send customized messages along with multimedia attachments to enhance the impact. E-mails also encourage the target audience to reply and the feedback of the respondents can be gained faster via e-mail. When comparing the cost with a direct mailer (via post), e-mails are considered much cheaper, which provides the opportunity to address international target audience. Internet based promotional activities will be discussed in detail later in this chapter.

<table>
<thead>
<tr>
<th><strong>Activity</strong></th>
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<tbody>
<tr>
<td>Digital television and interactive television are two mediums used in direct response advertising. Form a two member group with your colleague and discuss the pros and the cons of both mediums as direct marketing tools. Your group is required to gather information on case studies revealing the effective use of digital television and interactive television.</td>
</tr>
</tbody>
</table>

4. Introduction to Database Marketing

Effective integrated marketing communication programmes are built on a solid understanding of customers. Marketers utilize information obtained from databases not only to increase sales but to establish customer profiles to develop relationship marketing strategies. The role of database marketing has changed its shape with the advancement of information technology in the 21st century. Database marketing holds that the whole point of finding out about a customer is to attach information to a name and address to which offers, product offers, special deals and so on, can later be sent to develop a relationship leading to repeat purchasing and loyalty to the products / brands of the company.

A customer database is a manual or computerized source of data relevant to marketing decision making about an organization’s customers.

(Wilson, Marketing Research: An Integrated approach)

The definition of database marketing is as follows;

An interactive approach to marketing, which uses individually addressable marketing media and channels to extend help to a company’s target audience, stimulate their demand and stay close to them by recording and keeping an electronic database memory of customer, prospect, and all communication and commercial contacts, to help them improve all future contacts and to ensure more realistic planning of all marketing. (Shaw and Stone: 1988)

To some extent, the marketers’ problem today is not lack of information and data, but having surplus of data leading to the potential for information overload. It must be understood that information costs a greater amount of money and a substantial amount of money can be wasted building, accessing and using databases if great care is not taken in
their operation and design especially when the data is inaccurate or cannot be easily accessed and analyzed. Therefore effective database design and management is required.

Steps in developing databases are shown below;

a) Determining the objectives and the role of databases
   • Who will use this information
   • What kinds of data to be available
   • When or how often will the information be used
   • Where will the data be located or stored
   • How will the data be used

b) Collect data – how and from where the data is collected
   • Primary data – through marketing research
   • Secondary data – internal records, external database providers, directories, government publications

c) Building a data warehouse
   A data warehouse is a large amounts of data collected and stored centrally and readily usable for data mining requirements. Safety, security and easy manipulation techniques must be sought at this point.

d) Data mining for information
   “Raw data” must be must be manipulated and processed to form “information”. So that the managers can utilize this processed information for decision making.

e) Developing marketing programmes
   The mined information can be used to reward the loyal customers and the low users to trigger purchasing action with special sales promotional activities.

f) Evaluating Marketing programmes and data warehouses
   The data must be periodically updated in terms of change in addresses, telephone numbers, age, professional / employment data and it is important to measure the success rate of the current programmes, so that the future campaigns can be effectively planned.

The database should help to ensure that direct marketing campaigns are aimed at the right customers and the content of the direct marketing campaign is designed in such way to gain their appeal. In doing so, there is likely to be much higher response rate and of course a reduction in the number of customers feeling that they have been sent junk mail.

Permission Marketing – “Opt-in” Marketing

This is a new form of direct marketing that is growing at a tremendous rate. In this case, the company will send marketing messages to prospects and existing customers who only give permission or “opt-in”. Response rates are often higher in permission marketing; therefore the wastage of resources is less. The idea behind permission marketing is that
the business organization does not intrude on customers with unwanted junk mail, catalogues or telemarketing calls. For an example, three large auto manufacturers – General Motors, Ford Motor Company, and DaimlerChrysler have become involved in permission based marketing.

<table>
<thead>
<tr>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>List down the advantages of developing and maintaining customer databases from the marketing communication perspective and marketing research perspective.</td>
</tr>
</tbody>
</table>

5. Promotions on the Internet

Internet marketing has grown up fast – from the dotcom explosion of the late 1990s, to the crash in 2000 to today. The internet is now a healthy, mainstream medium growing at an exceptional rate. The latest audience research from Nielson NetRatings suggests that internet is the third most consumed medium, while NOP World reports that 28 million Britons were accessible to marketers through the internet in December 2004. More advertisers than ever before recognize online as an integral part of the media mix. It is considered as a medium that can easily reach identifiable and targetable audiences.

There has been a massive cultural shift that has forced a change in both consumer and advertiser behaviour. The three main reasons for this are cheaper broadband, inexpensive technology and, wider choice driving consumers to the internet and pulling advertisers online. Apart from that the online shopping boom, more experienced and affluent consumers, more confident marketers and unrestricted creativity for advertisers are some other drivers for the growth in internet based promotions.

5.1 Defining the Internet

The internet is a world wide means of exchanging information and communicating through a series of interconnected computers. The birth of internet took place at U.S Defence Department in mid 20th century and the purpose was to exchange confidential military and security information. But now it is accessible to anyone with a computer and a modem.

5.2 Features of the Internet

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Electronic mail (e-mail)</td>
<td>Allows users to send electronic mails with multimedia and graphical attachments to anywhere in the world</td>
</tr>
<tr>
<td>Usenet</td>
<td>Discussion groups, newsgroups, and electronic bulletin boards, similar to those offered by online services.</td>
</tr>
<tr>
<td>Telnet</td>
<td>Online databases, library catalogues, and electronic journals at hundreds of colleges / universities and public libraries</td>
</tr>
<tr>
<td>File transfer protocol (ftp) or hypertext transfer protocol (http)</td>
<td>The ability to transfer of files from one mainframe computer to another</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Client server</td>
<td>Allows for the transfer of files from one mainframe computer to another</td>
</tr>
<tr>
<td>Gopher</td>
<td>A document retrieval system used to search for information</td>
</tr>
<tr>
<td>Wide area information server (WAIS)</td>
<td>Enables one to use keywords in specific databases and retrieve full text information</td>
</tr>
<tr>
<td>World Wide Web (WWW)</td>
<td>Does much the same thing as gopher and WAIS, but combines sound, images, video, and hypertext on a single page.</td>
</tr>
</tbody>
</table>

While internet offers a variety of services to users, the most powerful and popular tool is the World Wide Web or commonly known as the Web. Many use the terms internet and the Web synonymously. For marketers, a number of internet features offer potential, but it is the Web that has developed as the commercial component.

5.3 Developing an Internet Programme

a) Identify the Web Participants

Similar to other media, the Web has to audiences – advertisers and the potential customers.

- Advertisers

Ad spent on the Web shows a tremendous growth over the past couple of years. AT&T, Master Card, American Airlines, MCI, and the Internet Shopping Network were some of the top advertisers, though many consumer and business to business companies participated. Most of the internet advertisers comprise of firms that market technology based products and services. At present, most traditional ad agencies have started their own internet advertising departments. Also new agencies that provide internet advertising services and web development are appearing in increasing numbers.

- Users

This is a very harder profile to determine, as the estimated number of users of internet and WWW constitutes a broader range, from as few as 8 million to over 40 million in the US, and 23 million to 27 million worldwide. If we take the demographic profile, most of the internet users have above the average income and educational level. Gender wise, more males log on to the Net than the females and a disproportionate number of web surfers are technology oriented, spending a greater deal of their time on the computer. Another
profile would be the behavioural profile, emphasizing on why they surf the Net, rather than who access.

While the exact profile of advertisers and users of the Web may be difficult to obtain, most marketers remain optimistic about marketing their products/services via the Net, as they believe that the product itself matures, information and strategies will improve.

b) Determine the Web Objectives

The primary objective of advertising on the Net is to generate sales directly, facilitating online transactions via the website. Advertisers on the Net may have the additional objectives in mind, including the following:

- Disseminating information
- Creating awareness
- Gathering research information
- Creating an image
- Stimulating trial

The Web may generate even more potential objectives such as moving the customers and prospects through the successive stages of the buying process.

c) Web Strategies

Web based communication may take place in several ways in order to achieve the above mentioned objectives. Some of them are elaborated below.

- Display of “banners” and “roadblocks” in other websites and internet search engines that will ultimately link to the company website.
- Online chat rooms, chat clubs
- Establishment of transactional/interactive websites with state of the art techno features such as virtual reality
- Web casting - pushing out site information to web users rather than waiting for them rather than waiting for them to find the site on their own. These web casters provide web channels similar to TV and radio channels. Advertisers put their messages on these Web channels and have them sent to prospective interested parties.

<table>
<thead>
<tr>
<th>Example – The Web objectives and strategies for Levi’s website by FCB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FCB (Foote, Cone &amp; Belding)</strong></td>
</tr>
<tr>
<td>1255, Battery Street, San Francisco, California 94111-1176</td>
</tr>
<tr>
<td><strong>Mission</strong></td>
</tr>
<tr>
<td>Create a pre-eminent presence on the World Wide Web that will provide users with a holistic experience of the Levi’s brand while leveraging and enhancing Levi’s position as a leader in a global youth culture.</td>
</tr>
</tbody>
</table>
Target
Young men and women 15 – 24
- On the Net now
- Surfing soon

Objectives
Enhance consumers’s interaction and experience with the Levi’s brand

Strategies
Create a compelling extension of the Levi’s brand by building an architecture that reflects the interests and pursuits of global youth and the brand;
- Street fashion report
- Art, music and culture news
- Links to other sites of value
- Behind the scenes at the brand
- A look at Levi’s history
- Detailed product information

Strike a balance between form and content so that the site delivers an experience that is:
- Engaging
- Interactive
- Evolving
- Leading

Current priority
Keep the site fresh from and content and technology standpoint


d) Audience Measurement on the Internet

The infancy of this medium is the main reason for the inability in defining the internet user profile. In all media, audience measurement providers have become involved only after the particular medium has gained a significant role in the market place. Some of the sources of audience information are stated below.

- *Nielsen Media Research and Commerce Net* – These two organizations conduct joint surveys to determine Web demographics and usage characteristics
- *IntelliQuest* – This firm carries out surveys of Web users to provide demographic, lifestyles, and usage information
- *Audit Bureau of Circulations* – is a print agency that develops a product called WebFacts to certify Web counts.
e) **Measuring the Effectiveness of Internet Advertising**

There are no specific criteria to set rates for Web advertising or measuring the effectiveness of Web advertising that has been set as a standard by the advertisers. Some of the popular measurement tools are as follows:

- Number of hits generated / number of people who visited the site or the banner advertisement. AOL (American Online) and Netscape provide this facility for advertisers.
- Surveys to track which pages of the interactive website are most often visited by the surfers. E.g. Firefly Network, Orb Communications
- Sales leads generated vs. the online advertising expenditure analysis – gives the financial insights on the effectiveness of Web advertising (cost per online sale)

### 5.4 Internet Terminology

<table>
<thead>
<tr>
<th>Browser</th>
<th>A graphic interface that simple access to documents on the World Wide Web (for an example, Netscape is a browser)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surfing</td>
<td>Slang word to describe the act of searching for information on the Web</td>
</tr>
<tr>
<td>Homepage</td>
<td>The first page on a website</td>
</tr>
<tr>
<td>URL</td>
<td>Uniform resource locator – the “address” that tells the browser the specific place you want to go. It usually starts with http://, Telnet, gopher, or ftp</td>
</tr>
<tr>
<td>Links</td>
<td>On Web documents, links are shaded or coloured differently from the text; when a link is selected, the browser will clear the window and retrieve the link document</td>
</tr>
<tr>
<td>Provider</td>
<td>The company or institution that owns the server that a particular surfer is accessing and regulates the access. It usually charges a user fee</td>
</tr>
<tr>
<td>HTML</td>
<td>Hypertext mark-up language ; the language used to create web pages with graphics, links, and text</td>
</tr>
</tbody>
</table>

### 5.5 Advantages and Disadvantages of internet

**a) Advantages**

- Ability to target very specific groups of individuals with minimum waste coverage.
- As a result of targeting, messages can be tailor made to appeal to the specific communication needs of the target audience.
- The interactive nature of the Web leads to a higher degree of customer involvement.
• Websites provide a greater wealth of information regarding product specifications, purchase information, after sales services provided etc.
• Ability to generate sales as a website is a direct response medium.
• Proper design of websites with special effects, sounds and virtual reality can attract visitors and may also lead to repeat online purchases.
• 24 hour / 7 day marketing presence facilitates online transactions at anytime, anywhere in the world.
• The internet keeps on growing astronomically, and the usage is expanding in every part of the world, thus there will be considerable market potential for internet marketing.

b) Disadvantages

a) Due to the sophistication and the novelty of this medium, the universally adopted measures may not have been established.

b) The Web is not for everybody. Most users are interested in IT based products / services and only 14% of Web advertising is for consumer goods, with less than 10% for automobiles, travel and financial services. It has a limited audience profile.

c) Web snarl – the immense time required to access information via the Web.

d) Ad clutter – as there is a greater number of ads proliferates, the likelihood of one ad being noticeable drops accordingly.

e) Potential for deception- government has imposed strict regulations on Web advertising, as most advertisers on the net are attempting to target children with subtle advertising messages.

f) Cost – the Web may be cost effective for high-ticket items but less efficient for lower priced consumer goods.

g) Limited production quality- websites do not reflect the high quality of TV and print graphics and does not offer the capabilities of many competitive media from production standpoint.

6. Integration of Direct Marketing with other Promotional Tools

Like other promotional tools, direct marketing tools both online and offline, support and are supported by advertising and public relations. Such circumstances are elaborated below;

• Themes of press, TV and radio advertising campaigns can be targeted individually (one to one basis) to different target groups via direct mail, e-mail or mobile text messaging
• Media releases, stockholder information, corporate hospitality events can be informed to the public via websites, e-mails or even web casting
• Sales promotions such as competitions, discount coupons can be notified to the existing and potential customer base via telephone (telemarketing), direct mail or website / Net.
• Television advertisements can be combined with infomercials or direct response advertising where customers are given a hotline to call and place their order.
• Mass media advertising will also support direct marketing campaigns by displaying the name of the company website, e-mail addresses or hotlines for customers to contact.

♫ Activity

Form a team of three with your colleagues and identify at least three firms that provide direct marketing services in Sri Lanka and discuss how they contribute their clients in sending effective marketing messages to the target customers

♪ My Short Notes
Chapter 06
Packaging and Merchandising

This chapter will cover the following areas

1. The Role of Packaging
2. Packaging to Support Communication
3. Packaging Development
4. Packaging and Green Aspects
5. Packaging and Marketing Strategy
6. Understanding Merchandising

1. The Role of Packaging

Packaging is an important tool in product planning and development. It adds value to the core product by giving protection, attraction, status and image. But the role of packaging shows a shift from product point of view to marketing communication point of view by disseminating marketing messages to the target audience in order to obtain a desired response.

At the functional level, packaging can serve a number of roles.

a) It protects a product before consumer use, ensuring there is no damage, in transit to store.

b) It can act to facilitate a products’ use by the consumer (for example, toothpaste pump dispensers, perfume spray atomisers, stay fresh packs of flour with re-sealable lids)

c) It must satisfy legal requirements (medicine bottles must be child proof, food products must display the ingredients and date of expiry)

d) It can act to inform the consumer, providing necessary instructions for usage or displaying facts about nutritional values or even informing caution messages.

As mentioned earlier, packaging plays an important role in marketing communication for the product. Here, packaging acts on a symbolic level, associating the product with specific brand values and attributes. Some companies choose to use communication elements of their products and associated packaging to send strong messages to the existing and potential customers. Another major role in packaging is its contribution to the overall marketing strategy of the particular product brand. Unique packaging styles can give a clear differential advantage to the product against the competition. For example, export quality tea comes in packages that are in different shapes demonstrating the Sri Lankan heritage / identity to the international buyers, which enables them to differentiate Sri Lankan tea from any other tea brand. That gives a remarkable competitive advantage for Sri Lankan tea exporters.
2. Packaging to Support Communication

2.1 Branding and Own Label Products

The symbolic nature of packaging is also seen reinforcing the brand values and creating brand loyalty in the case of product extensions. Packaging of Mars ice cream and Mars chocolate bars use the same colour (brown and red), and the design. Same can be witnessed in Dettol antiseptic liquid and Dettol soap. Here, manufacturers are relying on packaging to trigger the same consumer responses across different product categories. For exclusive brands / up market brands such as Rolex or Pathek Philip watches, Arrow pens, L’Oreal cosmetics, high quality packaging with several layers of packing and gold / silvery coloured unique designs are used to reflect or even enhance the brand image and personality. For such products, packaging adds value and customers are willing to pay a premium price.

In the recent years, manufacturer brands are facing a severe threat from retailer brands / own label brands of mega super market chains. The packaging of own label brands is identical to the respective manufacturer brand, which creates consumer confusion and exploits the investment that manufacturers have made in marketing and advertising. The launch of Sainsbury’s Classic Cola is a good example for the battle between the manufacturer brands and own label brands. Sainsbury’s new cola brand used a similar packaging with red and silver graphics to those of Coca Cola, which went on sale in mid April 1994, priced 10p cheaper than Coke. But after a whole leap of negotiations between both companies, it was agreed to change the packaging of the Sainsbury Classic Cola.

However, the retailers argue that the consumer is sophisticated enough to be able to distinguish between competing products at point of sale. They argue that own label brands, increasing competition, create choice for the consumer. Moreover, manufacturers themselves have been very happy in the past to take on production of own label versions for retailers.

2.2 Sales Promotions

As a part of its communication role, packaging can be used to support sales promotions, especially in the context of fast moving consumer goods. Packaging allows the display of promotional offer. Coupons, competitions, premiums, discount vouchers for repeat purchases feature strongly on the back of the pack. E.g. Nestles Milo, Nespray Milk powder, Rin Washing Powder, Nestle Cereal, etc.

2.3 Business to Business (B2B) / Industrial Marketing

Packaging can equally perform a valuable role in B2B context. Feb Limited, the construction chemical company supplies a variety of materials for the construction trade such as roofing products, admixtures, coatings, sealants, adhesives and cleaners. With the company’s huge range of products, it is important to ensure that all are identifiable as coming from one manufacturer and that the products present a common image of professionalism and authority in the building / construction trade market. Across all
product groupings, packaging has been designed using a standard set of colour and graphic themes in order to give the whole range consistency and coherency.

3. Packaging Development

3.1 Factors to be considered in Packaging Development

There are several factors that the marketers must take into account, when developing effective packaging. Some of these are related to consumer needs, and others are related to the requirements of the manufacturer and the reseller.

a) Cost – Although a variety of packaging material, designs and processes are available, some are rather expensive. In the recent years, there can be seen a trend where consumers are willing to pay more for improved packaging. This has to be determined through marketing research.

b) Consistency – Since packaging is considered as an IMC tool, a consistent message about the product should be reflected through packaging. Although the firm offers a range of products aimed at vastly diverse markets, it may decide that all packages are to be similar or one major element of the design in order to emphasize the company values / image. This approach is called family packaging. E.g. Campbell soups, Weight Watchers foods and Planters nuts etc.

c) Promotional Role – Through verbal and non verbal symbols, the package can inform potential buyers about the product content, features, benefits / advantages, and hazards. It can also reflect the image / reputation, values, association and personality of the brand by its choice of colour, design, shape and texture. For an example, many cosmetics manufacturers design their packaging to create impressions of richness.

d) Expertise – It is important to determine whether the firm has the required knowledge, skills and technology to develop packages internally. Since packaging is integrated with other promotional tools such as advertising, sales promotions, branding, it may be wiser and cost effective to use a marketing services / advertising agency to get the packaging designed for the firm’s products.

e) Consumer Insights/Safety – At the end of the day, packaging is a part of the total bundle of benefits offered by a particular product to customers. They will measure the level of satisfaction of the total product, giving a considerable proportion to the ease of use, safeness and reusability of the package. E.g. Nestles Milo - chocolate food drink, changed the shape of the packing of the drink to reduce spillage of the contents at the point of opening. Therefore marketers have to conduct substantial research and consumer insights studies before designing / revamping packaging of products.

f) Legal Requirements – Packaging should satisfy the legal requirements of a product. It should include the net weight, date of expiry (food products only), ingredients, retail price, barcode, caution messages, usage instructions etc.
g) **Target Audience** – When determining the colours and the designs of packages, it is important to determine how it will appeal to the target audience. E.g. cosmetics for women are more likely to be solid in pastel packaging than are personal care products for men. Packages designed to appeal to children often use primary colours and bold designs.

h) **The Needs of the Resellers** – Wholesalers and retailers consider whether a package facilitates transportation, storage, and handling. Packages must allow these resellers to make the maximum use of storage space both in transit and in the shops. Products should be packed so that the sales staff can transfer them to the shelf with ease. Some resellers may refuse to carry some products if their packaging is cumbersome.

i) **Environmental Concerns** – Environmental issues are the worst fears of business organizations. Plastic and polythene packaging which are not biodegradable can pollute the natural environment around. Even paper based packaging requires a considerable level of deforestation. Consequently packaging companies such as Tetrapak, H.J. Heinz are looking for recyclable packaging material that will be cost effective and environmental friendly in the long term.

### 3.2 Design and Redesign

Knowledge of the packaging development and design process is of most relevance in the field of product marketing and new product development. Product and packaging redesign is a way of life for many fast moving consumer goods brands. As the markets evolve, competing offerings appear and consumer needs and wants change, the challenge is to keep products relevant to the moment. Many brands will not go for major design changes in the packaging. The packaging will have to be changed / redesigned, if the product goes through a repositioning. E.g. When Munchee cream crackers repositioned itself as Munchee Super cream crackers, the colour and quality of the package showed the “super” impression to the consumers.

Packaging can be a major contributing factor in the new product development process. The introduction of individual servings of cardboard boxed drinks allowed manufacturers to extend their brands beyond the traditional diluting cordial offering. In an ideal world, a product re-launch / repositioning will be backed by a range of marketing communication activities, but sometimes packaging design has to work alone to support a brand. E.g. Felix cat food re-launched its packaging with a cheeky black and white cat, which increased the brand’s market share. This is one of the several products that were not backed up by advertising. *(Marketing, October 1992)*

Packaging redesign is likely to include some or all of the following stages;

a) Appraisal of existing competitive product designs  
b) Design briefing  
c) Concept development
d) Consumer research  
e) Design approval  
f) Cost approval  
g) Production / pack sign off

In most cases, packaging redesign is assigned to specialist design agencies / advertising agencies, although some large FMCG companies may have the resources internally.

A brief will be given to the specialist agency stating the tasks to be achieved by packaging redesign, and giving some indication as to the creative direction to be taken. In replying to the brief, the agency will come up with an estimate and rough drawings of a large number of concepts to the client. It is up to the client to decide which design artwork will fit to the given brief and the range of mock-ups / dummies / models will be used for consumer insight surveys. More design input may follow the research stage until the final designs are approved and the costings are finalized.

3.3 Shape and Size

Shape can have specific connotations. It is no coincidence that female perfume bottles tend to have rounded or curving lines, whereas male perfume bottles come in squarer and more upright.

Shapes can enhance brand’s unique image and personality, also it reinforces brand identity. E.g. Coca-cola’s glass drinking bottle shape is instantly noticeable to anyone. It shows that someone is drinking Coke. Additionally, the bottle shape reminds the consumer of Coke’s heritage.

Shape can evolve from a need to facilitate product usage. E.g. Nestles Milo instant food drink pack changed from the square to triangular shape, in order to reduce spillage of the contents. In this case, the packaging design becomes an integral part of the product design.

Size communicates. Big is not always beautiful or attractive. In the cosmetics, fragrances and toiletries markets, smaller sizes can enhance a premium or exclusive image. That is why exclusive perfumes such as Givenchy come in very small but high quality packing.

But sometimes size of the package can give the consumer a “large” impression, although the contents are small. E.g. Chips packets (E.g. Tipi-Tip, Mr. Pop) are compressed with air to give this impression psychologically to the consumers.

3.4 Colours and Graphics

Colours have strong emotional associations, some evolving from nature, others from culture and custom within particular countries. Packaging often taps in to this aspect in reflecting the brand personality/ association.
<table>
<thead>
<tr>
<th>Colour</th>
<th>Association</th>
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<tbody>
<tr>
<td>Red</td>
<td>Vibrant, warm, eye catching, dangerous</td>
</tr>
<tr>
<td>Orange</td>
<td>Bright, lively, warm</td>
</tr>
<tr>
<td>Yellow</td>
<td>Cheerful, sun / health</td>
</tr>
<tr>
<td>Green</td>
<td>Natural (environmental connotations), restful</td>
</tr>
<tr>
<td>Brown</td>
<td>Autumn, natural</td>
</tr>
<tr>
<td>Blue</td>
<td>Sea / sky / water / cool</td>
</tr>
<tr>
<td>Black</td>
<td>Classic, exclusive, sober</td>
</tr>
<tr>
<td>White</td>
<td>Pure, simple, fragile</td>
</tr>
</tbody>
</table>

National differences in colour perception must be taken into account, especially if the products are marketed in the international arena. In the West, white is the colour of purity and serenity, but in the Eastern markets, white symbolizes dullness, death and mourning. In China, red gives the life colour/ strength / power, but in Spain and some European countries, red symbolizes danger/ creaser.

The colour of the packaging will help marketers to reinforce the customers. Some brands have built up such strong colour associations via their packaging, that the use of a colour in the advertisements is adequate in triggering brand recognition. Apart from the colours and sizes, designers use various graphics and symbols, characters, lines and logos in designing the package for the product. Some logos and symbols have become almost inseparable from the brands they present. E.g. “&” symbol of Benson and Hedges cigarettes, Frosties Tiger, Ever Ready Black cat

### Activity

Assume that you are working for Ceylon Chocolates Ltd (Kandos) as a Marketing Consultant. The company is looking forward to launch a chocolate coated cookie within the next six months. You are required to advise them on designing the package for this new product. You may have to analyze the features, image, personality, association of their brand, Kandos in order to advise on the packaging aspects. Keep a note that this will be a related diversification for the company. Your report should emphasize on packaging design, colour, size, terms and phrases.

### Activity

Choose three different products that you have purchased recently (food products, cleaning products, toiletries, make up). Identify the different aspects which contribute towards their overall design. Try to separate out and comment on the effects of shape, size, colour, graphics and design.
4. Packaging and Green Aspects

In recent years, both consumer and legislative pressures have stimulated the development of packaging that is environmentally responsible. Most businesses have identified “green consumers” as rapidly growing segment in the global marketplace. The term “green products” is a descriptive idiom to distinguish a product that has been designed to have minimal impact on the environment. The first “green products” such as Ecover with eco-friendly packaging, appeared during the 1980s to cater a niche markets. But with the heavy persuasive campaigns carried out by the local /international media, NGOs, government institutions, consumers were made aware on the importance of buying and consuming environmentally friendly products or green products. In countries such as Germany, special taxes / tariffs are imposed to products especially their packaging, which do not meet the minimal environmental standards. This has made a number of large companies / multi nationals moving in to eco friendly packaging, and introducing their own green versions of products; for instance, Reckitt and Coleman’s Down to Earth brand to compete with the other eco friendly brands.

Retailers are also making conscious decisions to become green with respect to products and packaging. For instance, Tesco launched a green choice range of products in 1989. The launch was supported by in store leaflets which outlined the company’s commitment to the environment and explained the ethos of the Green Choice range.

Environmental friendly packaging suggests the usage of bio degradable, recyclable material for developing packing for products. Polythene and plastic are considered as non bio degradable material that can cause pollute the environment around. Fast food outlets such as McDonalds, KFC, Pizza Hut use packaging made of paper pulp which can recycled. Some firms use glass jars, plastic / aluminium cans that can used for storage of food items / kitchen goods. This kind of packaging reduces wastage as the packaging has a longer life span. Households find this convenient and cost effective as they do not have to purchase specific containers to store household items.

Some packages are not specifically designed with environmental friendly material, but the packaging itself educates the consumer to dispose it in an eco-friendly manner using pictures and graphics. Some firms demonstrate their responsibility to the environment by using material for packaging, which is not fauna-based (not using body parts of animals such as cow / deer hide) or parts of plants which are exotic / rare. E.g. Body shop

<table>
<thead>
<tr>
<th>Marketing Insight – New Developments in 3D Packaging Design</th>
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<tbody>
<tr>
<td>Three dimensional packaging does much more than protect products and make them easy to distribute, handle and use.</td>
</tr>
<tr>
<td>For marketers, 3D packaging can help differentiate a brand, add value or simply aid consumer recognition. The distinctive shape of the Coca-Cola bottle, recognized worldwide, is synonymous with the brand. The importance of creative packaging design</td>
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</table>
is well established. Maximum packaging design requires an integrated approach which considers financial, manufacturing, distribution and marketing requirements. In some companies, this total business approach is achieved by forming staff teams with representatives from all business areas. The teams will consider all aspects of packaging design – materials, size and shape, opening and closure features, material conversion efficiency, retail storage and display, transportability, filling speed and costs.

Growing consumer concern about the environment and government targets for recycling, are putting new pressures on packaging design and development, in addition to all the other marketing and operational requirements of the process. As they look for ways to increase the environmental friendliness of packaging, companies need to ask a series of questions:

- Can the amount of material in the package be reduced?
- Can the size of the package be reduced?
- Is recyclable material a possibility?
- Are the necessary recycling processes available?
- Are the raw materials used, easy to replenish?

Environmental concerns are causing companies to reconsider the appropriateness of traditional packaging material. For example, glass is coming back to supermarket shelves, while new developments in the use of plastics and paper/board are leading to improvements in recyclables. Even when companies are able to move towards more ecologically sympathetic packaging, there may be hidden problems. For example, the process of recycling itself may waste energy and create pollution. To ensure that the disadvantages of changing packaging design do not outweigh the benefits, a company should undertake a “cradle to grave” analysis of the proposed packaging, looking at all aspects of its manufacture, distribution, use and disposal. In the rush to meet consumer demands and regulatory requirements, companies are in danger of introducing ineffective packaging solutions. For example, manufacturers have recently introduced flexible refill pouches as replacement for plastic bottles. To the consumer, who sees plastic bottles as bulky and difficult to dispose of and this seems to be a positive step. In practice, the light weight alternative may look better; but it is awkward to distribute and difficult to recycle.


5. Packaging and Marketing Strategy

Packaging can be a major component of the marketing strategy. A new cap or closure, a better box or wrapping, or a more convenient container may give a product a competitive advantage. The right type of package for a new product can help it gain market recognition very quickly. In the case of existing brands, marketers should re-evaluate
packages. Especially for consumer convenience products, marketers should view packaging as major strategic tool. This section touches upon the areas where packing can be used strategically.

5.1 Altering the Package

Marketers will have to change the packaging from time to time, comparing with the competitive products, especially when the packaging designs and colours are no longer in the latest styles. Packages have to be redesigned when the product itself goes through developments in the features or re-branding / repositioning. A major re-design of a simple package may cost US $ 30,000, and the re-design for a line of products may cost up to US $ 400,000. Choosing the right packaging material is an important consideration when redesigning. Different materials vary in popularity at different times. For an example, glass is becoming more popular due to greater concern for green packaging. It is equally important to conduct consumer research, when changing the packaging of a product. User-friendly, innovative packaging can gain a substantial competitive advantage for the product brand.

5.2 Secondary Use Packaging

A secondary use packaging is one that can be reused for purposes other than its initial use. For an example, a margarine container can be reused to store leftovers, a jam jar can be used as a drinking glass, and short bread tins can be reused for storing biscuits and cakes. Secondary use packaging can be viewed by customers as adding value to products. If the customers value this type of packaging, then its use should stimulate unit sales.

a) Category Consistent Packaging

Category consistent packaging means that the product is packaged in line with the packaging practices associated with a particular product category. Some product categories, for example, mayonnaise, mustard, ketchup and jam have traditional package shapes. Other product categories are characterized by recognizable colour combinations; red and white packaging for soup, white and pink packaging for skin care products, green and yellow colour packaging for tea.

b) Innovative Packaging

Sometimes, marketers will employ a unique cap, design, applicator or other feature to make the product competitively advantageous. Such packaging can be effective when the innovation makes the product safer or easier to use, or when the unique packaging provides better protection to the product. Innovative packaging requires a considerable amount of resources, especially on research and development. Sometimes innovative packaging can change the way a product is consumed. E.g. introduction of cardboard boxes for soft drinks has enabled the consumers to drink it even while driving, unlike the glass bottles or cans.
c) Multiple Packaging

Rather than packaging a single unit of the product, marketers sometimes use twin packs, tri-packs, six packs or other forms of multiple packaging. For certain types of products, multiple packaging is used to stimulate demand, because it increases the amount of the product available at the point of consumption. Multiple packaging can also take the form of a sales promotional tool.

d) Handling Improved Packaging

Packaging of the product may be changed to make it more convenient / easy to handle for the distribution channels – for example, changing the outer carton, special bundling, shrink wrapping or palletising. In some cases, the shape of the package may need to be changed. For an example, an ice cream producer may change from cylindrical packaging to rectangular one to facilitate handling. In addition, this will help the manufacturer to obtain more retail shelf space.

6. Understanding Merchandising

Merchandising refers to the employment of various methods and techniques to promote the product at the point of sale. The point of sale is where the buying decision is made by the customer in purchasing the product. Merchandising will come to play mainly in retailing environments.

The Macmillan Dictionary of Retailing notes that merchandising is a term that carries a wide variety of usages. A retailer may use the term to ‘relate to the entire process of distributing the merchandise, including replenishment ordering, stock control, warehousing, and transport and in store display.’

6.1 Merchandising Tools

Retailers have a number of tools that they can manipulate at point of sale in order to impact upon their customers.

(a) General store layout and design
(b) Merchandising presentation
(c) Atmosphere and ambience

a) Store Layout and Design.

The external architecture and fascia alongside internal store fixture layout, lighting and décor all contribute to the design image of a retail outlet. Design can play a key role in updating or repositioning a retailer. For instance, in the late 1980s, the Debenhams store group underwent a complete refurbishment in order to present a more up to date, stylish image to the consumer.
In the past, store design may have been seen as playing a decorative function. This is not the case today. Increasingly, store design is a strategic business resource, which can contribute in a very commercial way to the successful operations of a retail outlet.

Retailers commonly adopt three types of fixture layout when designing their store:

(a) Grid patterns layout (for example, grocery retailers), where consumers have to walk the length of parallel fixtures in order to progress round the store. This layout exposes consumers to the full range of products, and encourages them, to move towards the interior of the store.

(b) Free flow layout (for example, fashion stores) where fixtures are arranged in irregular patterns to encourage shoppers to browse.

(c) Boutique layout (for example, concession shops within shops) where sections of the store are arranged as a speciality unit, designed to appeal to a specific consumer segment.

b) Merchandise Presentation

There are two aspects to merchandise presentation: how to display products and how much space to allocate to products.

Retailers have a number of different product display techniques at their disposal. Products can be grouped together in a themed display (for example, foods from France, Mother’s Day gifts). Alternatively, a retailer might display a full range of merchandise within a product group to illustrate the great depth or width of assortment available (for example, running shoes). Co-ordinated displays suggest how different products can be used together and stimulate cross selling (for example, clothes or furniture settings).

Point of sales materials may be produced by manufacturers to enhance product display in retail outlets. Examples include signs, tickets, posters, free standing cards, mobiles, take-ones and wall displays. However, many retailers refuse to use manufacturer generated displays, either because they do not fit in with the retailers’ own format of display, or because they take up valuable selling space.

Normally, retailers generate a set of display instructions at head office in order that individual stores standardise their product presentations. Originally, these instructions took the form of line drawings. More recently, retailers have been using space management technology to work out space allocation and standardise displays. Planograms or picture grams (details visual representations of a section of shelving of gondola, including images of each product) are used to communicate display requirements to stores.

However, space management technology is far more than a sophisticated display layout communication tool. The idea behind the management of retail shelf space is to maximise returns from a given space, balancing the stock of products on display with consumer demand. Information on product rate of sale is included in the computer package, allowing the calculation of profit and sales measures per ‘facing’, alongside calculations.
concerning under and over stocking. There is a number of space planning computer packages available to retailers in the UK and they are being used to support decision making in such diverse fields as grocery, entertainment, DIY, clothing and children’s toys. Whereas display management in retail stores used to be regarded primarily as a creative role, the advent of new technology-based systems has changed the emphasis to that of an analytical role of decision making support.

c) Atmosphere and Ambience

Atmosphere is generally thought of in terms of the parts of the selling environment that appeal the customers’ physical senses of sight, hearing, smell, taste and touch. Part of the appeal of the Body Shop is due to the pleasant perfumed smell that pervades the outlets. The aroma from in-store bakeries not only contributes to a pleasant in store shopping experience but also lead to increased sales from that department. Piped music will also be used in an attempt to create a specific atmosphere in store.

<table>
<thead>
<tr>
<th>Merchandising – Feature Article</th>
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<tr>
<td>From the manufacturer’s point of view the retail outlet provides the ready availability and convenience which are so expensive to achieve by direct selling methods. Once the retailer has taken delivery of goods from the manufacturer they become his property until he can affect their resale to ultimate consumers, and it follows that until he is able to achieve this he will have neither space nor capital with which to purchase further supplies from the producer. Clearly any assistance which the manufacturer can give the retailer to stimulate demand and encourage purchase will be to their mutual advantage – this is the role of merchandising.</td>
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To maximise sales volume the sales force must ensure that its products are in the right place at the right time, in order to translate potential demand for them into effective demand. The right place means not only the outlets with the highest turnover or largest clientele but also the right place within the outlet to achieve the maximum impact on the prospective purchaser. Given the cost of a salesman’s time, plus the cost of point-of-sale display material, it is obvious that merchandising efforts must be concentrated on the larger outlets which promise the greatest potential return. Within outlets, research has shown that certain locations are to be preferred. Thus in self-service outlets the best positions have been found to be:

- a) At the end of gondolas facing the main traffic flow (a gondola is a shelving unit on the main floor area which subdivides this area into a series of aisles.)
- b) At eye level on the shelves around the sides of the shop. Impact can be further improved by sitting the product immediately prior to the area normally set aside for display of the product group.
- c) In dump displays in the main traffic aisles as these tend to cause congestion and focus attention on them.
- d) Immediately next to the checkout – here again congestion creates a ‘captive’ audience.
In shops which still retain counter service the preferred positions are:

a) On the counter itself. If this is extensive, then next to the till or scales.
b) At eye level behind the counter
c) In a dispenser placed in front of the counter.
d) Next to a complementary product, e.g. Cream next to tins of fruit.

Timing is also an important factor underlying successful merchandising. Research indicates that the majority of purchases are made at the weekend and so emphasis the need to ensure adequate display at this time. Similarly, seasonal products such as mincemeat. Easter eggs and the like must be put on display in plenty of time, as much goods which are to be the subject of heavy promotion.

6.2 Merchandising Media

The following are some of the popularly used media for merchandising

- Shelf strips – these are what you paste on the shelves to get attention towards the product.
- Danglers – hangers with various creative situations of the product.
- Stickers – Where you paste in any prominent place to get the attention of customers.
- Display units – Units that you use to display the goods that will show the product in use, its applications creatively.
- Posters – A more detailed version, which you give a little bit more information about products. Could hang at the entrance or in public places.
- Mechanical devisers – Various devisers which is used to get the attention of the customers.
- Shelf arrangements – How one arranges goods in a shelf.
- Product packaging – Attractive packaging that you may use to get the attention of the customers once goods are stored.
- Plastic shopping bags/containers – Containers and bags that you carry goods, which are branded.
- Beautiful brochures
- Sunroom presentation and picture book
- Deluxe presentation and portfolios
- Comparison kits
- PowerPoint presentations
- Video tapes
- Photo light boxes
- Wall and room displays
- Hydraulic trailer displays
- Room samples
- Lead generation tools
- Mailers and inserts
### Activity

Select several different forms of retailing formats such as grocery stores, supermarkets, hyper markets, vending machines etc.

Identify different forms merchandising media that is used in each of these retail formats in order to communicate different messages.

### My Short Notes

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Chapter 07
Printed Matter

This chapter will cover the following areas

1. Introduction to Printed Matter
2. Usage of Printed Matter for Marketing Activities
3. Typical types of Printed Matter Used
4. The Printing Process
5. Design & Artwork Stage
6. Pre Press Stage
7. Post Printing Activities

1. Introduction to Printed Matter

It must be understood that printed matter is considered as one of the most important tool for marketers especially in communicating with internal and external stakeholders. The printing projects involve a greater degree of coordination with external agencies (marketing communication agencies and printing presses) to get it done effectively and efficiently. Marketers have to plan print jobs well in advance and should allocate adequate budgets. The successful completion of the print job should be measured against the objectives set based on the quality specifications. This chapter will give marketers the required knowledge and skills in handling a print job especially with external parties effectively and efficiently in terms of planning, coordination, production and distribution of a range of printed matter.

Printed matter is referred to **anything (text, diagrams, pictures and so on) produced or reproduced potentially in large numbers, by applying ink to paper or other material.**

But in the 21st century, organizations are looking forward towards a “paper less” situation where the usage of printed matter is reduced; instead electronic means (e-mails, e-catalogues, and websites) are used to serve the purpose of printed matter. But still printed matter owns a greater share in organizational marketing / business operations.

The advantages of printed matter are as follows;

1. Mass re-production and distribution
2. Represents an “in-the-hand” item that recipients can keep for reference
3. It is lower cost than the equivalent space area and circulation of print media advertising
2. Usage of Printed Matter for Marketing Activities

Printed matter is a medium of marketing communication: it is a tool for conveying marketing messages to both internal and external stakeholders.

The messages can be in different types / formats and used for different purposes. Printed matter is widely used for the following.

a) **Sales messages** – advertising and promotional material, posters, point of sale material etc.

b) **Informational messages** – details of products / services offered by an organization, annual reports and news bulletins for PR purposes.

c) **Response request / mechanism** – for example, customer research questionnaires, discount coupons, privilege cards or order coupons in direct marketing.

d) **Corporate image / PR** – for example, corporate gift diaries and calendars etc.

Most printed matter will act as a combination of several or all of the above, particularly in the case of direct marketing.

3. Typical Types of Printed Matter Used

In this section, we will look at different typologies of printed matter used by marketers for various business purposes.

3.1 Catalogues and Brochures

Most organizations produce some kind of reference booklet listing and describing their products and services for use by their sales people, channel members, exhibitions and trade shows, direct marketing, and customer reference. The catalogues are produced quarterly or six monthly, as it is generally timed to coincide with the organization’s marketing and selling cycles, beginning with sales conferences and sales team briefings. The more frequently a catalogue is sent out in order to keep prospects / customers up to date, keeping them “involved” with news and special offers.

The style of presentation and copy will depend on the purpose and the readership of the brochure or catalogue and on the image and the budgetary constraints of the marketing organization.

a) **Colour pictorial catalogues** – generally used to sell high fashioned items and household items, especially to catch the eye of housewives and young females.

b) **Highly designed, “glossy” catalogues** – used to promote a stylish image, enhance the esteem value of the products. E.g. art galleries and auction houses

c) **Corporate brochures and published accounting reports** – aimed at the business and financial media, partners and shareholders and market makers to convey or enhance the corporate image.
d) **Prospectuses** – designed for more specialized or technical markets (trade or professional, education and special interests) are often more informational in content and style.

e) **Brochures used at an operational / tactical level** – which is used within the organization or trade to convey customers price lists and trade conditions. These brochures are purely informational.

### 3.2 Leaflets and Flyers

- A brochure is in the form of a booklet
- A leaflet is sheet of paper folded one or more times to provide a number of pages
- A flyer is a single sheet of paper, providing one or two printed pages

Following are some occasions where leaflets and flyers are used;

- Reference sheets for sales and marketing staff
- “Loose inserts” or “dropouts” from magazines and newspapers
- Mail shot items (direct mailers)
- PR information accompanied by press releases
- Miniature posters – especially single sided flyers for display and exhibitions

### 3.3 Other printed Promotional Items

- **Diaries** – with the corporate logo and information on covers
- **Calendars** – with corporate logo and information round boarders
- **Newsletters** – trade or customer, regular or occasional
- **Postcards** – with a company product or premises and the company details on the back
- **Greeting cards** – to be sent to suppliers, distributors, customers as a relationship builder
- **Mouse mats, coasters, scribble pads, t-shirts, bags, caps** – with promotional messages, brand / corporate name and logos
- **Customer discount / privilege cards** – as a part of loyalty cards
- **Point of sale display items** – shelf markers, bookmarks, hanging signs and mobiles

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<th><strong>Activity</strong></th>
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<tr>
<td>Identify and list down any other printed material used for marketing / business purposes, apart from what is mentioned in this chapter. If possible, access to samples of the printed matter you suggested and analyze its features and uses against the ones mentioned in this chapter</td>
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4. The Printing Process

Printing is a highly technical process that involves many variables and decisions. As marketers, it is not necessarily required to know detailed grasp of the processes and machinery involved, nor even the terminology. But some kind of an orientation is required as the marketers will have to coordinate with external printing services suppliers to get print jobs done effectively and efficiently. Following are some key areas that a marketer should be aware of.

- A clear understanding of what needs to be achieved and at what cost
- Establishing a good working relationship / coordination with the printers
- Obtaining a range of price quotations based on job specifications
- Evaluating and selecting the appropriate printer for the print job
- Formulating a clear and specific contract with the selected printer

In practice, marketers will be dealing with a marketing communication agency which will be handling the print management job, or may be dealing with an external printer directly. Some organizations will have a creative department internally which will be able to supply artwork, films or discs with the necessary technical specifications which the printer will use.

Marketers will often be dealing with sales representatives who may have little more technical expertise on the printing process than them, especially if they have less experience in handling this area. But the more exposure a person gets to the print management process, the sooner he / she will be fairly competent with the terminology and the printing process.

Printers are keener on educating their clients on the printing process, as it makes their work easier.

- Most printers provide samples of different paper / material in different weights, styles and colours. Some also demonstrate samples of their previous print jobs to emphasize the quality of their print jobs.
- Printers supply a range of information about the services and machinery they use. Some have designed simple guides to the printing process and terminology.
- Some printers organize facility visits / tours at the printing press for their clients, so that they get a real feel and the depth of the printing process.

4.1 The Basic Production Sequence

The entire printing process may include three stages:

- The proofing stage
- The pre press stage
- The Print and finishing stage

Following is a broad outline of the printing sequence.
Artwork

Colour laser or photocopy proof

Printer

Process camera work / scanning: reprographics

(Repro)

Pre press proofs

Film

Contact plate-making

Printing plates

Printing

Press proofs

Press sheets

Printed reproduction on large sheets not yet folded or cropped to size

Finishing

Finished products

- *Mechanicals*: an assembly of type, graphics and other line copy complete with instructions to printers, ready for printing
- *Camera-ready copy*: mechanicals plus art and photographs fully prepared and laid out for printing.
- Mechanicals plus art or photographs which have to be scanned, adjusted and positioned according to position guides prior to plate making
- *Computer Ready Electronic Files (CREF)*: Digital files, on compatible software, supplied via telecom or disc; camera-ready or with additional art or photographs to be scanned

- Line or half-tone negatives/positives on transparent film
- *“Colour separation”*: A set of four films, one for each of the four processing colours (yellow, magenta, cyan and black) which make up colour work.
- Stripping: Assembling negatives of various text image areas into “flats”: complete layouts ready for plate making
- Metal plates carry the image which is inked and transferred to paper

Folding, cropping, binding, animation etc.
Quick printers use camera-direct plate making, producing plates (of plates or plastics instead of metal) in the camera, as part of the process of photographing the mechanicals. By skipping the intermediary stages of assembling negatives and creating pre press proofs, quick printers can give a faster service.

With the technological advancement, image manipulation, colour specification and separation, resizing and cutting and pasting of image / text elements can now be done through computer, and even the more advanced photocopiers. High street print shops and copying bureaux (e.g. Canon, Xerox) may offer an attractive package for commercial printing, especially short print runs with one or two colours.

In the next couple of chapters, we will be looking at some of the major stages of the print management process.

5. Design and Artwork Stage

There are two ways of designing the artwork for printed matter.

- In-house (design it yourself)
- Through an external designer (advertising agency / a printer with studio and designing facilities)

5.1 Design it Yourself

Some companies recruit graphic designers to handle designing of printed material in-house, so that artwork can be developed more conveniently, especially when the timelines for a particular print job is stringent.

Software packages such as Quark Express, Microsoft Publisher and Adobe Page Maker offer various features.

- Layout templates (including a variety of brochures, flyers, cards and forms)
- Step by step design wizards
- Menu options for pictures, symbols, colours, text styles and layouts, boarders and frames
- Technical specifications for output as camera ready artwork, separated film or print files

Such facilities enable users to create stylish, feature packed layouts. However, it is important to understand that this in itself does not create an effective design, however “fancy” the designing software is.

Following requirements are essential in order to become an effective design;

- Need for clarity
- Attracting the eye to key areas
- Creating an appropriate impression / image
- Facilitating the desired response (such as filling a coupon)
Apart from the basic principles of effective graphic design, it is important to emphasize on the practical use to which the particular design will be put.

- Wider margins for stapling and folding
- Can any coupon be cut out without losing essential information on the reverse side (such as the organization’s contact details)
- Whether the pages are ordered in such a way that when the leaflet unfolds, the pages are read in the right order. Thus it is important to make a dummy to check.
- If the catalogue or leaflet is designed for writing on, is the background colour light enough and the absorbent enough to take the ink easily.

Some early, basic design decisions will have price implications when it comes to prepress and printing: a printing price guide will give a range of such details and their average costing.

a) **Size and the extent** – The bigger the printed matter, the more paper it will require. If the leaflet / brochure is based on a standard size and a shape, the cost will be less compared non standard sizes where the paper requires a special cut. Therefore the number of pages and the size of the paper have to be determined in quoting prices for print jobs.

b) **Colour** – All the things being equal, prices generally go up as you move from single colour “monochrome” copy to two colour works or four colour work.

c) **Paper weight, texture, colour and finish**

- Paper comes in different weights, referred to by “gsm” (grams per square metre). The more the weight of the paper, the more the cost of printing.
- There is a wide range of textures and styles of paper, including highly tactile papers which may be used for high status items.
- Colour papers can be used as an alternative to print the overall background colour of the printed material.

d) **Finishing, folding and binding** – A variety of special effects can be used to enhance the quality and the image of the printed matter. E.g. matt or gloss finish, lamination, UV varnishing, embossing, water marks, and self-adhesive slips for self seal envelopes.
• **Standard Paper Sizes**

297 mm

210 mm

148.5 mm

A3 (Small poster)  
A4 (The size of this book)  
A5 (Typical flyer)

- A1 = 2 x A2 = 4 x A3 = 8 x A4 = 16 x A5

Further these paper types can be sub-divided again for post card or index cards and again for business cards and address labels and so on.

- **Orientation** (“which way up” the page is)

A4 portrait  
A4 landscape  
A5 landscape (Folded from A4)  
A5 landscape (Cut from A3 and folded)
• **Types Binding**
  
  o Saddle stitching (staples through spine)  
  o Perfect binding (squared cover glued on)  
  o Spiral binding (plastic / wire spiral spun through holes punched through margin of paper)  
  o Togic binding (this is the extensive version of spiral binding, where a plastic nail is melted through the holes punched through the margin of paper)

5.2 Using a Designer

Good design for promotional purposes is not as easy as it looks from the finished product. It is important to understand that an effective design will gain attention to the message, not to itself. The production of camera-ready artwork is a highly specialized task requiring advanced DTP skills and a good designing sense. Therefore most firms leave this function to the in-house or external specialists

- An in-house creative/desgin / DTP department  
- A freelance designer  
- An external studio  
- A marketing services agency / advertising agency

Following are some points that needed to be kept in mind, when dealing with designers, photographers, artists and any other parties who may be involved in the process.

a) **Do not use too many different suppliers** – When a particular party is selected as the supplier for certain period of time, it can give the client dependable quality, good prices and commitment to meet tight deadlines.

b) **Take the expert advice offered** - It is always important to get the advice from the experts / professionals in the industry to ensure the right message is sent to the target audience.

c) **Manage the process considerately and efficiently**

  - Give clear job specifications and get clear quotations  
  - Get thumbnails (quick, non detailed sketches and layouts) from the designer (and perhaps initial Polarooids from the photographer, if present at the photo shoot) and approve or adjust the design at this stage.  
  - Give reasonable notice of deadlines  
  - Give the artist as much as information about printing specifications as possible.
d) Put specifications, requirements and contract terms in writing, and keep them up-to-date

- Artwork requirements

Whether the artwork is done in-house or by an external party, it must be ensured that all elements are coordinated effectively.

- Available at the agreed time
- Appropriate and adequate for the job (without incurring extra expense)
- Compatible with the requirements of the reprographics house or printer

Essentially artwork requires the following:

- A clear black rendition of all copy, in position, on an opaque white surface. This can be mounted or “pasted up” on a board or printed out from a computer in an ordinary paper. This should include the following:

  - Trim marks – to show where the corner of the page area
  - Position guides – to show where any art or pictures which are supplied separately are to be dropped in.

- A transparent tissue-paper overlay with instructions to the printer about colours, tints (expressed as percentage of 100%, solid colour)

- Photographic prints or transparencies (positive colour images on transparent film like a slide) or drawings of all images to be scanned and “dropped” in to position. These must be clearly labelled to correspond with the position guides.

- References of any colours to be matched by the printer, using a Pantone guide.

- A dummy of the completed job, as a guide to the order of pages.

All of the above should be:

- Clean
- Complete
- Correct
- Clearly identified (each item marked with the job number or name)

When coordinating print job projects, following are required;
Establish communication with the printer in order to sort out the technical specifications, tasks and responsibilities, deadlines etc.

Maintain communication with the printers as the artwork comes together. Check whether the artwork matches agreed version of the job specification.

Ensure that all elements of the job became available in good time for the next stage of the process.

It is important to use planning / project management techniques in getting a successful print job done. (working backwards from the final deadline along the critical path and set sub-deadlines with built-in “slack”)

### Activity

You are required to draft a creative brief for a graphic designer, in order to design a brochure to promote a holiday resort. In this you may have to give him / her whatever the information required and commission him / her for whatever you think would constitute the initial stage of the job, and request whatever information you feel you need at this stage.

6. Pre Press Stage

6.1 The Print Specification, Quotation and Order

a) Print Specification

A complete and accurate print / job specification sets out all the details of the upcoming print job.

- **It is a request for a quotation.** The printers can only give exact pricing information for the print job, if an accurate specification of the print job was provided by the client organization. It is equally important that the same specification is sent to various printers, so that pricing information can be compared meaningfully.

- **It is a print order.** Once the printer has been selected, the print specification can be re-submitted along with the acceptance note of the quotation as a confirmation for the continuation of the print job.

- **It also acts as a reference** for coordinating the print job internally and budgetary control activity.

A sample job specification is shown below.
Print specification/ Request for quotation

- **Job No**: Br/ 2005 / 0022
- **Item**: Brochure docket with a cut and 3 blank inserts
- **Size / extent**: Brochure docket – little larger than A4, inserts – exactly A4
- **Quantity**: 
  - 1000 brochure dockets
  - 3000 blank inserts
- **Paper**: 
  - Docket - 300 gsm matt art board, inserts – 120 gsm art paper
  (Please specify the samples with the quotation)
- **Colour**: 
  - Docket – 3 colours , inserts – 4 colours
- **Artwork**: 
  - Available in MS Illustrator – Version 10.0 by (date)
  - The artwork to be returned to us in good condition on completion
- **Finishing**: Matt lamination
- **Proofs**: Please supply the proof by (date)
- **Delivery**: The brochures and the inserts to be delivered in separate packs by (Date) and please mark all wrapped packs / cartons as follows: 
  - Brochure dockets or inserts X / X gsm / quantity per pack

Please be kind enough to submit your quotation including the prices for the following:
- Paper
- Plates / positive charges
- Make ready and set up
- Press run
- Docket cut, fold and the finish
- Packing and delivery
- VAT / taxation
- Total charges for the print job

Thank you for your assistance.
(Representative of the client organization)
b) Quotation

This is the printer’s estimate for the completion of the print job, which is prepared according to the systematic specification given by the customer. On the back of the quotation sheets, it is mentioned the important terms and conditions of contract between the printer and the customer.

- **Price variation** – these estimates are prepared based on the printer’s current cost of production, but may change due to uncontrollable elements such as fluctuations in paper prices. Generally, printers state the validity period of the prices quoted for the print job. E.g. valid for 14 days from the quoted date

- **Preliminary / additional work**
  - All work carried out at the customer’s request will be charged
  - A charge may be made to cover any additional work involved such as amendments to the artwork.

- **Proofs** – proofs of all work may be submitted for customer’s approval, and the printer will not be held liability for any errors not corrected by the customer in proofs so submitted

- **Variations in quantity** – estimates allow a margin of 4-10% (depending on the job) for “overs” or “shortage” in the quantity delivered compared to the quantity ordered.

- **Property**
  - All materials owned and used by the printer in production shall remain the property of the printer. Items supplied by the customer shall remain the customer’s property.
  - Materials supplied to the printer by on behalf of the customer are at the customer’s risk, and should be insured accordingly.
  - The printer shall be entitled to make a reasonable charge for the storage of any customer property left with the printer after completion of the work.

c) Pricing the Job

The general practice is that a minimum of three quotations are called for the same job specification, so that the prices can be compared. In most cases, the job is given to the printer who offers the lowest price. But some times, factors such as services provided, experience from previous print jobs can also influence the selection of the printer apart from the price. It is equally important to keep in mind that one must try not to play printers against each other in a bidding war by disclosing the one printer’s prices for others to match it, as that will destroy the business relationship with these suppliers.

- **The confirmation** - A letter of acceptance, usually confirming the amount of the quotation (referred to by number) and the job specification which it refers, is sufficient to send the selected printer. Most organizations have purchase orders to confirm the job to the printers.
6.2 Proofs

Proof checking is an essential part of the coordination and the control process.

- To preview what the job will look like
- To check for errors and faults in the copy and the production process
- To send (and retain) a record of your instructions for corrections / amendments
- To check that instructions, corrections and amendments have in fact been carried out
- To send (and retain) a record of the client’s approval of the proofed version to the printer in order to go ahead with the print job

a) Types of Proofs

- Photocopy proofs – photocopies of camera-ready artwork
- Contact sheets, Polaroid and prints
- Pre-press proofs / integral proofs (brands such as Match Print and Cromalin)
- Press proofs made from printing plates to show the time effect of printing
- Comprehensive dummies – a complete simulation of printed piece

Proof reading requires sharp eyes! One will rarely find all possible mistakes; therefore a proof has to be checked by several people in several rounds. Pre press proofs are the last chance of making changes / corrections before plates are made after which corrections and amendments become expensive and closer to deadlines.

When marking up proofs, following are important to follow:
- Circle flaws which the printer will need to look at on film
- Write instructions clearly, explicitly and noticeably on the proof
- Ask questions about anything that does not seem right
- Sign the proof

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<td>Form a team of two with your colleague and draw up a check list for proof reading. In the check list you are required to emphasize on how the text, images, colours and finishing should be looked at for corrections.</td>
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7. Post Printing Activities

7.1 Delivery and Distribution

It is important to give the delivery schedule, which includes the deadlines and the delivery address to the printers in the print specification. From the printers’ point of view, the delivery terms and conditions are mentioned in the quotation.

a) Unless specified, the price quoted is for delivery on time and to the client’s address set out in the estimate.
• A charge may be made to cover extra costs involved in expedited delivery or delivery to another address.
• If the print job is halted / suspended at the request of the customer for a period of thirty days, the printer shall be entitled to a payment for the work already carried out, materials ordered and any additional costs

b) The printer shall not be liable for any loss to customer arising from delay in transit not caused by the printer

c) Advice of damage, delay or partial loss of goods in transit must be given in writing to the printer and carrier within 3 days of delivery (and non delivery, within 28 days of dispatch)

When planning delivery and distribution routes following are some important points;

• Inform the Warehouse / Stores Manager of the date and size of the shipment in order for him / her to plan out warehouse space.
• The printer can store the finished items temporarily, if they are to be dispatched elsewhere later (e.g. mailing house)
• If the finished items are supposed to be dispatched to a mailing house, it is important to discuss with them the timing of the delivery.
• Set the delivery schedule on a “just-in-time” basis, so that the finished job can go straight to sales outlets / exhibitions and trade fairs / promotional campaigns / mailing houses etc.

It is vital to chase progress of the print job throughout its various stages so that the delivery deadlines are met.

Once the finished goods are being delivered, it is important to check whether the goods are in the expected quality and condition and delivered in the required quantity. If the finished items have met the expectations, the printer must be given a confirmation. Else, both parties can discuss and negotiate if there are problems with the delivered goods.

7.2 Mailing Houses

If a particular organization is not in a position to handle large quantities of printed matter, it can employ mailing houses which has storage facilities and executes direct mailing campaigns on behalf of the organization. In the UK, Royal Mail is major mailing house which offers this service to many British and multi national firms. This offers a range of discounts for mass mailers.

7.3 Post Production Meetings

After a major print job, it is important to hold post production meetings to with any or all the parties involved in carrying out the print job. The importances of these meetings are as follows;
- Learn from successes / failures encountered during the process
- Exchange / share information and ideas for future jobs
- Clarify areas of responsibility, any problems occurred during the process
- Review and build relationships with / between various parties

Key concepts in print management

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<tr>
<td><strong>1. Proofs</strong></td>
<td>Test sheets which may allow one to check for errors and to confirm that the image / layout / colours / effects are as specified</td>
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<tr>
<td><strong>2. Full colour process printing</strong></td>
<td>It is where four colours yellow, magenta, cyan (process blue) and black to create all other graduations of colour</td>
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<tr>
<td><strong>3. Pre-press</strong></td>
<td>It is the term used for processes prior to printing on the presses: reprographics, stripping, plate making, pre press proofing and so on</td>
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<td><strong>4. Spot colour</strong></td>
<td>It is the addition of a second colour ink, in two colour work (e.g. in a black piece of copy with a read colour border, black would be the first colour and red will be the spot colour)</td>
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<tr>
<td><strong>5. The Pantone Matching System</strong></td>
<td>It is a brand of colour sampling widely used by designers, printers and ink mixers. This comes in the form of books and swatches</td>
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<tr>
<td><strong>6. gsm</strong></td>
<td>It is an abbreviation for “grams per square metre”, by which the paper weights are expressed</td>
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<td><strong>7. Transparencies / trannies</strong></td>
<td>These are positive colour photographic images on transparent film (like slides). They are preferred format for reproducing colour photographs</td>
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<tr>
<td><strong>8. Dummies</strong></td>
<td>Refers to mock-ups of a job or part of the job which includes all pages printed, folded, trimmed and perhaps bound</td>
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<tr>
<td><strong>9. Resolution</strong></td>
<td>Refers to the clarity of an image, achieved by the number and size of dots per inch</td>
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‡ Activity

You are required to prepare a comprehensive checklist for the entire print management process covering all aspects from designing of artwork to post production meetings. Once you complete this task, compare and contrast it with the one prepared by your colleague.
<table>
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<th>Graduate/Postgraduate Diploma in Marketing</th>
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<tr>
<td>Intermediate Level</td>
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<td>Promotional Practice</td>
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<td>Recommended Study Text</td>
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| Module Three                              | Promotional Planning |
Chapter 8
Event Management and Venue Selection

This chapter will cover the following areas
1. Understanding an Event
2. Stages in Organising Promotional Events
3. Organising specific promotional events
4. Venue Appraisal

1. Understanding an Event

An event is something that takes place; an occurrence and arbitrary point in time. A significant occurrence or happening, a social gathering or activity. Individuals define an event's significance subjectively; people actively and retroactively compartmentalize their lives and history in terms of epochs delimited by events considered to be significant.

In marketing terms events are very important aspects that marketers need to manage. A well co-ordinated event can do quite a lot or positive emphasis to organisational activities while a badly co-ordinated event will bring disrepute to the organisations.

In the communications mix, the importance placed on events are high since the impact that an event could do would be long lasting than other forms of communications activities.

2. Stages in Organising Promotional Events

Organising promotional events is no easy task. It involves intense concentration and efficient co-ordination of all activities. As a marketing assistant or a junior marketing manager it is very likely that you will have to present your findings and information regarding the organisation of specific promotional events and looking into their planning and co-ordination as well. In such instances the following will serve as a basis or a stage like checklist for organising promotional events.

- Situation analysis: what is the event to be hosted? Why is it being hosted? Has it been done before?
- Consider the range and scope of information that you require. What research might you need to undertake?
- Identify a number of hotels/conference centres that can go to for information
- Define criteria that highlight the most important things you require from the venue, for example, costs, catering, equipment, room size, guests invited.
- Prepare a list and narrow it down to a preferred group of three venues
- Highlight the strengths and weaknesses of each centre in order to support recommendations
• Make recommendations and justify them
• Identify the resource implications for this venue. What human resources do you require to manage the event? How many staff will be on hand?
• Guest speakers – consider their input and their requirements
• Consider room layout
• Welcoming and booking in procedures
• Promotion of the event. How are you going to raise its profile? Does it require public relations and if so, of what type?
• What are the required service standards for the event?

Once the event has been planned you should determine how you are going to evaluate its success. Therefore try to identify success criteria. In doing this, consider,

• What evaluation tools are most appropriate for your event?
• What information do you think the evaluation process should provide you with?

International organisation can be complicated by the following factors,
• Language
• Law and custom
• Import/export requirements
• Currency
• Travel requirements
• Time differences
• Unknown media
• Length of communication lines

3. Organising Specific Promotional Events

There are a number of specific promotional events which can be organised depending on the objectives and the need of the organisation. Some of these specific promotional events would include press/news conferences, shows, exhibitions, trade fairs, product/outlet launches, events, stunts and corporate hospitality. However it must be remembered that as with all of these events promotional events are indeed opportunities for communication. They open up opportunities to foster face to face communication, public relations and personal promotion as well.

• Face to face communication – Between people involved in the marketing process, such as marketing staff, suppliers, distributors, customers, the media and general public.

• Public relations – Includes media relations, customer relations and employee relations

• Personal promotion – Of an organisation and its products and services. It is often a first direct encounter such as a launch or introduction between a product and its potential market.
3.1 Organising a Press/News Conference

A press conference or a news conference is a meeting called at a prescribed time and place, to brief journalists and or issue a statement on a particular subject, and allow journalists to ask questions and take photographs.

The key point of importance in a press conference is that you are asking the media to come to you. Hence such conferences must be reserved for genuine announcements of major importance or newsworthiness, as journalists become cynical of organisations that call conferences for matters of pure self-promotion. Therefore you might consider a news conference if for example, you are launching a new promotional campaign releasing special report or announcing a major policy or structural change.

The Organisation of a press/news conference includes the following.

a) Pre-press meeting arrangements – Pre – press meeting arrangements include inviting participants, inviting the press, seating at the head table, venue, timing, writing the press brief, organising refreshments etc.

b) During the press/news conference – Procedure, how to speak, what to speak, order of proceeding etc.

c) Post press brief follow up.

- Inviting the Press

Adequate notice must be given to media contacts and news editors. Media invitations or brief press releases should give details of the conference with sufficient information of its subject, which would act as an incentive to attend.

- A Suitable Venue

An appropriate venue must be set up. Consider carefully whether your location will draw the right journalists and the necessary equipment. For example, power points for TV crews and access to telephone links, some form of platform and microphones for spokespeople and finally but most importantly sufficient seating.

- Appropriate Interview Co-ordinator or Chairperson

The selection and briefing of an appropriate interview co-ordinator or chairperson must take place.

- Writing the press brief

Organising written briefing material and visual aids for use and release at the conference.

- Refreshments

Make necessary arrangements for provision of refreshments.
• Timing

Timing of the conference should be to suit relevant journalists, which would also include not timing it too close to media deadlines (late afternoon will usually rule out morning newspapers and TV). Deadlines must also not be too distant. For example, Monday morning is unlikely to attract Sunday papers.

• Media Coverage

Ensuring that the media coverage is monitored and reported back to the organisation.

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<tr>
<td>Outline the procedure for calling a press conference</td>
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3.2 Organising Shows, Exhibitions and Trade fairs

Exhibitions and trade fairs offer several opportunities. Some of the key opportunities or advantages that they bring have been summarised as follows:

• Public relations to visitors and via media coverage, taking advantage of the interest generated by the exhibition organisers.

• Promoting and selling products and services to a wide range of pre-targeted potential customers, particularly where demonstrations or visual inspections are likely to influence buyers. For instance as in the case of technical innovations or clothes and motor cars.

• Networking within the industry and with existing clients.

• Testing the response to new products.

• Researching the competitor products and promotions.

• Researching supplier’s products and services and making contacts along the supply chain.

a) Factors in Considering Exhibitions

Most industries are catered for by at least one annual or bi-annual exhibition locally as well as internationally. The events themselves are set up by exhibition organisers who are responsible for booking and preparing the venue, registering participants and organising seminars and events, organising lounges, amenities and catering facilities, access and parking, power and lighting, promotion and press coverage.

Here are some of the factors that, a marketing co-ordinator must take into consideration when exhibiting;
• Research must be undertaken as to what fairs and exhibitions are available and relevant.
• Contact must be made with show managers regarding a ‘show pack’ or other relevant details. These details would include: how many people attend the show, where from and in what jobs/sectors, who the exhibitors are, what spaces/stands and facilities are available to exhibitors and at what cost, what transport and accommodation is available to exhibitors and at what cost.
• Research must be done on the competence and asset backing of the exhibition organisers. Assess carefully whether they have enough money, organisation and communication skills to make a success of the event.

b) Planning and Preparation for an Exhibition

Exhibitions are logistical exercises that require planning well in advance. They compress a lot of activity all at once in to a very hectic period. Thus planning must be done well and in advance.

A number of areas in which advance planning is of use are,

• Stand design, Display and Services

Specialist stand contractors can set up the structure, fixtures and fittings of a stand to your specifications, but you need to have considered what your needs for display and facilities will be.

  o What space will be required for uncluttered access and vision, and for storage, confidential negotiations and meetings?
  o What furniture is required for meetings, storage and display?
  o What items will you want displayed or demonstrated? How will you transport them to the exhibition site? In such cases there are specialist exhibition movers offering their services especially for overseas exhibitions, where export regulations must be observed.
  o What decorative items will project the desired image of your organisation?
  o What stationary such as order books, price lists, visitor’s books, wills you require doing business on the stand?
  o What services will you require for operating the stand such as cleaning, rubbish removal, security and provision of refreshments? You will also need to have contact with the transporters, constructors and suppliers to dismantle the stand at the end of the exhibition.

At the time of booking stand or space, you will have to decide on several other issues as well. They are

  o The size of your site depending on the number and nature of products you wish to display, whether you want entertainment/meeting space for your exclusive use, the relative importance of the particular show, and your exhibition budget.
The location of your site. It needs to be accessible to the flow of visitors and needs to be in a relatively-targeted and labelled sector for your business, among others in your field and not in the shadows of strong competitors.

The design and construction of your site. Exhibition organisers generally offer a range of basic prefab or modular stand designs and related services which they can have set up for you. If you wish to use their services, you may have to specify your requirements for shelving, lighting, power and telephone points, water/heating facilities, fire extinguishers, floor covering, furniture, flowers/plants and so on. Cleaning services and insurance may also be offered.

The information you will provide for the exhibition catalogue, press pack and signage.

c) Stand Staffing

Show networking and selling at exhibitions is intense and hectic. You will therefore need to arrange for a rotating roster of stand staff, which would include a stand manager. The stand manager will organise the stand and liaise with exhibition organisers, reception staff, sales staff, technical staff and multilingual expert staff. When considering stand staffing keep in mind that the visitors to your stand will form their opinion of your company and its products more by their perception of your stand staff and the reception they get from them, rather than by the stand or the products itself.

d) Accommodation and Transport for Personnel

A large exhibition can absorb available transport and accommodation even in a major city. If you are outside your home area, ensure that you have booked transport to the exhibition city, hotel or other accommodation and also any hire cars required, well in advance.

e) Pre-arranged Meetings and Visits

In order to maximise your return on investment, ensure that you hit as many of your target audience as you can. Make a ‘hit list’ of key customers, suppliers and agents (from your database or from pre-circulated list of exhibitors and attendees).

- Invite them to visit your stand. Give directions, incentives such as prize draws or free samples, and if possible, make definite appointments.
- Supply their details to your sales staff, who can arrange to go and visit them.

f) During the Exhibition

During the set-up period before the exhibition you will need to work with contractors and your own staff to check that all the structures, fixtures, fittings and services associated with the stand are in place and functioning correctly.

Day-to-day administration of the stand has to be undertaken efficiently. This would include,
• Appointment making
• Providing information, screening and routing ‘serious’ prospects
• Distributing leaflets or running competitions
• Recording all visits and sending visitors away with information

It is also of key importance to maintain and create interest among visitors during the exhibition. New media is having a significant impact here. For example the internet can be used to attract visitors to shows and for those exhibitors using web cast technology; their shows can be broadcast live on the internet and online visitors can view just the stand they are interested in. in this manner useful information can be communicated about exhibited products and interest can be maintained and generated as well.

g) After the Exhibition

Once an exhibition is finished the stand will need to be dismantled and its various components sent back to where they came from.

The most important stage of the exhibition however is follow up.

• The contact information gained needs to be input to the organisation database and immediately utilised, even if it is only an email to thank the contact for the visit.
• All promises made during the show to send out literature or make a sales call, must be fulfilled as soon as possible.

Most companies now have a computer based lead management system. This ensures that no lead is forgotten and if you have captured the information electronically at the exhibition you should be able to import it directly into the programmes. It will store details of every contact with each prospect and enable you to quickly send out client letters and maintain your leads.

h) Cost of Exhibiting

Exhibiting is expensive. Therefore a budget should be drawn up to cover all costs associated with going to the exhibition. This budget should be compared with forecast revenue from the show in order to assess the show’s viability. After the event, the show’s profitability can be evaluated in the same way. It should be recognised however that your objectives for a particular show/exhibition may not be entirely sales revenue. Your goal may be to find an international distributor in a new industrial market or to raise awareness of your brand with the trade press or even to introduce your product to a new market. Brands are increasingly being brought to life at exhibitions and events. For example, Walls ice cream has a travelling promotional truck, allowing visitors to experience the product. Such targets though take time to get converted into confirmed sales.
According to the Exhibition Industry federation survey it is believed that the average time to convert an exhibition lead to sale is seven months and in some cases, two years or even more. Looking at the cost of exhibiting a little more closely, according to the Exhibition Industry survey once again, site fees, stand construction and display account for 66% of the cost while staff costs, including opportunity cost of being withdrawn from normal sales work, accounts for 22% and promotion and entertainment for 12% of total costs of exhibiting.

i) Exhibition Checklist

When organising or planning an exhibition/show it is of absolute necessity that you maintain an exhibition check list so that you avoid missing out on any key duties that will affect the success of the exhibition.

Your exhibition checklist would ideally be as follows,

- Book space and pay direct
- Draft and supply catalogue, signage information
- Design stand, lighting, fixtures and fittings
- Order lighting, flooring, furniture, shelving and storage
- Order water, power, heating, telecom and drainage
- Order fire extinguisher, check safety regulations
- Insure stand and exhibits
- Organise products, brochures, display materials for exhibit
- Arrange delivery, export of large items, and returns
- Contract for stand cleaning, plant/flower supply and maintenance, security
- Plan staffing of stand
- Plan VIP appearances
- Arrange transport and accommodation of staff
- Design and prepare promotional literature, signage, incentives to visitors
- Gather stationery and equipment for use on stand
- Invite customers/prospects, arrange meetings
- Arrange for photography, refreshments
- Order stand catering/refreshments
- Brief stand personnel; prepare task lists, rotas

In summary when it comes to exhibitions there are keys to success. These keys to success according to Peter Middleton writing in ‘what’s new in Marketing (2002)’, are:

- Establish your objectives and make them measurable
- Book the best possible stand position at the best possible exhibition
- Make the best use of the space you can afford
- Plan very carefully and in plenty of time using the item and action checklists
- Train your staff so they know exactly what is expected of them
- Promote your stand before and during the exhibition
• Give visitors a reason to come to your stand
• Use audiovisual aids to attract and entertain visitors
• Approach as many visitors as possible
• Carefully record lead information
• Follow up quickly and effectively
• Track every lead
• Evaluate your efforts
• Never give up on your prospects.

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<tr>
<td>• What considerations dictate the desirable size and location of an exhibition stand?</td>
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<tr>
<td>• What costs of participating in exhibitions needs to be budgeted for?</td>
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3.3 Product/Outlet Launches

Product and outlet launches may be accompanied by a range of promotional activities such as advertising, merchandising, special offers and press releases. They also often serve as an occasion for a social gathering.

a) Purpose of a Launch

The following may serve as reasons for or ‘purposes’ of a launch.

• To attract media coverage – This has proven particularly effective if VIP or celebrity guests are present, or if the event itself is newsworthy (for example, unveiling a genuine innovation), or if the launch is in itself imaginative of its venue or theme.
• To raise the PR or industry profile of the organisation by inviting a wide range of potential contacts.
• To build relationships with existing customers or clients by involving them in company celebrations.
• To give key customers or trade buyers a chance to preview and pre-order new products.
• To reward staff, suppliers and distributors who have worked on the launch.

b) Preparation for a Launch

Preparation for a launch will be dependent on the requirements of each individual event. The following however are some key factors that will generally need some attention or consideration.

• Guest list
  Checklists of categories of people to be considered will help to ensure the right mix for the purpose of the event, including general and trade press media, existing customers, style leaders and celebrities, suppliers and distributors, staff and community figures.
• Invitations
These should go out weeks in advance, and replies should be requested. In order to
estimate numbers, particularly for high profile, smaller and catered events, it may be
necessary to follow up those who do not respond. For a large event, anticipate a high
dropout rate.

The style of invitations is an important PR exercise in itself: use your creativity to
intrigue or impress, or to tie in with the product or event theme.

• Venue
When selecting a suitable venue, keep in mind important factors such as
  o Location
  o Facilities
  o Size
  o Interest and purpose

• Catering
Unless you are having a very small, informal gathering in your own premises, it is
advisable to use professional caterers, or a catered venue. Caterers can supply a wide
range of buffet foods and drinks, waiter services and hire of crockery and glasses. Lay
out refreshments away from the main presentation area, but spread about to keep your
guests circulating.

• Staffing
Ensure that you have welcomes and refreshment services as well as information
providers, order takers and an event co-ordinator.

• Photography
If you cannot persuade a press photographer to be present, hire a photographer. An
interesting photograph with a good caption may be sufficient to secure you a feature in a
newspaper or magazine.

• Promotional materials and give-aways.
  Depending on the purpose and status of the event, you may wish to make available
  product catalogues or brochures, samples or themed, branded party gifts.

3.4 Events, Stunts and Corporate Hospitality
Apart from what was discussed above other events which support marketing activities are

• Promotional tours, for example by artists, recording artists or authors, giving
  interviews, readings, performances and signing copies of product for sale,
  endorsing products.
• Award ceremonies and celebrations for staff and in collaboration with other
  organisations in the industry
• Public seminars promoting an organisations expertise
A publicity stunt is any event calculated to attract the attention of the media. It needs to be amusing, whimsical, unusual, highly visual and of local or topical interest to the audience. From the organisation’s point of view a publicity stunt also needs to be relevant to the aims of the press coverage, potential customers should remember the product not just the event.

The organisation of publicity stunts needs to include the following.

- The event itself (time, location, participants, props and costumes)
- Notification of the public and press/media that the event is taking place.

**Corporate Hospitality** involves entertaining an organisation. The following are some of the reasons for doing so,

- Building or cementing relationships with key clients
- Rewarding and motivating key suppliers
- Encouraging networking and informal communication
- Showing a presence at major sporting or cultural events

Large scale corporate entertaining at sporting and cultural events is often handled by agencies. These agencies purchase a block of tickets and sell them to companies as part of a hospitality package including a marquee, box or hospitality room, drinks and food and event programmes. Larger companies may even own a permanent box or block of seats at stadiums and theatres and use on-site catering services. For a small company with no particular status requirements, ordinary ticket purchase and on-site catering may be sufficient.

If you book an event through an agency the price per head is likely to be high. Thus you will need to plan the guest list and attendance carefully. You may therefore do the following.

- Have a reserve list – there is likely to be a set number of places which need to be filled.
- Try and find people who will be interesting to each other and of a similar status
- Invite guests verbally at first, to get the data in their diaries; then follow up
- Monitor responses and invite reserve-list replacements as soon as possible
- Send reminders a week before the event with tickets and details
- Arrange all requirements for transport, parking and accommodation
- Liaise with agency staff to ensure that catering and other services are in hand
- Brief the hosts on the list of guests, their company and position

There will usually be a separate budget allocation for hospitality events, the return on investment on such entertaining is not always readily quantifiable, since there are many other factors in customer loyalty and favour, but there may well be industry norms and expectations to live up to.
4. Venue Appraisal

4.1 Suitability for the Event

The word “suitability”, means ‘fitness for an intended purpose” and “appropriateness for an occasion”. Your particular event may have different criteria and constraints and a suitable venue should be able to meet as many of these criteria and constraints as possible. In assessing the suitability of a particular venue certain criteria that must be taken into consideration are as follows,

   a) The size or capacity of the venue
   b) Location of the venue
   c) Status and Style of the venue
   d) Cost

a) The Size or Capacity of the Venue

In order to try and assess the size or the capacity of the venue you require, you must firstly have an idea about the number of guests attending the event. It is essential that you know how many people are on your guest list or how many participants you will have at the event. Next you must find out how many people the venue will actually hold. The actual number of people a venue may hold is however defined by many factors. They are

   • Seating capacity – This would apply to situations as in a lecture hall, cinema or theatre.
   • Accommodation capacity – The maximum amount of people that can be accommodated in a hotel or residential conference centre
   • Space and comfort – Can be applied to situations where people will have to remain standing.
   • Accessibility and lines of sight – In situation such as in a gallery or exhibition centre where lines of sight and accessibility are crucial.
   • Safety and fire regulations – Such regulations would limit the number that can be accommodated, in order to allow emergency exits.

Cost, atmosphere and setting and public relation considerations suggest that you should not select a venue much larger than your numbers require. This is due to the fact that a small gathering of people in a large room feels awkward and looks disappointing even if the expected number is present. This could hence have an impact on the organisations’ public relations and image. In case of a small crowd therefore, auditoria of various sizes or meeting rooms in hotels and conference centres can be picked, again taking into consideration the number of people attending. Innovative ideas may also be used for small
crowds by having for example, roped off or screened off ‘private party’ areas in public restaurants, theatres and museums.

b) The Location of the Venue

Unlike in the case of looking for a location for a sales meeting where participants have to attend, location becomes a crucial factor in venue selection, where you want to attract guests to your event. In order to be able to attract guests to your event you should consider factors of convenience such as proximity, accessibility and also the purpose of the event.

- Proximity
  With regard to proximity, the location of the venue should be in close proximity to where as many of your guests are likely to be at the time of the event.

- Accessibility
  Here the venue must be easily accessible though road, sea or air accordingly. The venue should also be accessible by public transport and have good road access and parking facilities.

- Purpose
  The venue should also be located conveniently taking into consideration the purpose of the event. For example, if you want to show customers your new outlet or showroom or give suppliers a tour of your new warehouse and its facilities, any associated meetings or entertainment regarding this should be held at or near the sight. This would be the most efficient and effective way of fulfilling your purpose.

In certain cases however where for a small and special event a remote location seems most suited to the purpose, do not let inaccessibility put you off. Make arrangements to transport your guests to the location by hiring coaches or buses, for in the end the cost of doing the unusual and being innovative by selecting a remote country location may well be worthwhile.

c) The Status and Style of the Venue

Status, style and degrees of comfort and luxury are highly subjective matters. The level of formality of a venue, its comfort and amenities, decor, style of service, dress codes and so on can therefore project a powerful image. You must hence keep in mind that your event and your organisation are going to be associated with this image.

The image of a venue should be matched to the following.

- The desired image and status of the organisation, product or brand.
- The tastes age and status bracket of the guests.
- The purpose and style of the event, for example, business like, entertainment, social networking etc.
‡ Activity

1. What sort of marketing events, might you hold at:
   a) A branch of McDonalds?
   b) A prominent city night-club?
   c) An outdoor adventure centre?
   d) A country bed and breakfast hotel?

2. Using the format and criteria given below evaluate two appropriate venues for an event of your choice or for one mentioned above.

Venue selection for event …
Event: 
Objective: 
Budgetary constraints: 

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d) Cost

The venue is not the only cost of an event. Thus balance what you need your venue to offer with the constraints an expensive venue will place on the rest of your event budget. Before you begin have a clear set of objectives for your event, including any financial benefits you hope to gain from it. Also formulate an expenditure budget in proportion to the financial and non-financial returns expected from the investment.
Finally an event from concept and plan will help place the venue specification in the context of the objectives and budget. In the end work out what the total budget will be and whether this investment will bring out the desired result.

Something to take note of when considering cost for venue selection is that the price charged by large venues may reflect effective economies of scale. However this also means that the venue comes with a wide range of services or facilities that may not be even needed. Hence when selecting a venue take into consideration what facilities you would actually need and do not pay for what you will not use.

When considering cost you must also consider some of the main facilities your event might require. Some such facilities are:

- Conference/meeting facilities, including suitable furniture, presentation equipment, staging or sound systems, communication centre and secretarial support services.
- Catering facilities or services, ranging from drinks and snacks to full-scale buffet or sit-down banquet.
- Accommodation for longer conferences and events. Consider what type of accommodation and what standard of comfort and presentation your guests require.
- Recreational activities, conferences are often opportunities to reward staff and to encourage team-building by offering leisure facilities.
- Disabled access and facilities: ramps, lifts and wheelchair access.

Outdoor venues and events will require additional facilities such as:
- Shelter, in the event of bad weather
- Toilet facilities
- Safety, for example if sporting or adventure activities are involved.

Bear in mind when looking for facilities that the house rules of a venue also apply. Conference centres owned by religious groups for example may prohibit drinking and smoking on the premises. If you require these facilities you will need to check prior to booking the venue.

In conclusion therefore a venue can be easily evaluated using the 7 S’s of:

1. Suitability
2. Size
3. Status
4. Safety
5. Style
6. Site
7. Service
Chapter 09
Developing the Communications Plan

This chapter will cover the following areas

1. Developing a Communications Plan
2. Relating the Communications Plan to a Campaign Plan
3. Format to Develop a Communications Plan

1. Developing a Communications Plan

Modern day marketing requires not just developing a good product. Not just an attractive price. Not even convenient availability. It requires communication with present and future stakeholders and everyone else who had any degree of involvement with the company. This communication process is a vital tool between developing relations between the company and those involved. Thereby it is essential that the communication plan is effective and targeted to those it is required to be targeted for.

In developing effective communication there are steps that you might have to take to ensure the efficiency.

1.1- Identifying the Target Audience

The target audience is absolutely essential in developing effective communications. Target audience may be potential buyers of the product, current users, deciders/influencers, individuals, groups, particular publics or the general public. On the whole the target audience is the party that the marketer is directing the communications message.

a) Differentiating the Target Audience from the Target Market

Target Audience vs. The Target Market

The target market is chosen after the segmentation process has been completed. It is basically deciding which segments offer the greatest opportunity and thus it is the target
market. This target market is a place where a collection of buyers and sellers are involved in a transaction process over a product or service.

The target audience stems from the target market in the sense that it is about the people involved in the process. For example, a milk power manufacturer has found out through research that there is vast potential in the ‘non-fat, low-calorie’ segment. This is the target audience which extends from the target market of ‘health conscious’ milk drinkers.

b) Tools to Analyze the Target Audience - Image Analysis, Pre-Communication Tracking

Certain tools can be used to analyze the target audience as given below.

- **Image Analysis**

An “image” can be described as a set of ideas, beliefs and impressions a person might hold about something or someone. Thereby a major part of this tool is to assess the current image of the company, its products and the competitors. This can be drawn as a perceptual map and by following simple steps this analysis can be completed with positive results.

**Step 1:** Measure the audiences’ knowledge on the particular product etc. this can be done through a rating scale or a familiarity scale. The scale can have two extremes such as “never heard of” and “know very well”.

**Step 2:** Participants who respond saying that they do not very much about the product can be informed about the product and those who are familiar with the product can be given a favorability scale.

**Step 3:** A favorability scale can have extremes such as “very unfavorable” and “very favorable”. What the company must understand is that if most respondents answer negatively to the company product, there is a massive image problem of the product. Thereby, necessary steps will have to be taken to overcome this blunder.

There are many reasons why a company should carry out an image analysis. Some of those reasons are,

- Helps the company assess current attitudes/image of the target audience towards the company product/brand.
- Image/attitudes towards competitors can be assessed.
- Will enable the company to set communications objectives to either reinforce or to move away from the present image.
- A company will be able to determine the position of the target audience in the AIDA model.
- Competitiveness of the company brand vs. the competitors brand can be assessed.
- A simple way of finding out if the promotional campaign has achieved to change the image to what the company intended to.
Note: this is mostly used as a pre-test before a promotional campaign to assess where the company is currently in the minds of the target audience.

An image analysis is carried out on two dimensions.

1. Familiarity of the product
2. Favourability towards the product.

Favourable attitude

- Competitor C
- Competitor A
- Your brand

Low familiarity

High familiarity
- Competitor B

Unfavourable attitude

Based on the above the organization will be able to assess the exact perception its products or organizations are vs. its competition.

- **Pre-Communication Tracking**

This is mainly research conducted prior to the implementation of the communications campaign. Identifying the target audience is not as simple as it seems and research would help narrow down the population into the targeted audience of the product/service. Research would be done in the form of questionnaires and in-depth interviews.

1.2- Developing Communication Objectives

*What are communications objectives?* Objectives determined to be achieved through a marketing communications campaign or plan. Developing communications objectives may be seen as a simple task whereas in reality it should be done with the utmost care in order to ensure that the objectives are SMART. Furthermore, the criteria stated below would also have to be taken into consideration.

- Based on the image analysis, the present image or perception of the product in the target audience
- In line with the overall marketing objectives of the company
- In line with the overall objective of running the present campaign
a) Developing Integrated Communication Objectives

One the target audience has been defined, the response expected must be decided and these can be cognitive, affective or behavioral. The consumer may be in any of the buyer readiness stages and may pass through these on his/her way to making a purchase. The stages in the process are **awareness**, **knowledge**, **liking**, **preference**, **conviction**, and **purchase**.

**Awareness:** if the company is trying to educate the target audience about a new product, the first step is to create awareness about the product. At this stage, even the awareness of the name of the product might be the communicator’s objective.

**Knowledge:** what if the target audience is well aware of the product but doesn’t know anything beyond that? At this point, the company would try methods like a press conference to educate the target audience about the product and what exactly it offers in value to the potential customers.

**Liking:** an exaggerated piece of news can turn into a disastrous back fall in the company’s popularity. The reason for the negativity will have to be found out (if unknown) and then necessary action will have to be taken to turn the situation around.

**Preference:** awareness and knowledge might be high but if the preference is low, purchase would never occur. If customers prefer competitor products to the company products, the company will have to promote quality, value, performance, and the other distinctive features.

**Conviction:** a consumer may have a liking towards purchasing a certain brand of perfume but might not have a conviction about the purchase, doubts would always appear before the actual purchase decision and thereby the transaction would not occur.

**Purchase:** the population tries out a product. Even if they have a conviction of purchasing the product, the purchase might not take place because they might want more information about the product or more time to think about the decision. Low prices and premium offering might be the trick of leading the consumers to take the final step.

b) Linking Communications Objectives to Marketing Objectives

Marketing objectives are major financial and marketing goals that a company would like to attain during the marketing plan’s term. These objectives are expressed in terms of sales volumes, market share, profit and other relevant terms. Communications objectives as mentioned above are what are expected out of a communications campaign. So how would these two merge together?

Any decision made in the company will have to flow in the direction of all other decisions. If the marketing manager is doubtful about a new product, the senior managers
or the executive committee will have to take him seriously and consider alternatives. Likewise, all communications objectives must be in line with the marketing objectives.

If the marketing objective is to generate 40% brand awareness within the consumer target market, the communications objectives must be developed accordingly. Therefore, if the communications director decides to implement a massive awareness program using PR and direct mail, each tool must have its own target. For example, the PR program must strive to achieve at least 50% of the target audience’s attention.

c) Linking Communications Objectives to Corporate Objectives, Mission

A company exists for a certain reason. With time, this reason might expand or grow into many reasons or something different what it started out as. The mission of the company is a statement about the purpose of the organisation. This statement acts as an ‘invisible hand’ guiding the people in the company. This mission statement is supported by the corporate objectives. These are objectives made at the strategic level by the BOD. After the objectives have been determined, functional or divisional objectives will be decided by senior managers to compliment the corporate objectives. Likewise, all the goals of the company should be made to support the corporate goals.

Creating environmentally better products to benefit the human population may be the corporate objective of a company specializing in consumer food. In order to achieve this objective, the company must hand down objectives to each function. Production would have to use healthy ingredients and be 100% hygienic. R&D will have to think of better ways to add nutrients to food without the addition of unnatural substances. Marketing will have to promote the food with a ‘healthy eating’ campaign. Therefore, the communications objectives will have to be to create awareness about the product by endorsing the help of a doctor etc. The important thing to remember is that whatever objectives made at corporate or functional level, each and every objective must complement each other.

1.3- Developing Communication Strategies

a) Pull Strategies

This is a promotional strategy that requires a great amount of spending on advertising and consumer promotions to build up demand for the product or service. If this strategy is successful, consumers would be demanding the product or service and therefore, it will be pulled from the manufactures to the consumers through the various intermediaries. What this essentially means is that it’s a strategy used by companies to encourage consumers to buy more products hence, pull products from the company.

b) Push Strategies

This strategy is implemented by manufacturers mainly to their intermediaries. Just like the name of the strategy suggests, it is to make the wholesalers promote the product to
retailers and then the retailers to the consumers. Using trade promotions and sales force can be means of getting this strategy across.

c) Profile Strategies

This is a strategy that focuses upon the corporate image and its reputation. Attitudes, awareness, and perception are factors that can determine the way the various stakeholders think about the company. Thereby, the company needs to understand the way stakeholders think and change their thinking if desired (in the case of negative attitudes towards the company). The target goal of this strategy is to build corporate reputation.

d) Using Communications to Support Positioning

Marketing strategy is built upon STP- Segmentation, Targeting and Positioning. Each of these are crucial to the marketing of a product/service and various criteria would determine how to make these decision.

With the completion of market segmentation and targeting the audience, positioning would be done. This aspect would primarily be done through communications. It is therefore, most important that marketing communications support positioning through the various tools available.

For example, if a bank decides to position itself as the most reliable and fastest way to solve financial problem, communications must support this position. Advertisements should be centered on accentuating reliability and fast access to money. A strong PR campaign would be needed to build branding. In this manner a marketing/communications manager can use all or a combination of the five tools to support positioning.

1.4- Developing the Message Strategy

Creating a communications plan and setting SMART objectives would be fruitless if an effective message is not sent across to the target audience. In developing an effective message strategy, the following steps can be used as a guideline.

Step 1: The first step in developing an effective message is to decide what general messages are to be communicated to consumers. That is, planning the message strategy. The content of the message is derived from the overall theme, idea or the USP (Unique Selling Proposition). Furthermore, identifying the customer benefits and what they expect from the product/service can be of great importance.

The message can carry certain types of appealing qualities which are mentioned below.

- Rational appeal- the benefits that the product will offer when in use can be defined as the rational appeal. Whether or not the product is doing what it should is the basic requirement.
• Emotional appeal- “The ultimate driving machine” is a typical slogan used in a campaign to target the emotional aspect within the consumers. Any emotion (either negative or positive) that will trigger purchase.

• Moral appeal- when a company claims the disuse of animal testing or the use of animal fat in cosmetics, they are making a statement that their products are morally the proper thing to purchase.

Step 2: The flow in which the message is communicated is the message structure and this is either one/two sided argument messages or conclusion drawing messages.

Step 3: The message format is what should be given attention next. Here, every little detail matters and some companies hire a copywriter and an art director to manage this process. The important thing is that the communicated message is meaningful, believable and distinctive and this should show through the message. If it’s a press advertisement, illustrations and an attention grabbing but believable headline are essential.

Step 4: A doctor endorsing a cough syrup at a press conference would be an ideal message source rather than getting a model to do so. The final step is to select a suitable message source.

1.5 Selection of the Communication Mix

When deciding how to properly utilize the marketing communications mix to meet your marketing objectives, it is important to consider the relative strengths and weaknesses of each component of the mix. Further, you must always define your total budget first (generally defined in the Marketing and/or Business Plan) and then decide upon the best way to leverage the different elements of the mix to maximize the return on your investment. You will balance the various parts of the mix to not only create an integrated approach to your marketing communications but you must also devote enough resources for each component to be successful.

Here are some things to keep in mind:

Advertising is a 'paid for' communication. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market. There are many advertising 'media' such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite) cinema, outdoor advertising (such as posters, bus sides).

Reaches large, geographically dispersed audiences, often with high frequency; Low cost per exposure, though overall costs are high; Consumers perceive advertised goods as
more legitimate; Dramatizes company/brand; Builds brand image; may stimulate short-term sales; Impersonal, one-way communication; Expensive

**Personal Selling**

Personal Selling is an effective way to manage personal customer relationships. The salesperson acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine return on investment. For example salesmen are often used to sell cars or home improvements where the margin is high.

Most effective tool for building buyers’ preferences, convictions, and actions; Personal interaction allows for feedback and adjustments; Relationship-oriented; Buyers are more attentive; Sales force represents a long-term commitment; Most expensive of the promotional tools

**Sales Promotion**

Sales promotion tends to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example the BOGOF promotion, or Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.

May be targeted at the trade or ultimate consumer; Makes use of a variety of formats: premiums, coupons, contests, etc.; Attracts attention, offers strong purchase incentives, dramatizes offers, boosts sagging sales; Stimulates quick response; Short-lived; Not effective at building long-term brand preferences

**Public Relations**

Public Relations are defined as 'the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics’ (Institute of Public Relations). It is relatively cheap, but certainly not cheap. Successful strategies tend to be long-term and plan for all eventualities. All airlines exploit PR; just watch what
happens when there is a disaster. The pre-planned PR machine clicks in very quickly with a very effective rehearsed plan.

Highly credible; Very believable; Many forms: news stories, news features, events and sponsorships, etc.; Reaches many prospects missed via other forms of promotion; Dramatizes company or product; Often the most under used element in the promotional mix; Relatively inexpensive (certainly not 'free' as many people think--there are costs involved)

Direct mail is very highly focused upon targeting consumers based upon a database. As with all marketing, the potential consumer is 'defined' based upon a series of attributes and similarities. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are marketing medical textbooks, you would use a database of doctors' surgeries as the basis of your mail shot.

Many forms: Telephone marketing, direct mail, online marketing, etc.; Four distinctive characteristics: Nonpublic, Immediate, Customized, Interactive; Well-suited to highly-targeted marketing efforts

Integrating the Communication Mix Tools

The above elements will need to be integrated together in order for the communications strategy to work effectively and for the message to be delivered to the target audience.

1.6 Developing the Communications Activity Schedules

In a communications plan the activities will be further elaborated under each campaign that will be executed in order to achieve the given overall communications objectives. However each major campaign will have to be listed under the activity scheduling. Usually Gantt charts are used for this purpose.

1.7- Developing the Communications Budget

Many companies spend millions of rupees solely on developing communications. Compared to countries like USA and UK, since figure seems just like a drop of water in the sea but nevertheless, communications take a large piece of the allotted budget for marketing activities. So how would a marketer decide on the communications budget keeping in mind the statistically proven fact that 50% of the money spent is wasted?
Industries and companies vary widely on the amount they are willing to spend on communications. Most industrial machinery companies might have lower budgets as compared to a company manufacturing FMCG goods.

a) **Methods available to Develop the Communication Budgets**

There are many methods available from which a company can decide its communications budget. Four methods will be discussed and they are,

- Affordable Method
- Percentage-of-Sales Method
- Competitive-Parity Method
- Objective-and-Task Method

**Affordable Method**

If the revenue of a company is small as compared to the large players in the industry, the company cannot afford to spend on communications than what it already has. After operating expenses and capital outlay are deducted from the revenue, a proportion of the remaining would be allotted for marketing. The downfall to this method is that most of the time there is under spending on promotions and that results in devaluation of the brand. Sales boost due to sales promotions and branding occurs through PR and various other promotional tools. Thereby, long-term market planning is difficult and thus opportunity for growth is limited.

**Percentage-of-Sales Method**

This is when companies set their communications budget at a certain percentage of current or forecasted sales. This is a simple method which helps management think about the relationship between promotion spending, selling price, and profit per unit. As with all methods, this convenient method has its disadvantages which can overshadow it advantages. One of its disadvantages is that there is no strong basis for deciding the percentage chosen. It entirely depends on what has been done in the past or what competitors are doing. Furthermore, in case there is a rapid fall in sales, this method would not allow increased spending to try and boost up sales.

**Competitive-Parity Method**

Matching their competitors outlays would be the basis for this method. By keeping a close eye on how and where competitors spend, a company can decide to match the amount or decide on an industry average. Since the collective wisdom of the industry is represented by the average spent on promotions, this method is used by companies. This method also helps prevent promotional wars between the industry rivals. Unfortunately these advantages are not seen valid in the eyes of industry experts. Reason? Each company would have its own marketing strategy with its set goals and
objectives. By following the way others do things, a company might lose its way sight of its own strategy.

- **Objective-and-Task Method**

Known to be the most logically sound method and this is due to many reasons. First, the budget is allocated according to what the company intends to accomplish in the future. By defining specific communications objectives and determining the tasks needed to achieve these objectives, the estimated costs can be calculated. The sum of these costs is the communications budget. This is one of the most difficult methods to use simple because it is hard to figure out which specific tasks will achieve specific objectives. This might prevent companies from using this method although it seems the most practical and efficient.

b) **Developing the objectives and task budget and linking with the marketing budget.**

Before we discuss budgets it is important to know the role it takes in the marketing plan. A marketing plan is carefully constructed by the senior staff and it has a sequence of events that have been carefully analysed to complement each other.

The marketing budget is developed after assessing the current situation, developing objectives and dealing with issues, developing a marketing strategy and finally deciding on an action program, in the marketing plan.

The budget is a projected profit-and-loss statement which consists of expected revenues and expected costs and the difference between these two is the projected profit. Once the budget is approved, it becomes the basis for materials buying, production scheduling, personnel planning and marketing operations. Therefore, it is important to keep in mind that the entire allocated marketing budget would be divided among a lot of activity. Communications is a part of the big whole.

It must be clear by now that a communications budget cannot be developed independently. When using the “Objective-and-Task Method” first and foremost the marketer/marketer’s need to make sure that the objectives and the desired outcomes are in line with the overall marketing plan. If so, the marketing budget will have to be considered to make sure that the budget needed for the communications plan is realistic. In this manner both the marketing budget and the objectives and tasks budget can be linked together.

1.8- **Measuring Promotional Results**

This is an area that most marketers try to avoid since the promotion has already been implemented. This is indeed a very narrow minded conclusion to come at especially when marketing is a lot more than a transaction.
Senior managers however, are most eager to find out the outcomes and the revenues generated through the promotional campaign.

a) Post track studies

Post track studies are carried out right after a promotional campaign. It is to measure or to find out if the necessary objectives of the campaign have been achieved and this carried out on the target audience.

To carry out a measurement, the **perceptual mapping done in the image analysis** can be very useful. For example, the two axes can be used to find out if the brand image of the product had become more positive/negative and to find out if the customers are more/less aware of the product.

Another method of conducting post promotional studies is to carry out **research**. This can be outsourced or carried out by the company itself. Surveys, in-depth interviews and other methods of both qualitative and quantitative methods should be used. Recognition, recall, frequency, points of recall, feelings, and previous and current attitudes toward the product, are aspects which will be measured.

b) Reconciling Post Communication Achievements vs. Communications Budgets.

Post communication achievements can be either satisfying or not. It could be satisfactory but not up to the expected level. If a company has achieved its communication objectives from the allocated budget, this would be the ideal situation for the company.

Unfortunately this is a very rare occurrence. Either the campaign would exceed the allocated budget or the necessary objectives would not have been achieved. Research would help determine if the company has reached its goals through the campaign and integrated the budget to the objectives in a positive manner.

2. Relating the Communications Plan to a Campaign Plan

Communication campaigns integrated set of programmes which are used to carry out the given communications plan. Each campaign needs to be developed separately based on the overall communication plan.

The following is the usual process that will have to be followed in developing a communications campaign.

1- Define the target audience for the campaign
2- Set campaign objectives (SMART)
3- Developing the creative concept (agency)
4- Communications media selection and planning
5- Advertising development and testing
6- Implementation and scheduling
7- Campaign evaluation.
These sequences of events are followed when a marketing manager is planning a campaign. However, before defining responsibilities, one must remember to keep the overall objective in mind. That is, the achievement of the corporate objectives.

Each stage of the above process is carefully planned in order to integrate it into the corporate objectives. If the communications objectives are achieved, marketing strategies can be achieved and likewise these strategies give way to the marketing objectives. Thus, each step of the campaign process has a direct link to the corporate mission.

3. Format to Develop a Communications Plan

Sample Communications Plan

Cover Page

Communications Plan

ABC Limited
For the period 200X

Contents
1. Executive Summary
2. Background
3. Current Perceptions
4. Strategic Intent
5. Communication Objectives
6. Overall Communication Strategy
7. Key Message
8. Communication Mix
9. Execution
10. Overall Budgets
11. Measures
12. Annexures - Campaign Plan 01
   - Campaign Plan 02
1. Executive Summary - *Gives a brief synthesis of the overall plan*

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2. Background – *Indicates the product/organizations for which the communications plan is developed and will also specify any standards used in developing the plan.*

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3. Current Perceptions (*Image Analysis*)
### 4. Strategic Intent

a. Vision

b. Mission

c. Corporate Objectives

d. Overall Marketing Objectives

### 5. Communications Objectives – *SMART Objectives*

### 6. Communications Strategy – *For each strategy communication mix elements will have to be defined*

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### 7. Key Message – *The message could be different to support each strategy*

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d) Personnel Selling effort

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11. Measures – Total overall measures

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Chapter 09 – Developing the Communications Plan
### Annexure 01 – Campaign 01

#### Campaign for XXXXX

**Period:** _________________________  
**Product:** _________________________

#### Target Audience

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#### Set Campaign Objectives

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#### Creative Concept

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#### Advertising development, Testing, Implementation

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#### Campaign Evaluation Criteria

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My Short Notes
Chapter 10
Measuring the Effectiveness of the Promotional Programme

This chapter will cover the Following
1. Measuring the Effectiveness of a Promotional Campaign
2. Conducting Research to Measure Promotional Effectiveness
3. Pre Testing
4. Post Testing

1. Measuring the Effectiveness of a Promotional Campaign

Promotional campaigns can noticeably be seen everywhere. It could be at a sports event or the local cricket team wearing t-shirts bearing the name of a tea exporter. It could be regarding a health scare or a manufacturer of milk powder raising awareness on osteoporosis. Many ask the question ‘Is it worth it?’. Sponsorships can be costly as well as very much effective. Reasons why many companies use sponsorships could be for exposure, brand awareness, image etc.

Sponsorships are considered as a form of affinity marketing which enables an organisation to distinguish itself and show off its capabilities. It can also help create awareness over brands that do not typically come to the minds of consumers. Creating goodwill, motivating sales force, creating positive feelings about the company can be few other reasons why companies might turn to sponsorships as a form of marketing their goods or services.

1.1 Reasons to Measure Effectiveness

a) To Avoid Pricey Mistakes

When money is spent in terms of billions annually on promotions, managers would like to evaluate and see if the money spent is of a waste or if more money should be invested. Advertisers in the US spent over $35 billion in advertising and promotions in the year 1996. When money of this kind is spent it is important that firm’s are aware of the effectiveness of the campaigns in order to maximize its investments.

b) To Evaluate Alternative Strategies

Any typical firm would have a number of strategies which have been developed as a back up to the implemented strategy. For example, a company might have to decide on the medium of which they would be advertising. Advertising only on the internet would capture a limited amount of the customer base so another medium might have to be chosen. Advertising can also be done according to a burst or layered campaign therefore, alternative versions would have to be considered.
c) To Increase Efficiency of Advertising in General

Getting the intended message across to the target audience can be the most important aspect of advertising. Thus if the creative department is being ‘too creative’ and the target audience is unable to understand the message, the ad would be of no use. Thus to test suitability and to satisfy demanding clients, testing would be most appropriate.

1.2 Reasons Not to Measure Effectiveness

a) Cost and Time

This factor is common to both SME’s and much larger corporations like Multi-nationals. Many small firms do not have the necessary capital to invest in research since it can be expensive in terms of both time and money. Large corporations argue that the money spent on research can be utilized elsewhere (improved production of the ad, additional media buys etc.). Managers are quick to point out that they are overworked and therefore, have no time to spend on testing.

b) Research Problem

The product or service is affected by all elements of the marketing mix and isolating each elements contribution is almost impossible. Thereby it is difficult to isolate effects of the promotional elements. This difficulty thus prevents managers from testing the effectiveness.

c) Disagreement on what to Test.

A promotional campaign would greatly differ according to industry, situation, stage in the PLC and due to great many other factors. For example, in a company the sales manager would want to measure the impact on sales whereas the senior managers would wish to see the overall effects the campaign caused the corporate image. Thus differences what is required might refrain managers from testing effectiveness.

d) The Objections of Creative Department.

Testing the effectiveness would seem as if the creative department’s capabilities are under scrutiny. Therefore, many might resist or argue against testing stating that the tests are not true measures of the creativity and effectiveness of ads.

2. Conducting Research to Measure Promotional Effectiveness

Organizations would make a decision whether or not to measure communications effectiveness after considering the above factors. In order to conduct the research, one must be familiar with the constituents (source, message, media, and receiver) of the communications model and the importance of each component.
2.1 Essentials of Effective Testing

As we have already discussed, there is no clean cut way to test advertising effectiveness. Nevertheless, marketers are required to show the contribution of the ad to the overall marketing effort and PACT (Positioning Advertising Copy Testing) has come up with nine principles to do so. Therefore, good tests of advertising effectiveness must address the nine criteria and following the decision sequence model in formulating promotional plans, the above can be accomplished.

**Principle 1: Establish Communications Objectives**

The direct impact caused by advertising on sales can be quite impossible to determine. Thereby the marketing objectives which are established for the promotional program cannot be considered as a good measure of communication effectiveness. The effect of an advertisement on sales can be harder or more expensive to measure as mentioned before. On the other hand, attaining the communications objectives can be measured and therefore this leads to the measurement of the marketing objectives.

**Principle 2: Use a Consumer Response Model**

The hierarchy of effects models and the cognitive response models help to understand the effects of communications and also helps to achieve the communications goals.

**Principle 3: Use both Pretests and Posttests**

Pretests may mean the difference between success and failure of the campaign whereas, post testing is required to determine the true effectiveness of the campaign. Presetting is recommended when looking at a cost viewpoint (actual cost outlays and opportunity costs) and nearly always in conjunction with posttests. Posttests avoid the limitations of pretests, using much larger samples in a more natural environment.

**Principle 4: Use Multiple Measures**

When attempting to measure the effectiveness of advertising the focus lies on the dependent variable such as sales, recall or recognition. Since advertising can have numerous effects on the consumer, some of these can be measured through traditional methods and the others through updated thinking such as physiological responses. Therefore, for an accurate assessment of the effectiveness of advertising, multiple measures need to be used.

**Principle 5: Understand and Implement Proper Research**

Proper research should answer questions like, constitutes of a good design, reliability and validity, whether it measures exactly what we need it to etc. Thereby, in measuring the effectiveness of advertising all the above criteria need to be answered.
2.2 What to Test

a) Source Factors

When a spokesperson is chosen to represent the company’s brand, it is important to evaluate that person’s suitability to the product. Getting a sport star to represent a type of lipstick or a doctor promoting a cricket bat would seem highly inappropriate. It’s important that the target market would respond to that person. Nevertheless, one should also keep in mind that popularity (likeability, appearance etc. may also change) can diminish through time and changes might have to be done when that occurs.

b) Message Variables

The message and the means by which it is communicated can be evaluated. Illustrations, text, layout and the headline may be some of the factors which might have an effect on the effectiveness of the ad. Some of the reasons why the message might not be accepted by the target audience are stated below.

- The message not delivering a convincing reason for consumers to try the product.
- The message being not too attractive enough to pull the audience towards the product.
- Message being too ambiguous to help consumers understand the product.
- The message might be flashy enough for consumers to remember but does not help to achieve the goals set by the management.

c) Media Strategies

This can be tough to decide since there are many options available to a marketer at this time and day. Researchers may have to evaluate between many choices to decide which one would give the most effective results.

For example, the media class (broadcast vs. print), subclass (newspaper vs. magazines), specific vehicles (which newspaper or magazine), size of the ad, location (front or back page of a magazine) or even scheduling (continuous vs. occasional).

d) Budgeting Decisions

The question many ask is if increasing the budget results in an increase of sales. This relationship is hard to determine because using sales as an indicator of effectiveness will ignore the marketing mix elements.

2.3. When to Test- Pre Testing and Post Testing

Pre tests are measures taken prior to the implementation of the ad or program and as the name clearly suggests, post tests are what is done after the implementation of the ad or program.
a) Pre-testing

Laboratory Methods
- Consumer juries
- Theater tests
- Readability tests
- Portfolio tests
- Rough tests
- Comprehension & reaction tests
- Physiological tests
- Concept tests

Field Methods
- Dummy advertising vehicles
- On-air tests

From the stages of idea generation to testing the final version of the product will be done through pre-testing. For each stage prior to the launch of the final ad or campaign, many tests can be used. For example, concept testing is used when the development of the ad is a mere idea. On the contrary, animatics and the storyboards which will be developed at the final stages prior to the launch can also be tested. Methodologies of the tests can also vary greatly and this is evident when you look at focus groups vs. rating scales. Focus groups give the participant the freedom of speech where ideas, suggestions for improvement and comparisons between competitor ads and the ad in question will be welcomed. This differs to rating scales where the participant will only get the chance to express his/her views trapped in a box.

Advantages
- Relatively inexpensive.
- Sometimes more than one version of the ad can be evaluated.

Disadvantages
- Mock-ups, storyboards or animatics may not communicate as effectively as the final product.
- Since marketers believe that when one is first to the market it serves as a clear advantage, testing might delay the launch and withhold the competitive advantage.

b) Post-testing

Field Methods
- Recall tests
- Single-source systems
- Association measures
- Recognition tests
- Tracking studies
Post testing is commonly done by advertisers and ad agencies and designed to,
- Determine if the campaign is accomplishing the objectives sought
- To serve as input into the next period’s situation analysis.

2.4 Where to Test

Deciding at which point to test would not help if you don’t know where exactly you are going to test. The two main places that tests can be conducted would be either in a laboratory or in the field.

a) Laboratory Tests

Method
- This is when people are brought to a particular place and they are shown the commercials.
- Testers will either ask questions or measure reactions of the participants (through methods like pupil dilation, eye tracking, galvanic skin response etc.)

Advantages
- The researcher can have full control of the situation.
- When changes are to be made to the copy, illustrations, formats and even colors, this can be done quite inexpensively and quickly.
- The differential impact of each of the above can be assessed.

Disadvantages
- Lack of realism. That is, the laboratory does not offer the natural environment of a home with its usual disturbances and thus testing bias may occur.
- The inability to duplicate a real life ‘home’ situation would mean that the participants might seem over-critical when compared to the reactions they would have when they are at home.

Note: since this method offers control to the researcher, it is much preferred than the other method.

b) Field Tests

Method
- The tests will be conducted in a natural environment with the realism of noise in the street, dogs barking and various distractions.
- Effects of repetition, program content, and competitive messages will be taken into account.

Advantages
- Realistic than other methods

Disadvantages
- Lack of control because it is impossible to isolate the viewer’s evaluations.
- Competitors may try to sabotage the test.
• More costly and time consuming when compared to laboratory tests.
• Results will not be available as quickly as the researchers would prefer.

2.5 Different Forms of Testing

a) Concept Generation and Testing

The process involved in advertising is known as ‘concept testing’ and it can be outlined as follows.

Objective: to explore consumer responses to various ad concepts as expressed in words, pictures or symbols.

Method: alternative concepts are exposed to consumers who match the characteristics of the target audience. Reactions and evaluations are assessed through a number of methods and the sample size would vary according to the number of concepts to be presented and by the consensus of responses.

Output: evaluating qualitative and/or quantitative data and comparing the alternative concepts.

Concept testing is carried out in order to find out responses of the targeted consumers’ response to a potential ad, campaign or to have the consumers evaluate advertising alternatives. Positioning statements, copy, headlines, and colours used, typeface, package designs and pop (point of purchase) materials are amongst what would be evaluated.

Methods of concept testing

• Focus Group Discussions

These consist of 8-10 people in the target market for the product. The number of groups varies according to group consensus, strength of the responses and/or the degree to which participants like/dislike the concepts.

Focus Groups are favored for the following reasons,

o An attractive methodology. That is, results can be easily obtained, directly observed and is immediate.

o Number of issues can be examined. Issues ranging from pack design to positioning statements can be discussed in one FGD. Furthermore, participants have the opportunity to discuss issues that they might find important in-depth thus they are not restricted in their answers.

o Do not require quantitative analysis.

Focus Groups are unfavorable for the following reasons,

o The results cannot be quantified.

o Sample size is too small to generalize to larger populations.

o Influence of the group may bias participants’ responses.

o One or two participants may dominate or steer the discussion.
- Participants taking the role of ‘experts’.
- Members may not represent the target market.
- Results may be taken to be more representative and/or definitive than they really are.

- Mall Concepts

Another method of testing can be through mall intercepts where consumer opinions are gathered through questionnaires, rating scales and/or ranking and not group discussions.

b) Rough Art, Copy and Commercial Testing

Production of a commercial may run up to hundreds of thousands of rupees to produce. This high cost has resulted in more investment in finding out the rendering of the final ad at early stages.

The downfall to such testing can be the cost factor and the information provided not being relevant and accurate. Testing would be done using slides of artwork posted on a screen or animatic and photomatic roughs may be used. These are inducted at the rough stage in the laboratory settings and at times on-air field tests. To find out whether the ad conveys the meaning intended and to find out the reaction generated is positive, can be found out. Popular tests include

- Comprehension and Reaction Tests

These are designed to assess responses such as ones mentioned above. These do not employ a standard procedure and personal interviews, group interviews and focus group discussions have been used for this purpose where the sample size varies according to the client (client’s budget, deadline etc.)

- Consumer Juries

Cost effectiveness and the ability to control can be considered the main advantages to this test. Nevertheless, serious flaws in the methodology limit its usefulness. Some of the flaws are stated below.

1. The consumer may become a self-appointed expert - Objectivity and involvement in the product or service is sought from the jury method. At times the participant may try to be experts in their evaluations which results in over adequate attention and critical reviews.

2. The number of ads that can be evaluated is limited - This can be evaluated through order of merit or paired comparison methods. However, ranking procedure becomes increasingly tedious with the increasing number of alternatives.

3. Possibility of a ‘Halo Effect’ - The tendency of rating an ad ‘good’ on all characteristics because of only few aspects that the participant/participants like
can be called the ‘halo effect’ which can occur negatively as well preferences for specific types of advertising may overshadow objectivity.

4. Pictures and emotions are known to receive higher ratings compared to employing copy, facts and/or rational criteria.

Note: a method of overcoming the above shortcomings could be through the use of rating scales (likert) instead of rankings.

2.6 Measuring the Effectiveness of Sales Promotions

Sales promotions of this day and age are not limited to retailers and resellers. Many sports markers have realized that sales promotions can positioning attract larger crowds to many sporting events thus, increasing attendance. Many organisations measure sales promotions and firms have come up with many ways in which they can do this.

- Some of the companies calculate a breakeven rate by dividing the sampling investment by the profit for the user. If the conversions exceed the breakeven rate, the sampling program is considered successful.

- Another measure of sales promotions can be by measuring effects through scanner data. This helps to monitor brand and store switching, alternative promotions, price discounts, and merchandising techniques.

- One of the recent technological developments is to measure the effectiveness at the point of sale. This automated system will track people going in and out of the shop, calculates height to differentiate between adults and children and determines traffic patterns.

3. Pre-Testing

3.1 Pre-Testing Finished Advertisements

Pre-testing of finished ads receive most attention and participation among marketing researchers and agencies. Since the ad/ commercial have not yet been presented to the market, changes could be made at this stage. Many researchers believe that better information is provided through testing the ad in the final form. Test procedures available for print and broadcast ads are both laboratory and field methodologies. Some of the print and broadcast tests are listed below.

<table>
<thead>
<tr>
<th>Print methods</th>
<th>Broadcast tests</th>
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</thead>
<tbody>
<tr>
<td>1. Portfolio Test</td>
<td>1. Theater tests</td>
</tr>
<tr>
<td>2. Analyses of readability</td>
<td>2. On-air tests</td>
</tr>
<tr>
<td>3. Dummy advertising vehicles</td>
<td></td>
</tr>
</tbody>
</table>

Note: both print and broadcast tests may use physiological measures. A number of methods are used for pre-testing finished ads as mentioned above.
a) Portfolio Tests

This is a laboratory methodology.

Method

- Respondents are exposed to a portfolio consisting of both test and control ads.
- Assuming that the ads that yield the highest recall are the most effective, respondents are asked to recall information from the ads that they were exposed to.

Advantages

- The opportunity of direct comparison of alternative ads

Disadvantages

- Many other factors (interest in the product category, the fact that respondents are aware of participating in a test, interviewer instructions etc.) besides creativity and/or presentation may affect recall.
- Researchers argue that for low involvement ads, recognition is a better measure of recall rather than creativity and presentation.

Note: the validity of this method can be determined by correlating the results with readership scores once the ad is placed in the field.

b) Readability Tests

This test uses the formula developed by Rudolph Flesch called the ‘Flesch Formula’. This method enables the efficiency of a print ad to be tested without reader interviews.

Method

- ‘Test Magazines’ for reading is provided to respondents chosen after using mall intercepts in two or more cities.
- Opinions of the ads, recall of contents and other questions of interest are inquired from the respondents the next day through a phone call.
- A sample may consist of approximately 225 people.

Readability is assessed by determining the average number of syllables per 100 words. Length of sentences, familiarity with certain words and the human interest appeal of the material would also be considered and correlated with the educational background of the target audiences. The results are compared to the previously established norms of the various audiences. The test copy is best comprehended when sentences are short, words are concrete and familiar, and personal references are drawn.

Advantages

- Eliminates interviewee bias
- Avoids gross errors in understanding
- Norms offer a standard for comparison.
Disadvantages

• The copy may be too mechanical
• Direct input from receiver is unavailable therefore; creativity and other contributing elements cannot be addressed.

Note: this test can be used to the greatest effect when it is used in conjunction with other pre-testing methods.

c) Dummy Advertising Vehicles

This is an improvement on the portfolio test.

Method

• Ads are placed in ‘dummy’ magazines which contain regular editorial features of interest to the reader as well as the test ads. These are developed by an agency or research firm.
• Magazines are then distributed to a random sample of homes in predetermined geographical areas. Readers are told that the publisher is interested in evaluation of the editorial content. Readers are asked to read the magazine as they normally would.
• Reactions to both editorial content and ads are assessed through interviews. Ads are assessed through recall, readership and interest-generating capabilities.

Advantages

• Provides a natural setting since readership occurs in the home of the participant. Thus, the environment is more natural when compared to the portfolio tests.
• Chances of the reader returning/going back to the magazine are high.

Disadvantages

• Testing effect.
• Bias of results due to product interest.

Note: not a guaranteed measure of the advertising’s impact.

3.2 Pre-Testing of Finished Broadcast Commercials

The most popular methods of pre-testing broadcast ads are listed below.

a) Theater Tests

Method

• Participants are invited by telephone, mall intercepts, and/or tickets in the mail to view pilots of proposed television programs. In common, a standard program is used to compare responses of the audiences with normative responses established by previous viewers. Nevertheless, the actual show might be tested at times with a sample size ranging from 250-600 participants.
On entering the theater, participants are asked to complete a questionnaire regarding demographic information and products they prefer. They are also told that a drawing would be held with gifts of the products they prefer offered.

Participants may be seated in specific locations according to their demographic information (age groups, sex etc.).

Then programs and commercials are shown to the participants and their feedback is recorded through a form.

A second form would be asked to be filled to note the changes in product preferences.

The forms may require additional information like,
- Interests and the reaction to the commercial
- Aspects recalled of the commercial
- Interest showed by the participant regarding the under consideration etc.

Methods of theatre testing operations vary although all methods measure brand preference changes.

**Advantages**
- Control can be established.
- Established norms give room for comparisons.
- According to some of the experts in the field brand preferences measure is supported by actual sales results.

**Disadvantages**
- The environment is too artificial
- Contrived measure of brand preferences change seems too phony to believe.
- Group effect. That is, when some participants are expressing views overtly others with no reactions may be influenced by those presenting themselves out loud.

Note: many large consumer product companies use this method despite the limitations for it helps to identify strong or weak commercials and compare it to other ads.

**b) On-Air Tests**

**Method**
- This is usually conducted with one control and four test commercials inserted into new 30-minute TV program.
- Commercials and the program are sent to two geographically dispersed cities

**Advantages**
- Most testing services offer both validity and reliability for on-air pre-testing of commercials.

**Disadvantages**
- Primary measure used in these tests (day-after recall scores), may result from clutter
Chapter 10 – Measuring the Effectiveness of the Promotions Programme

4. Post Testing

As mentioned before, pre tests are usually done for small samples thus questionable accuracy. Therefore, once the ad or the campaign has been implemented it is healthy to carry out post tests which are quite similar to the pre tests discussed above.

4.1 Post Tests of Print Ads

The available print post tests are,

a) Inquiry Tests

This is designed on the basis of answers collected by the inquiries generated from the ads appearing in the various print media.

**Method**

- In a case of a magazine, the areas in circulation will be identified and samples of 20-30 will be taken.
- To determine readership and exposure, personal interviews would be conducted.
- Participants are asked to go through the magazine looking at the ads and certain specific questions will be asked. These questions would be to evaluate if they remember seeing the ad, seeing or reading any part of the ad and remembering the product in discussion, etc.
- Minimum of 200 participants would be required to make general conclusions and both male and female participants are involved.

**Advantages**

- Can be used in both consumer and business-to-business markets.
- Useful information can be gained through simple questioning
- Cheap to implement

**Disadvantages**

- Weakness in methodology. That is, inquiries may not be the true measure of the gain of information about the ad. Reader might be attracted, and even absorb details about the ad but might not provide it when necessary. This could be due to time constraints, lack of need for the product etc.
- Not effective for comparing different versions or specific creative aspects of the ad.

b) Recognition tests

This method will attempt to check whether the reader is able to recognize the advertisement post view.
Advantages
• Ability to judge specific aspects of the ad.
• Effectiveness of the competitors’ ads can be assessed through the norms provided.
• Alternative ad executions can be tested.
• Readership scores can be a useful indicator of the readers’ involvement with in the ad.

Disadvantages
• Reliability and validity of its readership scores increases with the number of insertions tested.
• Due to similar ads or to please the questioner, the respondents may claim to have seen the ad somewhere when they have not.
• Since this testing is conducted through interviews there is always a chance for bias from both parties.

4.2 Posttests of Broadcast Commercials
Out of the number of existing methods mentioned earlier in the chapter, only day-after recall tests and single source tracking tests discussed in detail.

a) Day After Recall Tests
In measuring the effectiveness of an ad it is important to know if the target audience actually remembers it the ‘day after’ the ad was shown to them. The most commonly used method is provided by ASI Market Research although many versions of this measure are being used in other companies.

Method
• The ad is aired in many parts of the country where the target audience would be located.
• Interviews will be done the day after the commercial was aired and a sample will be chosen from the people who watched the program in which the ad was placed.
• Then the interviewees will be asked if they can remember the ad and if so, what exactly they remember about it.

Advantages
• These are field tests and therefore, the natural environment is preserved thus giving a more realistic touch.
• These tests also provide advertisers with norms and this allows them a standard for comparing how well their ads are performing.

Disadvantages
• When the interview is conducted the interviewer may give room for aided (“While watching the program X did you see a commercial for [brand name]?”) or unaided recall (“While watching the program X did you see a commercial for [product category]?”). Thus bias is involved.
• Program content may influence recall.
• A prerecruited sample may pay more attention to the ads shown during the commercial and this would help their recall rate.

b) Single Source Tracking Studies

These are methods that track consumers from their TV sets to the supermarket checkout counter.

Method
• People who are in agreement to participate in the studies are selected and given a card which can identify their household and gives the research company the demographics.
• The chosen households are matched into matched groups, where one group receives an ad while the other group does not. Or alternative ads are sent to the two groups.
• Their purchases are recorded from the bar codes of the products bought.
• Finally, the commercial exposures are then correlated with the purchase behaviors.

Advantages
• The most important feature of these tests is the fact that it allows the opportunity to monitor sales due to the advertisement.
• There is no worry about control.

Disadvantages
• Many argue that scanner data focus on short-term sales effects and therefore, captures only 10-30% of what advertising does.
• Data is also known to be complicated with the overabundance of data.
• The cost of collecting single-source data can be very high.

4.3 Measuring the Effectiveness of Sponsorships

The growth in sponsorships and the increasing investments of companies in this area have lead to different types of methods of measuring the impact of sponsorships.

Whilst there are many measures, using more than one method could yield better results rather than depending only on one method.

There are steps used to guide when measuring the effectiveness of sponsorships.
• Define specific objectives making sure they are not too broadly specified.
• Institute firm strategies against which programming will be benchmarked. Then measure your program and effectiveness against the benchmark.
• When setting goals make sure they are attainable and measurable and make sure everything you do compiles with the goals helping you to achieve them. You should also decide the people required from both internal and external sources.
• Make sure everything reflects your company and the target audience.
• Think long-term because it takes time to leverage brand equity.
• Building an evaluation and a related budget into the overall sponsoring program is important. Pre- and post-event attitude surveys, media analysis and sales results should be included.
Chapter 11
Corporate Social Responsibility

This chapter will cover the Following
1. Understanding Ethics and Different Views
2. Ethical Issues in Marketing Communications
3. Social Responsibility in Promotional Activities

1. Understanding Ethics and Different Views

1.1 Understanding Ethics

The code of moral principles and values that govern the behaviours of a person or group with respect to what is right or wrong. (Daft 2001)

The science of morals the department of study concerned with the principles of human duty (Oxford English Dictionary 1989)

Thus ethics is
• A set of moral principles
• Morals are accepted standards of behaviour
• Rules about whether an action is good or bad, right or wrong

Ethical issues in business relates to
• Honesty in communications
• Fairness in setting pay, work conditions
• Non exploitation of labour
• Production of goods which are not harmful
• Using chemical which will not pollute the environment

1.2 Different Views on Ethics

a) Egoistical View

Also known as the objectivist view. Presented by Rand in 1989. She argues the virtue of selfishness.
• The essence of human existence is the need for the individuals to assure their own survival
• The only rational goal is to look after self survival through self interest
• If a person shows interest for others, this conflicts in achieving their own self interest
• Owners of business are therefore only ethical if they ruthlessly pursue economic self interests.

This view does not believe in any such view of society and advocates self interest at the expense of society.
b) Milton Freedman : Profit is the Sole Objective

Argues that profit should be the single motive of running a business. Some of the thoughts presented by him were

- History shows how market mechanism as a superior means in providing greatest benefits
- The needs of society are transmitted as price signals
- Following these signals firms co-ordinate to meet society’s needs
- Organisations being profit oriented will produce the best outcome for the market
- There is no such thing as a free lunch. Some body will have to pay for it.

c) Sternberg (1994) : Shareholder Wealth as a Natural Purpose

Says that to do things other than maximising shareholder wealth takes business outside of its proper place. He says that “Good ethics is good business”. He presents the following arguments to support this

- Organisations are social institutions. Their nature and place in society is understood by what they do and how they are different from others
- Business organisations are distinguished from others by their constant pursuit in maximising shareholder wealth.
- If businesses start to become involved in social responsibility, they would be changing their purposes and invading into the domains of charities and government
- Business cannot afford to ignore its impacts on customers and other stakeholders in order to retain its long term goals
- The key principles of business ethics is distributive justice (distributing organisational rewards to people based on their contribution) and ordinary decency (long terms trust by not responding to short term requirements)

d) Stakeholder view of Business Ethics

This view is embedded from the social contract theory (Rawal 1999) which essentially states

- A business has a social contract with society. In doing this it has the right to conduct its business without any interruption, make profits and enforce commercial contracts
- Social contract does not allow any of its members including business organisations to behave selfishly at the expense of the rest of the society
- The above will impose a duty on business to be socially responsible in its actions
- The rights and the obligations will change with the prevailing morals in society at large
- Firms that breach social contracts may ultimately have their rights revoked. E.g. Consumer protests, legislation etc
Based on the above argument, management has a moral duty to consider all members in society of the impact of their decisions and this would not only restrict to its shareholders.

<table>
<thead>
<tr>
<th>Social Responsibility towards Individual Stakeholder Groups – Reading Article</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong> - people and organizations need each other. Social responsibilities to employees extend beyond terms and conditions of the formal contract of employment and gives recognition to the workers as a human being. People today have wider expectations of the quality of working life, including:</td>
</tr>
<tr>
<td>‣ Justice in treatment</td>
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<tr>
<td>‣ Democratic functioning of the organizations</td>
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<tr>
<td>‣ Opportunities for consultations and participation</td>
</tr>
<tr>
<td>‣ Training in new skills and technology</td>
</tr>
<tr>
<td>‣ Effective personnel and industrial relations policy’s and practices</td>
</tr>
<tr>
<td>‣ Provisions of social and leisure facilities</td>
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<tr>
<td><strong>Providers of finance</strong> - companies are in need of the collective investments of shareholders in order to finance their operations. Shareholders are drawn from a wide range of the population. Shareholders expect a fair financial return as payment for risk bearing and the use of their capital. In addition, social responsibilities of management extend to include</td>
</tr>
<tr>
<td>‣ The safe guarding of investments</td>
</tr>
<tr>
<td>‣ The opportunity for shareholders to exercise their responsibilities as owners of the company</td>
</tr>
<tr>
<td>‣ To participate in policy decisions and to question top management on the affairs of the company.</td>
</tr>
<tr>
<td>Management has responsibility to declare personnel interest and to provide shareholders with full information presented in a readily understood form.</td>
</tr>
<tr>
<td><strong>Consumers</strong> - To many people, responsibilities to consumers may be seen as no more than a natural outcome of good business. There are, however, broader social responsibilities including:</td>
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<tr>
<td>‣ Providing good value for money</td>
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<tr>
<td>‣ The safety and durability of products</td>
</tr>
<tr>
<td>‣ Standard of after sales service</td>
</tr>
<tr>
<td>‣ Prompt and courteous attention to queries and complaints</td>
</tr>
<tr>
<td>‣ Long term satisfaction <em>(example – serviceability, adequate supply of products, spare and replacement parts)</em></td>
</tr>
<tr>
<td>‣ Fair standards of advertising and trading</td>
</tr>
<tr>
<td>‣ Full and unambiguous information to potential customers</td>
</tr>
<tr>
<td><strong>Community and environment</strong> – it is in the area of concern for the community at large that social responsibilities can be seen most clearly. Organizations have a responsibility not to misuse scarce factors of production upon which the wealth of the country depends. Organizations have a responsibility to society, to respect environmental considerations and take care of amenities.</td>
</tr>
<tr>
<td>‣ The effects and potential dangers of pollution</td>
</tr>
<tr>
<td>‣ The sitting and appearance of new buildings</td>
</tr>
</tbody>
</table>
Transportation policies, such as routing heavy vehicles through narrow village roads
Avoidance of excessive packaging and more use of biodegradable materials

Government – another important area of social responsibility could arguably be to the government. Organizations should, of course, respect and obey the law even when they regard it as not in their best interests. What is debatable though is the extent to which organizations’ should corporate voluntarily with actions requested by the government. The effects and potential dangers of pollution

Restraint from trading with certain overseas countries

Other organizations or groups - the potential range of responsibilities is substantial. Other organizations or groups, to whom organizations might be regarded as having a social responsibility, or obligation, are suppliers, trade unions, business associates and even competitors.

Fair standards of trading
Honouring terms and conditions of purchase or sales and settlement dates
Assistance to smaller organizations
Engagement only in fair competition
Respect for copyright and patents

1.3 An Ethical Dilemma

Case

Lynne Doran Cote works as a customer representative for the Tacoma, Washington office of a small computer consulting firm. The detailed client information that she uses to design her computer systems is often confidential. Lynne is aware of the sensitive nature of this privileged information and its enormous potential value to competitors. Her company constantly emphasizes the need for trust between employees and clients. When Doran Cote found out some months ago that an old college friend, Scott James, had been hired to fill a similar position in the company, she welcomed him. But she was puzzled _ she knew that he had been convicted of a felony narcotics violation and had served a prison sentence.

After talking more with James and her co-workers, Doran came to realist that the Tacoma office managers did not know anything about his record. Although Lynne and Scott haven’t actually discussed his past, both of them know that he wouldn’t have been placed in such a sensitive job had he reported his history truthfully. Doran knows that f the information were made public, James could lose his job. Depending on the circumstances of the disclosure, the company could also be embarrassed and its reputation severely damaged.

Lynne still hasn’t divulged her knowledge of Scott’s past. She’s been troubled by the question of her responsibilities to her employer, to her co-workers and to her company’s
clients. There’s some danger that a client or future client could accidentally become aware of James’ prison record. Would it be ethical for her to reveal his history to her employer in the hope of protecting the company and her co-workers from the consequences of a future disclosure? Or is her main responsibility to her friend?

This dilemma is only one drop in an ocean of ethical challenges many face from time to time. Managers are confronted with such incidents almost daily. Does the employee hide his true feelings from others? Does the employee deal with everyone equally? Does the employee execute his tasks with sincerity? The challenge for all employees in addressing these questions is to apply a consistent set of decision making criteria to ethical problems that may involve others.

In a world of increasing local and global competition it has become apparent that being significantly out of step with society’s expectations can be costly. For example in 1990 Volvo posted a television ad showing a six-ton truck running over a set of cars. All were flattened except a Volvo! In November of that year, Volvo withdrew the ad admitting that steel posts had been fitted to the chassis of the car to prevent it from being crushed. Nevertheless, it was too late because, people began distrusting even the other ads of Volvo.

1.4 Understanding the Meaning of Ethics and Morals from a Marketing Sense

Conscientious marketers face many moral dilemmas. The best thing to do is often unclear. Because all managers have fine moral sensitivity, companies need to develop corporate marketing ethics policies – broad guidelines that everyone in the organization must follow.

Ethics are a code of moral principles and values that govern the behaviours of a person or group, with respect to what is right or wrong. These rules state when behavior is acceptable or not. Furthermore, it includes the process of distinguishing between questions of fact or belief and what moral principles to apply to given situations. Moral principles prescribe general rules of behavior that are intended to be impartial. The are of great importance to society and cannot be established or changed by the decisions of powerful individuals alone; nor are they established as ‘true’ solely by appeals to consensus. Moral principles and their values are elemental to ethics.

What is considered ethical behavior may depend on factors that influence and define ethical behaviors. There are four such factors which are not essential at this stage of your study. They are:
In dealing with Ethical matters, a code of Ethics could be used as a guide. The Code of Ethics is the formal and official codification of acceptable and unacceptable responses to ethical dilemmas. To construct a code of ethics, extensive examination of the company’s practices is required. Attention is usually diverted towards aspects that produce compromising situations, times when previous decisions have resulted in negative consequences, Industries that have been urged to alter their low standards of conduct, and Areas of service and concern to public and the environment on the whole.

Ethical responsibilities of the marketer

• Marketer’s conduct to be guided by adherence to all applicable laws and regulations and active support in promoting the code of ethics.

• Honesty and fairness

• Rights and duties in the marketing exchange process.

• It is understood that the above would include, but is not limited to the following responsibilities of the marketer:
  o In the area of product development and management.
  o In the area of promotions
  o In the area of distribution
  o In the area of pricing
  o In the area of marketing research
  o Organizational relationships

2. Ethical Issues in Marketing Communications

Advertising and Marketing Communications, over the years, have breed accusations about the reliability of the profession. Improper actions have sprouted new laws and regulations.
Some of the major criticisms leveled against companies with powerful marketing communications programs are below:

2.1 Marketing Tempts People to Buy Things they can’t Afford

Advertising cause’s people to spend lavishly, on goods that are not essential to them, say a few critics. Marketers spend exorbitant amounts just to influence the purchase decision and no wonder they are able to get customers instantly. The blame cannot be pointed to anyone. Overspending is a rampant epidemic in many countries today. However, critics point an accusing finger towards marketing managers who offer such high-priced products that weigh heavy financial burdens on consumers.

2.2 Overemphasis of Materialism

Has marketing created a materialistic society? Or has marketing merely responded to people’s materialistic desires? A debate arises here. In comparing the third world to the U.S., the favorable advantages of materialism can easily be portrayed. For e.g. this is how Bentley positions it products to win over people: “18 handcrafted feet of shameless luxury.” Such deceptively simple statements form the backbone of a product’s marketing strategy.

2.3 Marketing Increases the Costs of Goods and Services

Advertising gives the opportunity to marketers to price their products high. For e.g. a 400g milk power packet with a generic pack would cost Rs 95. With advertising and branding it may cost up to Rs 175.

2.4 Marketing Perpetuates Stereotyping

Advertising today portrays the females as a weaker sex who is to do households chores, and the aged as helpless. Nevertheless much effort has been made by advertising agencies to rectify stereotyping. Still others focus their attention to a particular nitch in the market and cater to their needs entirely. Doing so requires them to speak in a ‘language’ familiar to them alone.

2.5 Offensive Advertising is created by Marketers

Today’s advertising are increasingly become all the more offensive. Calvin Klein is known for pushing sexuality to the limit. At one instance they used underage girls as partially dressed models and we accused by authorities. Then they resorted to an even more offensive strategy by displaying little children clad in underwear pictured on road side billboards. Controversial issues arise here because what one party may consider insulting may not be the same to the other. Hence a preferable level of exposure should be administered.
2.6 Marketers Use Unfair Tactics

Such tactics are used in such a way that customers would get attracted to their products. Many ads depict women in ‘Before’ and ‘After’ pictures with a positive change of attitude. Some companies offer services such as abdominoplasty, electrolysis (for hair removal) and liposuction and breast enhancements as an easy way to escape from misery. In recent days, men have also been used under hair coloring products, hair transplants and the like. The question arises here whether marketing is catering to people’s wants or whether it is making use of people’s insecurities?

2.7 Deceptive Misleading Ads used by Marketers.

A criticism of marketing communications’ messages is that they are misleading and illusory. In order to avert such offences by companies, governments and other regulatory bodies have passed laws. Nevertheless marketers deny the accusation. Furthermore, if a consumer realizes that he is been cheated, he will immediately switch over to competitor brands and spread a bad Word-of-Mouth, which will result in the eventual collapse of the business. These practices are rare in free market economies because the state keeps a watchful eye on such aspects and resorts to necessary action.

2.8 Advertising Professional Services is Unethical

Many feel aggravated when they see professionals (e.g. attorneys, dentists, doctors etc) advertise their services. Marketers who assist these professionals assert that they are fulfilling a need which the law allows.

2.9 Sales People use Deceptive Practices

The notion that salespeople cannot be trusted is widely accepted by society today. In B2B (business to business) marketing, business buyers have experienced those sales persons would do anything to make a sale happen.

To influence sales, purchasing agents are often the recipients of gifts of bribery. The fact that Salt Lake City was chosen for the Winter Olympics was perhaps because of various gifts which influenced the selection process.

In certain countries offering bribes are among the alternatives to obtain business permits and the like. In Germany and France, states allow businesses to write off bribes as tax deductions! What should be kept in mind is that what one segment of society finds unethical may be perfectly normal to another segment. Hence, a unanimous decision cannot be arrived at about what should or should not be practiced.
3. Social Responsibility in Promotional Activities

Today, marketers do not abide by rules and regulations when promoting their products and services. Their objective is to make a sale. They are not concerned about the influences of their activities on the society within which they operate. A socially responsible marketer, not only caters to his need of harvesting profits, but also is concerned and takes necessary steps to safeguard the environment around him.

Recently in Sri Lanka, a particular advertisement by Maliban Biscuits, won the accolades of many for its approach in promoting its product and simultaneously depicting morals and ethics.

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<td>A young man well dressed in luxury car, drives by an elderly man and his daughter on a lonely road. He stops the car and reverses close to them. The old man peers at him suspiciously and protectively pushes back his daughter. The man gets down and greets his old teacher with much gratitude. The old man breaks into a smile of recognition. The traditional Sri Lankan value of respect for one’s teachers is depicted in a simple advertisement.</td>
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<td>The advertisement was part of the advertising campaign launched by Maliban biscuits, called “Yahagunayen Idiriyata”. The series of advertisements signaled a new era of advertising in Sri Lanka where a simple television advertisement was evolved into something far more socially conscious and responsible.</td>
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<td>The Chief Executive Officer of Ogilvy Outreach was the brainchild behind this novel idea of combining social responsibility with commercial advertising. “As advertisers we have a responsibility to society”, while adding that this does not mean that advertising should be entirely not-for-profit objectives. Having won ten awards at the recently concluded SLIM awards, Ogilvy Outreach has been responsible for some revolutionary and yet deceptively simple advertising campaigns in the past few years.</td>
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<td>“We are making money and it is a commercial venture but we believe in doing something more than just selling the product,” she said. According to Salgado the marketing concept of gaining a “mind share” in the consumer has been evolved by Ogilvy to gaining a ‘heart share’ in the consumer. Ogilvy Outreach in its short 6 year history has come a long way in inculcating its theory in to the mindset of their large cooperate clients. “Consumers have so many choices to make, it all depends on how you talk to them, not only what you talk about,” she said. According to the CEO, advertising is such a powerful communication tool it could make or break a society’s values and culture.</td>
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| “People really changed the way they thought of advertising after the Maliban series of advertisements,” she said. Her idea was to bring back the Sri Lankan values which she
says are fast becoming obsolete among the modern youth. She says that the campaign which was socially conscious and carried a clear message had also brought a large number of sales to the company, their sales targets for the period being met and surpassed. According to The CEO, the dilemma of serving society while at the same time increasing your clients’ commercial objectives was thus satisfied concurrently.

“The bottom line is that what we do should be in line with our conscience”. In keeping with this line of thought, as a policy, does not undertake advertisements on tobacco, alcohol, political parties and religious groups.

Demonstrating her socially responsible agenda in all dealings, most of the staff are graduates from local universities and the ability to work in the English Language is not a criterion. She also employs 2000 to 3000 unemployed youth across the island in her advertising campaigns.

According to the CEO, the Signal “Singha boho” campaign which collected smiles from Sri Lankans across the island, appealed to the people and really targeted the heart of the consumer. The campaign also put Sri Lanka into the Guinness book of records, boasted the company’s sales, and won Ogilvy a Gold medal at the SLIM awards 20005. The traditionally acclaimed Sri Lankan smile was the core of the campaign, and according to the CEO, it demonstrates that advertising is sometimes a depiction of the simplest things in life which touches the consumer heart. Salgado says that satisfaction in her work comes when a consumer thanks her personally for a campaign. She describes a man who thanked her with tears in his eyes for having built wells in his village. His was a border village and to him the campaign by Sunlight soap to build wells was a God send. For Salgado his experience was the proof of a job well done.

Courtesy of the Sunday Times_ July 2005 Dinushika Dissanayake

3.1 Positive and Socially Responsible Marketing Activities

Most marketers work hard to communicate openly and honestly with consumers and resellers. Still, abuses may occur and public policy makers have developed a substantial body of laws and regulations to govern advertising, sales promotion, personal selling and direct marketing activities.

a) Advertising and Sales Promotion

By law companies must avoid false or deceptive advertising. Advertisers must not make false claims, such as suggesting that a product cures something when it does not. They must avoid ads that have the capacity to deceive even though no one actually may be deceived. An automobile cannot be advertised as getting 32 miles per gallon unless it does so under typical conditions or diet bread cannot be advertised as having fewer calories simply because its slices are thinner.
Sellers must avoid bait-and-switch ads that attract buyers under false pretenses. For example a large retailer advertised a sewing machine at $179. However when customers came to buy it the retailer understated the performance of the machine and placed faulty machines on showroom floors, all in an attempt to switch customers to a more expensive machine. Such actions are illegal and unethical. A company’s trade promotion activities also are closely regulated. Sellers cannot favor certain customers through the use of promotions. They must make promotional allowances and services available to all resellers on proportionately equal terms.

Organisations should responsibilities in the types of massages that it may include in its advertisements which could be racially biased. Also the use of sexuality in advertisements will have to be considered based on social and religious values.

Beyond simply avoiding legal pitfalls, such as deceptive or bait-and-switch advertising, company’s can use advertising to encourage and promote socially responsible programs and actions. For example, a series of campaigns were run by National Council for Social Studies, to create a Good Neighbor Award to recognize primary and secondary teachers for innovation, leadership and involvement in their profession. This was promoted through a series of print advertisements. Similarly, Caterpillar is one of several companies and environmental groups forming the Tropical Forest Foundation, which is working to save the great Amazon Rain forest.

b) Personal Selling

A company’s salespeople must follow the rules of “fair competition”. Most countries have enacted deceptive sales acts that spell out what is not allowed. For example salespeople may not lie to consumers or mislead them about the advantages of buying a product. To avoid bait-and-switch practices, salesperson’s statements must match advertising claims. Different rules apply to consumers who are called on at home versus those who go to the store in search of a product. Because people called on at home may be taken by surprise and may be especially vulnerable to high- pressure selling techniques. To protect them there are various rules that different countries have enacted thus marketers need to strictly adhere to these.

Much personal selling involves business-to business trade. In selling to businesses, salespeople may not offer bribes to purchasing agents or to others who can influence the sale. They may not obtain or use technical or trade secrets of competitors through bribery or industrial espionage. Finally sales people must not disparage competitors of competing products by suggesting things that are not true.

c) Protecting the Environment

Companies who fail to abide by principles of safeguarding the environment have to face the consequences of government action.
Green Marketing - Is the development and promotion of products that are environmentally safe. When asked, consumers strongly favor the idea of Green Marketing. The indicate support for companies selling biodegradable products such as laundry detergents and trash bags and endorse the reuse of all recyclables. Normally Green Marketing generates positive publicity and a good word of Mouth for companies. This stimulates firms to put in all effort, to inform the public about their environmentally friendly techniques. Unfortunately at least 80 percent give lip service to protecting the environment.

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<td>Herman Miller, one of the world’s largest office furniture makers, has received numerous awards for environmentally responsible products and business practices. In 1994 the company formed an Earth Friendly Design Task Force, responsible for infusing the company’s design process with its environmental values. The task force carries life cycle analysis of the company’s products, including everything from how much of a product can be made from recycled material, to how much of the product itself can be recycled at the end of its life. The Avian Chair is designed for the lowest possible ecological impact and 100 percent recyclability. The chair’s frame is made by using gas-assist injection molding, which results in a hollow frame. The frame needs neither paint nor other finish. The chair is shipped partially assembled so packaging and shipping costs and hence energy is conserved. This is a truly desirable product – its won awards for design, function and environmental responsibility.</td>
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A company may not need to develop green products to be socially conscious. Those who render services can do so in a professional and ethical manner and seek to kelp community in some other way. The Key to being socially responsible is to look at both sides of the coin and make a concerted effort to eradicate unlawful or environment-degrading practices.

The following actions would relate to how an organization would interact with the natural environment. Bennett and James (1996) lay down six areas to be monitored in this regard

1. Production – Concerned with minimising the amount of materials and energy used for production
2. Environmental auditing – where one would manage the environmental impact by complying legislation, treating waste and hazardous processes
3. Ecological approach – This is a firms concerned of the extraction of raw materials, production process consumption and disposal of waste. The entire cycle
4. Quality – Continuous improvement in the environmental performance of the business
5. Accounting – preparation of accounts attaching costs associated with environmental consequences of the firms activities. Strategies which would reduce impact to environment would cause “eco-profit” to increase and improve its eco – balance sheet
6. Economics – charging environmental costs to encourage management to avoid environmental damage.