Chapter 10 – Media Planning and Budgeting for IMC

Media planning: series of decisions involved in delivering the promotional message to prospective purchasers and/or users of the product or brand (series of decisions to deliver messages to audiences). Media planning certainly occurs for advertising, but it is also necessary as part of the decision for other IMC tools. In general, the guiding principles for media strategy and media tactics are applicable for the use of media to implement other IMC activities beyond advertising. Finally, media planning experiences the challenge of developing a plan with limited financial resources as plans have a prescribed budget that the media planner must respect. Spending wisely in the promotional domain is more critical in recent years as firms are now calculating the return on marketing investment (ROIM)

Media plan: comprised of a short section containing **media objectives**, an explanation of the **media strategy** decisions, and fine-tuning details that are known as media execution or **media tactics**.

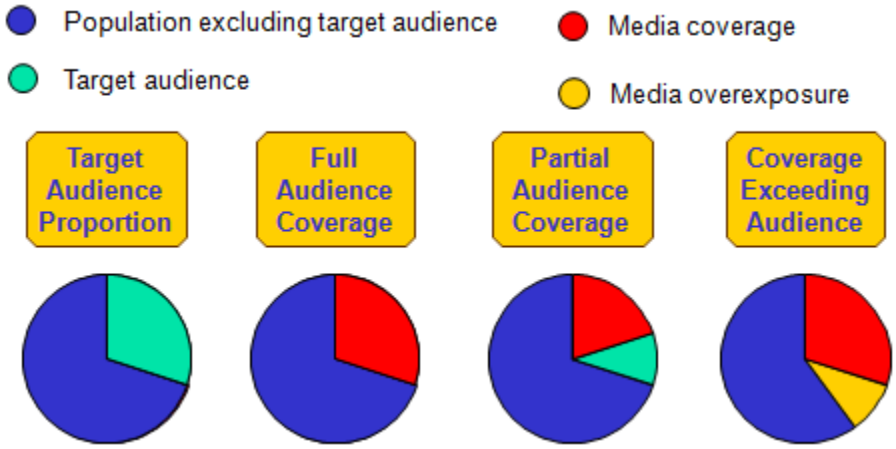
- Media Objectives:
  - derived from, and designed to lead to, the attainment of communication and behavioural objectives and contribute to achieving marketing objectives
  - statements that translate objectives (behavioural, communication) in terms of media requirements to guide media decisions (i.e. strategy and tactics)
  - typically can be written in a few sentences that sound like objectives (not recommendations)
- Media Strategy: translates media objectives into a strategic direction that will guide the planner's selection and use of media. Includes:
  - Media Mix:
    - The **medium** is the general category of available delivery systems (includes broadcast media, print media, direct marketing, out-of-home advertising, and other support media).
    - After or during this evaluation, the media planner will consider the relative strengths and limitations of broad **media class** options
      - Evaluate all media for an advertising decision (strengths and limitations)
      - Consider media characteristics and media usage characteristics

Media Characteristics	Media-Usage Characteristics
Target audience selectivity	Control for selective exposure
Target audience coverage	Attention
Geographic coverage	Creativity for cognitive responses
Scheduling flexibility	Creativity for emotional responses
Reach	Amount of processing time
Frequency	Involvement
Cost efficiency	Clutter
Absolute cost	Media image

    - By employing a media mix advertisers can add more versatility to their media strategies, since each medium contributes its own distinct advantages

- By combining media, marketers can increase coverage, reach, and frequency levels while improving the likelihood of achieving overall communications and marketing goals.

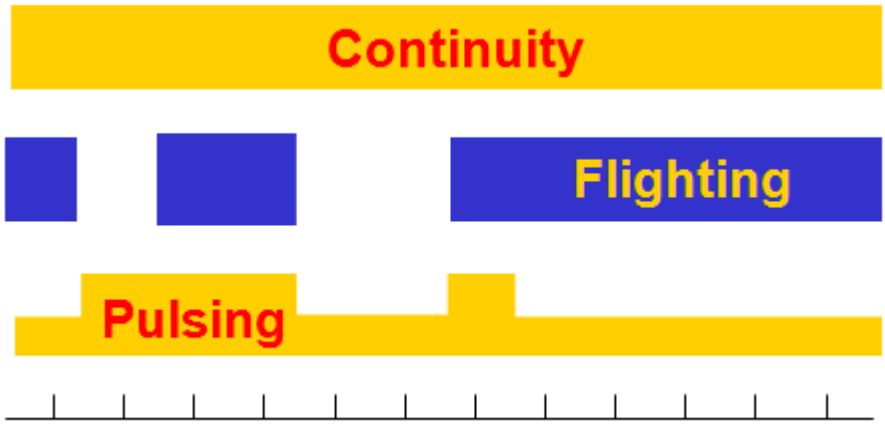
- Target audience coverage:
  - The media planner determines which target audiences should receive the most media emphasis. Developing media strategies involves matching the most appropriate media to this audience



  - Optimal goal: full audience coverage, not very likely
  - 3rd and 4th graphs more likely
  - In 4th graph, overexposure is called waste coverage
  - Goal of media planners is to extend media coverage to as many of the members of the target audience as possible while minimizing the amount of waste coverage
  - Index number is a good indicator of the potential of the market:
  - Index=(% of users in a demographic segment/% of population in the same segment) x 100
    - An index over 100 means use of the product is proportionately greater in that segment than in one that is average 100 or less

- Geographic coverage:
  - **Brand Development Index (BDI):** helps marketers factor the rate of product usage by geographic area into the decision process. It compares the % of the brand's total sales in a given market area with the % of the total population in the market to determine the sales potential for that brand in that market area.
  - BDI= (% of brand to total Canadian sales in market/% of total Canadian population in market) x 100
  - **Category Development Index (CDI):** provides information on the potential for development of the total product category rather than specific brands.
  - CDI=(% of product category sales in Ontario/% of total Canadian population in Ontario) x 100
  - When BDI and CDI are combined, a much more insightful promotional strategy may be developed

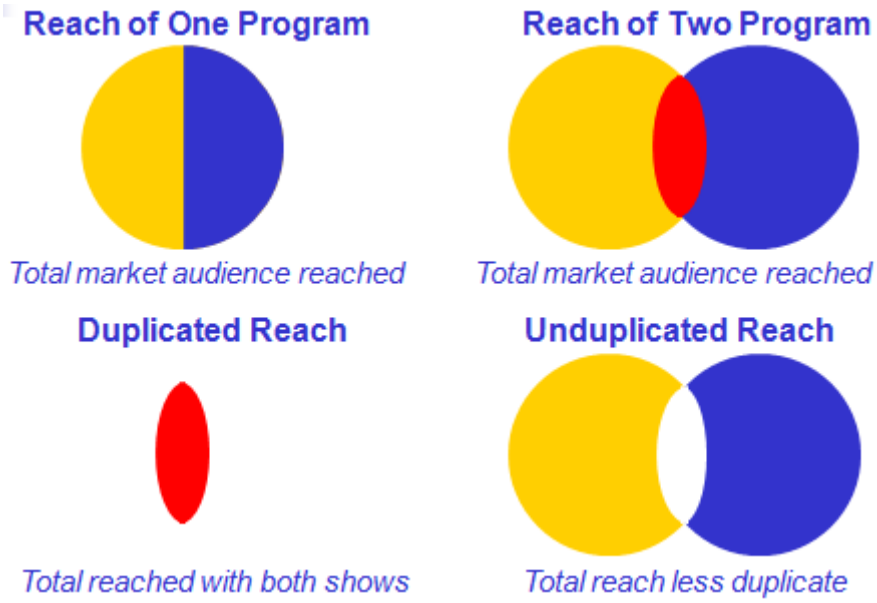
- Scheduling: primary objective is to time promotional efforts to coincide with the highest potential buying times
    - Continuity: refers to a continuous pattern of advertising, which may mean every day, every week, or every month. (regular pattern is developed, without gaps or nonadvertising periods). Ex: food products, laundry detergent (things consumed on a regular basis without seasonality
        - Advantages: serves as constant reminder, covers entire buying cycle, allows for media priorities
        - Disadvantages: higher costs, potential for overexposure, limited media allocation possible
    - Flighting: employs a less regular schedule, with intermittent periods of advertising and nonadvertising. At some periods there are heavier promotional expenditures, and at others there may be no advertising. Ex: skis are advertised heavily between October and April, less in May, August, and September, and not at all in June and July
        - Advantages: cost efficiency, allows for inclusion of more than one medium or vehicle with limited budgets
        - Disadvantages: increased likelihood of wearout, lack of awareness and retention during non-scheduled times, vulnerable to competitive efforts during non-scheduled periods
    - Pulsing: combination of the first 2 methods. Continuity is maintained, but at certain times promotional efforts are stepped up. Ex: in the automobile industry advertising continues throughout the year but may increase in April (tax return time) and September (new models are released), and at the end of the model year
        - Advantages: same as first 2 methods
        - Disadvantage: not required for seasonal products



- Reach versus Frequency:
    - Reach: the total unduplicated audience exposed to a message one or more times in an advertising cycle

$$\text{Reach} = \frac{\text{Number of people watch TV ad}}{\text{Number of people in Canada}}$$

- Achieving awareness requires reach
- New products or brands need a very high level of reach
- **Duplicate reach**: overlap when the same person is exposed to the same ad in two different media vehicles
- **Unduplicated reach**: total number of people exposed only once

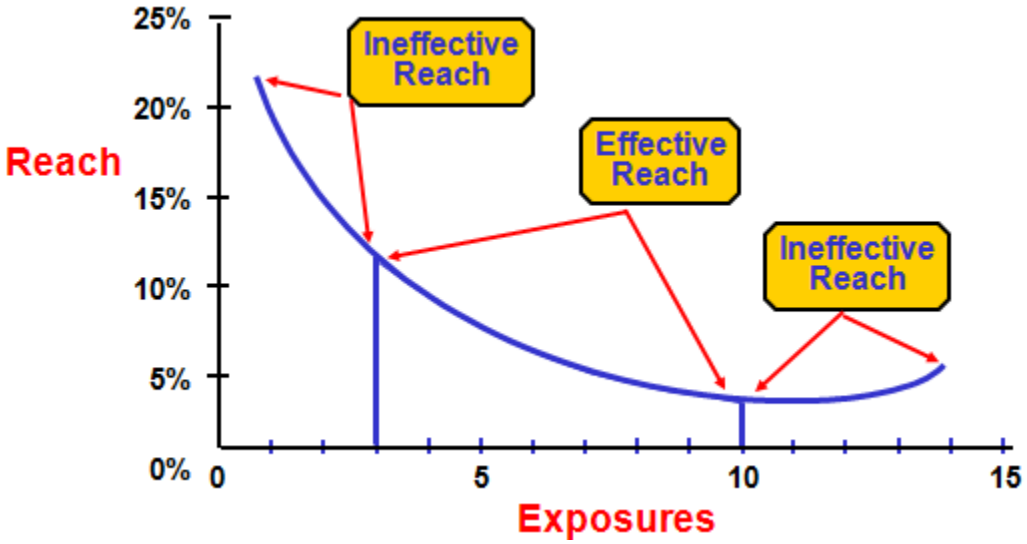


- Frequency: the average number of times an audience is exposed to a message in an advertising cycle

$$\text{Frequency} = \frac{\text{Total number of exposures}}{\text{Number of unduplicated people exposed to ad}}$$

- Exposure to the media vehicle does not necessarily mean exposure to the ad (ex: number of people watching a certain show is not the same number of people seeing the commercials)
- One exposure of an ad to a target group within a purchase cycle has little or no effect in most cases
- The central goal of productive media planning should be to enhance frequency rather than reach
- An exposure level of 2 within a purchase cycle can be effective
- Beyond 3 exposures within a purchase cycle is effective at a decreasing rate
- Differential effects by brand are very important

        - Wearout is not a function of too much frequency, it is more of a creative or copy problem



    - Advertising cycles: a flight of ads that typically mirror the purchase cycle of the product. Must determine the number of advertising cycles within planning period, usually 1 year. Reach and frequency decisions are made for each advertising cycle

Three tradeoffs with a fixed budget.

- Budget = Reach x Frequency x # Cycles
  - Reach vs. Frequency
  - Reach vs. # Cycles
  - Frequency vs. # Cycles

    - Gross rating points (GRP) = REACH x FREQUENCY
        - 1 GRP = 1% reach x 1% frequency

- Media Tactics:
    - Media Class(medium) and Vehicle
        - Ex: type (magazine), class (women's), vehicle (cosmopolitan)
        - Some messages may require a certain class and media vehicle to achieve its objectives
        - **Vehicle option source effect**: the differential impact that the advertising exposure will have on the same audience member if the exposure occurs in one media option rather than another (people perceive ads differently depending on their context)
    - Relative Cost Estimates/Budget Adjustments
        - Advertising and promotional costs can be categorized in two ways in terms of absolute cost and relative cost
        - Absolute cost: of the class or vehicle is the actual cost required to place the message

- Relative cost: relationship between the price paid for advertising time or space and the size of the audience delivered
- Cost per thousand (CPM) = (COST OF AD SPACE/CIRCULATION) x 1000
    - Magazines and some other media provide cost breakdowns on the basis of cost per thousand people reached
- Cost per ratings point (CPRP) = cost of commercial time/program rating
    - Broadcast media provides a different comparative figure.
    - In order to compare the cost per thousand of magazines and broadcast, we alter the second formula by multiplying it by 1,000
- Cost per thousand may overestimate or underestimate the actual cost efficiency. Some want to use number of **readers per copy** as circulation, since more than one person may read each copy. Would also have to include **pass-along rate**, number of people who read the magazine without buying it
    - **Cost per thousand (CPM) - Circulation**
        - Expressed as $ per one thousand individuals who bought the magazine.
        - $50,000 (1 page ad) / 500 (thousands) = $100
    - **Cost per thousand (CPM) - Readers**
        - Expressed as $ per one thousand individuals reached.
        - Varies from 2 to 20 depending upon the magazine.
        - $50,000 (1 page ad) / 5,000 (thousands) = $10
            - Implies 10 readers per copy!!
- Cost per gross rating point ($/GRP) ???
    - **Changing $/GRP to CPM**
        - Using $150/grp with a population of 5,000,000
        - 1% of 5,000,000 = 50,000
    - **Cost per exposure**
        - = $150.00/50,000 = $0.003
    - **Cost per thousand (CPM)**
        - = $0.003 x 1,000 = $3.00

- Blocking Chart: media planning process concludes with a blocking chart, which summarizes many of the media-strategy and media-tactics decisions made thus far
    - Shows: media choice decisions, weight of each media expenditure, timeline
    - See page 299 for example

Media Budget

Theoretical approaches to budget setting:

1- Marginal Analysis: as advertising/promotional expenditures increase, sales and gross margins also increase to a point, but then level off. Using this theory to establish its budget, a firm would continue to spend advertising/promotion dollars as long as the marginal revenues created by these expenditures exceeded the incremental advertising/promotion costs. The only weaknesses are caused by:
    a. The assumption that sales are a direct measure of advertising and promotions efforts
    b. The assumption that sales are determined solely by advertising and promotion
2- Sales Response Models:
    a. Concave-downward function
    b. S-shaped response curve (boring, don't know how to explain them) p. 303

Managerial approaches for budget setting:

1- Affordable Method: the firm determines the amount to be spent in various areas such as production and operations. Then it allocates what is left to advertising and promotion, considering this to be the amount it can afford. Problem: tasks to be completed by advertising department not considered, could result in over or underspending.
    - Common among small firms
    - Seen in some large firms, where advertising and promotion is not well understood
    - Might not allocate enough money to get product off the ground and to market
2- Arbitrary Allocation: virtually no theoretical basis is considered and the budgetary amount is often set by management, solely on the basis of what is felt to be necessary.
    - No advantages
    - No systematic thinking occurs
    - Advertising and promotion largely ignored
    - Not recommended
3- Percentage of sales: the advertising and promotions budget is based on sales of the product. Management determines the amount by either (1) taking a % of the sales dollars or (2) assigning a fixed amount of the unit product cost to promotion and multiplying this amount by the number of units sold.
    - Most commonly used, particularly in large firms
    - Financially safe and keeps ad spending within reasonable limits
    - There will be sufficient cash to cover this budget (increase in sales leads to budget increase, decrease in sales leads to budget decrease)
    - Simple, straightforward, easy to implement, easy calculations, stable results
    - However, letting the level of sales determine the amount of advertising and promotion dollars to be spent reverses the cause-and-effect relationship between advertising and sales; it treats advertising as an expense associated with making a sale rather than an investment
    - This method may result in severe misappropriation of funds. Allocating more money to advertising will result in more sales, which will lead to an increased budget allocation.

On the other hand, a product with low sales will receive a smaller budget thus hindering sales progress
    - Impossible to use for new products with no sales history
4- Competitive parity: managers establish budget amounts by matching the competition's percentage-of-sales expenditures.
    - Takes advantage of the collective wisdom of the industry
    - Takes competition into consideration
    - Leads to stability in the marketplace
    - However, ignored the fact that advertising and promotions are designed to accomplish specific objectives by addressing certain problems and opportunities
    - This method is not usually used on its own, used in conjunction with other methods
5- Return on Investment: advertising and promotions are considered investments, thus the budgetary appropriation leads to certain returns.
    - It is rarely possible to assess the returns provided by the promotional effort
    - Unused method of budgeting
6- Objective and task method: objective setting and budgeting should go hand in hand, not sequentially. This method consists of: (1) defining the communications objectives to be accomplished, (2) determining the specific strategies and tasks needed to attain them, and (3) estimating the cost associated with performance of these strategies and tasks
    - Best method (says guolla)
    1- Isolate objectives (marketing and communication)
    2- Determine tasks required
    3- Estimate required expenditures
    4- Monitor
    5- Reevaluate objectives
    - The budget is driven by the objectives to be attained
    - Difficulty is determining which tasks will be required and the associated costs
7- Payout planning: this method is used only for new products entering the market. Includes projecting revenues as well as costs for a 2 to 3 year period. Based on this, you can decide how much to spend on advertising , usually the highest amount in year 1 and then declining.

Final step is allocating the budget across IMC tools (broadcast, print, out of home media, and other promotional activities) and markets (depends on size of market as well as potential in various markets).

Chapter 11 – Broadcast Media

Television

Strengths of Television

- **Creativity for Cognitive and Emotional Responses**
    - Greatest advantage is the opportunity it provides for presenting the advertising message

    - Sight, sound, motion offer tremendous creative flexibility and makes possible dramatic, lifelike representations of products and services
    - Can convey mood or image for a brand as well as develop emotional or entertaining appeals that help make dull product appear interesting
- **Target Audience Coverage**
    - Television advertising makes it possible to reach large audiences
    - Nearly everyone watches at least some tv
    - 6-11 pm (prime time), average Canadian watches almost 2 hours each evening
    - 99% of Canadian households own a tv, 65% have more than one
- **Cost Efficiency**
    - Cost to reach individuals compared to other media is reasonably affordable
    - One estimate is that the average CPM (cost per thousand) to reach English-speaking women 18-49 is about $18
    - Ability to reach large audiences in cost-efficient manner makes it popular among companies selling mass-consumption products
    - Has become indispensable to large consumer packaged-goods companies, carmakers, and major retailers
- **Attention**
    - TV is basically intrusive in that commercials impose themselves on viewers as they watch their favourite programs
    - Most of us are exposed to thousands of commercials every year
    - Viewers devote some attention to many advertising messages
    - TV ads may have an effect on consumers simply through heavy repetition and exposure to catchy slogans and jingles
    - Consumers watching favourite programs pay greater attention to the program and the embedded commercials
- **Scheduling Flexibility**
    - Some selectivity is possible due to variations in the composition of audiences as a result of broadcast time and program content
    - With growth of speciality channels, advertisers refine their coverage further by appealing to groups with specific interests such as sports, news, history, arts, music
- **Geographic Coverage**
    - Can adjust strategies to take advantage of different geographic markets through spot ads in specific market areas
    - Can schedule ads to run repeatedly in more favourable markets
    - Can obtain national or regional coverage
- **Reach**
    - Size of audience for programs are known fairly quickly
    - Placement of ads on certain combinations of shows allows advertiser to reach as many in its target audience as it feels necessary

    - Availability of airtime and amount of budget are main constraints on allowing advertiser to reach as large an audience as possible
- **Frequency**
    - Scheduling tv permits frequency in concentrated blocks throughout a program, evening, week, month, season
    - Heightened frequency may be necessary for a new product launch or an effort to obtain switching, while lower levels of frequency may be feasible for advertisers desiring more continuous exposure
- **Media Image**
    - TV advertising often carries a high degree of acceptability
    - Usually viewed favourably due to higher costs of placement and production, demonstrating a level of acceptance or establishment for those who advertise with this medium

Limitations of Television

- **Absolute Cost**
    - Expensive medium in which to advertise
    - Costs due to buying airtime and producing a quality commercial
    - Costs for a national brand 30 second spot average nearly 300,000, and can be over 1M
- **Target Audience Selectivity**
    - Advertisers seeking specific, often small, target audience find the coverage of TV often extends beyond their market
    - Geographic selectivity can be a problem for local advertisers since the rates are based on total market area it reaches
    - Audience selectivity is improving as advertisers target certain groups of consumers through the type of program or day and/or time when they choose to advertise
- **Processing Time**
    - Usually last 15-30 seconds and leave nothing tangible for viewer to examine or consider
    - Commercials have become shorter as demand for limited amount of broadcast time has intensified and advertisers try to get more impressions from their media budgets
    - Important factor in decline in commercial length has been rising media costs
    - Some advertisers believe shorter commercials can deliver a message just as effectively as longer spots for much less money
- **Clutter**
    - Each message is only one of many spots and other nonprogramming material seen during commercial break – may have trouble being noticed
    - Advertisers concerned with potential decline in effectiveness because of clutter
    - One cause of clutter is the use of shorter commercials and split-30s (30 second spots in which the advertiser promotes two different products with separate messages
    - CRTC allows only 12 minutes of commercials per hour
- **Selective Exposure**

- When buying time on TV program, purchasing opportunity to communicate a message to a large number of consumers (not guaranteed exposure)
- Size of viewing audience shrinks by a third during a commercial break
- **Zapping:** changing channels to avoid commercials
  - As much as a third of program audiences may be lost to electronic zapping when commercials appear
  - Occurs because commercials are viewed as unbelievable, poor use of time, and annoying
  - TV ads suffer from greater ad avoidance than other media
  - Young adults zap more than older adults, men more than women
  - Zappers recall fewer brands advertised than non-zappers – most brands remembered by them were placed near end of commercial break
  - 61% of Canadians engage in zapping
- Networks use tactics to hold viewers' attention (previews for next week's show, short closing scenes, etc)
- Some advertisers believe producing different executions of a campaign theme is one way to maintain viewers' attention
- Others believe ultimate way to zap-proof commercials is to produce creative advertising messages that will attract and hold viewers' attention
- **Zipping:** fast-forwarding through commercials as they watch a previously recorded program
  - Most viewers fully or partially zip when watching recorded program
  - Study in U.S. suggests users watch 60% of their viewing from recorded programming and skip 90% of ads
  - Most viewers can recognize brands as they zip
  - 75% of Canadians using PVR are aware of brands advertised when zipping and half stop zipping and view the ads

- **Involvement**
  - TV low-involvement medium
  - Relatively short processing time and clutter make for less effective media for an advertiser to significantly persuade target audience
  - Some alternative ideas are emerging
    - Some shows attract viewers that are so engaged or connected with program their attention to advertising is heightened
- **Media Image**
  - Many critics say TV commercials personify everything that is wrong with the advertising industry
  - Consumers are seen as defenceless against barrage of TV ads – cannot control transmission of message and what appears on their screens
  - Viewers dislike TV advertising when they believe it is offensive, uninformative, or shown too frequently, or when they do not like its content
  - Distrust is generally highest for TV commercials

- Also concerns about effects of TV advertising on specific groups (children, elderly)

Types of Television Advertising

- **Network Advertising**
  - Purchase airtime from television network
  - Network assembles series of affiliated local stations, or affiliates, to which it supplies programming and services
    - Affiliates contractually agree to pre-empt time during specified hours for programming provided by the networks and to carry national advertising within the program
  - Networks share ad revenue during these times with affiliates
  - Canada's TV industry features 4 national networks
    - CBC
    - CTC
    - Radio-Canada
    - TVA
  - Also many regional networks
    - CP24
    - CityTV
    - SUN TV
    - …
  - Some of the national networks also operate regionally
  - When advertiser purchases airtime from national or regional network, commercial is transmitted through the affiliate station network
  - Network advertising represents a mass medium – advertiser can broadcast message simultaneously through many networks
  - Another advantage – simplified purchase process as advertiser works with only one party or media rep to air a commercial
  - Advertisers interested in reaching large audiences generally buy network time during prime viewing hours of 8pm and 11pm
  - Most prime-time spots are sold during may, june, july before TV season begins
  - Often purchase TV time a year in advance
  - Biggest agencies often participate in up-front market
  - TV time is also purchased during the **scatter market** that runs through TV season
  - Buying up-front gives cancellation options, lower prices
- **Spot Advertising**
  - Commercials shown on local TV stations – time purchased directly from individual stations or their national station representatives
  - Station reps act as sales agents for a number of local stations in dealing with national advertisers

    - Spot advertiser offers national advertiser flexibility in adjusting to local market conditions
    - Can concentrate commercials in areas where market potential is greatest or where additional support is needed
    - Appeals to those with uneven distribution, low advertising budgets, those interested in test marketing or introducing product in limited market areas
    - 60% of all Canadian TV ads use this
- **Sponsorship Advertising**
    - Under **sponsorship** arrangement, advertiser assumes responsibility for production and usually content of program as well as advertising appearing within it
    - Early days of TV, most programs sponsored by corporations and were identified by their name
    - Good option in some situation (not so common anymore)
    - Allows firm to capitalize on prestige of high-quality program, enhancing image of company and its products
    - Allows company to have control over number, placement, and content of its commercials
    - Commercials can be any length as long as total commercial time is within regulations
    - Advertisers introducing new product line often sponsor program and run long commercials to introduce/explain product
    - High costs of sponsorship limit this option
- **Time Periods and Programs**
    - Selecting right program and time period for commercial messages is important
    - Cost of TV ad times depend on program and time of day since audience sizes vary
    - TV time periods divided into **dayparts** – specific segments of a broadcast day
    - Segments making up programming day vary station to station
    - Prime time draws about 45% of per capita television consumption
        - Since these times cost premium rates, mostly dominated by large national firms
    - Different dayparts attract different demographic groups

<u>Specialty TV Advertising</u>

- **Cable and Satellite Technology**
    - Cable and satellite broaden program options available to viewer and advertiser by offering specialty channels
    - Another feature offered by these providers is time shifting, which allows viewers to watch network feeds from other time zones
    - Viewers of time-shifted signals will be subjected to ads of the different time zone
- **Specialty Networks**
    - Specialty networks now have about 37% of viewing audience

- Become very popular among consumers, leading advertisers to re-evaluate media plans and prices they're willing to pay for network and spot commercials on network affiliate stations
- Change in advertising revenue indicates advertisers are using specialty networks to reach specific target audiences
- Also lot of interest in specialty networks because of low cost and flexibility
- Advertising rates on cable are much lower than those for the shows on major networks
    - Makes TV more viable option for smaller advertisers with limited budgets and those interested in targeting commercials to well-defined target audience
- Specialty network advertisers do not generally have to make large up-front commitments networks require
- Greater flexibility in type of commercials that can be used
    - Can be longer (infomercials – 3 to 30 minutes)
- Specialty network advertising can be purchased on national or regional basis
- Still have limitations
    - Overshadowed by networks
    - Average person will watch more hours per week of CBC or CTV affiliate than a single specialty network
- Cost per rating point about 50% lower for specialty networks
- Greater ability to target an audience

Measuring the TV Audience

- **Audience Measurement**
    - Measured and communicated by Bureau of Broadcast Measurement of Canada (BBM)
        - Not-for-profit broadcast research company
        - Cooperation among Canadian Association of Broadcasters, Association of Canadian Advertisers, and Canadian advertising agencies
    - Collects TV audience measurement data with 2 methods
        - Portable people meter (PPM) – for national and some local markets
        - Diary – for remaining local markets
    - Used to measure local market audiences with diary method and Nielsen measured national audiences technologically
        - Meter attached to TV recording when individuals watched
    - BBM introduced PPM technology to measure French-speaking audiences in Quebec
    - Currently, PPM collects data nationally and in 4 largest markets (Montreal – French, Toronto-Hamilton, Calgary, Vancouver-Victoria)
        - People wear device recording silent audio signal emitted from programming
        - Capable of receiving signal from other media such as radio, cinema, or any medium emitting a sound
    - 4 major advantages to PPM over previous technology:
        - Unobtrusive – Person does not interact with device while measurement occurs

        - Individual level measurement instead of household or TV basis
        - Measures exposure to multiple media for each individual
        - Measures exposure of recorded programming from any technology (PVR…)
    - Diary method:
        - 1 booklet per television in household sent to representative sample of households
        - Each person (2 yrs +) records viewing for one week in booklet
        - Booklet also contains demographic questions to be filled out
- **Audience Measures**
    - Data collected allow calculation of program rating and share of audience
    - **Program Rating** - % of people in geographic area tuned into specific program during specific time period
        - Divide number of people tuned in by total number of people in geographic area
    - **Ratings Point** – represents 1% of all people in particular area tuned into specific program
    - Program rating is the key number to the stations – amount of money they can charge for commercial time is based on it
    - Ratings points also very important
        - 1% change can cause drastic change in advertising revenue
    - **Share of Audience** - % of people using TV in specific time period that are tuned to specific program
        - Always higher than program rating unless all people are watching TV (then they`d be equal)
- **Audience Measurement Reporting**
    - Collected TV data are analyzed with software applications from different suppliers
    - BBM Analytics offers numerous solutions for examining program ratings and share of audience data extensively by time, audience characteristics…
    - Nielsen remains major player as third-party processor with sophisticated software
    - Third-part processing is competitive market for turning data into valuable media planning info
    - Media buying agencies and advertising agencies subscribe to these data and analytic services and use the info for developing media plans for their clients
    - TVB is an industry association for TV networks, TV stations, and firms that sell TV advertising time
        - Offers resources to those in TV industry to demonstrate value and importance of TV as medium versus competing media
        - Publishes basic facts garnered from aforementioned sources and conducts primary research through independent market research firms
    - TV reaches 88% of country on daily basis and 95% on weekly basis

Radio

Strengths of Radio

- **Cost Efficiency and Absolute Cost**
  - Low cost
  - Inexpensive to produce radio commercials
  - One of most efficient of all media
  - Low absolute cost means budget needed for effective radio campaign is often lower than that for other media
- **Reach and Frequency**
  - Low cost means advertisers can build more reach and frequency into media schedule within certain budget
  - Can use different stations to broaden reach of messages and multiple spots to ensure adequate frequency
  - Radio commercials can be produced more quickly than TV ads, and companies can afford to run them more often
- **Target Audience Selectivity**
  - High degree of target audience selectivity through various program formats and geographic coverage of numerous stations
  - Companies can focus advertising on specialized audiences such as certain demographic and lifestyle groups
  - BBM tracks radio listeners across 20 radio formats
  - Light TV viewers spend considerably more time with radio than TV and are generally an upscale market in terms of income and education level
  - Light readers of newspapers and magazines also spend more time listening to radio
- **Geographic Coverage**
  - Essentially a local media
  - Excellent coverage within geographic scope
  - DJ`s and program hosts become popular figures in communities
  - Advertisers often use radio stations and personalities to enhance involvement with local market and to gain influence with local retailers
  - Radio works well with place-based/point-of-purchase promotions
  - On-site radio broadcasts combined with sales/promotions often used to attract consumers to stores
- **Scheduling Flexibility**
  - Probably most flexible of all advertising media because it has very short closing period
    - Advertisers can change message almost up to the time it goes on the air
  - Radio commercials can usually be produced/scheduled on very short notice
- **Creativity for Cognitive Responses**
  - Verbal nature makes them ideal for long copy to select target audiences who may appreciate greater detailed info for some products
  - Can also provide more concise brand info in timely manner
  - Opportunistic medium to connect with target audience on rational level

- **Media Image**
    - Generally good media image
    - Relied upon for news, weather, traffic, etc.
    - Radio is well appreciated, which spills over into the ads – 77% Canadians feel radio advertising is acceptable

Limitations of Radio

- **Creativity for Emotional Responses**
    - Absence of visual image
    - Can't show/demonstrate product or use any type of visual appeal or info
    - Many advertisers take advantage of absence of visual element to let consumers create their own picture of what is happening in a radio message
    - **Image transfer** – images of TV commercial are implanted into a radio spot
        - Idea that when consumers hear radio message, they'll connect it to TV commercial
- **Amount of Processing Time**
    - Short-lived and fleeting message that is externally placed and does not allow receiver to control rate at which it is processed
- **Target Audience Coverage**
    - High level of audience fragmentation due to large number of stations
    - % of people tuned to any particular station is usually very small
    - Top stations may attract less than 10% total listening audience
    - Want broad reach in radio advertising media schedule – have to buy time on number of stations to cover even local market
- **Listener Attention**
    - Difficult to retain listener attention to commercials
    - Radio programming often background to some other activity and may not receive listener's full attention
    - May miss all or some of the commercials
- **Selective Exposure**
    - Getting consumers to expose themselves to commercials can be difficult
    - Most people change stations during commercial breaks
- **Clutter**
    - Just as much a problem with radio as with other advertising media
    - Stations play as many minutes of ads as they'd like
    - Most stations have nearly 10 minutes of ads per hour
- **Involvement**
    - Generally considered low-involvement medium since it is faced with same characteristics of short processing time and clutter
    - May be seen as being less involving since it has additional limitation of no visual

Buying Radio Time

- **Network Radio**
  - Can be purchased on network basis
  - Relatively new option
  - Minimizes amount of negotiation and administrative work needed to get national or regional coverage, and costs are lower than those for individual stations
  - Reduces advertisers' flexibility in selecting stations
- **Spot Radio**
  - Purchase airtime on individual stations in various markets
  - Provides greater flexibility in selecting markets, individual stations, and airtime and adjusting the message for local market conditions
  - Heaviest users of radio are local advertisers

Time Classifications

- Broadcast day divided into time periods or dayparts
- Size of listening audience varies widely across dayparts

Measuring Radio Audience

- BBM Canada provides info on radio listenership using PPM and diary method similar to TV
- Surveys done twice per year in over 130 radio markets
- Market reports summarize each station's audience
- 3 basic elements in BBM reports:
  - Person estimates – estimated number of people listening
  - Rating - % of listeners in survey area population
  - Share - % of total estimated listening audience
- **Average quarter-hour figure** – average number of people estimated to have listened to a station for a minimum of five minutes during any quarter hour in a time period
  - Helps determine audience and cost of spot schedule within particular time period
- **Cume** – stands for cumulative audience, estimated total number of different people who listened to a station for at least 5 minutes in a quarter-hour period within a reported daypart
  - Estimates reach potential of radio station
- **Average quarter-hour rating** – expresses estimated number of listeners as a percentage of survey area population
- **Average quarter-hour share** - % of total listening audience tuned to each station
  - Shows share of listeners each station captures out of total listening audience in survey area
- Radio Marketing Bureau
  - Acts as resource for radio stations and those involved with selling airtime for radios
  - Mission to educate advertisers on effective use of radio medium and to assist advertisers in meeting communication objectives

- Offers professional services to advertisers if needed
- Also offers training and certificate program for those working in radio industry
- They do research to help support radio as viable communication medium

Chapter 12 – Print Media

Evaluation of magazines

Magazine classifications:

*Note: Canadian Advertising Rates and Data (CARD) is the primary reference source on periodicals

- Consumer magazines: bought by general public for information and/or entertainment. CARD divides over 800 domestic consumer magazines into 48 classifications. Consumer magazines are best suited to marketers interested in reaching general consumers of products and services, as well as to companies trying to reach a specific target audience
    - General interest most popular category, followed by women's
    - Majority of all magazines have a circulation below 50,000
    - Top English magazines by circulation and readership: CAA magazine, Canadian Living, and Chatelaine.
    - Top French magazines by circulation and readership: Chatelaine, coup de pouce, Primeurs
    - Important for smaller companies who have specialized markets, can advertise in special-interest magazines (ex ski equipment company can advertise in Ski Canada magazine)
- Ethnic publications: CARD currently lists 207 magazines directed to persons with various background based on ethnicity, Some of these publications have low circulation figures, thus the cost of advertising in these publications is currently very low
- Farm publications: all magazines directed to farmers and their families. About 95 publications are tailored to nearly every possible type of farming or agricultural interest
- Business publications: magazines or trade journals published for specific businesses, industries, or occupations. CARD lists about 780 business magazines, broken into 80 categories. Major categories include:
    - Magazines directed at specific professional groups, such as Canadian Lawyer, for lawyers

    - Industrial magazines directed at businesspeople in various manufacturing and production industries
    - Trade magazines targeted to wholesalers, dealers, distributors, and retailers.
    - General business magazines aimed at executives in all areas of business (Canadian Business)

Foreign Publications: Canadian magazines face competition from foreign publications, mainly American consumer magazines (account for 90% of newsstand sales). Canadians can advertise in US print vehicles in order to reach Canadian consumers (foreign publications allowed to accept up to 18% of their advertising space from Canadian advertisers

Strengths of magazines:

- Target audience selectivity: magazines are the most selective of all media (except direct communication where the receiver's identity is known. Most magazines are published for very specific segmentation, which allows advertisers to target their advertising to groups consistent with the segmentation.
    - Two technological developments allow advertisers to deliver personalized messages to tightly targeted audiences:
        - Selective binding: computerized production process that allows the creation of hundreds of copies of a magazine in one continuous sequence
        - Ink-jet imaging: reproduces a message by projecting ink onto paper rather than using mechanical plates. This process makes it possible to personalize an advertising message
- Geographic coverage: one way to achieve specific geographic coverage is by using a magazine that is targeted toward a particular area. Examples: Toronto Life, Vancouver Magazine. Another way to achieve selective geographic coverage in magazines is through purchasing ad space in specific geographic editions of national or regional magazines. Example: Maclean's divides their circulation into groupings based on regions or major metropolitan areas and offer advertisers the option of concentrating their ads in these editions
- Creativity for cognitive and emotional responses: one of the most valued attributes of magazine advertising is the reproduction quality of the ads. They are generally printed on high-quality paper stock as well as excellent ink (compared to newspapers or other print ads). Magazines offer a variety of special opportunities to enhance the creative appeal of the ad such:
    - Gatefolds: uses a third page that folds out and gives the ad an extra-large spread

    - Bleed pages: the advertisement extends all the way to the end of the page, with no margin of white space around the ad; gives the impression of being larger and more dramatic
    - Inserts: designed for promotions such as recipe booklets, coupons, product samples. Perfume scented inserts, for example.
    - Creative space buys: advertisers purchase space units in certain combinations to increase the impact of their media budget
- Reader involvement and amount of processing time: magazines have a longer lifespan. They are retained in the home longer than any other medium and are generally referred to on several occasions. Nearly 75% of consumers retain magazines for future reference. Since magazines are kept for longer, consumers take their time reading them and spend more time looking at ads.
- Media image: products can gain prestige from advertising in publications with a favourable image. High quality or prestigious products can be advertised in prestigious publications with high-quality editorial content.
- Selective exposure and attention: with the exception of newspapers, consumers are more receptive to advertising in magazines than in any other medium. Magazines are generally purchased because the information they contain interests the reader, and ads provide additional information that may be of value in making a purchase decision. Ex: bridal magazine ads are just as important to the reader as the editorial content. Magazine ads are also likely to be received favourably by consumers because, unlike broadcast ads, they are nonintrusive and can easily be ignored

Limitations of magazines:

- Absolute cost and cost efficiency: the cost of advertising in magazines varies depending on the size of the audience. Advertising in a large, mass-circulation magazine like Maclean's can be very expensive. Relative costs are also important. However, some companies may need a high cost per thousand because they are advertising in a small, specialized segment.
- Reach and frequency: magazines are generally not as effective as other media in offering reach and frequency. While magazines in general may have a large reach, each magazine in particular has only a small reach. Magazines have a thin penetration of households. Therefore, if an advertiser wants a larger reach, he/she will have to place ads in multiple magazines. To increase frequency, advertisers ad other magazines with similar audiences to the media schedule
- Scheduling flexibility: magazines require a long lead time to place an ad thus reducing scheduling flexibility. Most major publications have a 30-90 day lead time. No changes in the art or copy of the ad can be made once it has been purchased.

Consequently, it is difficult for magazine ads to respond to current events or changing market conditions

- Target audience coverage: magazines do not offer extensive target audience coverage. Ex: Hockey News Magazines; the number of people reading it versus the number of people who actually play hockey is disproportionate.
- Clutter: the more successful a magazine becomes, the more advertising pages it attracts, and this leads to greater clutter. Magazines gauge their success on the number of advertising pages they sell. Magazine publishers attempt to control the clutter by keeping a reasonable balance of ads vs editorial content.

Buying magazine advertising space:

- Circulation and readership:
    - Circulation figures represent the number of individuals who receive a publication through either subscription or store purchase, or through controlled distribution. Circulation is very important when deciding whether or not to advertise in a certain magazine.
    - Audit Bureau of Circulations (ABC) provides media planners with reliable figures regarding the size and distribution of a magazine's circulation. Only publications with 70% or more paid circulation are eligible for verification by ABC. Media buyers are skeptical about publications whose circulation figures are not audited.
    - Readership: advertisers are often interested in the number of people a publication reaches as a result of secondary, or pass-along, readership.
        - Pass-along readership: can occur when the primary subscriber or purchaser gives a magazine to another person or when the publication is read in waiting rooms
    - Total audience (readership) = readers per copy (primary + pass-along) x average circulation
- Magazine audience measurement – PMB:
    - Print Measurement Bureau: non-profit Canadian industry that collects readership information for print magazines. The data available for analysis is a virtual gold mine of information for media planners
- Magazine advertising rates: magazine rates are a function of circulation, but also the size of the ad, its position in the magazine, the chosen edition, special requests, number and frequency of insertions… Ads are sold on the basis of space units, example full page, half age…black and white or color…

<u>Evaluation of Newspapers</u>

Types of newspapers:

- Daily newspapers: published each weekday, found in cities and larger towns. Some areas have more than one daily paper and are known as competitive markets. Provide detailed coverage of news, events, and issues concerning the local area as well as business, sports, and other relevant information and entertainment. Most daily newspapers charge a price but there are also free daily papers such as Metro.
- Community newspapers: published weekly and originate in small towns where the volume of news and advertising cannot support a daily newspaper. Community newspapers also dot the suburbs of many larger Canadian cities. These papers focus on news, sports, and event relevant to the local area and ignore content covered by daily newspapers. These papers appeal more to local advertisers because of their geographic focus and lower absolute cost. National advertisers avoid community newspapers because they don't want duplicate circulation.
- National newspapers: includes the National Post and The Globe and Mail. Daily publications that have editorial content of national appeal. National newspapers appeal primarily to large national advertisers and to regional advertisers that use specific geographic editions of these publications.
- Internet Newspapers: major Canadian daily newspapers, the 2 national newspapers and some community newspapers offer an Internet version of their publications. Consumers are slowly switching to internet newspapers
- Special audience newspapers: a variety of papers offer specialized editorial content and are published for particular groups, including labour unions, professional organizations, industries, and hobbyists. Special audience newspapers also include those targeted in areas with large foreign language speaking ethnic groups. This type of paper also includes newspapers targeted to different religious and educational groups
- Newspaper supplements: although not a category of newspapers per se, some papers include magazine-type supplements. For example, the Globe and Mail publishes a Report on Business magazine at the end of every month.

Types of Newspaper Advertising:

- Display advertising: found throughout the paper, uses illustrations, headlines, white space, and other visual devices in addition to the copy text. Display advertising can be either local or national.
    - Local advertising refers to ads placed by local organizations, businesses, and individuals who want to communicate with consumers in the market area served by the newspaper.

    - National or general advertising refers to newspaper display advertising done by marketers of branded products or services that are sold on a national or regional level
- Classified advertising: provide newspapers with revenue, however, online classifieds have eaten into this market considerably. These ads are arranged under subheads according to the product/service. While most classified ads are just text set in small type, some newspapers also accept classified display advertising. These ads are run in the classified section but use illustrations, larger type, white space, borders, even color.
- Special ads: include a variety of gov't and financial reports and notices and public notices of changes in business and personal relationships.
- Inserts: preprinted inserts do not appear in the paper itself; they are printed by the advertiser and sent to the newspaper to be inserted before delivery. Many retailers use inserts such as circulars, catalogues, or brochures. A recent trend is for inserts to be more creative.

Strengths of newspaper:

- Reach and frequency: high degree of market coverage, allows advertisers to reach all segments of the population. Since most newspapers are daily, advertisers can build a high level of frequency
- Scheduling flexibility: newspaper ads can be written, laid out, and prepared in a matter of hours. For most dailies, the closing time by which an ad must be received is within 48 hours of publication. The short production time and closing dates make newspapers an excellent medium for responding to current events or presenting timely information to consumers
- Geographic coverage: advertisers can vary their coverage by choosing a paper – or combination of papers – that reaches the areas with the greatest sales potential. National, regional, and local newspapers allow advertisers to select their desired geographic coverage.
- Reader involvement and amount of processing time: the typical newspaper reader spends considerable time each day reading. Some consumers rely on newspapers for assistance with consumption decisions. Consumers use retail ads to determine product prices and availability and to see who is having a sale
- Media image: one study found that consumers look forward to ads in newspapers more than in other media. Newspaper advertising has also been rated the most believable form of advertising in numerous studies.
- Creativity for cognitive responses: newspapers offer the opportunity for extremely long ads, which could be beneficial for marketers looking to persuade consumers

who are at the information search stage of the decision making process. Newspapers also offer numerous creative options as ads can be run in various sizes, shapes, and formats to persuade the reader.

- Absolute cost and cost efficiency: newspapers assist small companies through free copywriting and art services. Small advertisers without an agency or advertising department often rely on the newspaper to help them write and produce their ads. Production costs of ads are reasonable.
- Target audience coverage: coverage of a specific target audience is argued to be a limitation for the newspaper in comparison with magazines. However, placement of ads in certain newspaper sections that occur every day or once a week can be advantageous for some marketers.

Limitations of newspapers

- Creativity for emotional responses: poor reproduction quality; coarse paper stock, absence of extensive color. If the visual appearance of the product is important, the advertiser will not rely on newspaper ads.
- Selective exposure and attention: newspapers are generally kept for less than a day, so an ad is unlikely to have any impact beyond the day of publication, and repeat exposure is very unlikely. Consumers spend a short amount of time with the paper and may even skip over some sections.
- Target audience selectivity: most newspapers reach broad and very diverse groups of consumers, which makes it difficult for marketers to focus on narrowly defined market segments. Some products are best to be advertised in special interest magazines
- Clutter: a substantial amount of the average daily newspaper in Canada is devoted to advertising, the advertiser's message must compete with numerous other ads for consumers' attention and interest. Creative options in newspapers are limited because most ads are in black and white. It can be difficult for an advertiser to break through the clutter without using costly measures such as large space buys or colour.

Buying newspaper advertising space:

- Newspaper circulation and readership:
    - Circulation: basic source of information concerning audience size of newspapers comes from circulation figures available through CARD. The ABC verifies circulation figures for many newspapers. Advertisers using a number of papers in their media plan generally find CARD to be the most convenient

source. The Canadian Community Newspaper Association (CCNA) verifies the circulation if an advertiser decides to use this vehicle.

  - Newspaper circulation figures are generally broken down into 3 categories:
    - City zone: market area composed of the city where the paper is published and contiguous areas similar in character to the city
    - Retail trading zone: market outside the city zone whose residents regularly trade with merchants within the city zone
    - All other areas: covers all circulation not included in the city or retail trade zone
  - Readership: generally the more educated the higher the readership, the higher the income the higher the readership, managers and professionals have the highest readership of all occupations

- Daily newspaper audience measurement:
  - NADbank: concerns city newspapers. Is an organization comprised of newspaper, advertising agency, and advertiser members. Publishes audience research info for Canadian daily newspapers. The purpose of this research is to provide its members with valid readership information to facilitate the buying and selling of newspaper advertising space
  - ComBase: concerns community newspapers. Administers the audience measurement for CCNA. The independent board features newspapers, advertisers, and advertising agencies. Its mandate is to publish audience research information of the community newspapers throughout Canada to allow them to sell their advertising space more effectively.
- Newspaper advertising rates: advertisers are faced with a number of options and pricing structures when it comes to purchasing newspaper space. The cost of advertising space depends on the circulation, and whether the circulation is controlled (free) or paid.
  - Newspaper space is sold by the **agate line** and **column width**.
    - Agate line is a unit measuring one column width and 1/14inch deep
  - Advertisers need to know the number of lines and number of columns on a newspaper page in order to calculate the cost of an ad.
    - Example: calculation for the weekday cost of a full-page ad in the national edition of the National Post. The paper has 301 lines and 10 columns per page, and the open cost per line is $17.69.
    - 10 x 301 x 17.69 = $53,247
  - Newspaper rates for local advertisers continue to be based on the column inch, which is 1 inch deep by 1 column wide.

- Most newspapers have an open-rate structure, which means various discounts are available, based on frequency or bulk purchases of space and depend on the number of column inches purchased in a year
- Basic rates quoted by a newspaper are **run of paper (ROP**), which means the paper can place the ad on any page or in any position it desires.
- The advertiser can ensure a specific section and/or position on a page by paying a higher **preferred position rate**.

Chapter 13 – Out-of-Home and Support Media

Outdoor Media

Outdoor Media Options

- **Posters:** typical billboard
  - May be purchased on individual basis or for certain level of GRPs in cities such as Toronto or in smaller markets such as Timmins
- **Backlit Posters:** posters of generally same size with light behind them so they're more clearly illuminated
  - Located at major intersections or high-traffic-volume areas
- **Bulletins, superboards, spectaculars:** larger billboards (2-3 times bigger)
  - Sold on per location basis due to size and low number of options available in major Canadian markets
- **Street-level posters:** smaller backlit displays ("Street Furniture")
  - Posted in transit shelters
- **Electronic message signs:** offer short ads on 2-3 minute rotation
- Firms offer network services, allowing advertisers to reach many viewers across the country
- **Mobile Signage:** displays placed on trucks or vehicles
  - Sold by number of vehicles and number of months
- Signage placed on:
  - Benches
  - Parking lots
  - Bicycle racks
  - Garbage receptacles
  - In the air (aerial advertising on airplanes or hot air balloons)
  - Outdoor ads can be used successfully as primary medium as opposed to just a support medium for broadcast or print
  - These outdoor options typically purchased for 4 weeks and provide anywhere from 25-150 GRPs per day, depending on number of displays or showings chosen within market

Audience Measurement

- **COMB**: Canadian Out-of-Home Measurement Bureau

    - Independent organization comprised of members from advertisers, agencies, media firms
    - Measure amount of reach and frequency
    - Maintain national database of all products for outdoor operators to calculate daily/weekly audience averages for each medium in all markets
    - Acts as auditor to ensure authentic media purchase
    - Conducts field audits, calculates performance stats for all operators, and disseminates these findings to all members
    - Obtain traffic circulation numbers from municipalities, analyzes data with 3 questions:
        - Average number of people in the vehicle?
        - Vehicle's origin within CMA?
        - Sign illuminated? For how long?
    - This analysis known as total number of circulations
    - These are applied to each poster along certain part of road called a link
    - Numbers adjusted to account for time-of-day variations throughout week to arrive at adjusted circulation, which is divided by target population so reach is expressed as 1% of population
    - Some media buyers concerned the measurement tracks **opportunity** for exposure, not **actual** exposure
    - Recently COMB used GPS to track where people drove (what ads they passed)
- **OMAC**: Out-of-Home Marketing Association of Canada
    - Membership among media companies
    - Mission to develop market for this medium, implement new industry initiatives, establish guidelines, and act on behalf of the industry on any issues
    - Undertook two "Day in Life" (DIL) studies
        - **DIL I** – Investigated time spent inside/outside home, out-of-home exposure, commuting habits, and related shopping behaviour
            - On typical weekday, urban Canadians spend as much time exposed to outdoor media as to television and internet
        - **DIL II** – Investigated relevance and impact of out-of-home media versus other media
            - Consumers do not believe there is too much out-of-home advertising compared to other media
- Another source of measurement is innovative technology that tracks eye movement to assess which ads are actually seen while driving
- Members of OMAC commissioned Outdoor Advertising Consumer Exposure Study (OACES) to investigate usefulness of this research for Canada
    - 27 randomly selected drivers from Ottawa and Montreal
    - Drove predetermined route passing variety of outdoor ads and with different driving conditions
    - Driven at different times of day

- Eye movement was recorded

Strengths of Outdoor Media

- **Reach**
  - Broad base of exposure is possible in given market with both day and night presence
  - 100 GRP **showing** (% of duplicated audience exposed to outdoor poster daily) could yield exposure to equivalent of 100% of marketplace daily
- **Frequency**
  - Purchase cycles for outdoor media typically 4-week periods, so consumers are usually exposed a number of times
- **Geographic Coverage**
  - Can be placed along highways, near stores, mobile billboards
  - Local, regional, or national markets may be covered
- **Creativity for Emotional Responses**
  - Can be very creative
  - Large print, colours, and other elements attract attention and tend to generate short emotional responses connecting target audience with brand
- **Cost Efficiency**
  - Usually very competitive CPM when compared to other media
  - Average CPM of outdoor ads less than that of radio, TV, magazines, newspapers
- **Scheduling Flexibility**
  - Reduced production times for outdoor advertising to allow for rapid turnaround time
  - Placement can be done on monthly basis assuming availability
- **Selective Exposure**
  - Difficult for consumers to avoid – consumer has little control like TV or radio to change channel or station
  - They can; however, deliberately ignore ads but the high profile of the ads makes this difficult
- **Attention**
  - Size, strategic placement, and creative elements of colour make outdoor advertising attractive medium to draw attention of target audience

Limitations of Outdoor Media

- **Target Audience Coverage**
  - Difficult to ensure specific target audience coverage is sufficient
  - Possible to reach audience with select location placement, but in many cases the purchase of outdoor ads results in high degree of waste coverage
  - Not likely that everyone driving past billboard is part of target audience
- **Amount of Processing Time**
  - Exposure time is short because of speed passing by the ads
  - Messages limited to few words/illustration

- **Creativity for Cognitive Responses**
    - Lengthy appeals not physically possible – also have less likelihood of complete comprehension
    - Suffer from inability to fully persuade consumers with involved message
- **Absolute Cost**
    - Basic level of 25 GRPs per day over 4 weeks in 10 or even 3 major cities can be prohibitive for many advertisers
    - Smaller businesses often have to select few strategic locations in local market to overcome this
- **Media Image**
    - Suffered image problems as well as some disregard among consumers
    - In part due to fatigue of high frequency of exposures that may lead to wearout – people are likely to get tired of seeing same ad every day
- **Target Audience Selectivity**
    - Reaching specific target audience challenging due to broad exposure of outdoor media
    - Strategic use can overcome this limitation (by using reminder ads for types of products near retail outlets, etc.)
- **Clutter**
    - Competing messages
    - Very likely that other messages will be vying for consumer attention in same areas
- **Low Involvement**
    - Overall effect of short repeated message is that outdoor ads tend to be considered low-involvement media

Transit Media

Transit Media Options

- **Interior Transit Cards:** placed above seating
    - Some of most common transit ads
    - Positioned in backlit units above windows and along both sides of the transit vehicle
- **Interior Door Cards:** placed on both sides of doors
    - Available in major markets where there is subway-like transit
- **Exterior Posters:** appear on sides, backs, and/or roofs of buses, taxis, trains, subway, street cars
- **Station Posters:** attempt to attract attention of those waiting for subway-like ride
- **Transit Shelter Ads:** similar to station posters
- Many of these ads sold by outdoor media companies
- Transit media sold in select markets on 4-week basis with certain desired level of GRPs
    - GRPs range from 5 to 100
- Other purchases of transit media based on number of showings
- No industry association to document circulation or authenticate reach and frequency levels for transit media

Strengths of Transit Media

- **Amount of Processing Time**
  - Long length of exposure for indoor forms
  - Audience generally captive, with nowhere else to go and not much to do
- **Reach**
  - Millions of people ride mass transit every week – lots of potential viewers
- **Frequency**
  - Standard daily routines – those riding transit are repeatedly exposed to the ads
  - Locations of station and shelter also offer high frequency of exposure
- **Absolute Cost and Cost Efficiency**
  - Tends to be one of least expensive media in terms of absolute and relative costs
  - Ad on side of bus can be purchased for very reasonable CPM
- **Selective Exposure**
  - Quite pervasive for those using service and consumers have little control over use of the media
- **Scheduling Flexibility**
  - Capacity available for transit ads makes it fairly good for placement
  - Ads can be produced quickly and inserted internally or externally

Limitations of Transit Media

- **Media Image**
  - To many, transit advertising does not carry image they would like to represent for their products or services
  - Some advertisers may think having their name on side of bus or in bus does not reflect well on the firm
- **Target Audience Selectivity**
  - Audience being exposed to ads may have certain lifestyles and/or behavioural characteristics that are not true of the target audience as a whole
- **Target Audience Coverage**
  - Not everyone who rides transportation vehicle or is exposed to transit advertising is a potential customer
  - Products without specific geographic segments may find this form of advertising incurs good deal of waste coverage
  - Same bus may also not run same route every day
- **Creativity for Emotional and Cognitive Responses**
  - May be very difficult to place colourful/attractive ads on cards, limiting emotional content
  - Short copy on outside of bus provides less rational persuasion
- **Clutter**
  - Inside ads suffer from clutter of competing ads

    - Outside ads feel pressure of other street-level ads
    - Sitting/standing on crowded subway may not be conducive to reading advertising
- **Attention**
    - Smaller size and location of interior transit ads make it difficult to use creative elements to attract attention
    - Movement of transit vehicles makes it difficult to perceive the message
- **Involvement**
    - Transit ads generally considered low-involvement media

Place-Based Media

Place-Based Media Options

- Advertising where consumers engage in leisure or recreational activities or where they work or study
- Some call it indoor advertising
- Poster, print, video, and digital
- Original example of place-based media is **mall poster**
    - Located throughout shopping mall and is backlit
    - Found in shopping environment – one step closer to actual purchase
    - Sold in individual spot buys and varying levels of GRPs
- **Video messages**
    - Cinema or movie theatre ads
    - Unique opportunity of advertising for longer period of time than typical TV ad (60-90 seconds)
- **Airport Terminals**
    - Similar to mall
    - Displays range from backlit posters to superboards near terminal
- **Universities and Colleges**

Strengths of Place-Based Media

- **Target Audience Selectivity**
    - Main purpose of place-based media is to reach specific target audience or reach target audience while closer to purchase decision in terms of time and space
- **Absolute Cost and Cost Efficiency**
    - Absolute cost and CPM are generally reasonable compared to other media options
- **Creativity for Cognitive and Emotional Responses**
    - Target and place are intertwined so message may generate more in-depth cognitive responses or stronger emotional responses
    - Special mood created in movie theatre compared to at-home consumption makes experience richer – advertisers use theatre ads as an emotional spike that can transfer to the product more readily

- **Control for Selective Exposure**
    - Opportunity for consumers to avoid the ads or direct attention elseqhere is minimal compared to other media
- **Attention and Involvement**
    - Target audience may be more involved with the advertising message than some other similar media in different contexts
    - Growth of video and digital messages in many locations offers greater opportunity to gain attention, and with a degree of target audience selectivity the creative can be customized with appropriate headlines for print messages

Limitations of Place-Based Media

- **Media Image**
    - Consumers do not expect a selling message to occur in these times – possibly causing some resentment
    - Cinema ads had negative reaction when first introduced
        - Now a lot of people don't mind this form of advertising
- **Clutter**
    - For video displays, it can be similar to TV clutter
    - Can be lessened in some options like cinema ads where one or two video ads could play
    - Some locations have multiple posters of varying sizes, giving similar clutter experience as reading newspaper or magazine
- **Reach and Frequency**
    - Plays more of a supporting role to other media – difficult to ensure high levels of reach or frequency
    - In general, advertisers look to other media to maximize these factors
- **Target Audience and Geographic Coverage**
    - Full target audience coverage difficult or quite challenging to implement
    - Nearly impossible to get complete geographic coverage
- **Amount of Processing Time**
    - Very short messages to target audiences – more likely preoccupied with some other task
- **Scheduling Flexibility**
    - Logistics of changing place-based media makes scheduling put certain restrictions on an advertiser for a timely message
    - Placement for cinema ads generally requires 8 weeks
    - Category exclusivity in some distribution outlets further limits availability and scheduling ease with this media option

Promotional Products

- **Promotional Products Marketing**

    - "Advertising or promotional medium or method that uses promotional products, such as ad specialties, premiums, business gifts, awards, prizes, or commemoratives"
    - Used to be called specialty advertising
- **Specialty Advertising (New Definition)**
    - "Medium of advertising, sales promotion, and motivational communication employing imprinted, useful, or decorative products called advertising specialties, a subset of promotional products. Unlike premiums, with which they are sometimes confused (called advertising specialties), these articles are always distributed free – recipients don't have to earn the specialty by making a purchase or contribution"
    - Often considered both an advertising and a sales promotion medium
- Thanks to internet, it's not logistically easier to distribute products than in the past
- Clothing is largest product category – growth stemmed from steady change toward more casual dressing at work and from many name brands getting into the market

Strengths of Promotional Products

- **Target Audience Selectivity and Coverage**
    - Generally distributed directly to target customers, so the medium offers high degree of selectivity
- **Creativity for Cognitive Responses**
    - High degree of flexibility – many specialty items to be used
    - Message as simple as a logo or as long as is necessary can be distributed through a number of means
    - Small and large companies can use this medium
- **Frequency**
    - Some of these items remain with customers for a long time – provides repeat exposures to advertising message at no additional cost
- **Absolute Cost and Cost Efficiency**
    - Most specialty items are affordable to almost any size organization
    - Costly on CPM basis when compared with other media, but the high number of repeat exposures drives down relative cost per exposure
- **Creativity for Emotional Responses**
    - Promotional products perhaps only medium that generate goodwill in receiver
    - Consumers are grateful to receive them because they are functional
- **Attention, Involvement, Amount of Processing Time**
    - All considered strengths of promotional products assuming recipient appreciates actual item

Limitations of Promotional Products

- **Media Image**

    - Firm must be careful choosing the specialty item to be used
    - Company image may be cheapened by chintzy or poorly designed advertising form
- **Clutter**
    - Marketplace may become saturated with these items
    - Value to receiver declines if replacement is too easy, and the likelihood that you will retain the item or even notice the message is reduced
    - The more unusual the specialty, the more value it is likely to have to the receiver
- **Scheduling Flexibility**
    - Lead time required to put together promotional products message is significantly longer than that for most other media
- **Reach**
    - Weak choice for expanding market through wider reach
    - As a support media, it thrives on assisting existing media that have reach as strengths
- **Geographic Coverage**
    - Can be distributed essentially anywhere, but cost implications would severely curtail this as a feasible feature for most advertisers
- **Selective Exposure**
    - Recipients are in complete control as to whether they choose to display or show item
    - It's possible that the tremendous investment could receive very minimal exposure to intended audience

Promotional Products Research

- No established ongoing audience measurement system
- Research has been conducted in an attempt to determine impact of this medium
- (Study Results that I'm NOT GOING TO TYPE!!)

Product Placement

- Actual product or an ad for it is part of a movie, TV show, or video game
- Sometimes considered promotion rather than advertising form

Product Placement Decisions

- Up to $4B in North American revenue and up to 50% of movies and TV shows using product placement
- Most product placements are free or provided in exchange for trade
    - As much as 70-95% of their placements are for trade
- Since placement is embedded in script or programming setting, it cannot be avoided – increasing exposure
- Consumers may not have same negative reactions to it as they may have to a commercial
- Contributes to higher awareness by sheer volume of exposure

- Product placement needs to work with other marketing communication tools to achieve max contribution
- **Content Sponsorship**
    - When advertiser sponsors specific program and receives product placement, integration, and other promotional considerations in return
- **Advertainment**
    - Creation of video/music content by advertiser in attempt to entertain viewers while advertising their products
- **Virtual Ads**
    - Products are digitally placed in a show

Strengths of Product Placement

- **Reach**
    - Large number of people see movies each year
    - Average film has estimated life-span of 3.5 years
    - Most movie-goers are very attentive audience members
- **Frequency**
    - May be ample opportunity for repeated exposures – depending on how the product is used in the program/movie but also because of people watching more than once
- **Creativity for Emotional Responses**
    - Association with proper source is critical for success
- **Cost Efficiency**
    - CPM for this form of advertising can be very low, owing to high volume of exposures it generates
- **Geographic Coverage**
    - Substantial potential as a top movie or TV show could have national or international coverage
- **Selective Exposure**
    - Difficult for theatre audience member to physically avoid product placement through some form of zipping or zapping
- **Clutter**
    - Category exclusivity rights within vehicle plus fact that any show or movie has only a few product placements, so there's low potential for clutter
    - Plot, scenes, dialogue can be a form of clutter that can be overcome with creative use of product placement
- **Involvement**
    - Done properly, product placement has relevance for character or situation and is almost a transformational experience for the audience member who is paying full attention to the entertainment

Limitations of Product Placement

- **Absolute Cost**
    - CPM may be very low for product placement in movies, but absolute cost of placing product may be very high, pricing some advertisers out of the market
- **Amount of Processing Time and Attention**
    - No guarantee viewers will notice product
    - Some product placements are more conspicuous than others
    - When product is not featured prominently, advertiser runs risk of not being seen
    - Some placements last only a few seconds
- **Scheduling Flexibility**
    - Many times, advertiser has no say over when and how often product will be shown
- **Media Image**
    - Many viewers are incensed at the idea of placing ads in programs or movies
    - They want to maintain the barrier between program content and commercials
    - If placement is too intrusive, they may develop negative attitudes toward brand
- **Target Audience Selectivity**
    - By its nature of being cast in a movie, potential for exposure beyond brand's target audience is enormous
    - Certain amount of selectivity is viable through type of movie or show, but there is likely considerable wasted coverage
- **Target Audience Coverage**
    - Movie attendance historically strong; however, in many cases it will be difficult to reach substantial portion of one's audience with single movie
    - Even a hit TV show may reach only portion of target audience

Audience Measurement for Product Placement

- No audience measurement is available except from providers
- Advertisers often have to make decisions based on their own creative insights or rely on credibility of source
- At least 2 studies have demonstrated potential effectiveness of product placements

Chapter 14 – Sales Promotion

Sales Promotion Planning

Characteristics of Sales Promotion

- Has been defined as "direct inducement offering extra value or incentive for product to salesforce, distributors, or ultimate consumer with primary objective of creating immediate sale"
- Extra incentive is usually key element in promotional program
- Sales promotion generally an acceleration tool – speed up buying process of consumers

- Can motivate consumers to purchase larger quantity of brand or shorten purchase cycle
- Ideal sales promotion generates sales that would not be achieved by other means

Types of Sales Promotion

- **Consumer sales promotion**
  - Directed towards end users
- **Trade sales promotion**
  - Directed towards channel members such as distributors, wholesalers, retailers…
- **Promotional Push Strategy**
  - Programs designed to persuade the trade to stock, merchandise, and promote manufacturer's products
  - Goal to push product through channels of distribution with promotional activities
  - Tries to convince resellers they can make profit on manufacturer's product and encourage them to order the merchandise and push it through to their customers
  - Generates short term sales – but undetermined in-store consumer response
- **Trade advertising**
  - Generally publications that serve particular industry, to generate reseller interest
- **Promotional Pull Strategy**
  - Spending money on sales promotion efforts directed to ultimate consumer
  - Goal to create demand among consumers and encourage them to request product from reseller who will then order the product
  - Stimulating demand at end-user level "pulls" product through channels of distribution
    - Not dependent upon trade pass-through – but trade may not order brand without consumer $

Growth of Sales Promotion

- **Strategic Importance of Sales Promotion**
  - Sales promotion specialists used to participate in planning after key strategic branding decisions were made to develop promotional program to create short-term increase in sales
  - Now companies include promotional specialists as part of strategic brand-building team, and promotional agencies offer integrated marketing services and expertise to enhance brand equity
- **Reaching Specific Target Audience**
  - Sales promotions are used to reach geographic, demographic, psychographic, and ethnic audiences
  - Can be targeted to specific user-status groups such as customers or non-customers and non-category users or light versus heavy users
- **Increased Promotional Sensitivity**
  - Greater use of sales promotion in marketing programs because consumers respond favourably to the incentives it provides

- **Declining Brand Loyalty**
    - Consumers are less loyal to one brand
    - Some consumers are always willing to buy preferred brand at full price without any type of promotional offer; however, many consumers are loyal coupon users and/or are conditioned to look for deals when they shop
    - If brands are all perceived as being satisfactory and interchangeable, favourable brand switchers purchase whatever brand is on special or for which they have a coupon
- **Brand Proliferation**
    - Companies increasingly depend on sales promotion to encourage consumers and trade members to try or adopt brands in product categories that are saturated with new brands that may lack significant advantages that can be communicated in ad campaign
- **Short-Term Focus**
    - Many managers view consumer and trade promotions as most dependable way to generate short-term sales
- **Increased Accountability**
    - Increased emphasis on ROI of marketing expenditures from senior management puts pressure on marketing or brand managers and salesforce to produce short-term results
    - Managers being held accountable to produce results often use price discounts or coupons since they produce quick and easily measured jump in sales
- **Growing Power of Retailers**
    - Retailers have gained access to data concerning how quickly products turn over, which sales promotions are working, and which products make money
    - Retailers use this info to analyze sales of manufacturers' products and demand discounts and other promo support from manufacturers of lagging brands
        - Those who don't comply lose shelf space or have their products dropped entirely
- **Competition**
    - Reliance on trade and consumer promotions to gain or maintain competitive advantage
    - **Account-specific marketing:** manufacturer collaborates with individual retailer to create customized promotion that accomplishes mutual objectives

Sales Promotion Plan

Objectives of Consumer Sales Promotion

- **Trial Purchase**
    - Encourage consumers to try new product or service
    - Many new brands are new versions of existing product without unique benefits – advertising alone cannot induce trial, need promotional support
    - Also relevant for established brand trying to attract nonusers of product category
        - Can be difficult – may not see need for product
- **Repeat Purchase**

    - Success of new brand depends not only on getting initial trial, but also inducing reasonable percentage of people who try to repurchase it and establish ongoing purchasing patterns
- **Increasing Consumption**
    - Sales promotion can generate new interest in established brand to help increase sales or defend market share against competitors
    - One way to increase product consumption is by identifying new uses for the brand
- **Build Brand Equity**
    - Maintaining or building brand equity now also important objective of sales promotions
    - Trying to do more than increase short-term sales
    - Want promotions requiring consumer involvement with brand

Consumer Sales Promotion Strategy Decisions

- **Sales Promotion Strategy Options**
    - Key strategic decision for marketer concerns most appropriate sales promotion option that will best achieve behavioural objective for target audience
    - **Franchise-Building Characteristic –**
        - ***Consumer Franchise-Building Promotions:*** sales promotion activities communicating distinctive brand attributes and contribute to development and reinforcement of brand identity
            - Designed to build long-term brand preference and help company achieve ultimate goal of full-price purchases that don't depend on promotional offer
    - **Nonfranchise-Building Characteristics –**
        - ***Nonfranchise-Building Promotions:*** designed to accelerate purchase decision process and generate immediate increase in sales
            - They don't communicate info about brand's unique features or benefits of using it, so they don't contribute to building the brand equity and image
            - Examples: price-off deals, bonus packs, rebates or refunds, trade promotions
    - **Incentive Characteristic**
        - Sales promotions provide extra incentive for engaging in certain form of behaviour
        - Sometimes immediate incentive, sometimes delayed – marketer chooses balance between immediate or delayed incentives depending on target audience and behavioural objectives
        - ***Operant Condition:*** explanation of how sales promotion incentives work - individuals act on an aspect of the environment that reinforces behaviour

            - If consumer buys product with sales promotion and experiences positive outcome, likelihood that they will use the product again increases, and vice-versa
    - 2 aspects of reinforcement relevant to sales promo strategies:
        - ***Schedules of reinforcement:*** result in various patterns of learning and behaviour
            - Learning occurs most rapidly under *continuous reinforcement schedule* – response is rewarded, but behaviour is likely to stop when reinforcement stops
            - Learning occurs more slowly but lasts longer when *partial or intermittent reinforcement schedule* is used – only some of the responses are rewarded
        - ***Shaping:*** reinforcement of successive acts that lead to desired behaviour pattern or response
            - In promotional context, shaping procedures are used as part of introductory program for new products
            - Must be careful in use of shaping – if incentives are dropped too soon, consumer may not establish desired behaviour; if they overuse them, consumer's purchase may become contingent on the incentive rather than product or service
- **Application Across Product Lines**
    - Degree to which sales promotion tool is applied to range of sizes, varieties, models, products
    - 3 important product decisions for sales promotions:
        - Should the sales promo should be run on entire line or on individual items?
        - If only on individual items, which ones?
            - More or less popular items, high or low price points…
        - Should sales promotion be run on "regular" stock or some other special version
- **Application Across Geographic Markets**
    - Can be run nationally or in select markets
    - Local or regional market conditions tend to dictate degree of tailoring sales promo for each geographic market
    - 3 factors to consider with offering different sales promotions for different geographic markets:
        - Regional focus requires additional managerial commitment in planning and implementation
        - Achieving objectives more specifically may cost more – requiring cost-benefit analysis
        - National accounts may not be too receptive, with different types of sales promo in one province versus another

<u>Consumer Sales Promotion Tactics Decisions</u>

- **Value of Incentive**
    - Have to decide value of the sales promo (10, 20 – percent discount?)
    - Contingent upon threshold at which consumers will respond to a sales promotion and the number of potential consumer responses – each will contribute to total promo cost
    - Non-economic interpretation of value also possible
- **Timing**
    - ***When:*** Have to decide which months, weeks, days the sales promotion will be offered – consumption pattern may guide the choice (seasonal, etc.)
    - ***Duration:*** Can be offered for 1 day, 1 week, a few weeks, a few months – guided by target audience and behavioural objectives
    - ***Frequency:*** final timing consideration – offer coupons every 6 months, 2 every six months..
- **Distribution**
    - Consideration of how promo will get to the consumer or how they will get to the promo
    - Cost/effectiveness trade-off

Consumer Sales Promotion Strategy Options

Sampling

- Consumers are given some quantity of product for no charge to induce trial
- Most expensive, but often considered most effective
- Often used to introduce new product or brand – but also for established brands
- Packaged goods producers are heavy users – their products meet 3 criteria for effective sampling program:
    - Products are of relatively low unit value, so samples don't cost too much
    - Products are divisible – can be broken into small sample sizes that are adequate for demonstrating brand's features and benefits to the user
    - Purchase cycle is relatively short, so consumer will consider immediate purchase or won't forget about brand before next purchase
- **Strengths of Sampling**
    - Generates much higher trial rates than advertising or other sales promo techniques
    - Consumers experience brand directly, gaining greater appreciation for its benefits
        - Important when they are difficult to explain through advertising
- **Limitations of Sampling**
    - Brand must have unique or superior benefits for sampling program to be worthwhile – otherwise sampling consumer will revert back to other brands
    - Costs of sampling program only recovered if a number of consumers become regular users of the brand at full retail price
    - Benefits of some products are difficult to gauge immediately
- **Sampling Methods**

    - Method is important for cost but also because it influences type of consumer who receives it
    - ***Door-to-door sampling:*** used when it's important to control where sample is delivered
    - ***Sampling through media:*** delivered through print media
    - ***Sampling through mail:*** control over where and when product is distributed – can target specific market areas
    - ***In-Store Sampling:*** effective for food products
    - ***On-Package Sampling:*** cost-effective, especially for multiproduct firms
    - ***Event Sampling***
    - ***Location Sampling:*** allows companies to use specialized sample distribution services that help company identify consumers who are non-users of product or users of other brands and developing procedures to distribute sample to them – universities, colleges..
    - ***Internet:*** software, information, entertainment products
- Multiple methods can occur

<u>Coupons</u>

- **Strengths of Coupons**
    - Makes it possible to offer price reduction only to those who are price-sensitive
    - Allow you to reduce retail price without cooperation of retailers
    - Lower price reduces consumer's perceived risk to trying new brand
- **Limitations of Coupons**
    - Potential that they will not achieve their intended objective
        - Aimed at new users, but are used by current users
    - Difficult to estimate how many consumers will use coupon and when
        - Often takes long time for them to be used
    - Low redemption rates, and high costs
- **Coupon Distribution**
    - ***Newspaper Freestanding Inserts:*** most popular method
    - ***Direct Mail:*** packet of coupons for different products sent to household
    - ***Newspapers and Magazines:***
    - ***Packages:***
        - *bounce-back coupon* (redeemable for next purchase of same brand,
        - *cross-ruff coupon* (redeemable on purchase of different product, usually made by same company but occasionally through tie-in with another manufacturer)
        - *instant coupon* (attached to outside of package so consumer can rip it off and redeem it immediately at time of purchase)
    - ***In-Store:*** tear-off pads, handouts, on-shelf dispensers, electronic dispensers
    - ***Internet:*** risk of fraud

<u>Premiums</u>

- Gifts or merchandise included in product package or sent to consumers

- **Strengths of Premiums**
    - High impulse value and can provide extra incentive to buy product
    - Build brand image and co-branding
    - Ability to work with rest of IMC program effectively to build brand image
    - Encourage trade support and gain in-store displays for brand and the premium offer
- **Limitations of Premiums**
    - Cost factor – premium itself as well as extra packaging needed
    - Solution to this is to offer **self-liquidating premiums** (requiring consumer to pay some or all of the cost of the premium
    - Some offers require consumer to send more than one proof of purchase to receive premium
    - Marketer faces risk of poor acceptance and is left with supply of items with logo or some other brand identification that makes them hard to dispose of

Contests and Sweepstakes

- **Contest:** promotion where consumers compete for prizes or money on basis of skills or ability
    - Usually provide purchase incentive by requiring proof of purchase or entry form
- **Sweepstakes:** promotion where winners are determined purely by chance
    - Cannot require proof of purchase as condition for entry
    - One form of sweepstakes is **games**
- **Strengths of Contests and Sweepstakes**
    - Sales can be enhanced by trial and repeat purchases through sweepstakes advertised via in-store ad-pads
    - Contests can be designed to be consistent with brand positioning strategy used in advertising
- **Limitations of Contests and Sweepstakes**
    - Do little to contribute to consumer franchise building for product or service and may even detract from it
    - The sweepstakes or contest often becomes dominant focus rather than brand
    - Numerous legal considerations
    - Participation by professionals or hobbyists who submit many entries with no intention of purchasing product or service

Refunds and Rebates

- **Refunds** are offers to manufacturer to return portion of product purchase price, usually after consumer supplies some proof of purchase
- **Strengths**
    - Can help create new users and encourage brand switching or repeat purchase behaviour, or can be a way to offer temporary price reduction
    - Perception of immediate savings (even though many people don't follow through on the offer) can influence purchase even if consumer fails to realize savings

- **Limitations**
    - Many consumers are not motivated by refund offer because of delay and effort required to obtain the savings
    - Consumers can become dependent on rebates and delay their purchases or purchase only brands for which rebates are available

Bonus Packs

- Offer consumer extra amount of product at regular price by providing larger containers or extra units
- Lower cost per unit for consumer and extra value as well as more product for the money
- **Advantages**
    - Give marketers direct way to provide extra value without having to get involved with complicated coupons or refund offers
    - Can be an effective defense maneuver against competitor's promotion or introduction of new brand
    - Loading consumers with large amounts of its product, marketer can often remove these consumers from market and make them less susceptible to competitor's promotional efforts
    - May result in larger purchase orders and favourable display space in stores
- **Disadvantages**
    - Require additional shelf-space without providing extra profit margins for retailer, so if trade relationship with retailer is not good, this may cause problems
    - May appeal primarily to current users who probably would have purchased the brand anyways, or to promotion-sensitive consumers who may not become loyal to the brand

Price-Off Deals

- Reduces price of the brand
- Typically offered on the package
- **Advantages**
    - Since they're controlled by the manufacturer, it can make sure the promotional discount reaches the consumer rather than being kept by the trade
    - Presents readily apparent value to shoppers
    - Can be strong influence at point-of-purchase when comparisons are being made
    - Can encourage consumers to buy larger quantities

Frequency Programs

- AKA continuity or loyalty programs
- Marketers view these as a way of encouraging consumers to use products or services on continual basis and as a way of developing strong customer loyalty
- Relationship building is key to customer retention

- Allows marketers to develop databases with valuable info on customers

Event Marketing

- Not the same as event sponsorship
- Type of promotion where company or brand is linked to an event or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service
- Allows marketers to develop integrated marketing programs including promo tools that create experiences for consumers in effort to associate brands with certain lifestyles and activities
- **Event Sponsorship:** integrated marketing communications activity where company develops actual sponsorship relations with particular event and provides financial support in return for the right to display brand name, logo, or advertising message and be identified as supporter

Trade Sales Promotion

Objectives of Trade Sales Promotion

- **Obtain Distribution for New Products**
    - Often used to encourage retailers to give shelf space to new products
        - Trial purchase objective
    - Manufacturers provide retailers with financial incentives to stock new products because they're aware of limited shelf space
    - Some types of trade sales promotion are trade discounts or other special price deals, merchandising allowances, incentive programs, contests
- **Maintain Trade Support for Established Brands**
    - Often designed to maintain distribution and trade support for established brands
        - Relates to repeat purchase objective
    - Brands in mature stage of product life cycle may lose distribution – trade deals induce wholesalers or retailers to continue to carry weaker products because the discounts increase profit margins
- **Build retail inventories**: manufacturers often use trade promotions to build the inventory levels of retailers or other channel members, another form of repeat purchasing. Reasons: wholesalers and retailers are more likely to push a product when they have high inventory levels rather than storing it in their warehouses, also ensures they will not run out of stock and miss sales opportunities. Some manufacturers of seasonal products offer large promotional discounts so that retailers will stock up on their products before the peak selling season begins. This enables manufacturers to smooth out seasonal fluctuations in its production schedule and pass some of the inventory costs on to retailers or wholesalers
- **Encourage retailers to display established brands**: another objective is to encourage retailers to display and promote an established brand. This could lead to increased

consumption since the retailer demonstrates increased commitment. Marketers recognize that many purchase decisions are made in the store and promotional displays are an excellent way of generating sales. A important goal is for the display to be away from its regular shelf location, which will increase the probability of shoppers coming into contact with the product.

Trade sales promotion strategy options:

Trade allowances: discount or deal offered to retailers or wholesalers to encourage them to promote, display, or stock the manufacturer's products. Includes:

- Buying allowances: a deal or discount offered to sellers in the form of a price reduction on merchandise ordered during a fixed period. Discount usually comes in the form of an **off-invoice allowance**, which means a certain per-case amount or percentage is deducted from the invoice. Buying allowance can also take the form of free goods, where the reseller gets extra cases with the purchase of specific amounts.
- Promotional (display) allowances: manufacturer gives retailer allowances or discounts for performing certain promotional or merchandising activities in support of their brands. Includes special displays away from product's regular shelf position, running in-store promotional programs, or including the product in an ad. The manufacturer supplies guidelines or a contract that the retailer must follow to qualify for the promotional allowance, which is usually a fixed amount per case or a percentage deduction from the list price of the product.
- Slotting allowances: retailers often demand a special allowance for agreeing to accept a new product. Slotting (or stocking) allowances, introductory allowances, or street money, are fees retailers charge for providing a slot or position to accommodate the new product. These allowances are justified by retailer because: redesign store shelves, enter product into computers, find warehouse space, brief store employees on new product, risk product won't sell.

Strengths of trade allowances:

- Easy to implement
- Well accepted
- Effective way to encourage resellers to buy a manufacturer's product
- brands get specialized displays to feature their products
- brands can decide to obtain a favourable location within the store

Limitations of trade allowances:

- marketers give retailers trade allowances so that the savings can be passed on to consumers, which is not the case. Only 30% of trade promotion discounts actually reach the consumer
    - **forward buying**: retailers and wholesalers stock up on a product at the lower deal or off-invoice price and resell it to consumers after the promotional period ends
    - **diverting**: retailer or wholesaler takes advantage of the promotional deal and the sells some of the product purchased at the low price to a store outside its area or to an intermediary that resells it to other stores
- leads to huge swings in demand that cause production scheduling problems and leave manufacturers and retailers always building toward or drawing down from a promotional surge
- marketers worry that the system leads to frequent price specials, so consumers learn to make purchases based on what's on sale rather than developing any loyalty to their brands

Point-of-purchase displays: help advertisers obtain more effective in-store merchandising of products. Display cats as a medium since it is an important method of transmitting an advertising-like message when consumers are making a purchase decision. Approximately 2/3 of consumers' purchase decisions are made in the store. A display is also viewed as a sales promotion since many of the messages include a sales promotion and most required the participation of retailers that necessitates a payment that is often recorded as a trade promotion expense in the budget.

Strengths of p-o-p displays:

- reaches target audience while they are making the brand choice
- geographic coverage objectives can also be achieved by distributing p-o-p displays across the country
- communicates to virtually all people who are considering purchasing in a particular category except those going direct through the internet

limitations of p-o-p displays:

- shopping experience of consumer may be hindered by many promotional messages
- shoppers may feel the clutter
- hard to achieve frequency
- retailer may not set-up display correctly

cooperative advertising: a trade promotion that has consumer effects like point-of-purchase displays, where the cost of advertising is shared by more than one party. 3 forms:

- **vertical cooperative advertising**: manufacturer pays for a portion of the advertising a retailer runs to promote the product and its availability in the retailer's place of business. Manufacturers generally share the cost of advertising run by the retailer on a percentage basis, usually 50/50, up to a certain limit.
- **Horizontal cooperative advertising**: sponsored in common by a group of retailers or other organizations providing products or services to the market. Ex: car dealers located near one another often allocate some of their ad budgets to a cooperative advertising fund.
- **Ingredient-sponsored cooperative advertising**: supported by raw materials manufacturers; its objective is to help establish end products that include the company's material and/or ingredients

Contests and incentives: to stimulate greater selling efforts and support from reseller management or sales personnel. Contests or incentive programs can be directed toward managers who work for a wholesaler or distributor as well as toward store or department managers at the retail level. Manufacturers often sponsor contests for resellers and use prizes such as trips or valuable merchandise as rewards for meeting sales quotas or other goals. Contests can also be targeted to the sales personnel of the wholesalers, retailers. Usually involve cash payments, known as **push money**, to encourage sales staff to promote and sell a product

Events: often event marketing or event sponsorship programs directed to consumers are also linked to the trade as a way to foster good relationships among channel members and to enhance merchandising activities.

Sales training programs: for reseller personnel. Many products sold at the retail level required knowledgeable salespeople who provide consumers with information about the features and benefits of various brands and models. Manufacturers provide sales training assistance to retail salespeople through training session so that retail personnel can increase their knowledge of a product or product line. Presents info and ideas on how to sell the product. Manufacturers can also provide assistance to retail employees by providing their own salesforce, where the sales reps educate personnel about their product line.

Trade shows: targeted to resellers, manufacturers display their products to current as well as prospective buyers. They are often attended by important management personnel from large retail chains as well as by distributors and other reseller representatives. At trade shows, manufacturers can demonstrate their products, identify new prospects, gather customer and competitor info, and even write orders for products. Trade shows are also helpful for introducing new products. Trade shows generate product awareness and interest and can have a measurable economic return.

Chapter 15 – Public Relations

Public Relations

Traditional Definition of PR

- "Management function which evaluates public attitudes, identifies policies and procedures of an organization with the public interest and executes a program of action (and communication) to earn public understanding and acceptance"
- Involves much more than activities designed to sell product or service
- PR program may involve some of the promotional program elements previously discussed but use them in a different way
    - Press releases may be mailed to announce new products or changes in organizations, special events may be organized to create goodwill in community, and advertising may be used to state firm's position on an issue

New Role of PR

- Now takes on a broader, more marketing-oriented perspective, designed to promote organization as well as its products and/or services
- PR usage might be best viewed as a continuum
    - At one end, PR is used from traditional perspective
        - Non-marketing function, maintaining mutually beneficial relationships between organization and publics
        - Marketing and PR are separate departments
    - At other end, PR is considered primarily marketing function
        - All noncustomer relationships perceived as necessary only in marketing context
        - In these organizations, PR reports to marketing
        - Moving much closer to marketing function

Publicity

- Refers to generation of news about a person, product, service, or organization that appears in broadcast or print media, and now on the Internet
- Sometimes appears that publicity and PR occur in close proximity
- Other times, it seems publicity is the end result or effect of the public relations effort
- Marketers often provide news media with pre-packaged material
- **Video News Release**
    - Publicity piece produced by publicists so that stations can air it as a news story
- Print media receive material from brands hoping to get editorial story

- Publicity usually lasts short period of time
- Not always positive, and not under control of firm

Public Relations Plan

Situation Analysis

- Current assessment of people's attitudes toward firm, its product/service, or specific issues beyond those directed at a product or service
- Attitudes may affect sales
- Reasons for research on public attitudes:
    - **Input into planning process:** once attitudes are determined, they become starting point in development of programs designed to maintain favourable positions or change unfavourable ones
    - **Early warning system:** may require substantial time and money to correct problem. Research may allow firms to find problems and deal with them before they become serious issues
    - **Increases effectiveness of communication:** the better the firm understands problem, better it can design communications to deal with it

Determine Relevant Target Audiences

- ***Internal audiences:*** Connected to organization in some way and include employees, shareholders and investors, members of local community, suppliers, current customers
- ***External audiences:*** Not closely connected with organization (public at large)
- **Employees of the Firm**
    - Maintaining morale and showcasing results of employees' efforts often objectives of PR program
    - Methods used to communicate with these groups: organizational newsletters, notices on bulletin boards, paycheque envelope stuffers, direct mail, annual reports
- **Shareholders and Investors**
    - Annual report providing shareholders and investors with financial info regarding firm
    - Also used to inform them on why firm is or is not doing well, future plans, and other info going beyond numbers
- **Community Members**
    - People living and working in community where firm operates are often target of PR efforts
        - Ads informing them of activities, etc.
- **Suppliers and Customers**
    - If consumers think company is not socially conscious, may take loyalties elsewhere
    - Suppliers may do the same
- **Media**
    - They determine what you will read or see on TV and how this news will be presented

    - They should be informed of the firm's actions
    - Press releases and conferences, interviews, and special events
    - Generally receptive to such information as long as it's handled professionally
- **Educators**
    - Canadian Marketing Association and Promotional Products Association of Canada, among others, keep educators informed in an attempt to generate goodwill and exposure for their causes
- **Civic and Business Organizations**
    - Companies' financial contributions to these groups, speeches at organization functions, and sponsorships are all designed to create goodwill
    - Corporate executives' service on boards of non-profit organizations also generates positive public relations
- **Governments**
    - Often attempts to influence government bodies at local and national levels
    - Successful lobbying can help product, regulations detrimental to firm may cost it millions
- **Financial Groups**
    - Potential shareholders and investors may be relevant target markets
    - Must be kept aware of new developments as well as financial information, since they offer potential for new sources of funding

Behavioural Objectives

- Trial purchase, repeat purchase, purchase-related action, or consumption (same as before)
- Must know behavioural objective for each target market
- "purchase" for PR may be seen as "buying into the idea" or some other specific behaviour in order to carefully define objectives

Communication Objectives

- (Same as chapter 5) – category need, brand awareness, brand attitude, purchase intention, purchase facilitation
- Each of these can be focus of PR plan, although slight modifications are needed
    - "Brand" may be corporation itself or new product talked about in press release
    - "Category" may refer to particular topic or focus of the public relations message
- Awareness is critical for brand and is important for organization
- PR plan should have specific section outlining attitude change or modification desired

Strategy

- **Focus of the Message**
    - *Marketing Public Relations* functions: PR activities designed to support marketing objectives

        - Raising awareness, informing and educating, gaining understanding, building trust, giving consumers a reason to buy, generating consumer acceptance
- **Creative of the Message**
    - In deciding what message to communicate, have to decide whether creative strategy of advertising or other IMC tools should be adopted for PR
    - One argument that all communications should have common look and feel
    - Counter-argument is that unique target audiences with specific message should have appropriate associated creative
- **Delivery of the Message**
    - Can turn to media who will have choice of publishing or not publishing materials the organization submits
    - Can also turn to other options where they control dissemination of message through different types of corporate advertising opportunities where they're responsible for the cost

Tactics

- Choice of news media or corporate advertising determines types of tactics employed
    - With news media, marketer needs to know how to make media presentation, whom to contact, how to issue press release, and what to know about each medium addressed
        - Decisions also have to be made about alternative media (news conferences, seminars, events, personal letters) along with insights on how to deal with government and other legislative bodies

Public Relations Effectiveness

- Evaluation tells management:
    - How to assess what`s been achieved through PR activities
    - How to measure PR achievements quantitatively
    - How to judge quality of PR achievements and activities
- Suggested managerial approaches and research methods for accomplishing evaluation of PR process:
    - ***Management by Objectives****:* executives and managers act together to identify communication objectives to be attained and responsibilities of managers. These are used as standard to measure accomplishments
    - ***Matching Objectives and Results:*** specific communications objectives should be related to actions, activities, or media coverage
    - ***Personal Observation and Reaction:*** Personal observation and evaluation by one`s superiors should occur at all levels of the organization
    - ***Internal and External Audits:*** internal audits involve evaluations by superiors or peers within firm to determine performance of employee (or his or her programs). External audits are conducted by consultants or other parties outside the organization
- Others suggest comprehensive approaches like we saw with advertising

- Three levels suggested:
    - Basic – measures actual PR activities undertaken
    - Intermediate – measures audience reception and understanding of the message
    - Advanced – measures perceptual and behavioural changes that result

Media Publicity

- **Media Publicity:** publicity that the firm attempts to control by influencing media to report and organization's story to the public
- ****Ketchum Effectiveness Yardstick – *Figure 15-3*****

Media Options

- **Press Releases**
    - To be used by press, info must be true, factual, and of interest to medium as well as audience
    - Source of press release can do some things to improve likelihood of news being disseminated
        - Ensuring it reaches right target audience, making it interesting, and making it easy to pass along
- **Press Conferences**
    - Can be very effective as scenes of corporate spokespeople will be viewed on TV
    - Press conferences often called when companies have significant news to announce – new product, advertising campaign, etc..
    - Sports teams use this to attract fan interest when a new star is signed
- **Exclusives**
    - Offer one particular medium exclusive rights to a story if that medium reaches a substantial number of people in target audience
    - May enhance likelihood of acceptance, and sometimes media actually use these to promote themselves
- **Interviews**
    - Someone will raise specific questions and spokesperson provided by firm will answer them
    - Often the president or owner will give interviews when there is significant news
- **Community Involvement**
    - Involvement in local community that is covered by media
    - Membership in local organizations, contributions to or participation in community events…

Strengths of Media Publicity

- **Credibility**
    - Not perceived in same light as advertising

    - Consumers understand that most advertising is directly paid for by the organization
    - Media not being compensated for providing the story so it may lead receivers to believe it is more truthful and credible
- **Endorsement**
    - Info from media publicity may be perceived as endorsement by media
- **Cost**
    - Cost of media publicity in absolute and relative terms is very low
    - Many PR programs require little more than time and expenses associated with putting the program together and getting it distributed
- **Avoidance of Clutter**
    - Typically perceived as news items so media publicity messages are not subject to the clutter of ads
- **Reach Specific Audiences**
    - Some products appeal only to small market segments – not feasible to engage in advertising and/or promotions to reach them
- **Image Building**
    - Effective PR helps develop positive image for organization
- **Frequency Potential**
    - Successful PR activity could generate exposure in multiple media

Limitations of Media Publicity

- **Weaker Brand or Corporate Identification Effect**
    - Potential for not completing communications process
    - Receiver may not make connection between message and source
- **Inconsistent Message**
    - May misfire with mismanagement and lack of coordination with marketing department
    - When marketing and PR departments operate independently, danger of inconsistent communications or redundancies in efforts
- **Timing**
    - Not always completely under control of marketer
    - Unless press thinks info has very high news value, timing is entirely up to media
- **Accuracy**
    - Info sometimes gets lost in translation – not always reported the way provider wishes it to be

Corporate Advertising

- **Corporate Advertising:** marketing communication implemented for direct benefit of corporation rather than its products or services
- Firm exerts complete control over communication process rather than relying on media acceptance for publicity to occur

Corporate Reputation

- Planning process used by executives of a leading PR firm in its efforts to assist clients with reputation management:
    - Gain detailed, forward-looking understanding of corporate business objectives, competitive positioning, and desired corporate reputation or corporate brand.
    - Define key audience, and derive audience-specific behavioural and attitudinal objectives and audience-specific corporate positioning attributes
    - Assess current perceptions of company held by each key stakeholder group or audience on each of the key reputational attributes
    - Implement reputation-management programs throughout the corporation
    - Establish ongoing plan to measure and monitor corporate reputation, and use reputation measurement to refine communication programs
- **Corporate reputation:** convey idea of corporate image – key outcome of corporate advertising is to influence overall perceptions of the organization

Image Advertising

- Promoting organization's overall image
- May accomplish number of objectives, including creating goodwill internally and externally
- **Positioning**
    - Firms need to establish position in marketplace – corporate image advertising activities are one way to accomplish this objective
    - Well-positioned product more likely to achieve success than one with vague or no image – same with the firm
- **Television Sponsorship**
    - Often corporate image advertising run on TV programs or specials
    - Hopes for carryover effect of high-quality or educational programming, benefitting firm's image
- **Recruitment**
    - Corporate image advertising designed to attract new employees
- **Financial Support**
    - Some corporate advertising is designed to generate investments in the corporation
    - Firm makes itself attractive to potential stock purchasers and investors by creating more favourable image
    - More investments = more working capital, more monies for R&D and so on
- **Advocacy**
    - Firms often take position on social, business, or environmental issues influencing their image and public's perception

Cause-Related Advertising

- When companies link with charities or non-profit organizations as contributing sponsors
- Benefits from favourable publicity, while charity receives much-needed funds
- Association with cause may differentiate brand or store from another, increase consumer acceptance or price increases, generate favourable publicity, and even win over skeptical officials who may have an impact on the company
- Companies sometimes also establish a worthy cause themselves
- Companies can get into trouble by misleading consumers about their relationships with cause
- Also possible to waste money by hooking up with a cause that offers little connection or relation to brand

Sponsorship

- **Overview**
    - Activities where fee is paid in exchange for various marketing communications benefits for organization are known as **event sponsorship**
    - Event provides exposure to selective audience, and potentially larger audience with TV coverage or photos or video posted on internet
- **Types of Sponsorship**
    - Endorsing deals or sponsoring a team, league, event, athlete, organization, stadium naming rights, broadcast rights
    - Goal is to associate a brand with target audience`s entertainment consumption or lifestyle, enriching overall brand experience
    - 3 levels of sponsorship:
        - *Proprietary:* little or no external sanctioning or partnerships
        - *Affiliated advertising:* utilizes assets of sponsorship or association
        - *Programming:* lives within larger event or sponsorship
- **Brand Positioning**
    - Effective IMC programs can be built around event sponsorships and promotional tie-ins can be made to local, regional, national, international markets
    - Event sponsorships excellent platform from which to build equity and gain affinity with target audiences as well as good PR tool for corporation in general
- **Target Audience Fit**
    - Event sponsorships are very effective ways to reach specific target audiences based on geographic, demographic, psychographic, and ethnic characteristics
- **Target Audience Exposure**
    - Event sponsorship gets company and/or product names in front of consumers
- **Brand Activities**
    - Most sponsored events include guidelines on what level of marketing the brand's support permits in terms of the number and size of signs
- **Measuring Sponsorship Effectiveness**
    - Sponsorship planning follows general framework of: performing situation analysis with relevant consumer and competitive research, establishing objectives, developing

strategy and tactics, and outlining criteria and measures of effectiveness to assess whether objectives have been met

- Measures of effectiveness can be categorized as exposure-based methods or tracking measures
  - ***Exposure methods:*** classified as those that monitor quantity and nature of media coverage obtained for sponsored event and those that estimate direct and indirect audiences. These measures have been commonly employed by corporations, but heavily criticized by scholars. Arguments against: media coverage is not the objective of sponsorships and should not be considered a measure of effectiveness – provide no indication of perceptions, attitude change, behavioural change and should therefore not be considered measures of effectiveness
  - ***Tracking measures:*** designed to evaluate awareness, familiarity, and preferences engendered by sponsorship based on surveys. Tracking measures could be done for current customers, potential customers, and general public before, during, and after event to get complete picture of sponsorship
- Should use several measure to assess impact of sponsorship
- One innovative and comprehensive measurement system is SponsorScope
  - Examines items like media used, media and sponsor visibility, and usage of sales promotion tools, along with items like number of event sponsors, event's reputation, category exclusivity, leveraging potential for employees, and event's communication plan

Chapter 16 – Direct Marketing

What is direct marketing?

- A system of marketing by which organizations communicate directly with target customers to generate a response or transaction. This response may take the form of a phone inquiry, a retail visit, or a purchase.
- Direct marketing involves marketing research, segmentation, strategic and tactical decisions, and evaluations.
- For the execution, direct marketing uses a set of direct response media, including direct mail, telemarketing, interactive TV, print, the Internet, and other media to reach both customers and prospective customers

- The choice of which direct response media to use depends on whether the identity of the target audience is known. Ex: direct mail can be addressed
- An important element of direct marketing and the selection of the most appropriate direct-response media is the development and use of a database

Developing a database: To segment and target their audiences, direct marketers use a database, a listing of customers and/or potential customers. This database is a tool for database marketing – the use of specific information about individual customers and/or prospects to implement more effective and efficient marketing communications

- Using database information: the creation and development of the database is the first and obviously necessary step for this program. Databases include names, addresses, and postal codes. Canada's privacy legislation places limitations on what marketers can do with information stored in their databases. The database permits extensive and advanced statistical analysis to identify specific audiences for which a customized and/or personalized advertising or promotional offer can be delivered through a direct-response medium. Databases also **improve the selection of market segments**, by analyzing the characteristics of the database. They can also stimulate **repeat purchases**: once a purchase has been made, name and other info are entered into database, these people are proven users with high potential for repurchase. Another function of a database is that it allows companies to **cross-sell**; customers who demonstrate an interest or purchase a certain product, also constitute strong potential for other products of the same nature. Another is **customer relationship management**, which requires that the marketer develop and maintain a significant amount of information about its clients, establish and maintain a relationship with customers through personalized communications and customized product/service offerings.
- Sources of database information:
    - Stats Canada: provides info on almost every household in Canada
    - Canada post: postal codes provide household and business locations
    - List services: many providers of lists are available. The accuracy and timeliness of the lists vary
    - Info Canada: Provincial Business Directory provides info regarding business lists.
    - Marketing research houses: large research houses conduct annual studies of customers who buy at home via mail or telephone. They compile info on total orders placed, types of products purchased, demographics, and purchase satisfaction

        - Loyalty programs: continuity programs designed to enhance loyalty are a new source of consumers with precise purchase patterns
        - Others: Canadian Marketing Association, Dunn and Bradstreet, Fortune 500, and other published periodicals of this nature all contain listed information that can be used for these purposes
        - Manufacturers, banks, credit bureaus, retailers, charitable organizations, and other business operations can sell their lists.
        - Companies can build their own databases through completed warranty cards, surveys, and so on.
    - Determining the effectiveness of the database:
        - many companies do not use their database effectively
        - the list must be kept current and updated frequently
        - the **RFM scoring method**, stands for recency, frequency, and monetary transactions between the company and the customer. Every time there is a transaction, data must be entered so that the company can track how recently purchases have been made, how often they are made, and what amounts of money are being spent. The company can identify trends and buying patterns

Direct Marketing Plan

- target audiences for direct marketing:
    - can target specific current customers, which can be personalized or customized
    - can target unknown people (i.e unaddressed direct mail). The databases are used to identify the most relevant profile variables to ensure the highest response rate possible
    - can target both current customers and prospective customer, using information from an alternative database.
- Direct marketing objectives:
    - Seeking an immediate behavioural response (brand trial, re-trial, switching, or category trial)
    - For current customers, the objective can be to increase the rate, amount, or timing of the purchase
    - Purchase-related behaviour can also be an objective (retail visits, samples, request for information, etc)
    - Communication objectives are also present (awareness, attitude)

Direct-response media: can follow one of two approaches. In the **one-step approach**, the medium is used directly to obtain an order. The **two-step approach** involves the use of more than one medium, where the first effort is designed to screen potential buyers; the second effort generates a response.

- Direct mail: significant medium. Canada post has a strong interest in developing the market for direct mail and provides extensive research and service to facilitate this goal. Consumers are quite favourable to reading mail if they are a customer of the sender, it is a promotional offer, or they have seen previous ads. Currently Canadians prefer mail over e-mail by a 4-1 ratio from businesses marketing their products. Direct mail is not only for low-cost products. Porsche sends direct mail to high-income, upscale consumers who are most likely to purchase the expensive car. Direct mail works well as the first step in the two step approach. The success of direct mail depends on the **mailing list,** the database from which the names are generated and the ability to segment markets.
- Catalogues: some companies rely solely on catalogue sales, while some companies use them in conjunction with their more traditional sales and promotional strategies. Catalogues can be used as a direct-marketing tool to attract a new target audience while not alienating the original loyal customers. The catalogues are also available online.
- Broadcast media: includes TV and radio, although radio is not used anymore for direct-marketing
    - Tv spots: referred to as short-term programs, these spots include direct-response commercials for products such as magazines and household goods. In direct-response advertising, the product or service is offered and a sales response is solicited through either the one or two step approach. Toll-free numbers are included so that the receiver can call to order. Many commercials are used to encourage website visits.
    - Infomercials: is a long commercial that ranges from 3 to 60 minutes, they are produced by the advertiser and are designed to be viewed as a regular TV show. Consumers dial a 1-800 or 1-900 number to place an order. The video capabilities of the internet may diminish infomercials further over the next few years. Despite this, infomercials are popular with small firms and have been adopted by mainstream marketers, like Apple and Microsoft. A study has shown that infomercials provide results similar to a direct experience with

the product. Infomercials are effective and reach a large demographic base.

- Teleshopping: shopping off of the television. Jewellery, kitchenware, fitness products, electronics, and a variety of items are now promoted and sold this way. The Shopping Channel is Canada's broadcast retailer.

- Print media: magazines and newspapers are difficult media to use for direct marketing because these ads have to compete with the clutter of other ads and because the space is relatively expensive. Response rates and profitsmay be lower than in other media
- Telemarketing: communication resulting in sales via the telephone. **Outbound telemarketing** refers to calls made by a company or its sponsor to a potential buyer or client, soliciting the sale of products, services, donations, votes… **Inbound telemarketing** occurs when a company has advertised its 1-800 number asking the customer to call the number. **Telemedia** is the use of phone and voice information services to market, advertise, promote, entertain, and inform. Problems with telemarketing include its potential for fraud, deception, and annoyance.

Direct marketing effectiveness: in situations requiring a direct response, measuring the effectiveness should include some specific behavioural measure in addition to the communication measures. Using the cost per order (CPO), advertisers can evaluate the relative effectiveness of an ad in only a few minutes based on the number of calls generated. By running the same ad on different stations, a direct marketer can determine the relative effectiveness of the medium itself. Ex: if the advertiser targets a $5 return per order and a broadcast commercial costs $2500, the ad is considered effective if it generates 500 orders.

Strengths of direct marketing:

- Target audience selectivity: using database information effectively, marketers can develop effective segmentation strategies.
- Target audience coverage: direct marketing lets the advertiser reach a high % of the selective target audience and reduces or eliminates waste coverage. Since the database allows precise target audience profiles, the direct-response media selected can achieve a strong level of hits. A good list allows for minimal waste, as only those consumers with the highest potential are targeted.
- Frequency: depending on the medium used, it may be possible to build frequency levels. Frequency is easy to accomplish for direct response TV ads because they are

the least expensive. Frequency cannot be accomplished with direct mail because the consumer will be annoyed to receive the same mail numerous times.

- Creativity for cognitive and emotional responses: direct marketing can take on a variety of creative forms
- Scheduling flexibility: direct response advertising can be very timely. Direct mail can be put together very quickly. Purchasing available tv time at the last possible moment gets you the best price.
- Personalization: no other advertising can be personalized as well as direct media.
- Costs: while the CPM for direct mail may be very high on a absolute and a relative basis, its ability to specifically target the audience and eliminate waste coverage reduces the actual CPM.

Limitations of direct marketing:

- Media image: many people believe unsolicited mail promotes junk products and others dislike being solicited. Direct-response ads on TV are often low-budget ads for lower-priced products, which contributes to the image that something less than the best products are marketed this way. Telemarketing is found to be irritating to most customers.
- Target audience coverage: also listed as an advantage. However the effectiveness depends on the accuracy of the lists used, if the lists aren't kept current, selectivity will decrease.
- Control for selective exposure: consumers have tremendous control when it comes to direct marketing, it's easy to simply toss a direct mail piece in the garbage
- Reach: the selectivity of direct marketing and the cost associated with it suggest that achieving high levels of reach are neither feasible nor even a realistic characteristic of the purpose of this marketing approach.