

Chapter 18

Advertising, Public Relations, and Sales Promotion

<https://www.youtube.com/watch?v=4KlNeiY4Rf4>

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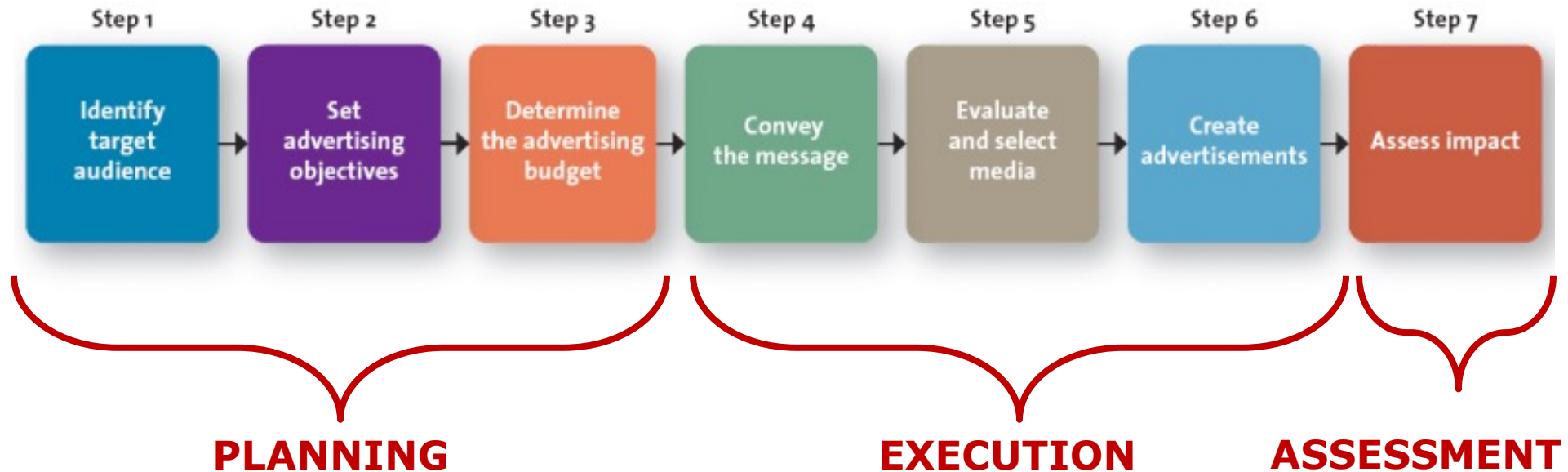
“The video, posted to YouTube on Thursday, is closing in on 7M million views. Perhaps more shockingly, the eBay bidding, which started at \$499, has ballooned to \$150,000 after 114 bid”

Finally sold to Carmax for \$20,000

Advertising

- Carried by some **media channel**
 - TV, Web, mail, etc.
- **Source** must be known
- **Persuasive**: Get consumers to take some action

Steps in Planning and Executing an Ad Campaign



Step 1: Identify Target Audience

Three steps:

1. Conduct research
2. Set the tone
3. Select the media



Step 2: Set Advertising Objectives

All advertising campaigns aim to achieve certain objectives → Inform, persuade, remind

Objectives generally part of the **advertising plan** (subsection of the marketing plan) which:

1. Analyzes marketing and ad situation
2. Identify objectives of ad campaign
 - Must be specific and measurable!
3. Identify how the firm can determine whether ad campaign is successful

Step 2: Set Advertising Objectives

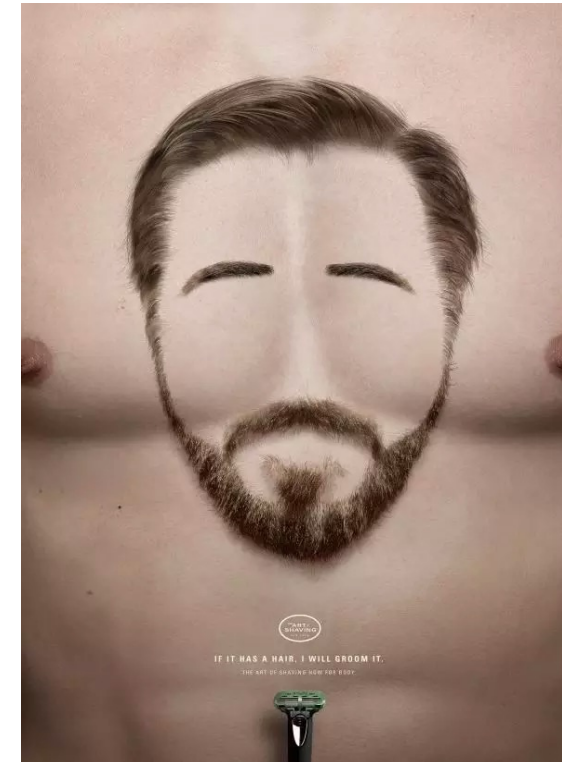
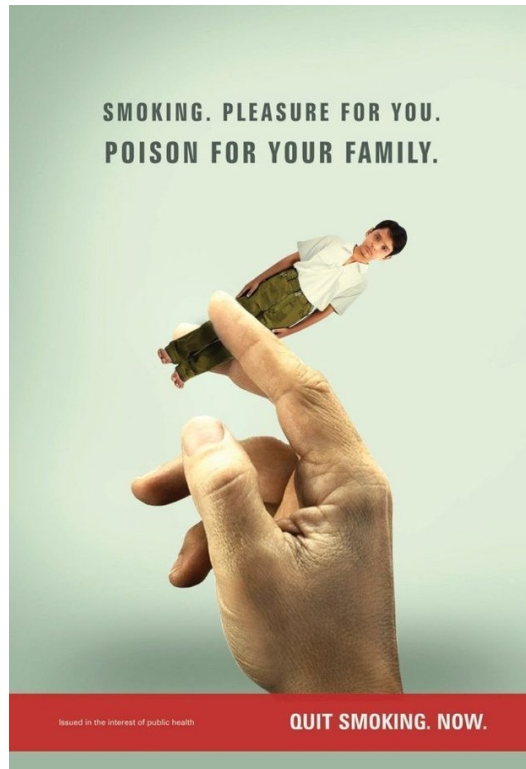
INFORM

Create and build **awareness** at the early stage of the product life cycle (new products)

- Build brand image, sales
- Example: [GM Ad](#)

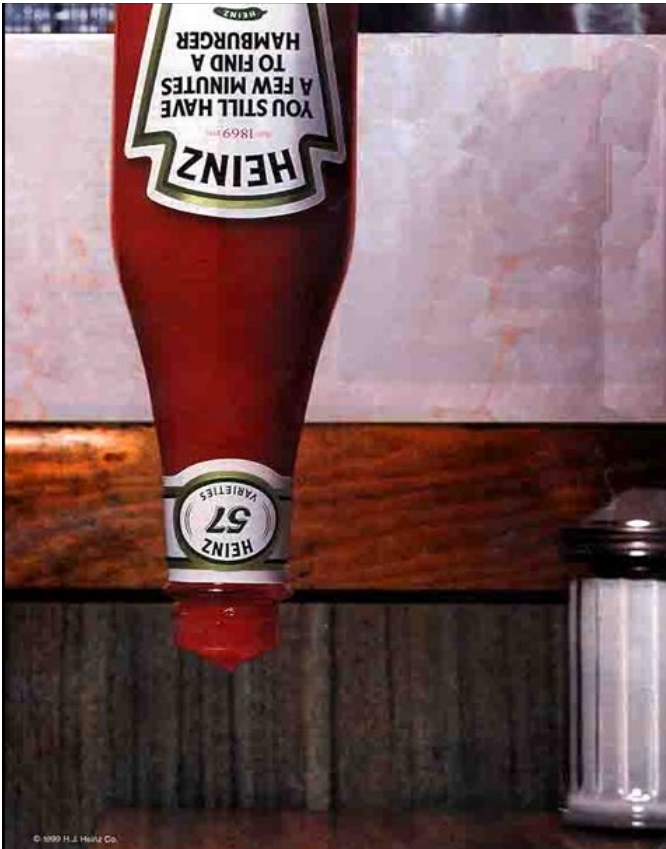
Step 2: Set Advertising Objectives

PERSUADE consumers to take actions



Step 2: Set Advertising Objectives

REMIND of product or prompt repurchases

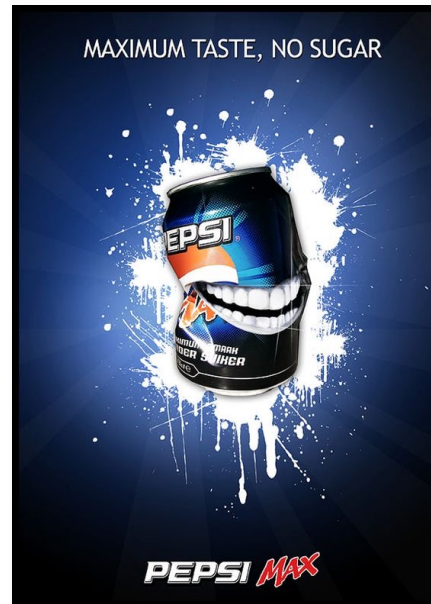


Used to keep the public interested in, and aware of, a well-established product

Step 2: Set Advertising Objectives

FOCUS

- **Product-focused**: inform, persuade, remind of a product
- **Institutional-focused**: inform, persuade, remind about issues related to places, politics, industry, etc.



Step 3: Determining Advertising Budget

- Considerations
 - Role that advertising plays in its attempt to meet the overall promotional objectives
 - Expenditures vary over the course of the **Product Life Cycle**
 - Nature of the market and product influence the size of the budget
- Super Bowl ads
 - <https://variety.com/2021/tv/news/super-bowl-commercials-price-record-1234998593/>

Step 4: Convey the Message

- Should communicate **key benefits** of product or service
- Unique selling propositions
 - Red Bull...Gives You Wings
 - Nike...Just Do It
 - State Farm Insurance...Like a good neighbor, State Farm is there
- They all **uniquely identify a brand!**

Step 4: Convey the Message

Guerrilla marketing is an advertisement strategy concept designed for businesses to promote their products or services in an unconventional way with little budget to spend



More at: <http://www.creativeguerrillamarketing.com/guerrilla-marketing/122-must-see-guerilla-marketing-examples/>

Step 5: Evaluate/Select Media

1. Select the media (**Media planning**)
 - Combination of media used (**media mix**)
 - **Mass** media (large audience) vs **niche** media (more targeted)
2. Determine ad schedule
 - Continuous → throughout the year (products without seasonal demand)
 - Flighting → heavy and no ads periods (seasonal products)
 - Pulsing → combine the two above (airlines)

Step 5: Evaluate/Select Media

Medium	Advantages	Disadvantages
Television	Wide reach; incorporates sound and video.	High cost ; several channel and program options; may increase awareness of competitors' products.
Radio	Relatively inexpensive; can be selectively targeted; wide reach	No video, which limits presentation ; consumers give less focused attention than TV. Exposure periods are short.
Magazines	Very targeted; subscribers pass along to others.	Relatively inflexible ; takes some time for the magazine to be available.
Newspapers	Flexible; timely; able to localize.	Can be expensive in some markets; advertisements have short life span .
Internet/mobile	Can be linked to detailed content; highly flexible and interactive; allows for specific targeting.	Cheap! ; the ad may be blocked by software on the computer.
Outdoor/billboard	Relatively inexpensive; offers opportunities for repeat exposure.	Is not easily targeted ; has placement problems in some markets; exposure time is very short.

Twitter, for example, sells Ads in many ways:

<https://business.twitter.com/en/advertising/formats.html>
[#Twitter](#)

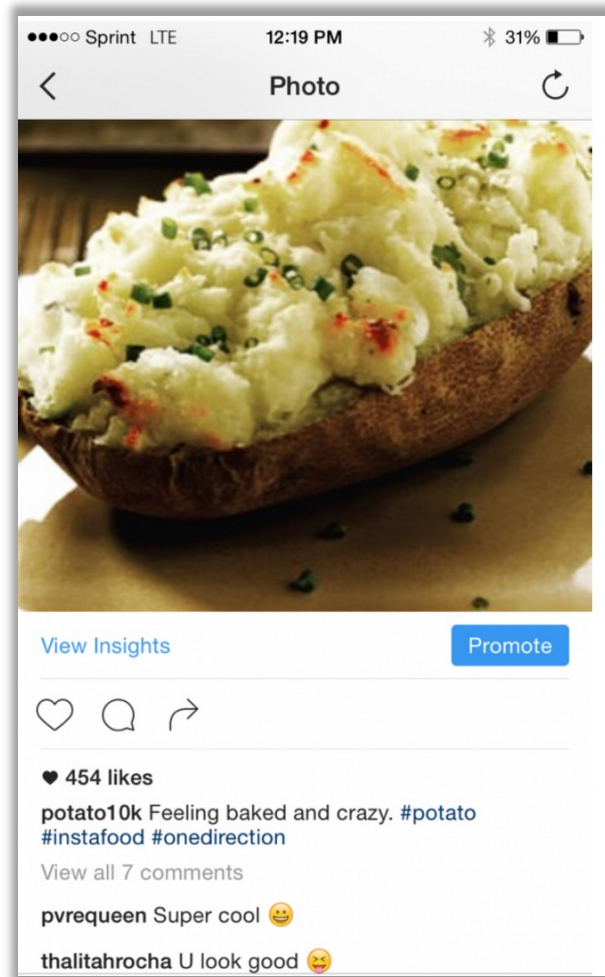
Celebrity endorsement: Have a major name tweet about your product

- Cost between \$25 and \$75 per thousand followers. So, getting a mention from someone with 100,000 followers could run between \$2,500 and \$7,500



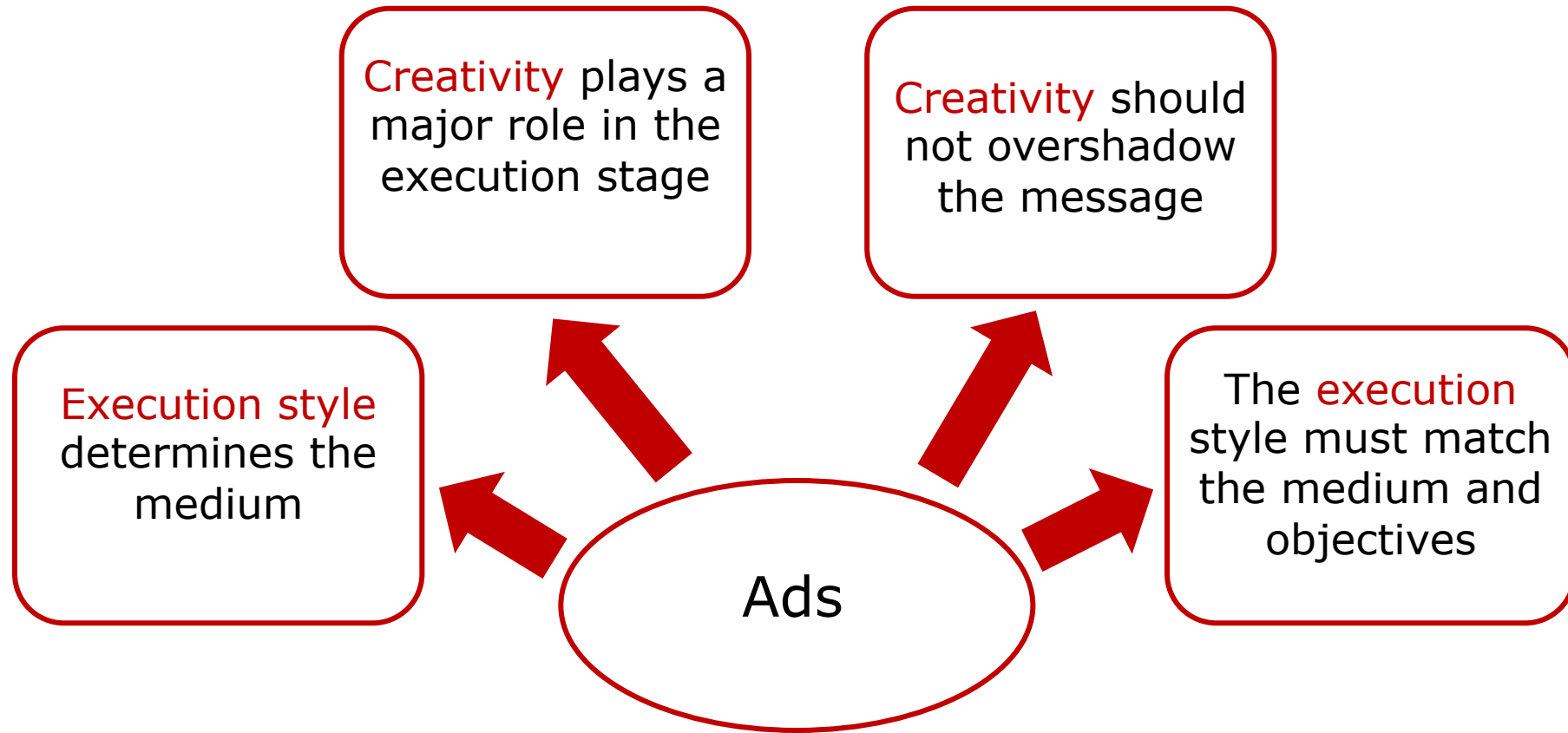
More info available at: http://www.inc.com/erik-sherman/the-influencer-you-use-may-be-ripping-you-off.html?cid=sf01001&sr_share=twitter

Social Media Marketing: Twitter



Lena Katz took a picture of a potato, created accounts on Instagram and Twitter and, within a couple of weeks, had 10,000 followers. It got plenty of likes and even comments on posts -- because Katz was able to write those comments and have them appear from **fake followers**

Step 6: Create the Ad



Step 7: Assess Impact

Pre-test, tracking, and post-test

- Pre-test → test the ad message before it is sent to a specific media
- Tracking key indicators while the ad is running, e.g., sales
- Post-test → test the impact of an ad message after it is published in any of the media

Step 7: Assess Impact

Pre-testing can both experimental or survey

- **Experimental**

- Experimental test may be **laboratory** (controlled environment) or **field test** (original setting)

- **Survey** test involves learning consumers' views through a survey method

Measuring effect on sales

– Historical test (post-test)

- Correlate past sales to past advertising expenditures

– Experimental Test

- Control (no ad) vs Treated (ad) → this is very hard!
- This can be done during or pre-lunch

- Ads steps:
 - (1) identify their target market, (2) set advertising objectives, (3) set the advertising budget, (4) convey the message, (5) evaluate and select the media, (6) create the ad, and (7) assess the impact of the ad.
- Types of Ads
 - Informative advertising
 - Persuasive advertising
 - Reminder advertising
- The effectiveness of an advertising campaign must be assessed before, during, and after

Sales Promotions



1. Coupons
2. Deals
3. Contests
4. Loyalty programs
5. Etc.

New parents are a retailer's holy grail

- Why?

Executives to "predictive analytics" team:

- "If we wanted to figure out if a customer is pregnant, even if she didn't want us to know, can you do that? "

Note: Target has collected (and continues to collect) vast amounts of data on every person who regularly walks into one of its stores.

Sales Promotions: Target Case

Andrew Pole was hired by Target to use the same kinds of insights into consumers' habits to expand Target's sales. His assignment was to analyze all the cue-routine-reward loops among shoppers and help the company figure out how to exploit them. Much of his department's work was straightforward: find the customers who have children and send them catalogs that feature toys before Christmas. Look for shoppers who habitually purchase swimsuits in April and send them coupons for sunscreen in July and diet books in December. But Pole's most important assignment was to identify those unique moments in consumers' lives when their shopping habits become particularly flexible and the right advertisement or coupon would cause them to begin spending in new ways.

Sales Promotions: Target Case

As Pole's computers crawled through the data, he was able to identify about 25 products that, when analyzed together, allowed him to assign each shopper a "pregnancy prediction" score. More important, he could also estimate her due date to within a small window, so Target could send coupons timed to very specific stages of her pregnancy.

Pole applied his program to every regular female shopper in Target's national database and soon had a list of tens of thousands of women who were most likely pregnant. If they could entice those women or their husbands to visit Target and buy baby-related products, the company's cue-routine-reward calculators could kick in and start pushing them to buy groceries, bathing suits, toys and clothing, as well. When Pole shared his list with the marketers, he said, they were ecstatic. Soon, Pole was getting invited to meetings above his paygrade. Eventually his paygrade went up.

Sales Promotions: Target Case

“My daughter got this in the mail!” he said. “She’s still in high school, and you’re sending her coupons for baby clothes and cribs? Are you trying to encourage her to get pregnant?”

The manager didn’t have any idea what the man was talking about. He looked at the mailer. Sure enough, it was addressed to the man’s daughter and contained advertisements for maternity clothing, nursery furniture and pictures of smiling infants. The manager apologized and then called a few days later to apologize again.

On the phone, though, the father was somewhat abashed. “I had a talk with my daughter,” he said. “It turns out there’s been some activities in my house I haven’t been completely aware of. She’s due in August. I owe you an apology.”

http://www.nytimes.com/2012/02/19/magazine/shopping-habits.html?_r=0

Take Away

- **Personal data** (or any customer data for that matter) are very important for marketers
 - Can reveal anything about the customer!
- Can be used for **targeted advertising**
- But it is **challenging** not be too intrusive/invoke someone privacy