

Communications strategy

LEARNING OBJECTIVES

By the end of this chapter you will:

- appreciate the role and scope of communication decisions in marketing strategy
- understand how the communication process works
- be familiar with issues in planning and managing individual elements of the communications mix
- be aware of developments and trends in promotional strategy

INTRODUCTION

The promotional element of marketing strategy is one of the most potent elements of marketing. **Promotion** is of course one of the four Ps, but in a broader context the correct term is communications. This involves communicating with a pre-determined audience to elicit a desired response. Understanding the nature and meaning of this process and its relevance to marketing objectives and strategy is a prerequisite to communications planning. Promotional expenditure is one of the more difficult areas of marketing to manage well. Considerable money is wasted; causes of this waste, and how it can be reduced, are the concern of much of this chapter.

UNDERSTANDING MARKETING COMMUNICATIONS

Effective planning of promotional elements of the marketing mix requires an appreciation of how communication works which can be summarized by answering these questions: 'Who says what?' 'In what channel?' 'To whom?' 'And with what effect?' These questions encapsulate the elements and process of communication as shown in Figure 7.1.

IMPLICATIONS OF THE COMMUNICATIONS PROCESS

Figure 7.1 illustrates that communication starts with the sender having a message or meaning to send or share with an intended audience and to do this the communicator requires **encoding** of these into signs and symbols that incorporate the message or meaning. These can be visual (words and pictures) or oral (speech and other sounds). There are many ways in which the message or meaning can be encoded, but to be effective, the encoding process needs to be done such that the target audience can readily interpret (decode) the intended meaning. In other words, the encoding process must take into account, and be consistent with, the target audience. An example of its importance is where a company is communicating through advertising across international and cultural boundaries. What may be readily understood in one culture may be interpreted in different ways in another. This is discussed more fully in Chapter 16 when we consider global marketing. Suffice to say that international marketers have encountered problems because they have not encoded meanings in a way that allows for accurate understanding of the target audience e.g. the brand name 'Nova', a Vauxhall car that was marketed in the UK, would not have been appropriate in the Spanish market, where the name translates as 'no go'. Even in domestic markets, communication is most

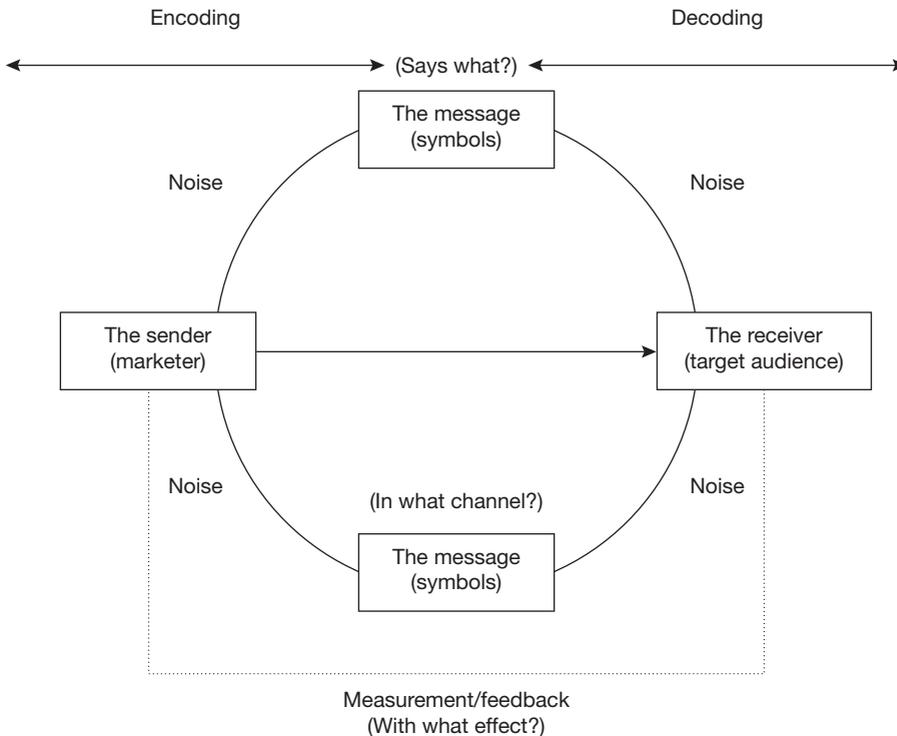


FIGURE 7.1 Model of elements and process of communication

Source: Adapted from Lancaster, G. and Massingham, L.C. (2002), *Essentials of Marketing*, 4th edn, Maidenhead: McGraw-Hill, p. 283.

effective where symbols used are consistent with the target audience, e.g. advertisements aimed at the 'Yuppie' market segments so prevalent in the 1980s and early 1990s would now be perceived as being brash and inappropriate to the softer, less up-front current lifestyles. Symbols of financially successful young city traders in costly designer wear and driving expensive sports cars are less appropriate now, so encoded messages are being delivered through a variety of media channels to appeal to these segments.

Conventionally, we think of media channels as including television, the Internet, commercial radio, newspapers, magazines and posters. In addition, messages are delivered via a company's sales force. A key planning area in marketing communication is **media planning**. Not only are media one of the major costs in promotional budgets, but a plethora of choice of media, their scheduling and their coverage makes the choice of channels for communicating messages a key one.

The receiver is the intended target audience at whom communication is aimed. This audience may be actual or potential customers. However, organizations may wish to communicate with publics like financial institutions, shareholders, the local community or government. Irrespective of the target audience, communication requires that the encoded message be decoded by the intended recipient and this **decoding** process needs to result in the target audience accurately receiving and interpreting

the message that the sender intended. A number of factors serve to detract from the accuracy of the decoding process. Receivers often have pre-determined attitudes that influence how they perceive messages e.g. a confirmed left-wing voter will, because of strong attitudes, tend to have expectations about what they will receive in a party political broadcast on behalf of a right-wing party. Because of this, the left-wing receiver will tend only to hear what they 'expect' to hear, and will subconsciously add to or remove important meanings when decoding the message. In communication terms, this process is referred to as **selective perception** and **distortion**. Only by understanding the decoding process, and factors that affect it, can the sender ensure that messages are received and interpreted as intended.

To ascertain that messages have been received and interpreted accurately and have had the intended effect, another important element is feedback that may occur in a conversation between two individuals. The sender might receive feedback through verbal or non-verbal affirmation. In much marketing communication there is no direct personal contact between sender and receiver, so it is more difficult to gauge the effect of how the communication has been received. In managing the process, accurate feedback is important in ascertaining its effectiveness. By measuring this we can determine whether promotional budgets are well spent and if the communication needs to be improved.

Noise is anything that serves to reduce the quality of communication that occurs in any part of the system as described in Figure 7.1. Selective perception and distortion in the decoding process is an example of noise. A major source of noise in marketing communications is that introduced by other senders of messages. We are constantly bombarded with messages from marketers vying for our attention and spending power. As well as noise, there are other factors that serve to distract, e.g. television advertisers are concerned about viewers 'zapping' to another channel with their remote control when advertisements appear during the commercial break. Noise may also appear in the feedback process when, for example, interviewer bias creeps into a market research exercise designed to evaluate the effectiveness of communications.

For successful marketing communications, the marketer needs to understand the process of communication. Figure 7.1 is a simplification and is not a communications planning tool. However, it illustrates that for effective communication the sender needs to know the target audience and the purpose of the communication. Messages need to be sent in a way the target audience can interpret as intended. The communicator must send these messages through appropriate media to reach the intended audience with the use of feedback to monitor audience response and so reduce or counteract noise in the system.

MARKETING COMMUNICATIONS

Having outlined the process of communication, we turn our attention to the elements of planning marketing communication strategies. Promotional elements of the marketing mix must be planned and managed in a systematic and strategic manner to be effective. For marketing communication to become strategic it needs to be planned and implemented so that it is consistent with, and supportive of, overall corporate and marketing strategies. Other elements of the marketing mix often have a strong communications element and these are now considered.

Product communication: For many consumers, products represent symbols denoting characteristics of lifestyles and personality. Packaging, in particular, communicates certain things like status, quality, atmosphere and image. A product's physical properties or brand name can communicate an image.

Place communication: Distribution channels can communicate messages to the market e.g. certain distribution channels such as up-market stores, may communicate quality and status, whereas others may communicate a particular lifestyle. A retail outlet may communicate messages to the market, e.g. untidy shops may create a bad image, whereas well-stocked and well-managed shops may build confidence. Conversely, an untidy shop might communicate that its prices are more economical.

Physical distribution can convey messages. The state of a company's delivery vehicles may convey a careless message and companies now pay considerable attention to the livery of their vehicles as this becomes part of the corporate image.

Prices and communication: As we saw in Chapter 5, particularly for new products, or for brands with which a customer has no previous experience, pricing conveys powerful signals to the market. The price of a product may signal the perceived quality of a product or service. Similarly, regular discounting of brands can lead to consumers forming an image that the brand is inferior.

The communication emphasis of these marketing mix elements illustrate an important point about planning marketing communications, namely, that virtually everything a company does or says can communicate something to the market. Because of this, an effective marketing communications strategy requires more than just management of the promotional elements of the mix. Marketing communications must be part of an integrated communications strategy with promotional tools being integrated within overall marketing strategies.

PLANNING MARKETING COMMUNICATIONS STRATEGIES

Strategic management of marketing communications requires a systematic and ordered approach. A number of approaches that fit these criteria have been developed. Although these approaches vary in their precise detail, there is sufficient commonality between them to propose a generalized framework that is integrated with other elements of marketing strategy. This framework is shown in Figure 7.2. Each of the above stages is now discussed:

1 Target audience, marketing strategies and mix elements

Unsurprisingly, effective marketing communications starts with selection of the target audience and delineation of broad strategies and marketing mix elements designed to achieve objectives in these target markets. We are primarily concerned with communication aimed at customers, but as we have seen, communications may be aimed at any one or a combination of several target audiences. We have also seen that the specific promotional elements of the marketing mix need to be part of,

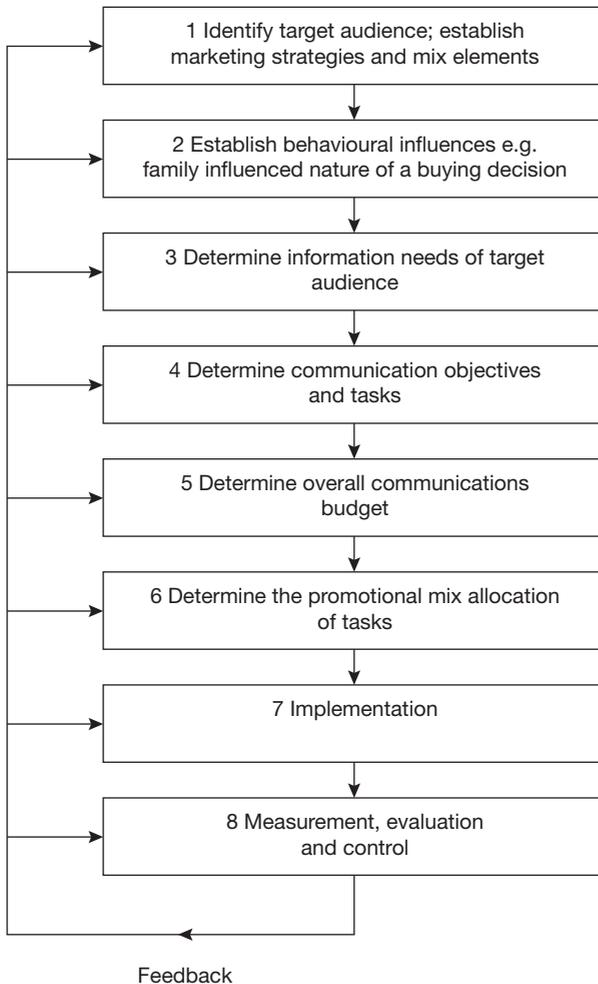


FIGURE 7.2 Steps in planning communication strategies

and consistent with, the communication elements of remaining marketing mix elements. Until the target audience is delineated, it is impossible to proceed in an effective way with remaining elements of the marketing communications planning process.

An example of identifying the target audience for marketing communications is the fact that a considerable amount of women's lingerie is purchased by men. These purchases are bought as gifts usually by men for women. Because of this, if you look at the marketing communications efforts of some of the lingerie marketers a lot of it is slanted at this important male target audience. This is reflected in the fact that the media selected for advertising is male magazines, and advertising copy and visual content is geared very much to the male psyche.

2 Behavioural characteristics of target audience

It is not sufficient to simply delineate target audiences: the marketing communicator must also understand the target audience as well as the buying decision process. The importance of understanding this process was discussed in Chapter 2. In the context of communication decisions, the stage at which the target audience is in the buying decision process provides important information for planning communication.

In the case of the purchase of a new car, communication will stimulate the start of the buying process by encouraging problem or need recognition. In addition, the marketer must understand where the customer will search for information about the new car and what information they are looking for, and also who is involved in the purchase process and what the key behavioural and other influences on this decision process might be. If the customer does purchase the marketer will need to know how the customer feels about the purchase and take steps to reassure them that they have made the right decision so that they can reduce post-purchase anxiety.

Major car manufacturers take active steps to reduce post-purchase anxiety on the part of customers. For most of us, purchasing a new car is one of the most substantial financial outlays we make. Because of cost and the wide range of alternatives we have to choose from, it is understandable that having taken delivery of our new vehicle we begin to wonder if we made the right choice. Did we get the best possible deal? Is the colour right? Should I have bought a different make or model? To allay these anxieties car marketers use a number of communication tools. A simple but effective one is a follow-up phone call from the dealer two or three days after delivery of a new vehicle to check if the customer is happy and that there are no problems. Another is to send out details of the owners' club perhaps with an edition of an owners' magazine containing stories about satisfied buyers of a similar vehicle.

As mentioned, in addition to understanding how the target market buys and the stage of the buying process they have reached, it is important to understand who is involved in the purchase process. In Chapter 2 we saw that we can usefully distinguish between different roles in the buying process e.g. if we are launching a new brand of breakfast cereal, it is important to distinguish between 'influencers', 'deciders', 'purchasers' and 'users'. All these roles might be embodied in the one target group, but as we have seen, both in consumer and organizational markets, these roles may be filled by a range of individuals.

Sometimes it is important to establish existing preferences and attitudes of the target audience as we are concerned with image, so it might be important to establish the target audience's current image of the company and its products.

3 Establishment of information needs

Analysis of the target audience helps the marketing communicator to assess information needs of customers, e.g. analysis of search and alternative stages of the buying process should help establish where the target market looks for information, the degree of reliance on word-of-mouth versus marketer-dominated sources of information and the type of information sought.

4 Determining communication objectives and tasks

Each step in planning a communications strategy helps contribute to the establishment of quantified communication objectives. In the communication process the marketer must determine what effect the communication is intended to achieve, but the problem is that the list of possible communications objectives is endless. Marketing communication objectives are best thought of in the context of what are termed ‘audience response repertoires’. These are similar to the stage or step models of buyer behaviour, in that they posit that the buyer passes through a series of stages or steps en route to making purchase decisions. A variety of such audience response repertoires have been developed. Two of the earliest and best known are Strong’s **AIDA model**,¹ Lavidge and Steiner’s **Hierarchy of effects model**² and Colley’s **DAGMAR model**.³ Later, Jones⁴ suggested that marketing communications in general, but advertising in particular, has a much weaker effect on consumer behaviour than earlier models such as AIDA suggested. One model that reflects his view of a weaker effect for advertising is the **ATR model**, which stands for the steps of Awareness, Trial and Reinforcement. This model suggests that advertising works by first creating awareness, which may lead to tentative trial of the advertised product by the customer. Having trialled the product, the customer can then be reinforced or reassured about the purchase through further advertising. These four influential models of how advertising might work are shown in Figure 7.3.

These sequential models of the step-by-step process can be used to help determine appropriate communication objectives, although they need to be interpreted and applied with care; customers need not necessarily always pass through all stages of the various models in the manner prescribed. Factors such as nature of purchase, previous experience and time pressure affect the nature and speed of a consumer’s progress through the various stages. By using audience response models, the marketing communicator is able to set communication objectives in terms of what is required to move the target audience through the various steps in the process e.g. in the AIDA model, if the target audience is at the early stage of the buying process the primary objective of communication will be to bring the company and its products to the attention of customers. At later stages the objective of marketing communications may be to produce action. We examine these stages of hierarchy models of audience response later when we discuss advertising.

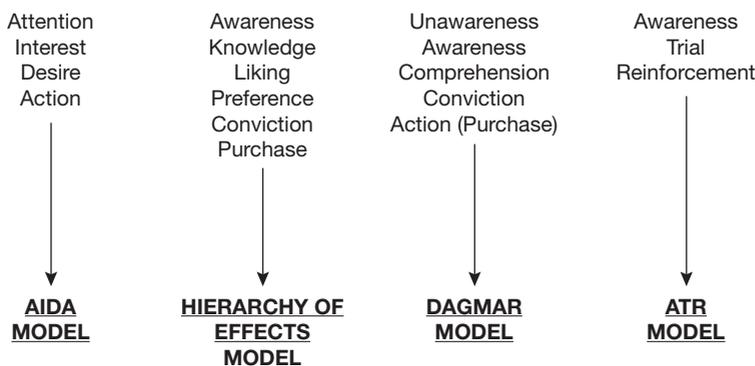


FIGURE 7.3 Examples of audience response repertoires

As with all objectives, it is important to couch these in quantitative terms whenever possible. This makes the final stage of measurement and control easier. It also allows preliminary cost estimates to be made regarding research required to meet the objectives, thereby facilitating budget decisions for communication. In setting objectives for marketing communication, it is important to remember that a consumer can rarely be moved through all response stages by a single promotional campaign. Because of this, like corporate objectives, communication objectives may need to be both long term and short term.

For many years the British public have been exposed to government-sponsored campaigns aimed at persuading drivers not to take alcoholic drinks and drive, aimed of course at safety. More recent campaigns have highlighted the effects of taking drugs and driving. In recent years, most of the money spent on these campaigns has gone on television advertising around the Christmas period for drink driving and throughout the year for taking drugs and driving. Increasingly, the campaigns have been designed to shock viewers by using graphic images of the possible results of drinking and driving, including death and injury, social approbation or imprisonment. Unfortunately, many people are still not deterred and continue to drink and drive and take drugs and drive. Does this mean that the advertising is not working and that the government would be better spending this money in other ways? You will no doubt have your own views on this, but the advertiser, in this case a government department, has to appreciate that often advertising works slowly.

5 Determining the communications budget

Having decided communication objectives we are in a position to determine the budget required to meet those objectives. A budgeting method that is often used is to take a percentage of sales, either current or projected. This represents a simple way of setting budgets for communication. However, the problem is that communication budgets will be high when sales are high and low when sales are low, which is not logical.

Another approach is to set the budget at the same level as that of the competition, or at least on a pro rata basis using market share. The problem here is that this assumes that competitors have similar objectives and strategies, and they are budgeting effectively in the first place. Neither of course might be the case.

Setting clear and quantified objectives for communication allows us to determine what tasks need to be done to achieve these objectives and allows these to be costed. This method is referred to as the 'objective and task' approach.

6 Determining the promotional mix: allocation of tasks

This stage of communications planning requires decisions to be made on allocation of communication tasks, and relates the budget to the variety of promotional tools available to a company. Communication tools are embodied in all elements of the marketing mix. However, in the promotional area of the mix, marketers distinguish between a number of promotional tools (termed **promo-tools**) and collectively these elements are referred to as the **communications mix** that encompasses the following:

- 1 Advertising: paid for non-personal promotion of ideas, goods or services through media of print, broadcasting, TV, outer packaging and inserts, cinema, posters and leaflets, billboards, display signs, point-of-sale (POS) displays, the Internet, logos and symbols.
- 2 Sales promotion: incentives that stimulate purchase of products and services by consumers or the trade e.g. coupons, samples, demonstrations, contests, trade allowances, premium offers, low-interest finance, entertainment, trade fairs and exhibitions and competitions.
- 3 Public relations and publicity: promotion and protection of company image and products through press releases, 'in-house' company magazine, company reports and lobbying persons like Members of Parliament who might influence events.
- 4 Sponsorship: where the company's name is displayed in support of a particular event or cause.
- 5 Personal selling: verbal sales presentations aimed at prospective purchasers to make sales, but also including sales meetings, incentive programmes and provision of samples.
- 6 Direct marketing: post, telephone, e-mail, Internet and fax to communicate directly with potential customers, e.g. mail shots, fax, voice mail and telemarketing.
- 7 Events marketing: sponsored activities intended to create brand interactions e.g. sports events, entertainment, cultural activities and festivals.
- 8 Interactive marketing: On-line activities that connect with customers or prospects to improve image, raise awareness or generate sales e.g. e-mail, TV shopping, intranet and Internet websites.
- 9 Word-of-mouth communications: Oral, written or electronic communications relating to experiences of purchasing and using particular products or services, an example being recommendations from friends to dine at a particular restaurant.

Each of the communications tools has advantages and disadvantages which, together with the precise nature of the communication tasks, means the marketing decision maker should be able broadly to determine the most appropriate mix, e.g. advertising, sales promotion and publicity are usually the most cost-effective tools at the buyer awareness stage, more so than 'cold calls' from sales representatives. Advertising produces comprehension. Buyer conviction is influenced by personal selling and supplemented by advertising. Placing an order is usually, but not always, a function of the sales call with assistance from sales promotion. Additional factors influencing this decision include:

- company objectives and resources;
- the stage in the product life cycle;
- competitor considerations;
- type or product market.

At the extremes of fast-moving consumer goods versus capital and industrial goods, the promotional mix differs with emphasis switching from a non-personal, advertising-dominated promotional mix for fast-moving consumer goods to one dominated by personal selling in capital and industrial goods. This is unsurprising as organizational buying involves purchasing large volumes and technical products. Organizations are less susceptible to 'glitzy' advertising and want to negotiate on a personal face-to-face basis, but this does not mean that advertising should be discounted. We know, for instance, that in industrial markets, advertising helps substantially to augment the

effectiveness of personal selling by increasing awareness of a company and its products, thereby reducing the difficulty and costs of selling 'cold' to customers. It is not simply a choice between advertising and personal selling or a combination of these. There is a wide range of effective promotional tools to choose from, and more proactive marketers are constantly searching for improved ways to promote products and services.

In this constant search for new and effective promotional tools we have seen the development of more direct ways of marketers communicating with their target audience. So rapid and far reaching have been these forms of promotion that the direct marketing element of the promotional mix is as important as the traditional elements of advertising, sales promotion, PR and personal selling. Direct marketing includes a number of dynamic and innovative tools of marketing communication and is set to continue to grow in importance as an element of the promotional mix. We shall, therefore, be considering this relative newcomer to the communications mix tools in more detail in Chapter 10. In common with the other broad categories of promotion, direct marketing includes the promotional tools of direct mail, telemarketing and Internet or e-marketing.

7 Implementing the promotional mix

Having determined how communication tasks are to be allocated between different elements of the promotional mix, the next step is to develop detailed action programmes for each promotional tool being used. This entails the development of advertising, sales promotion, personal selling, direct marketing and publicity programmes. These need to be co-ordinated one with another and with other elements of the marketing mix. Often, advertising, sales promotion, direct marketing and publicity programmes will be developed and implemented with an outside agency, so careful selection and briefing of an agency are essential.

Planning and implementing each area of the promotional mix requires a detailed understanding of issues and steps involved and we investigate these later. Management of personal selling and direct marketing are discussed in Chapters 8 and 10 respectively.

8 Measurement, control and feedback

The last stage of effective communication management is concerned with the measurement of how effective the communication has been against pre-determined objectives and standards. Evaluating effectiveness is difficult, but with such substantial expenditure close control is important. According to how effective the communication programme has been, some readjustment may be necessary. Measurement and control should not simply assess the extent to which communication objectives have been met, but should also provide reasons for variances like advertising expenditure not producing sales that had been forecasted. This information can then be used to adjust the communications programme.

In the remainder of this chapter and in Chapters 8, 9 and 10 we examine in more detail the strategic management of each of the five major promotional tools – advertising, sales promotion, publicity and PR, personal selling and direct marketing.

ADVERTISING

Perhaps one of the most visible promotional tools we think of is that of advertising. Partly because of this high visibility, advertising is also one of the most controversial elements of the promotional mix. Some believe that much advertising is a waste of money or even immoral. We start by examining what advertising is (and is not) before looking at how it works. Our main concern is how advertising can be managed so it is cost-effective and helps support both overall and marketing communication strategies.

What is advertising?

A number of elements distinguish advertising from other tools of promotion and at the same time indicate its key characteristics. These key elements are:

- **Non-personal** Unlike personal selling, advertising affords no direct personal contact with the customer. Although this is a limitation, especially in industrial markets, it means that the advertiser has less control over what is said and to whom.
- **Paid for by an identified sponsor** Advertising is directly sponsored and paid for by the advertiser. It is intended to create a favourable response on the part of the consumer and is identified as being for commercial or organizational gain on the part of the sponsor.
- **Promotion of ideas, goods or services** The word 'promotion' rather than 'selling' is used; although some advertising is intended to create a sale in its own right, such as in classified advertising or some forms of direct marketing, most advertising is only part of the process of moving consumers nearer to making a purchase. A distinguishing characteristic of advertising compared to personal selling and to some extent direct marketing is that it is normally aimed at a mass audience through mass communication.

In the case of commercial advertisers, the objective of spending on advertising is to increase sales and profit. However, we must be careful not to exaggerate the power of advertising in this respect, as advertising is but a part of the communications mix; and the communications mix, in turn, is a component of overall marketing strategy. This point is best evidenced, albeit negatively, by illustrating what advertising cannot do:

- Advertising cannot secure repeat business for a product or service that is not value for money.
- Advertising cannot remove problems of insufficiently trained or motivated sales staff.
- Advertising cannot work if the brand is not in stores when the consumer wants it.

Advertising is only powerful when it, and the rest of communication and marketing strategy, is well planned, implemented and integrated through **Integrated Marketing Communications (IMC)** – communications and messages are carefully linked so they work in consistent harmony rather than in isolation as their sum is greater than their individual parts. This means that communications tools like direct marketing, media advertising, interactive/Internet marketing, sales promotion, publicity/public relations and as Mulhern⁵ illustrates, increasingly these days digital communication,

are planned as an integrated whole to provide maximum communications impact by being clear and consistent. There are other levels of integration, namely:

- horizontal (across the marketing mix and also business functions like finance, production and distribution);
- vertical (so communications objectives support higher level corporate objectives);
- internal (keeping company staff informed about new developments like new corporate identity, better service standards and new strategic partners);
- external (ensuring that external partners like PR and advertising agencies work together to deliver a cohesive message, integrated message);
- data integration (where sales, direct mail and advertising help each other; this requires a marketing information system that collects and shares relevant data across different departments).

IMC means that the whole organization works together and everyone is conscious that their decisions and actions send messages to customers. Furthermore, viewing sales as the objective for advertising is narrow and limiting from a planning perspective. Smith⁶ *et al.* suggest that it is particularly important to integrate communications at the marketing–sales interface. In discussing what advertising is (and is not) it is important to recognize that the term ‘advertising’ covers many different types of activity; we can distinguish between retail advertising, trade advertising and consumer advertising. Similarly, we can categorize different types of advertising according to objectives.

The objectives of consumer advertising might be to create preference for a specific brand; that of retail advertising to create traffic through a store; manufacturers’ trade advertising might be to encourage dealers to stock a product, announce important forthcoming price deals or new product launches, or simply to increase trade confidence and loyalty. With government advertising, objectives can vary from presenting public information, to exhortations to behave or vote in a certain way. Newspapers provide classified advertising, from announcements like births, deaths and marriages to the sale of products and services.

One of the most useful ways of distinguishing between broad categories of advertising is on the basis of the intended communication effect. In this way we can distinguish between three main categories:

- 1 **Informative advertising** is particularly relevant when a company wants to tell the market about a new product, suggest new ways of using an existing product or inform the market of changes to the product, e.g. price changes.
- 2 **Persuasive advertising** is used to build up a brand following or encourage customers to switch brands, or when potential customers have unfavourable attitudes towards a product or company in an attempt to change these attitudes.
- 3 **Reminder advertising** is aimed at maintaining brand loyalty. It can also be used to encourage former customers who have ceased to buy to return.

An example of the widening scope and application of advertising is the continuous advertising campaign to attract new recruits to the police force in the UK. The Home Office use nationwide

television advertising to attract new recruits. National campaigns are backed up with newspaper advertisements and promotional techniques such as open days. An example from the USA was when California State Highway Patrol ran a 'click-it or ticket' campaign explaining the risks involved in not using a seat belt.

How advertising works: behavioural models of advertising

Given the plethora of types of advertising and the underlying complexity of behavioural issues involved, it is not surprising that there exist many conflicting views as to how advertising works. From our perspective, the reason for attempting to understand how it works is to improve our planning, implementation and control of this element of promotion. In this respect, audience response repertoire models have proved to be the most fruitful.

The four examples of possible audience response repertoire shown in Figure 7.3, i.e. AIDA, Hierarchy of Effects, DAGMAR and the ATR models, are designed to explain how advertising, or more generally communication, works. We can see from these that the precise nature and number of steps vary, but their essence is essentially the same. Specifically, they share common characteristics of suggesting that advertising, as an element of marketing communications, works by nudging the audience through a series of steps or stages in the buying process en route to making a purchase decision. The AIDA and Hierarchy of Effects models suggest that good advertising can potentially exert a powerful effect on customers creating, in the case of the AIDA model, 'desire' and 'action', and in the Hierarchy of Effects and DAGMAR models, 'conviction/desire' and 'purchase/action'. The ATR model, although based on a step-by-step process, suggests that even where advertising is effective, it is much weaker, serving only to encourage 'trial' and/or create 'reinforcement'. Rodgers⁷ 'Product adoption model' adds to these when he cites the stages as:

- awareness;
- interest;
- evaluation;
- trial;
- adoption.

By understanding these steps, and knowing where our target audience currently is in the sequence, we can better plan, implement and control advertising decisions. Adoption models have proved to be particularly robust and useful to marketers and are still widely used. They have been used in product markets as diverse as the adoption of mobile shopping in Korea (Ko *et al.*⁸) and the adoption of Internet banking in Estonia (Eriksson *et al.*⁹).

These models suffer from the fact that they are not based on empirical evidence. In other words, they represent hypothetical constructs which may or may not reflect reality. It is true that many lack any empirical support, although others have been extensively tested, and on the basis of this, subsequently developed and refined. Evidence, however, is mixed. Certainly some consumers pass through the stages shown in the models, but not always. Palda¹⁰ has criticized the hierarchy model, suggesting that consumers may first purchase a product and then become convinced about its value.

These models are also difficult to translate into practice because although they may point to a level in the hierarchy at which advertising should be aimed, it is still necessary to develop a specific campaign. Many of the models lack detail as to how best to achieve an objective. Refinements to some, such as the DAGMAR model, are attempts to operationalize hierarchy models further. However, there remain difficulties associated with measurement, as conceptual problems are still associated with constructs such as awareness, conviction and preference. In addition, some believe that these models focus on the wrong dimensions. Specifically, it is argued, sales and not communication effects are the underlying objective of advertising; in the absence of a direct and measurable relationship between awareness, or attitudes and sales, the models tend to focus attention on objectives which may not be related to sales. Smith *et al.*¹¹ review the various hierarchy models with particular relevance to creativity in advertising.

An interesting criticism is that these models tend to restrict creativity in advertising by over-specifying what has to be achieved. Certainly, many practitioners and writers on advertising subscribe to the view that the creative element, which effectively establishes and sells the brand image and appeals to the emotions, is the most important element of successful advertising.

It is safest to say that the arguments remain unresolved. Certainly we have gone some way to understanding the complex process of how advertising works and how to manage it more effectively. The stance taken here is that the models are useful provided they are applied and interpreted with care.

Managing advertising: campaign planning

The following represent the six basic elements of managing advertising effort:

- identification of the target audience;
- determination of clear, realistic and measurable objectives for advertising;
- determination of the advertising budget;
- message selection and creative platform;
- media selection and scheduling;
- control and evaluation of advertising effectiveness.

External factors also need to be taken into account, including social and legal constraints, attitudes and ideas of the advertising agency, competitors and customers (particularly their needs and motives). This wider framework for advertising decisions is shown in Figure 7.4.

Identification of target audience is the first step in planning advertising campaigns. Much of what follows in campaign planning stems from this essential step. Together with overall marketing and promotional objectives, the target audience determines creative context, media planning and scheduling.

Frequently used methods of defining target markets include demographic factors of age, sex, income and social class. However, particularly useful for advertising decisions are the more behavioural/psychological bases e.g. the ACORN system, discussed in Chapter 3, and newer 'lifestyle' approaches to classifying target markets. This is because these bases give us a fuller, richer description of target markets, encompassing not just consumer characteristics such as age and sex, but also their

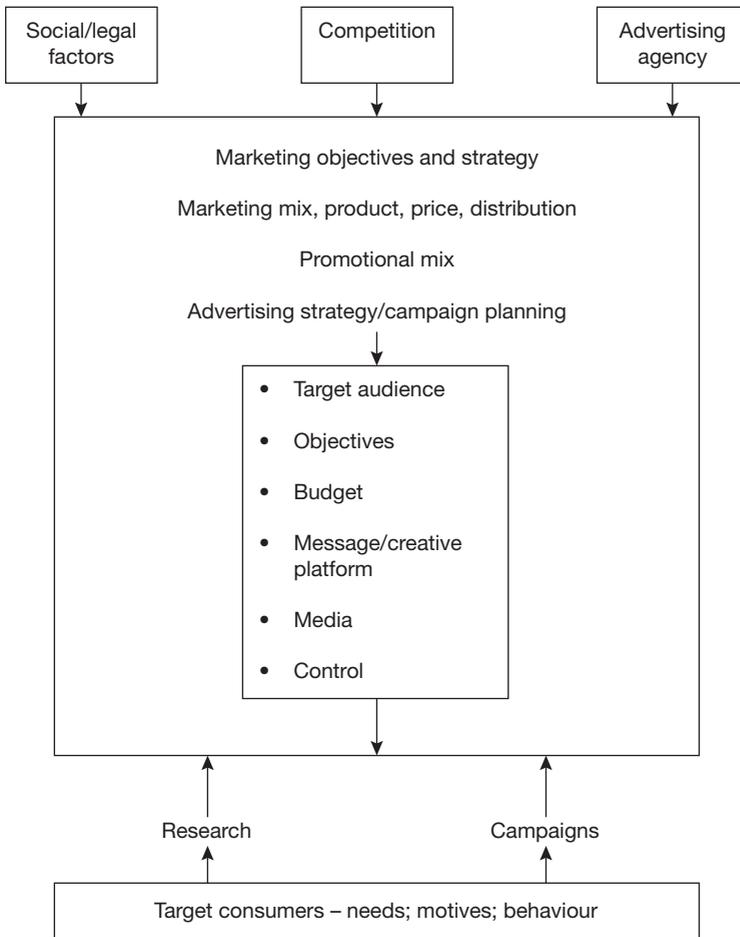


FIGURE 7.4 Managing advertising: a systematic approach

Source: Adapted from Aaker, D.A. and Myers, J.G. (1982), *Advertising Management*, 2nd edn, Upper Saddle River, NJ: Prentice-Hall, p. 30.

personalities, spending habits, attitudes, interests and opinions. Where information on these aspects is not available, market research will be required to establish a full profile of target customers.

Setting advertising objectives: Once we have determined the target audience for advertising, we need to determine what advertising is intended to achieve with that audience. In broad terms, using the earlier classification of types of advertising, it might be intended to inform, persuade or remind. While this might be useful in beginning to delineate the reasons and role of advertising in the overall marketing and communications mix, these broad classifications are not a sufficient guide to the next steps in the advertising management and campaign planning process. Ideally, we need to specify precise communication goals for advertising. This is where models of the sequences in buyer

behaviour related to communication are useful. For example, Colley's DAGMAR model translates into some 52 possible communication goals for advertising. Notwithstanding the controversy over these models, they are helpful in setting specific objectives for advertising, couched in terms of objectives for communication designed to move customers through the buying stages. These objectives should, whenever possible, be defined in quantitative terms and specify a time-scale.

Determining advertising budgets: Earlier we discussed some of the approaches to setting the overall budget for marketing communications, together with factors that would determine the allocation of this overall budget to the individual elements of the promotional mix. Having gone through the process of broadly determining the thrust or emphasis of promotional strategy between the different promotional tools, we should have at least a preliminary idea as to how much of the total budget will be allocated to advertising. However, at this stage we need to refine this process to arrive at a precise budget for advertising. In fact, the advertising budget can be arrived at on the same variety of bases as the overall budget for communications, i.e. based on percentages of sales and/or profits, based on competitors' spend or based on the objective and task method. Once again, the only justifiable method is the objective and task approach, as this is distinctly advantageous when setting clear and quantified communication objectives for advertising in the preceding stage.

With a thorough understanding of what the advertising objectives are, these can be translated into specific tasks for advertising, and in turn those tasks can be costed in conjunction with the advertising agency.

Deciding on the message/creative platform is an area which potentially has the greatest impact on the success or failure of an advertising campaign. Unfortunately, it is an area that generates controversy as to what makes a successful creative advertisement. The basic direction for the creative programme is provided by product strategy that defines the market position towards which (for consistency) the product is to be directed. Advertising objectives are the second vital input to the creative programme. They influence both what the advertising says and the manner in which it is presented. The third input to the creative programme is information developed in the consumer, product and market analysis. In particular, the creative programme should be based on a clear description of the characteristics of the target consumer and the problem that the consumer is trying to solve. It also depends on information about the product to be advertised and detailed information about competitive products.

It is here that the manufacturer and the advertising agency have to decide what the advantages of the product are when compared with those of its competitors. Is it less expensive? Is it of improved quality? Is it smaller or larger? Does it have new features? Does it offer a new experience? Does the product have several outstanding advantages to offer the consumer? If it has one truly outstanding feature that can be exploited in the advertising, this is the **unique selling point** or **proposition** (USP).

In developing a creative programme the advertiser must determine the content of the message. Advertising content serves the advertiser by carrying out the strategy and objectives set for the product. The content serves the consumer by providing information about solving problems. In addition to deciding what is to be said, the programmes must also consider how it is to be said. The creative programme must determine how the advertising will be produced.

The advertiser faces difficult choices in weighing up the promise or appeal. It has been suggested that the advertiser should use rational appeals when their prospects face utilitarian problems. Emotional appeals on the other hand work best when problems are social or psychological.

Controversial, but widely used types of emotional appeal are those based on creating fear or shock in target audience. These have been used in campaigns as diverse as trying to reduce the spread of AIDS, protecting children from cruelty/abuse, anti-smoking campaigns and even in the marketing of Benetton's fashion clothing. Some believe that with the advent of reality TV type programmes, advertising has lost its power to shock. Williams¹² suggests that used with care, shock advertising still works today.

Think about the promotion of household cleaning products such as polishes and detergents. Often the advertising approach is to extol the cleaning or ease of application properties of the brand. Increasingly, advertising agencies are using less of an intuitive subjective approach to developing the creative content of advertisements. Instead, they are turning to a range of market research tools designed to improve the design of creative content based on careful and systematic research. It is over 40 years since one of the most successful advertisers, Leo Burnett,¹³ advocated using in-depth interviewing techniques to provide information on a suitable **copy platform**. This is a written statement of creative strategy that specifies work to be done before writing the advertisement. Similarly, in the 1960s Maloney¹⁴ developed a framework for designing advertising copy content based on encouraging representative target customers to associate with the type of reward or benefit they expected or hoped to get from either having used or consumed the product or service in question, or from an aspect of the product or brand in question which was 'incidental' to the usage experience. For example, we can appreciate that a major benefit from using real ground coffee instead of instant for dinner guests is the feeling that we are making a special effort for them. Put another way, making real coffee makes us feel better about ourselves. Many leading brands of non-instant coffee use ideas like this in their creative content.

Determining media selection and scheduling This element of advertising management should be prepared concurrently with the budget decision. A wide variety of media vehicles are available to the advertiser. Media planning is made easier by adherence to the preceding steps in the advertising management programme. Overall marketing strategy, advertising objectives, budgets and creative strategy serve to delineate and point to the required media strategy which is determined by the target audience.

A four step media planning approach proposes:

- 1 definition of media requirements, specifying the target audience, required exposure, creative requirements of the media and budget available;
- 2 selection of media to be used against media requirements;
- 3 selection of specific media vehicles utilizing media requirements to gauge their potential effectiveness;
- 4 specifying time length of advertisements and scheduling their appearance.

With such a variety it is difficult for a non-specialist to decide which media are best suited to a particular campaign. There is considerable competition between media to provide a service to advertisers. Most media owners publish information about their media and its coverage/audience. We examine sources of such information shortly, but generally, media selection requires asking and answering a number of questions:

- To whom is the appeal to be directed and what kind of appeal should be made? On the basis of decisions made, the media department (usually in the advertising agency) will begin to examine characteristics of available media.
- To what extent are various media categories and vehicles appropriate for reaching the target audience and the particular appeal selected?
- What is the credibility of the various media vehicles?

Having decided a shortlist of various media which appear to be suitable for a campaign, the media buyer must consider which one is the 'best buy'. It is rare for only one medium to be selected and usually the best results are obtained by using a combination. When the media buyer prepares the shortlist, he or she will prepare a cost comparison. This will be based on rates issued by media owners. A summary showing the cost per thousand readers or viewers in the 'target' market for each of the media, will be submitted to the advertiser with the agency's advice. At this stage, a decision will be taken.

There has been a trend towards 'media shops' or media agencies. Essentially different names for the same thing, before the arrival of these independents, agencies had to run their own media departments. These media independents book space or time and specialize in this kind of work. An agency has to consider whether using a media shop gives a better service or whether to integrate the function in-house.

Advertising agencies are paid by the media on the basis of a percentage (between 10 per cent and 25 per cent and an average of 15 per cent) of advertising expenditure that the advertising agency places with the media. The agency's client agrees the advertising budget, advertising copy and message with the agency, and the agency receives commission from the media based on the advertising spend (often more than £10 million for a major campaign). Advertising is sometimes referred to as '**above-the-line promotion**', and the 'line' refers to the line above which the agency receives commission for placing their client's advertising. '**Recognition**' of the agency is needed in the UK from the Institute of Practitioners in Advertising (IPA) before commission can be paid, so non-recognized advertising agencies cannot draw commission. In other countries, similar organizations to the IPA exist with similar 'recognition' rules.

A number of research sources and tools are available to help in the task of media planning and buying. Some of these are provided by the media owners and the more important of these UK and European based sources are now outlined.

British Rate and Data (BRAD) This gives information on issue date and price, copy date, circulation, mechanical data and the advertising rates of:

- 1 national daily newspapers;
- 2 national Sunday newspapers;
- 3 provincial daily newspapers;
- 4 London and provincial newspaper groups;
- 5 weekly newspapers;
- 6 consumer publications;
- 7 trade, technical and professional publications.

Advertising rates and other relevant information are included on:

- 1 television;
- 2 radio;
- 3 posters;
- 4 transportation;
- 5 cinema;
- 6 telephone directory advertising;
- 7 local free distribution papers;
- 8 house-to-house distribution.

Media Expenditure Analysis Limited (MEAL) produces a monthly report covering product groups within product categories; analysis of advertising expenditure by category, product group and brand, product description and expenditure via press and television.

British Audience Research Bureau (BARB) measures TV audiences in the UK by monitoring a sample of 4,500 homes using a special meter installed in each household. The meter records which stations are turned on and, using a remote control unit, a record is made of who is watching the programmes at any point in time. This data is then downloaded from monitors direct to BARB for analysis. BARB provides a monthly chart involving the top programmes as well as publishing a weekly top ten of the most popular programmes. In addition, it publishes weekly regional lists of the top programmes and the monthly ratings share of each channel.

Radio Joint Audience Research (RAJAR) Established in 1992, RAJAR measures and analyses radio audiences in the UK.

Cinema and Video Industry Research (CAVIAR) produces statistics on cinema and video audiences.

National Business Readership Survey This is commissioned by the *Financial Times* and the results are published at six-monthly intervals. Its purpose is to help in the planning of advertising aimed at business people in the UK.

Audit Bureau of Circulation (ABC) Most large publishers belong to the ABC, to which their auditors return sales figures. The Bureau has the right to investigate these figures, and random checks are made. The Bureau issues an ABC Certificate at the end of each half year. This gives the ABC figures for publication by ABC in the *Circulation Review* issued as a supplement to British Rate and Data (BRAD). ABC also measures and verifies website traffic.

The Commission Luxembourgoise pour l'Ethique en Publicité (CLEP) was officially re-launched on 20 May 2009 as the Luxembourgish self-regulatory advertising organization, which had been restructured according to the Best Practice Recommendations of the European Advertising Standards Alliance (EASA). As the CLEP had been inactive for several years, a project was initiated in 2008 to restructure and re-launch the advertising watchdog. This was done with the support of EASA and the Belgian self-regulatory advertising organization, Jury voor Ethische Praktijken inzake Reclame/Jury d'Ethique Publicitaire (JEP).

Once these planning stages have been completed, advertising is produced and media booked. Normally, both planning and production of advertising will be done in conjunction with an advertising agency.

Evaluating and controlling advertising Given the importance and expense of advertising, it is vital to assess its effectiveness. This is where the importance of the stage of setting clear and quantified objectives comes in. When we discussed objectives for advertising, it was suggested that although sales and profits may be the ultimate reason for advertising in profit-making organizations, there are difficulties in relating these to advertising. Because of this, it was suggested that advertising objectives be set in communication terms, e.g. increasing recognition and brand awareness. Advertising and creative/copy content must be evaluated prior to implementing the campaign as well as post-campaign. An overview of research techniques for pre-testing and post-testing advertisements is now set out.

An evaluation programme begins by defining elements from the advertising budget, the media programme and the creative programme. An 'effectiveness evaluation procedure' is designed for each element. This includes specification of a standard as a base for comparison; when actual performance is measured it is compared to the standard, to determine whether or not performance is satisfactory. Budget evaluation methods involve the sort of standards and control applied to any financial budget, namely, measuring and evaluating any differences between planned and actual advertising spend. Perhaps, as with most budgets, the tendency is to overspend. Reasons for this in the context of advertising can include: overruns on production costs, delays in casting or filming, and unforeseen competitor actions. With regard to the media programme element, we might establish standards with regard to required media reach and frequency i.e. the number of target customers who have an opportunity to see the campaign and on how many occasions it has been seen. With regard to the creative programme, this can be evaluated against more qualitative measures such as: ability to recall or changes in attitude.

For each programme element to be evaluated, the evaluation programme should specify the measurement technique to be used, e.g. *media audience measurement* evaluates the effectiveness of media programmes, *recognition and recall tests* measure the effectiveness of individual advertisements, and techniques such as *consumer and retail audits* measure the effectiveness of overall campaigns.

Media audience measures were mentioned earlier. As we saw, many of the audience measurement systems are run by independent bodies, and for obvious reasons, not by the advertising industry itself. Measures of audience figures essentially assess how many might potentially be exposed to an advertisement, how many actually did see it and on how many occasions. Media is priced and purchased on the basis of figures such as these so they are important. Increasingly the various audience measurement bodies are adding qualitative assessments of their target audiences to the more qualitative ones. Recognition and recall tests have long been used to measure and evaluate advertising effectiveness. Recognition tests are based on simply asking respondents if they can recognize a brand and/or its advertising. For example, a photograph of a brand or advertisement may be shown to a respondent without the brand name being visible. The respondent is asked to identify the brand in question. If this is done with respondents pre- and post-advertising we obtain a measure of the effectiveness of advertising in aiding brand recognition.

Recall tests are more involved than recognition tests and ask respondents exposed to the advertising being evaluated what they can 'recall' about the advertising. Clearly, this is a much sterner test of the effectiveness of a campaign than simply measuring recognition. Recall tests may be aided, where the respondent is given some kind of prompt; or unaided, where the respondent must rely totally on their memory. Both recall and recognition tests are used widely by advertisers and can be

used to assess a wide range of factors. Recall tests in particular are useful when assessing the effectiveness of the creative content of promotion (Baack *et al.*¹⁵).

As regards the use of consumer and retail audits, these are aimed at measuring the sales effect of advertising. In the case of retail audits the measure is of the effect of advertising on moving products into and out of retailers. Consumer audits measure the pattern of purchases by the customer, often using participants who agree to record and report the products and brands they have purchased during the week.

Techniques of measuring and evaluating advertising are quite sophisticated. We now know much more about what to measure and how to do this through increased use of electronic systems for collecting and analysing information.

Developments in advertising research and practice

Advertising concepts and methods represent one of the most dynamic areas of marketing. The importance of advertising, coupled with the amounts of budgets and resources devoted to this area, have meant that it is an aspect of marketing that attracts considerable research attention to extend our knowledge and management expertise. We are constantly increasing our knowledge about how advertising works (and does not work) to manage advertising more effectively. In addition to developing this knowledge, advertising is affected by trends and changes in macro-environmental factors; particularly technological trends and changes. Some of these more important developments and trends are now discussed.

The notion of brand equity

Kotler and Keller¹⁶ define **brand equity** as the added value endowed to products and services through individual elements of the communications mix especially advertising. This is explained graphically in Figure 7.5. The arrows from each element that forms the marketing communications programme and brand equity respectively, illustrate that each of these is an integral part of the box they are joined to.

The marketing communications programme delivers communications tactics in relation to the brand shown on the left hand side. This imparts more abstract impressions about the brand to consumers such as feelings about the brand, loyalty towards the brand, brand image, brand relationships and awareness of the brand. The most powerful brands, therefore, have a strong brand equity comprising elements on the right-hand side of Figure 7.5. The diagram also helps reinforce the notion of integrated marketing communications discussed earlier. Each of the different communication tools potentially conveys something, positive or negative, about a brand to a customer, thereby adding (if positive) or detracting (if negative) the standing of the brand (its equity) in the eyes of the customer. For example, the customer may be exposed to an advertising campaign for a brand which he or she finds interesting and amusing. As a result, brand awareness is increased together with a favourable brand image. These add to the equity of the brand by increasing the opportunity of making a sale or increasing brand loyalty. However, if, persuaded by the amusing advertising, a customer visits the company website intending to find out more about the brand, but in so doing, finds the website unattractive and difficult to negotiate, then the value of the brand in

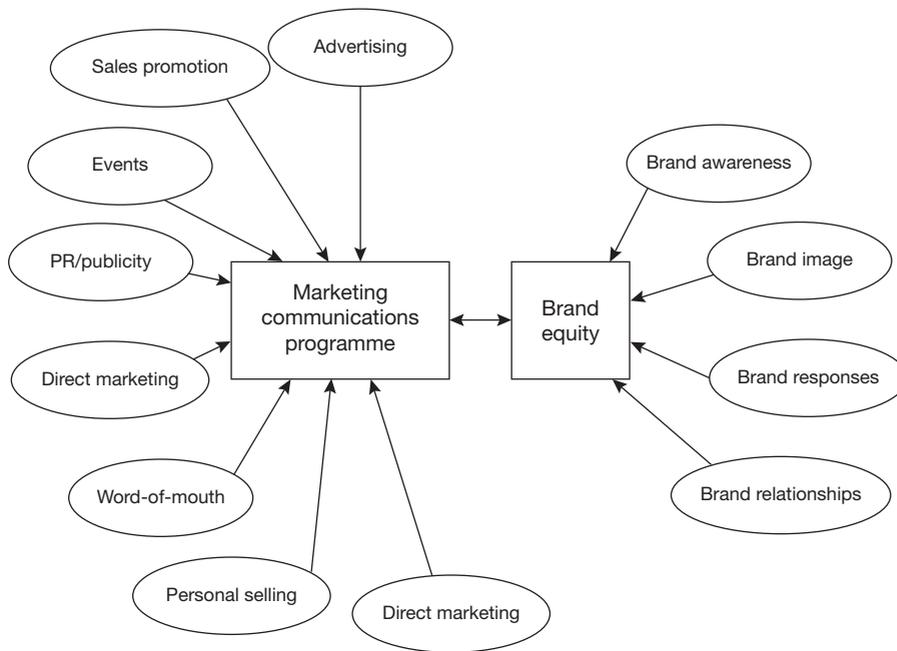


FIGURE 7.5 Marketing communications and brand equity

the eyes of the customer is diminished. Therefore, each and every element of the promotional mix affects the standing of the brand in the eyes of the customer.

The proliferation of advertising and advertising clutter

Increases in availability and types of media, more advertisers and greater advertising spends have contributed to a proliferation of advertising activity and messages. Consumers are inundated with advertising and the result is that it is difficult to gain the attention or interest of consumers, so often the message intended by the advertiser is lost. This phenomenon is known as '**clutter**' or more technically '**information overload**' which occurs when the number of advertisements to which an audience is exposed reduces interest in, and the capability to receive, any specific message. Kent¹⁷ investigated clutter with respect to television advertising on UK network channels. His results showed that television is cluttered with advertisements for directly competing brands and this damaged the ability of target audiences to recall particular advertisements. The suggestion is that advertisers attempting to seek target audiences may be inadvertently compromising the effectiveness of their advertising. The conclusions of this and similar experiments are that highly cluttered times should be avoided and advertisers should negotiate for greater protection against clutter. More contemporary research by Rotfeld¹⁸ has taken this research further in terms of providing a partial solution to

declining audience attention to advertising. In another study Chen *et al.*¹⁹ researched the effects of information overload on consumers' subjective state towards buying decision in the internet shopping environment.

Direct response television/interactive digital television

Direct response television (DRTV) includes television advertising that asks consumers to respond directly by calling an 0800 number, visiting a website, calling for more information, or visiting a retailer. There are two types of DRTV, short form and long form. Short form is a DRTV commercial that is two minutes or less in length. Long form is longer than two minutes and is known as an **informercial**. Long form is used for products that need to educate and create awareness. Research indicates how such advertising works best and how to manage it more effectively. In an early study, Carter²⁰ found that longer DRTV advertisements were more effective than shorter ones. She also found that advertisements which displayed a telephone number for more than ten seconds were six times as efficient as those that displayed a telephone number for less than ten seconds. A voice-over of the telephone number gave a much better response. Most DRTV experts now agree that adverts must be at least 60 seconds long, but surprisingly compared to conventional TV ads, generally the longer the better.

DRTV advertising has become popular for fast moving consumer goods (FMCGs) and some more durable products. Developments in IT have facilitated the growth of two-way communication of television advertising with target audiences. This is relatively new, but is destined to grow with advances in digital technology and opportunities for application on the Internet.

Zippping, zapping and muting

Television sets have remote control and programme recording facilities. This has led to phenomena known as '**zippping, zapping and muting**'. Zippping is the term given to the fast-forwarding of advertisements on pre-recorded TV programmes. Zapping is the term used for channel-hopping, and muting is turning down the sound on the set when advertisements are on. Advertisers are worried

Rubbermaid

Rubbermaid is a company that supplies a large range of household and industrial products. These include cleaning and storage products, office products, promotional gifts and much more. This company has run a series of DRTV advertisements for some of their products. One, which runs for just over two minutes, features a storage system for garages called 'fast track'. Because the advertisement runs for over two minutes there is plenty of time to explain the product and how it works. Running for two minutes would be too expensive to buy on a main television channel, and the properties of the product take time to explain unlike a detergent, so the company uses a specialized digital channel.

about these phenomena as they reduce the effectiveness of advertising spend. However, the effects on advertising are complex. Early research by Gilmore and Secunda²¹ found that as a repetition of a zipped advertisement increased, so did its recall. However, product recognition and product recall depended on having seen the product advertisement before seeing the zipped advertisement. They concluded that a zipped television advertisement can lead to product retrieval and reinforcement of previously learned information. This recognition and retrieval can have a positive effect on attitudes towards a product. Such findings suggest that extensive research is needed with regard to implications for the marketer.

Fragmentation of media

Technology has led to an explosion in the range and types of media available to the advertiser. This is particularly true in television advertising. The growth of satellite and cable television means that audience figures for many programmes are much smaller and often more specialized than they have been previously. While this means that the advertiser can reach fewer potential customers through television advertising, they are able to target selected audiences more accurately. There are many implications of this fragmentation of target audiences e.g. many marketers are moving away from large-scale 'blockbuster' promotions on national TV networks towards more selective promotional campaigns involving more of an emphasis on 'push' rather than 'pull' promotion. **Push promotion** is the use of sales promotional incentives by manufacturers to distributive intermediaries with the objective of persuading retailers and distributive intermediaries to stock (e.g. by offering additional discounts). **Pull promotion** is the use of advertising and branding and customer-oriented sales promotions by manufacturers aimed at 'pulling' customers into stores to search for specific brands like Kelloggs. Manufacturers using pull techniques can exercise greater control over wholesalers and retailers.

Advertisers increasingly use global websites through the Internet to promote products, and this is explained more fully in Chapter 10.

We have seen how advertising strategy fits into overall marketing and promotional strategy, together with the steps in its effective planning and management. In the remainder of this chapter we consider sales promotion and PR/publicity. Other elements of the communications mix, namely selling and direct marketing, are considered separately. Much of the framework for planning sales promotion, direct marketing and publicity i.e. the need to relate these to an overall promotional and marketing strategy considering target customers, competitors and social/legal factors applies in the same way as advertising. Similarly, these elements of promotion must be planned systematically, with clear measurable objectives and effective control and evaluation.

SALES PROMOTION

In consumer markets, typically spend on **sales promotion** outstrips that of media advertising. It offers buyers a supplementary attraction as an incentive to engender an instant sale. As such it is regarded as a short-term promotional tool. The category of sales promotional tools includes some of the best known communications used in marketing such as coupons, self-liquidating offers, sample, bargain packages and giveaways which are explained later.

Scope and objectives of sales promotion

As consumers have developed a resistance to advertising, the use of sales promotion has increased. There is scope for a variety of activities with sales promotion and companies seek to create a promotion that singles it out from competitors. Advertising is partly restricted by the media that can be used.

The role of sales promotion is to encourage purchase by temporarily improving the value of a brand. However, it is part of the overall marketing mix and should tie in with advertising, product performance and pricing. The purpose of advertising is to improve dispositions towards a brand, while the objective of sales promotion is to translate favourable attitudes into actual purchase. Advertising cannot normally close a sale because its impact is too far from the point of purchase, but sales promotion can.

Sales promotion is often managed in isolation from other elements of marketing, because there is the need to gain shelf space through retailer support and in this context it is referred to as 'the silent salesman'.

Collectively, these tools of sales promotion are often referred to as '**below-the-line promotion**' which contrasts to advertising which, as discussed earlier, is termed 'above-the-line' expenditure. We now describe and discuss some of the more frequently used tools of sales promotion. With such variety of techniques, we need to be sure that the planning of sales promotion is systematic, so the key steps in planning sales promotion, along with appropriate techniques, are now discussed.

Planning sales promotion

The starting point is the identification of the target audience and the specific objectives that the sales promotion intends to achieve. Sales promotion can be aimed at one or more of the following:

- consumers;
- the 'trade' (retailers, wholesalers, distributors etc.);
- the sales force.

In consumer sales promotion, typical objectives include encouraging customers to switch brands, to try a new product or encourage heavier purchase/consumption. Much of the literature on sales promotion relates to the use of this tool in markets for fast moving consumer goods. It is also prevalent and effective in industrial product markets, through the use of, for example, trade fairs, executive gifts and sponsorship. Sales promotion can play an important part in a market where competition is fierce and where relatively minor 'incentives' to purchase might swing the balance in favour of a particular supplier.

In trade sales promotion, objectives might include encouraging the trade to stock a new line or exhorting them to put more effort into selling a company's brands to the final customer. Naturally, the trade will only be interested in doing any of these if it is profitable. Because of this, effective trade sales promotion needs to be supported by imaginative marketing, including sales promotion efforts to the trade's customer. More importantly, the trade will need to be convinced that there is a market for the product.

Promotion aimed at motivating the company's own sales force might include these objectives: stimulating greater effort to support a new product launch, encouraging the opening of new accounts and encouraging more visits per day.

We see that achieving a given objective may require targeting sales promotion at various parties. Where this is the case, it needs to be effectively co-ordinated and controlled along with other elements of the marketing and promotional mix. The next step is to select the most appropriate and cost-effective sales promotional tools. There is little empirical evidence to suggest which tools work best in which situation and why. As an indication of the types of sales promotion tools available for each target audience, we outline the major ones used for consumers, trade and the field sales force.

Consumer sales promotion

Coupons The consumer must be in possession of a coupon or voucher of a particular value which can then be 'redeemed' at a local store to obtain the product or products named on the voucher at the usual price, less the value of the voucher. There is usually a deadline, and the offer often applies to a particular size in the range of products, which usually means that the consumer, in order to take advantage of the offer, must purchase the product within a shorter space of time than normal. The effect of this is to increase the rate of stock-turn for both the retailer and the manufacturer.

A problem is that most redemptions are made by people who would normally have bought the product, so the true value of the scheme is difficult to ascertain, although in oligopolistic situations (explained in Chapter 5) some might switch brands as a result of the offer. However, where the voucher constitutes an introductory offer on a relatively new product, the 'bargain' element sometimes persuades consumers to switch brands.

Self-liquidating offer An example here is where a manufacturer of a brand of canned food purchases a quantity of kitchen knives from a supplier at a price of £1 per knife. The food manufacturer then 'offers' to sell the knives to the consuming public at the cost price of £1 or thereabouts, plus proof of purchase (e.g. the till receipt) from a particular size of the manufacturer's brand of canned food. The advantage to the retailer and the manufacturer is that stock-turn rate is increased. The consumer benefits by being able to purchase the knives at trade price. This type of operation is termed 'self-liquidating' because capital used by the manufacturer in purchasing the knives is returned by the consumer.

Until relatively recently, manufacturers making such offers used to ask for proofs of purchase in the form of the actual label or a token from the can's label. Legislation has now made this illegal, as the view was taken by the UK and other countries that the public should not be coerced into making purchases that they may not want, particularly in relation to those purchasing simply to take advantage of the offer. This, incidentally, is the main reason why there are now fewer consumer competitions on offer, as the rule now is that no purchase should be necessary to enter a contest, so manufacturers are naturally reluctant to offer expensive contests when they cannot directly see the benefits of such promotions.

Sampling Many manufacturers, particularly in the areas of fast moving consumer goods (FMCGs), give away free samples of their products. The sample is often of a smaller size than the normal pack size and it is hoped that customers will try the product, like it, and purchase it in future. Again,

this is usually reserved for new entrants to a market and its advantage is that if consumers are given a sample of shampoo for example, they are unlikely to buy their usual brand until they have used the free sample, by which time they might decide to switch from their usual brand next time they purchase.

Bargain packages There are two main forms of this promotional technique. One is where the product is advertised at a particular price, but the pack is marked '50p off' (known as a flash pack) which means that the purchase price will be reduced by that amount, but only on products so marked, which is another way of saying 'while stocks last'. Many people take advantage of this type of offer, but they include regular purchasers, many of whom stock up with the product at the bargain price and do not purchase again until their stocks have run down. Legislation was enacted in the UK that makes it difficult for manufacturers to use this tactic as the problem is '50 pence off what?' The fixing of retail prices by manufacturers is not legal as a result of the Resale Prices Act (1964 and 1976) and retailers can sell at whatever price they feel is appropriate. In 2001 Levi's jeans were being imported by Tesco from South America from what is called the 'grey market' and sold in its stores at a discount. Levi's insisted that its retailers sell at stipulated prices and stopped Tesco selling its goods without permission through the European Court of Justice, who ruled that Levi's had the right to stipulate who sold its products. In this way Levi's was able to exercise control over distribution of its products and at what price. Manufacturers now find it easier to use tactics like '10 per cent extra free'.

The second form of this technique is where the offer is advertised as 'buy one, get one free' (BOGOF) which is two for the price of one. Sometimes, attached to the large size pack (of toothpaste, for example) is a smaller sized pack (termed a 'limpet pack'). This method does not help the retailer so much as the manufacturer, who is able to increase turnover of large packs, sales of which may have been sluggish, and at the same time maintain the turnover of the smaller pack. Competitive brands of toothpaste are unlikely to be purchased by the customer until their stocks have run down.

Give-aways This is often aimed at the younger end of various market segments, and has been used extensively by breakfast cereal companies. Into every packet of cereal is put a small toy or gift in an attempt to use the influencing power of children.

Many FMCG marketers 'bundle' their promotional offers using a combination of promotional tools in a campaign, e.g. a two-for-one offer on a brand may be combined with a promotional offer of a free product with the purchase, such as free Bolognese sauce with a pasta purchase. Bundled promotional campaigns are successful in persuading customers to purchase or switch brands, as they offer good value for money, although they can be expensive for the marketer.

Trade promotions

Frequently used trade promotions include:

- *Discounts/cash allowances*: a percentage discount or cash allowance given for each bulk case purchased;
- *Additional products with order*: extra products given with each unit ordered e.g. if a case of 12 is purchased, one extra case is given free (colloquially called a 'baker's dozen');

- *Merchandising allowances*: financial allowances to a retailer for featuring and selling the manufacturer's products;
- *Advertising allowances/co-operative advertising*: compensates retailers for featuring a manufacturer's products in a newspaper advertisement featuring the retailer; alternatively, the supplier may organize collaborative advertising with the trade.
- *Exhibitions*: in some trades are almost obligatory. A well known example in the UK is the Ideal Home Exhibition, which is held annually. It features all possible goods which can be used in a home, and exhibits 'model homes' which are fully furnished and can be visited and inspected. Another international example is the annual Frankfurt motor show.

Many exhibitions are on an industrial scale, including examples like the Motor Show, the Office Equipment Exhibition and the Hardware Trades Fair. Many of these exhibitions are mounted solely for the trade and the public are not allowed admittance.

Sales force promotions

This is a popular area for the application of sales promotional techniques like sales contests, bonus prizes and sales incentives and gifts.

Appropriateness of sales promotions

The most appropriate tools in this context vary according to type of product market, sales promotion objectives, target audience and the emphasis of marketing strategy, e.g. a 'push' versus 'pull' strategy. Often consumers, trade and the sales force will be targeted, so it is important that multifaceted campaigns are well co-ordinated.

Before a full-scale sales promotion is launched, as with advertising, it is advisable to pre-test the promotional vehicles selected. This can be done by using focus groups, selected in-store tests or full-scale test marketing. If testing is successful, indicating that the sales promotion will achieve its required objectives, a full-scale campaign can be implemented.

An important factor in assessing the success of a sales promotion campaign is the effect on sales which should be compared with the costs of the campaign and alternative ways of spending this budget. In measuring the sales effectiveness of such a promotion, it is important to monitor sales over a longer period than the duration of the campaign. This is because there can be a 'lagged' effect. If the promotional campaign has been aimed at generating a short-term increase in sales and market share, any such increases will often be followed by a downturn in sales and market share compared to immediately before the campaign. This drop is due to customers having stocked up as a result of an effective sales promotion campaign. After a time, sales will return to normal, albeit at a new and hopefully higher level than before the campaign. A complicating factor concerns what is known as a 'lead' effect which is where, in anticipation of the sales promotion, customers delay purchases they would otherwise have made. Similarly, salespersons may hold back on selling effort if they expect a sales contest with prizes to be introduced in the future. Such factors add to the need to evaluate and control sales promotion.

Developments in sales promotion research and practice

Sales promotion is constantly being researched and techniques are being developed and used alongside traditional methods. Some interesting developments are:

In-store sales promotion: promotional kiosks: In-store sales promotions have traditionally used techniques like leaflets, demonstrations and merchandising. Allied to developments in IT, promotional kiosks have been developed. These are in-store kiosks where potential customers are presented with visual and verbal information regarding products in the store, their features, uses, unique selling points and stock availability. Interactive video is used in these kiosks. Advantages for in-store kiosk systems include:

- They provide a means of showing an extended range of products.
- Customers can consider alternatives if desired items are not in stock.
- The customer can browse through a range of products and pay for specific products in stock.
- They can be used to offer a 24-hour 'through-the-wall' shopping service like automatic teller machines that are used for banking services.

A variation is touch screens used in large grocery supermarkets. Touch screens are located in the entrance foyer of the stores and are activated by customers swiping their loyalty cards through the sensor. Having done this, the customer is able to trace through promotional offers in the store on that day. The use of customer loyalty cards, backed up through the database system, enables the promotional offers displayed to be to a degree tailored to the personal shopping profile in terms of product and brand choice of the individual customer. If the customer is interested in any of the promotional offers on the screen then he/she presses the screen, and the appropriate promotional coupons are issued.

Packaging design: This is powerful area of promotion. Innovative packaging design is able to demonstrate market share and profitability improvements for the marketer. Companies are turning their attention to the potential for this below-the-line promotion element of marketing. Blair and Rosenburg²² have shown the potential impact of effective packaging design. They cite the effect of a redesigned package for McVities Jaffa Cakes. When this long established product was languishing in the market, the company rejuvenated the product packaging and market share increased rapidly. In the UK a reform to the Trademarks Act has allowed shapes, sounds and smells to be registered as trademarks. The large number of applications is testament to brand owners' perception of the need to redesign packaging and to protect this as quickly as possible.

Point of sale material and in-store merchandising: Trends in the use of sales promotions in the communications mix is recognition of the importance of **point-of-sale promotion (POS)** and in-store merchandising activities. Increasing power of retailers and the ensuing fight by manufacturers for limited shelf space has made this activity more popular. Research has shown that up to 70 per cent of customers make their brand choices in store, so there is increased need to reinforce brand differentiation at the point of sale. As a result, in-store merchandising and POS are sophisticated and fully integrated into the promotional mix as a key part of a brand's long-term positioning.

Have One On Me

An example of how point-of-sale can be used as part of a planned promotional campaign is that developed by the design and promotional agency, The House, for J. D. Wetherspoon Company. The promotion was based on a 19-day beer festival which centred on introducing Wetherspoons' customers to a range of beers they had not heard of, let alone tried, and hence to widen their tastes. A central facet of the campaign was the use of point-of-sale material designed by The House. This included a range of special $\frac{1}{3}$ pint glasses so it was possible to try three different ales and still only drink one pint. In addition to these special glasses, staff wore special 'taste three ales' T-shirts. Special beer mats were produced for the bar areas and there were tasting notes on the beers on offer for customers to pick up and read. The result was success in which point-of-sale promotion was crucial.

Source: <http://www.thehouse.co.uk>.

Increased use of information technology is having a major effect on the marketer e.g. more sophisticated and powerful databases enable better targeting of sales promotional campaigns. As mentioned earlier, Sainsbury's stores use touch screens, enabling promotional offers to be linked to individual customer purchasing patterns. Many retailer loyalty schemes and the ensuing databases which stem from them, enable the marketer to identify targets for promotional campaigns. The effects of a promotional campaign can be rapidly and accurately measured and evaluated using developments in IT. This enables the marketer to evaluate a campaign while it is on-going and make any modifications to increase its effectiveness.

Emphasis on building loyalty: What has traditionally been seen as a promotional tool used to encourage short-term brand switching on the part of customers is increasingly being used to encourage and develop company, brand or store loyalty. The use of loyalty cards in retailing is one approach to using promotional techniques to engender customer loyalty. The growth in the recognition of the importance of customer loyalty is linked to the growth of relationship marketing which is discussed in Chapter 9. At this stage, it is sufficient to note that marketers are increasingly aware of the value of customer loyalty as a marketing asset and have put more effort into building and maintaining this loyalty. Sales promotion campaigns which lock in customers have increased in recent years. There is a danger, however, that customers become loyal to the loyalty scheme rather than to the marketer or the brand.

The introduction of a loyalty card scheme was a factor in Tesco becoming the largest grocery supermarket retailer in the UK. The loyalty card was introduced to enhance customer loyalty directly by offering rewards as an incentive to shop there regularly. Launched in February 1995 Tesco's loyalty card was the first such successful scheme in the UK. Many competitors felt the scheme would be a short-term gimmick and customers would tire of it. Not long after, these competitors realized that the scheme was very successful and quickly moved to introduce their own schemes. Sainsbury's said when it introduced its scheme in June 1996 that it was motivated by the perception of being at a competitive disadvantage without one. Asda introduced a scheme in 1994 which was not successful and discontinued it in mid-1999, to focus on its price rollback campaign to enhance customer loyalty.

Morrisons have not participated in loyalty cards as they believe that competitive pricing is more effective at retaining customers than a loyalty card.

Controversially, a considerable amount of sales promotion directed at building customer loyalty is aimed at children. Research in the UK reported in *Marketing Week*²³ showed that children are susceptible to some sales promotional campaigns, especially for example the use of free gifts, T-shirts, models etc. This susceptibility is heightened where the campaign can be linked to a film character or theme. For example, some of the most successful sales promotion campaigns of the late 1990s made use of the interest in dinosaurs due to the popularity of the *Jurassic Park* series of films, the first of which was introduced in June 1993.

Direct marketing: This major element of the promotional mix is a relative newcomer. In some ways, direct marketing is not new: direct mail catalogue as a basis for marketing products has been around for many years. However, the use of these techniques has grown considerably in recent years. As with other categories of the promotional mix, direct marketing encompasses a plethora of different tools and techniques. As a promotional tool direct marketing can also be considered under the 'place' element of the marketing mix as a channel of distribution in its own right. Within the context of direct marketing we include telemarketing and electronic marketing (e-marketing) whose application is normally direct from **Business-to-customer (B2C)** or **Business-to-business (B2B)**. Techniques of direct marketing have become increasingly important, and Chapter 10 considers these techniques and their application in a promotional context.

PUBLIC RELATIONS AND SPONSORSHIP

Recent years have witnessed an increasingly professional approach to managing this area of marketing communications. **Public relations (PR)** has replaced the term 'publicity' for this type of promotion. Publicity, somewhat confusingly, is often used to denote these activities. PR is a broader concept than publicity as it relates to more strategic issues.

Sponsorship can be included as a promotional category in its own right or sometimes as a sales promotion technique. We feel that because sponsorship is normally associated with promoting the company's image and name amongst its publics, it is most appropriately considered alongside other PR activities. We now outline the main issues in managing these elements of the promotional mix.

Public relations (PR)

PR's concern is to promote the image of a company, its products and services. Unlike other promotional activities, PR does not necessarily involve the company in direct costs e.g. the company may issue a press release with a view to having its contents published free if the publisher feels it is sufficiently newsworthy or interesting to their readers. News items that are generated through this means tend to be more 'believable' than 'paid for' advertising, so from the company's point of view it can be very effective. The fact that it is sometimes not paid for does not mean it is unimportant, not to be integrated with other elements of a company's promotional mix. The old adage that there is 'no such thing as bad publicity' is simply not true. Bad publicity can seriously affect a company's image and sales.

The launch of the now highly successful Mercedes 'A' Class model was marred by bad publicity. The so-called 'moose test' conducted in Sweden in 1997 by the journalist Robert Collin from the motor magazine *Teknikens Värld* was designed to test the ease with which a new model could be steered around an object such as a moose appearing on the highway. The test showed that in its original design form the 'A' Class was susceptible to rolling over. The tests and the failure of the 'A' Class to pass them made worldwide news as the test was done independently. To make the situation worse, a much older widely mocked design of Trabant car, from the former German Democratic Republic, managed the test perfectly. In short, publicity for the safety-conscious and highly respected engineering image of Mercedes was a disaster. The product had to be recalled and redesigned.

Public relations tools include:

- *Press release*, which is basically news that a company issues in objective, journalistic form in the hope that it will be printed in the form in which it is received by the editor.
- *Press conference*, a meeting where a major announcement is made and at which guests are invited to ask questions. A press conference may be given in preference to a press release if the matter under review merits some explanation which may not be covered adequately in the press release itself.
- *Press receptions* (not a substitute for a press release). It is at press receptions, which are major events in themselves, that important announcements are made e.g. a new model of car. Such receptions need to be well planned and guests receive 'programme invitations'. A press reception is not as formal as a press conference as it is normally done in a more relaxed and sociable manner usually accompanied by some kind of hospitality.
- *Facility visits*, where representatives, often including the media, are given the opportunity to inspect some special aspects of a firm's operations. A visit may involve a tour around a new factory.

Effective PR management requires building up good and trusting relationships with opinion leaders, especially in the press and magazines. **Publicity** is a tactical tool within the broader framework of PR. PR is a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics. In this context PR has a wider role to play than simply publicity as illustrated below when we examine what is termed 'the publics of PR':

- *Community activities* are where the organization acts in support of local and national activities and partakes in the development of a community relations programme.
- *Employee relations* is an important internal aspect of PR as there are benefits involving the workforce in terms of establishing and maintaining a mutual understanding.
- *Government relations*: both local and national politicians are important sources of information for an organization e.g. legislative changes that might affect the business; lobbying politicians is not without criticism, but it is a perfectly acceptable procedure in industry and government relationships.
- *The financial community* involves commercial and merchant banks, investors and share analysts as well as city journalists who are all 'publics' with whom an organization needs to communicate in the context of financial matters.

- *Distributors* are intermediaries in the distribution channel and these include wholesalers, retailers, agents, brokers, dealers, etc. They all need information about products and services to have the knowledge and confidence necessary to become effective resellers.
- *Consumers* are often thought of as the only 'public' and they need to be co-ordinated with other areas of marketing communications like advertising and sales promotion. Educating consumers and creating and maintaining interest among target audiences can lead to favourable attitudes being generated towards a company's products and services.
- *Opinion leaders* include trade associations and pressure groups. PR must attempt to understand the position of all important external groups, even if the group is opposed to them. If effective communication through PR takes place, it is better for factual information to be the basis of debate rather than hearsay or exaggeration.
- *Media* Here PR has a role to play in the development of relationships with the broadcasting media. As mentioned already, the aim is to achieve appropriate broadcasting of information a company may create as part of a well organized PR campaign.

Recognition of the communications role of PR is – it means that it is seen as a sub-set of marketing communications planning with clear marketing communication objectives for PR, well managed campaigns and effective evaluation and control.

Sponsorship

Sponsorship is sometimes viewed as being a sales promotional activity, but it should be considered as a component of PR. It involves a company supporting in some way something or someone it feels will help in the overall marketing and sales of its products or services, albeit indirectly. The 'something' or 'someone' being sponsored can be a sports person, or an event like the Olympics, or a cause such as Aids prevention.

Commercial sponsorship has been a rapidly growing area of promotion. There are many reasons for this. The sponsoring of a particular event or person enables the sponsor to achieve more cost-effective awareness with the target audience generated by the event, or by the publicity associated with the individual, than might otherwise be possible through conventional promotional tools like advertising. Millions watched the March 2009 Oxford–Cambridge University boat race on Independent Television, which is a large audience for any sponsor whose name might be attached to one of the boats for a relatively modest outlay. Who cares about it? ITV's 7.6 million peak viewers, plus more than 100 media people and 250,000 spectators lining the towpath in one of London's largest annual public events. In a wider context, 112 countries requested film of the race to screen live or as highlights for an estimated 200 million people around the world.

Large investments are made by marketers on event and celebrity endorsement contracts. Tripp and Jensen²⁴ have suggested that the use of such promotion is based on the premise that source effects (i.e. the celebrity her- or himself) play an important role in persuasive communication. They give examples of the impact of such endorsement on sales. Michael Jordan, the US basketball star, signed a multi-million pound sponsorship contract with Nike and the company's market share increased by 20 per cent over the previous quarter. However, their research points to the possible detrimental effects of celebrities becoming involved in promotion, especially when the celebrity is

involved in multiple product advertising. It is suggested that too many endorsements might damage credibility which may have a negative impact on sales. Sponsorship based on celebrity endorsement in particular is not a panacea for marketers. Another risk associated with using celebrities is that if, for some reason, the reputation or image of the celebrity becomes 'tarnished', this may have a detrimental effect on the sponsor's image.

SUMMARY

To understand and plan the promotional element of the marketing mix, it is important to appreciate how communications works. Marketing effectiveness is highly correlated with the effectiveness with which the marketer communicates to the target audience, and this requires coordinating the variety of ways in which this communication is achieved. All the elements of the marketing mix, and not just communications, potentially contribute to this process. In particular, advertising, sales promotion, direct marketing, public relations, sponsorship and personal selling must be seen as a total marketing communications package and managed from this perspective.

When it comes to managing individual elements of the promotional mix, there are differences in application, purpose and implementation; the overall process is the same. Clear objectives must be set, couched in communication terms, and wherever possible quantified. On this basis, budgets can be set and promotional campaigns developed. Each of the promotional tools and the overall marketing communications strategy must be carefully evaluated and controlled. Only by following a systematic, planned and co-ordinated approach to marketing communications can expenditures on this area of strategic marketing be justified.

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CASE STUDY

Global International plc

Toby Kelly is the recently appointed Marketing Director of Global International plc. The company is multinational marketer of sports equipment, selling a range of well-known brands in virtually every part of the world.

As a company, and somewhat unusually compared to competitors, it has never considered commercial sponsorship for the company or any of its brands. In fact, several of its branded products are used by leading sportspersons in a number of sports. For example, Mia Rees (currently the world's number 1 female tennis player) uses the company's 'Spinner' brand of tennis racket. Similarly, most of the Australian cricket team use the company's 'Century' brand of bat. Their basketball brand 'Bouncy' is the official ball of the American Basketball Association. None of these brands or usages are connected in any way with any form of sponsorship.

The company has considered sponsorship on several occasions, particularly as it has seen its major competitors use this form of promotion to good effect. The main reason why the company has not considered sponsorship before is that the chairperson, the original co-founder of the company, feels that any form of sponsorship is demeaning to the company and its products. The view held by the chairperson is that a good product will sell itself, a viewpoint in some ways substantiated by the selection of many of the company's brands by leading sportspersons and sports organizations without any sponsorship. In addition, there was a feeling in some parts of the company that sponsorship through product endorsement by a leading sportsperson was not particularly effective inasmuch as everyone knew that this person would receive large sums of money for endorsing the product. In other words, there was a source credibility problem. Finally, there was always a concern

... continued

CASE STUDY ... continued

about what would happen to the company's brand image if there was some sort of scandal with the sponsored party.

Toby Kelly is a firm believer in sponsorship. His previous company used it to good effect. Global spends large amounts of money on

advertising and sales promotion. He has decided to make his case to the rest of the Board for introducing sponsorship as a major part of the promotional mix. He needs to prepare his case for the next Board Meeting.

CASE STUDY QUESTION

Prepare Toby's case for the company investing in sponsorship.

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