

***Advertising,  
Sales Promotion, and  
Public Relations***

**Chapter 16**

# Objectives

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

# Objectives

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

# Case Study

## AFLAC

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

# Definition

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

# Advertising

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

# Advertising

## Key Decisions

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

# Advertising

## Key Decisions

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



# Advertising

## Key Decisions

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

# Advertising

## Creative Execution Styles

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

# Advertising

## Key Decisions

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

# Advertising

## Major Media Types

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

# Advertising

## Key Decisions

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

# Advertising

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

# Advertising

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

# Definition

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



# Sales Promotion

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

# Sales Promotion

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

# Sales Promotion

## Consumer Promotion Tools

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

# Sales Promotion

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

# Sales Promotion

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

# Sales Promotion

- **Key Decisions When Developing the Sales Promotion Program:**
  - Size of the incentive
  - Conditions for participation
  - Promotion and distribution of the actual sales promotion program
  - Length of the promotional program
  - Evaluation
    - ❖ *Surveys and experiments can be used*

# Definition

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

# Public Relations

## Public Relations Functions

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



# Public Relations

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

# Public Relations

## Public Relations Tools

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