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18

Advertising, Sales Promotion, and Public Relations

LEARNING OBJECTIVES

After reading this chapter you should be able to:

**LO 18-
1**

Explain the differences between product advertising and institutional advertising and the variations within each type.

**LO 18-
2**

Describe the steps used to develop, execute, and evaluate an advertising program.

**LO 18-
3**

Explain the advantages and disadvantages of alternative advertising media.

**LO 18-
4**

Discuss the strengths and weaknesses of consumer-oriented and trade-oriented sales promotions.

**LO 18-
5**

Recognize public relations as an important form of communication.

Virtual Reality Is the New Reality for Advertising!

You may remember when Facebook announced that it had paid \$2 billion for a small company called Oculus Rift, and you wondered what could that company be doing that was so important. The answer is: virtual reality.

Oculus Rift manufactures wearable virtual reality (VR) headsets that look a little like ski goggles but when worn create a 360-degree immersive experience through high-quality video and audio. Many marketers believe VR will soon become an important way for advertisers to reach consumers. As Terry Block, a former Skype executive, explains, "When Facebook is involved, you know advertising is going to be a big piece of the picture."



© Rex Features via AP Images

So how will virtual reality work for businesses? According to Alex Lirtsman, cofounder of digital marketing agency ReadySetRocket, "It's the ultimate way a car company can showcase their latest car, a retailer can provide a view of their Fashion Week event, a travel destination can showcase activities, or any advertiser can truly take a 30-second spot to the next level." Virtual reality could also allow consumers to shop and browse at stores such as Nordstrom, IKEA, or Safeway at any time and without crowds.

Oculus Rift won't be the only company with a VR product on the market. Microsoft describes its HoloLens as a VR product that can be used for gaming, video-conferencing, and 3D modeling. Sony's Project Morpheus headset will potentially augment the gaming experience of the 10 million households that already own Sony PlayStation game systems. And Samsung's Gear VR is compatible with its Galaxy line of phones. Other entrants include HTC, Valve, and MergeVR. While current sales of VR products are approximately \$60 million, experts suggest that sales will reach \$150 billion in just five years.

Several companies have already implemented virtual reality campaigns. Mountain Dew, for example, created the VR Skate experience, which simulates a ride through the streets of Las Vegas with Dew

Tour pro-skaters. Mountain Dew then followed up with another campaign for snowboarders. The TV series *Game of Thrones* created a VR experience where users ascend a 700-foot ice wall, and Marriott hotels created an experience that “teleported” people to London or Maui. In the future VR products will also link to your phone, watch, and other devices to add other sensory elements to the experience.

VIDEO 18-1

Virtual Reality

kerin.tv/13e/v18-1

While some of this sounds like enthusiasm for a new gadget, advertisers are preparing for a substantial new medium. According to film director Chris Milk, “From an advertising perspective, it’s a very powerful tool. Advertisers

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are looking for two main things: penetrating people's consciousness and getting their undivided attention. With virtual reality, you have their undivided attention because they can't see or hear anything else." VR headsets also have the potential to be addressable like a computer or a phone so that advertisers can target specific market segments.

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Watch for exciting new VR experiences in the near future. Fox Sports, for example, is testing VR offerings of NASCAR races in 180-degree and 360-degree viewing options. To participate in these and other virtual reality immersion experiences consumers are predicted to purchase 12 million VR headsets next year! ¹

The growth of virtual reality is just one of the many exciting changes occurring in the field of advertising today. They illustrate the importance of advertising as one of the five promotional mix elements in marketing communications programs. This chapter describes three of the promotional mix elements—advertising, sales promotion, and public relations. Direct marketing was covered in **Chapter 17**, and personal selling is covered in **Chapter 20**.

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TYPES OF ADVERTISEMENTS

LO 18-1

Explain the differences between product advertising and institutional advertising and the variations within each type.

Chapter 17 described **advertising** as any paid form of nonpersonal communication about an organization, a product, a service, or an idea by an identified sponsor. As you look through any magazine, watch television, listen to the radio, or browse the Internet, the variety of advertisements you see or hear may give you the impression that they have few similarities. Advertisements are prepared for different purposes, but they basically consist of two types: product advertisements and institutional advertisements.

Product Advertisements

Focused on selling a product or service, **product advertisements** take three forms: (1) pioneering (or informational), (2) competitive (or persuasive), and (3) reminder. Look at the ads for Levi's, Samsung, and Shaw's to determine the type and objective of each ad.

Used in the introductory stage of the product life cycle, *pioneering* advertisements tell people what a product is, what it can do, and where it can be found. The key objective of a pioneering advertisement (such as the ad for Levi's 501 CT jeans) is to inform the target market. Informational ads, particularly those with specific message content, have been found to be interesting, convincing, and effective.²

Advertising that promotes a specific brand's features and benefits is *competitive*. The objective of these messages is to persuade the target market to select the firm's brand rather than that of a competitor. An increasingly common form of competitive advertising is *comparative* advertising, which shows one brand's strengths relative to those of competitors.³ The Samsung ad, for example, highlights the competitive advantages of Samsung's Galaxy smartphone compared to Apple's iPhone. Studies indicate that comparative ads attract more attention and increase the perceived quality of the advertiser's brand although their impact may vary by product type, message content, and audience gender.⁴ Firms that use comparative advertising need market research to provide legal support for their claims.⁵

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สัวัยส

INTRODUCING 501® CT JEANS.
CUSTOMIZED AND TAPERED BY US. INSPIRED BY YOU.

LIVE IN **Levi's®**

FIND YOUR 501® CT JEANS.
LEVISTHAILAND.COM

501® CT JEAN
WORN BY THE VACCINES

A full-page advertisement for Levi's 501 CT Jeans. Four men are standing against a light grey, textured wall. From left to right: the first man has long blonde hair and wears a black button-down shirt and black jeans; the second man has short brown hair and a beard, wearing a black jacket over a dark shirt and white jeans; the third man has dark curly hair and a beard, wearing a dark blue striped long-sleeve shirt and white jeans; the fourth man has dark curly hair and wears a blue denim jacket over a black shirt and dark blue jeans. The text 'INTRODUCING 501® CT JEANS. CUSTOMIZED AND TAPERED BY US. INSPIRED BY YOU.' is centered over the men. At the bottom, the Levi's logo is prominently displayed in red, with 'LIVE IN' to its left. Below the logo, it says '501® CT JEAN WORN BY THE VACCINES'. In the bottom left corner, it says 'FIND YOUR 501® CT JEANS. LEVISTHAILAND.COM'. In the top left corner, there is a small vertical copyright notice '©2015 Levi Strauss & Co.' and in the top right corner, the Thai word 'สัวัยส' is written.

It doesn't take a genius.



IPHONE 5

4.0" screen
4G LTE
Retina Display
1136 X 640 resolution
Up to 225 hrs standby time
Up to 8 hrs talk time
Full HD 1080p video recording
3.95 oz weight
1GB RAM
Siri
16, 32 or 64GB fixed internal storage
iOS 6.0 OS
A totally different plug

GALAXY S III

4.8" screen
4G LTE
HD Super AMOLED™ Display
1280 X 720 HD resolution
Up to 790 hrs standby time
Up to 11.4 hrs talk time
Full HD 1080p video recording
4.7 oz weight
2GB RAM
S Voice
16 or 32 fixed + up to 64GB microSD storage
Android 4.0 OS
Standard micro USB plug
NFC
Smart Stay
S-Beam
ShareShot
Group Cast
Direct Call
Smart Alert
Tilt to Zoom
Palm Swipe Capture
Palm Touch Mute Pause
Picture In Picture
Turn Over To Mute
Shake To Update
Removable battery

The Next Big Thing Is Already Here

GALAXY S III

[f /SamsungMobileUSA](#)

SAMSUNG

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Appearance of phones may vary. Phone screen images simulated. Above listed features are representative, not all inclusive.



**Don't forget
Valentine's Day!**

**Monday
FEBRUARY
14th**

**Dozen Rose
Bouquet**

One Dozen Roses with greens and fillers
in red or assorted colors

24⁹⁹

**At Shaw's you'll find
everything you need to make
this Valentine's Day special!**

Flower Shop
Our floral department
can help with custom
arrangements or beautiful
bouquets for that
perfect gift.

**Sweets for your
Sweetheart**
Freshly dipped chocolate
covered strawberries
Available in the produce department
while supplies last.
Heart Box Chocolates
for the classic gift

shaw's

Product advertisements take three forms—pioneering, competitive, or reminder—depending on their objective. See if you can correctly identify the ads shown here.

Sources: Left: Levi Strauss & Co.; Middle: Samsung; Right: Shaw's

Reminder advertising is used to reinforce previous knowledge of a product. The Shaw's flower ad reminds consumers about a special event, in this case, Valentine's Day. Reminder advertising is good for products that have achieved a well-recognized position and are in the mature phase of their product life cycle. Another type of reminder ad, *reinforcement*, is used to assure

current users they made the right choice. For example, consider the tag line used in Dial soap advertisements: “Aren’t you glad you use Dial? Don’t you wish everybody did?”



Help Ensure an Adequate Blood Supply for Patients

Donation shortfall:
Approximately 16,200



NEED

DONATIONS



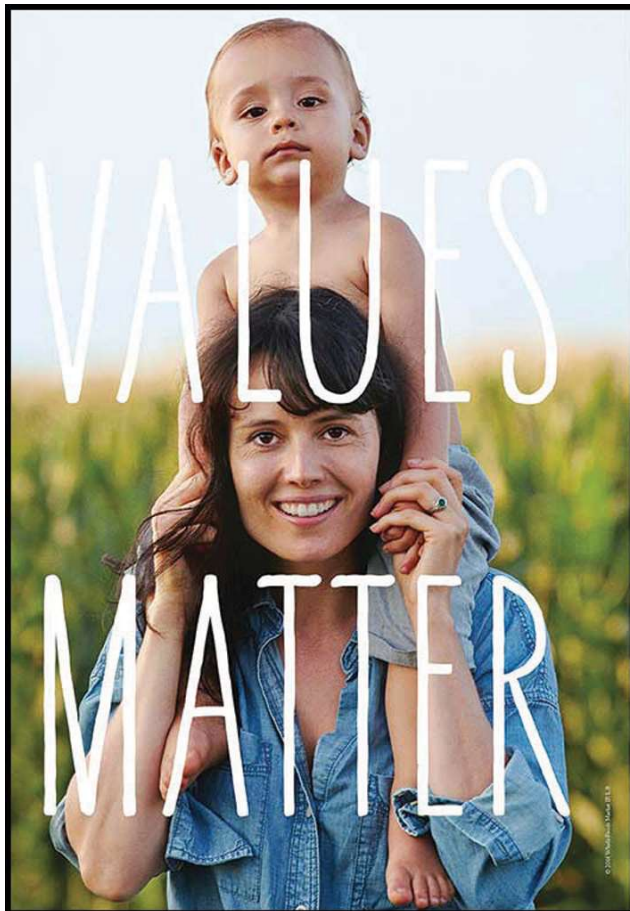
At least 3 extra donors above what is expected at every blood drive through the rest of July would help ensure there is enough blood on the shelves to meet patients' needs.

#givenow

American Red Cross

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VALUES
MATTER

We're hungrier for them than we ever realized.
We want to know where things come from.
We care what happens to them along the way.

We want to trust our sources.
We want to have the information to make meaningful choices
about what we decide to buy and support.
We want people, and animals, and the places
our food comes from to be treated fairly.

The time is ripe.

We are part of a growing consciousness that's bigger than food—
one that champions what's good, and the greater good, too.

Where value is inseparable from values.

WFM.COM/VALUESMATTER

**WHOLE
FOODS
MARKET**

America's Healthiest Grocery Store®

American Red Cross uses advocacy to make a request for donations. Whole Foods uses a pioneering ad to inform readers about its approach to business.

Sources: Left: American Red Cross; Right: Whole Foods Market

Institutional Advertisements

The objective of **institutional advertisements** is to build goodwill or an image for an organization rather than promote a specific product or service. Institutional advertising has been used by companies such as Texaco, Pfizer, and IBM to build confidence in the company name.⁶ Often this form of advertising is used to support the public relations plan or counter adverse publicity. Four alternative forms of institutional advertisements are often used:

VIDEO 18-2**Chevron**kerin.tv/13e/v18-2

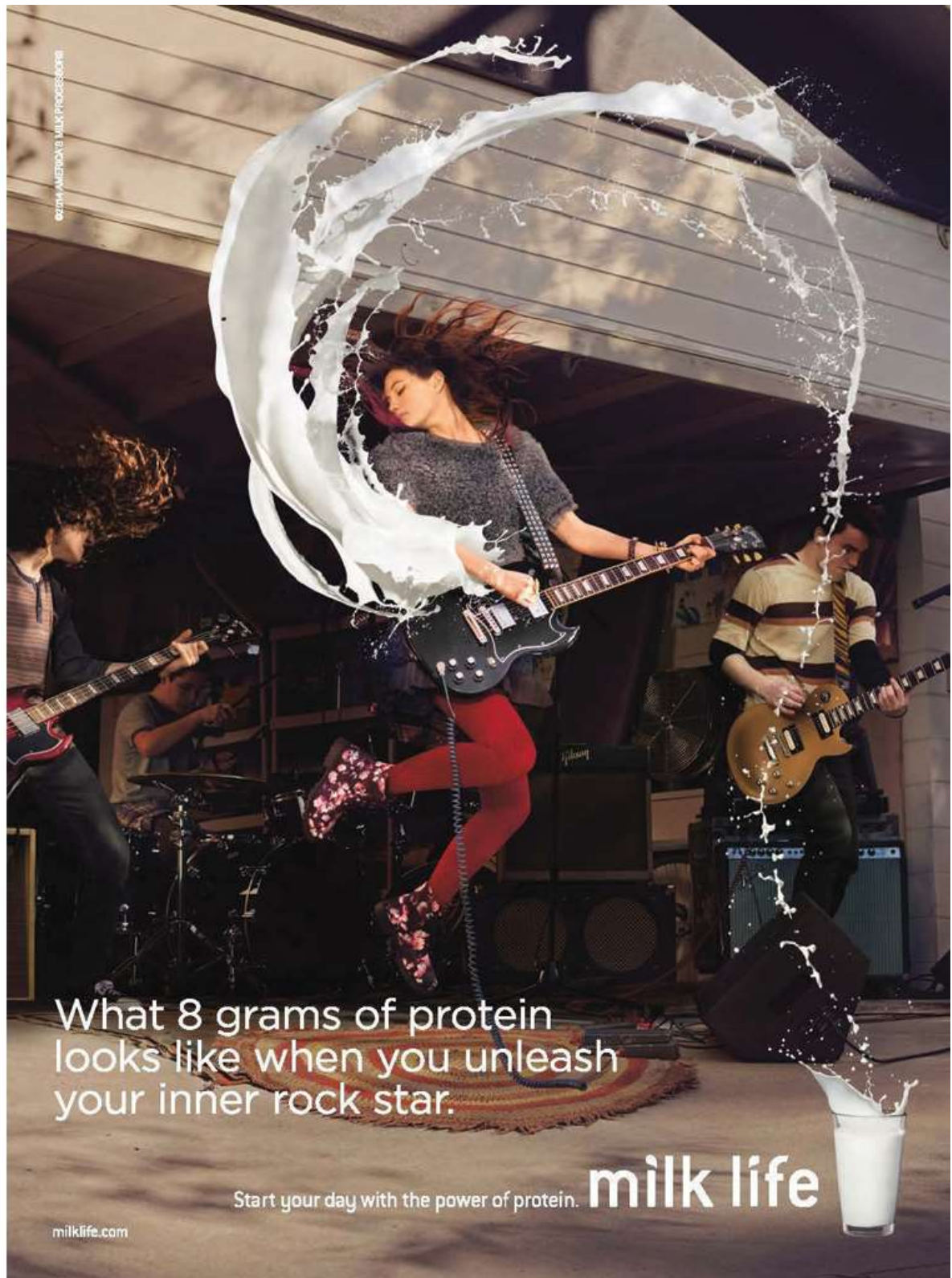
1. *Advocacy* advertisements state the position of a company on an issue. Chevron's "We Agree" campaign places ads stating its position on issues such as renewable energy, protecting the planet, and community development. Another form of advocacy advertisement is used when organizations make a request related to a particular action or behavior, such as a request by the American Red Cross for donations.
2. *Pioneering institutional* advertisements, like the pioneering ads for products discussed earlier, are used for announcements about what a company is, what it can do, or where it is located. Recent Bayer ads stating, "We cure more headaches than you think," are intended to inform consumers that the company produces many products in addition to aspirin. Whole Foods uses pioneering institutional ads in its "Values Matter" campaign to inform people about its role as a champion for the greater good.
3. *Competitive institutional* advertisements promote

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the advantages of one product class over another and are used in markets where different product classes compete for the same buyers. America's milk processors and dairy farmers use their "Milk Life" campaign to increase demand for milk as it competes against other beverages.

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4. *Reminder institutional* advertisements, like reminder ads for products, simply bring the company's name to the attention of the target market again. The Air Force branch of the U.S. military sponsors a campaign to remind potential recruits of the opportunities available in the Air Force.



©2014 AMERICA'S MILK PROCESSORS

What 8 grams of protein
looks like when you unleash
your inner rock star.

Start your day with the power of protein. **milk life**

milklife.com

A woman with long dark hair, wearing a grey sweater, red leggings, and floral boots, is playing a black electric guitar. She is surrounded by a large, dynamic splash of white milk that forms a circular shape around her. In the background, two other musicians are visible: one on the left playing a red electric guitar and another on the right playing a gold electric guitar. The setting appears to be an outdoor stage or patio area with a wooden building in the background. In the bottom right corner, there is a glass of milk with a splash of milk coming out of it.



The potential is boundless.

Potential. In many people it goes unrecognized, undeveloped and unused. That's tragic. Because when a person's potential is never developed a terrible thing happens: nothing.

In the Air Force, we look for potential. And we challenge our people to explore and discover that potential for themselves. First with skill training, then with valuable experience.

We're happy to say it works. For them. For us. And for our country. Because as our people grow, we grow.

Developing potential is part of what aiming high is all about. If we all live up to our potential as individuals, there will be no limits to the potential of our nation.

The Air Force encourages young people to continue their education. Then, with diploma or degree, to accept the challenges of modern technology. For information about these challenges in the Air Force, call 1-800-423-USAF (in California 1-800-232-USAF) or contact a local Air Force recruiter.

AIR FORCE
A great way of life.

A competitive institutional ad by dairy farmers tries to increase demand for milk, and a reminder institutional ad by the U.S. Air Force tries to keep the attention of the target market.

Sources: Left: America's Milk Companies; Right: United States Air Force

learning review

- 18-1.** What is the difference between pioneering and competitive ads?
- 18-2.** What is the purpose of an institutional advertisement?

DEVELOPING THE ADVERTISING PROGRAM

LO 18-2

Describe the steps used to develop, execute, and evaluate an advertising program.

The promotion decision process described in **Chapter 17** can be applied to each of the promotional elements. Advertising, for example, can be managed by following the three steps (developing, executing, and evaluating) of the process.

Identifying the Target Audience

To develop an effective advertising program, advertisers must identify the target audience. All aspects of an advertising program are likely to be influenced by the characteristics of the prospective consumer. Understanding the lifestyles, attitudes, and demographics of the target market is essential. Diet Mountain Dew, for example, is targeted at Generation X males, while Kraft's Crystal Light Liquid is targeted at calorie-conscious women. Both campaigns emphasize advertising techniques that match their target audiences. To appeal to Generation X males, Diet Mountain Dew became the sponsor of Dale Earnhardt Jr.'s NASCAR team. Meanwhile, to attract calorie-conscious women, Crystal Light began providing nutritional information on a dedicated Facebook Page and on Twitter.



Under Armour places its ads to reach competitive women.
Source: Under Armour, Inc.

Similarly, the placement of the advertising depends on the audience. When Under Armour introduced its “I Will What I Want” campaign featuring women’s apparel it created a website IWillWhatIWant.com, sponsored a segment on *Good Morning America*, made deals with flash-sale website Gilt, and posted a video on its YouTube channel that has been viewed 8,000,000 times, in addition to traditional print, digital, and outdoor advertising to reach competitive women. Even

scheduling can depend on the audience. Nike schedules advertising, sponsorships, deals, and endorsements to correspond with the Olympics to appeal to amateur, college, and professional athletes.⁷

To eliminate possible bias that might result from subjective judgments about some population segments, the Federal Communications Commission suggests that advertising program decisions be based on market research about the target audience.⁸

Specifying Advertising Objectives

The guidelines for setting promotion objectives described in **Chapter 17** also apply to setting advertising objectives. This step helps advertisers with other choices in the promotion decision process, such as selecting media and evaluating a campaign. Advertising with an objective of

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creating awareness, for example, would be better matched with a magazine than a directory such as the Yellow Pages. The Association of Magazine Media believes objectives are so important that it is developing an awards program to recognize magazine advertising campaigns that demonstrate both creative excellence and effectiveness in meeting campaign objectives. Similarly, the Advertising Research Foundation sponsors research forums to advance the practice of measuring and evaluating the effectiveness of advertising and marketing communication.⁹

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Experts believe that factors such as product category, brand, and consumer involvement in the purchase decision may change the importance—and, possibly, the sequence—of the stages of the hierarchy of effects (see **Chapter 17**). Snickers, for example, knew that its consumers were unlikely to engage in elaborate information processing when it designed a recent campaign. The result was ads with simple humorous messages rather than extensive factual information. New managerial perspectives also consider that advertising can have a long-term impact on the financial value of the organization.¹⁰

Setting the Advertising Budget



Do you remember this Doritos ad from the Super Bowl?

Source: Frito-Lay North America, Inc.

In 1990, advertisers paid \$700,000 to place a 30-second ad during the Super Bowl. By 2015, the cost of placing a 30-second ad during Super Bowl 49 was \$4.5 million (see **Figure 18–1**). The escalating cost is related to the growing number of viewers: 114 million

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people watch the game. In addition, the audience is attractive to advertisers because research indicates it is equally split between men and women, who are likely to engage brands on social media before and after the game, and they look forward to watching the ads during the game. The ads are effective too: Lexus reported that following its Super Bowl ad, searches for its vehicles on Kelley Blue Book’s website skyrocketed by 1,800 percent; Coca-Cola attracted 66,000 new Facebook fans; and McDonald’s reported that it added 16,000 Twitter followers after running its Super Bowl ad. As a result the Super Bowl attracts both new advertisers, such as Carnival Cruises, Skittles, Loctite, and Mophie, and regular advertisers such as Anheuser-Busch, Doritos, and Coca-Cola. Recently, an Anheuser-Busch ad about a lost puppy finding its way home and being saved from trouble by Clydesdale horses received the highest rating from the *USA Today* Ad Meter.¹¹ To learn how your ratings compare to the ratings of the Ad Meter panelists, read the Marketing Insights About Me box.¹²

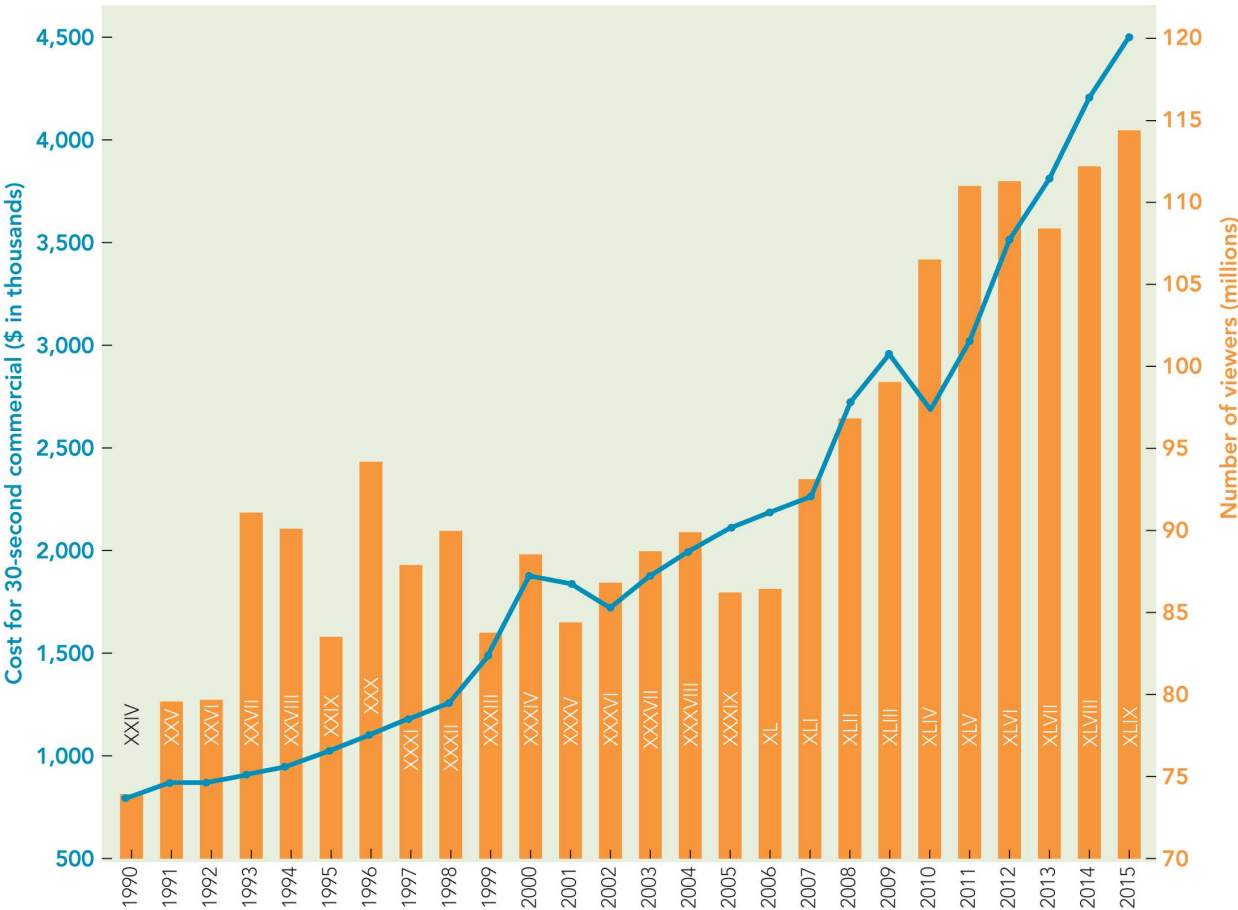
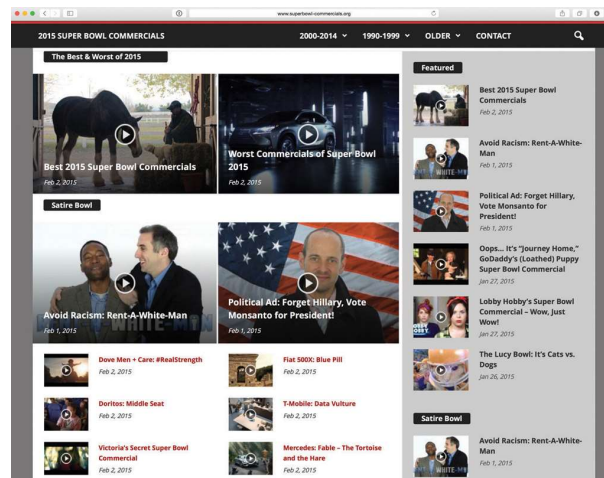


Figure 18-1 The Super Bowl delivers a huge audience, if you can afford the cost of placing an ad.

Marketing Insights About Me

Are You an Expert at Picking the Best Super Bowl Ads?

Let's compare your selection of the best Super Bowl ads with the experts. First go to www.superbowl-commercials.org to view the advertisements that appeared during the last Super Bowl. As you watch each ad evaluate the elements that you think create good advertising and then select your top 10 ads. Now visit *USA Today's* Ad Meter at <http://admeter.usatoday.com/>. Ad Meter ranks the Super Bowl ads each year based on the votes from 7,000 panelists. For example, some of the top recent ads included Budweiser's "Lost Dog," Doritos' "Middle Seat," and Coca-Cola's "Make It Happy." So how did you do? Did you pick the same ads as Ad Meter? If you matched on five or more ads consider yourself an expert! To really test yourself, look at the winning commercials since 1989 and see if you agree!



Source: GeoClicks

VIDEO 18-3

Doritos

kerin.tv/13e/v18-3

While not all advertising options are as expensive as the Super Bowl, most alternatives still represent substantial financial commitments and require a formal budgeting process. In the insurance industry, for example, Geico, Progressive, and Nationwide have market shares of approximately 19.2 percent, 11.1 percent, and 5.6 percent, and advertising and promotion budgets of \$1.01 billion, \$587 million, and \$296 million, respectively. Using a competitive parity budgeting approach, each company spends approximately \$52.8 million for each percent of market share. Using an objective and task approach, SlimFast has allocated \$50 million to its "It's Your Thing" campaign to increase demand for its diet shakes and bars.¹³

Designing the Advertisement

An advertising message usually focuses on the key benefits of the product that are important to a prospective buyer in making trial and adoption decisions. The message depends on the general form or appeal used in the ad and the actual words

included in the ad.

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Message Content

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Most advertising messages are made up of both informational and persuasive elements. These two elements are so intertwined that it is sometimes difficult to tell them apart. For example, basic information such as the product name, benefits, features, and price can be presented in a way that tries to attract attention and encourage purchase. On the other hand, even the most persuasive advertisements have to contain at least some basic information to be successful.

Information and persuasive content can be combined in the form of an appeal to provide a basic reason for the consumer to act. Although the marketer can use many different types of appeals, common advertising appeals include fear, sex, and humor.

Fear appeals suggest to the consumer that he or she can avoid some negative experience through the purchase and use of a product or service, a change in behavior, or a reduction in the use of a product. Examples with which you may be familiar include automobile safety ads that depict an accident or injury; political candidate endorsements that warn against the rise of other, unpopular ideologies; or social cause ads warning of the serious consequences of drug and alcohol use. Insurance companies often try to show the negative effects on the relatives of those who die prematurely without carrying enough life or mortgage insurance. Food producers encourage the purchase of low-carb, low-fat, and high-fiber products as a means of reducing weight, lowering cholesterol levels, and preventing a heart attack. The Meth Project has run a series of ads that use fear appeals in headlines such as: "Beating An Old Man For Money Isn't Normal. But On Meth It Is." The image shows an unconscious man lying on the floor while attackers take his money.

When using fear appeals, the advertiser must be sure that the appeal is strong enough to get the audience's attention and concern but not so strong that it will lead them to tune out the message. Research suggests that overly threatening messages have a negative effect on the intention to adapt behavior. In fact, research on antismoking ads indicates that stressing the severity of long-term health risks may actually enhance smoking's allure among youth.¹⁴

In contrast, *sex appeals* suggest to the audience that the product will increase the attractiveness of the user. Sex appeals can be found in almost any product category, from automobiles to toothpaste. The contemporary women's clothing store bebe, for example, designs its advertising to "attract customers who are intrigued by the playfully sensual and evocative imagery of the bebe lifestyle." Studies indicate that sex appeals increase attention by helping advertising stand out in today's cluttered media environment. Unfortunately, sexual content does not always lead to changes in recall, recognition, or purchase intent. Experts suggest that sexual content is most effective when there is a strong fit between the use of a sex appeal in the ad and the image and positioning of the brand, as seen in the bebe ad.¹⁵

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Humorous appeals imply either directly or subtly that the product is more fun or exciting than competitors' offerings. As with fear and sex appeals, the use of humor is widespread in advertising and can be found in many product categories. You may have smiled at the popular Geico ads that use a talking pig, cavemen, and a gecko. These ads use humor to differentiate the company from its competitors. Geico has also created viral videos and posted them on video-sharing websites such as YouTube, where millions of viewers watch them within days.¹⁶ You may have a favorite humorous ad character, such as the Energizer battery bunny, the Old Spice man, the AFLAC duck, or Travelocity's gnome. Advertisers believe that humor improves the effectiveness of their ads, although some studies suggest that humor wears out quickly, losing the interest of consumers. Another problem with humorous appeals is that their effectiveness may vary across cultures if used in a global campaign.¹⁷

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Read the text to learn why The Meth Project, bebe, and Old Spice use fear, sex, and humor appeals.

Sources: Left: Meth Project Foundation, Inc.; Middle: Bebe Studio, Inc.; Right: Procter & Gamble

Creating the Actual Message

VIDEO 18-4

R/GA

kerin.tv/13e/v18-4

Advertising agency R/GA was recently designated *Advertising Age* magazine's Agency of the Year for its exceptional ability to meld technology and creativity. Examples of the agency's approach include its "The Game Before The Game" campaign for Beats by Dre, the "One Nike" campaign describing Nike's integrated website and platform of products and services, and "Google Outside," a digital outdoor billboard campaign in London. R/GA was also recognized by *Ad Week* as the Digital Agency of the Year for its use of mobile, social, and digital elements in its work. In fact, the tag line on its website is "R/GA for the connected age."¹⁸



The Game Before The Game campaign helped R/GA win *Advertising Age*'s Agency of the Year award.

Source: Beats Electronics LLC

R/GA and other agencies use many forms of advertising to create their messages. A very popular form of advertising today is the use of a celebrity spokesperson. R/GA's use of well-known celebrities, such as soccer player Neymar da Silva Santos, NFL quarterback Colin Kaepernick, and NBA star LeBron James in Beats by Dre ads, are examples. Many companies use athletes, film and television stars, musicians, and other celebrities to talk to consumers through their ads.

VIDEO 18-5

Beats by Dre

kerin.tv/13e/v18-5

Advertisers who use a celebrity spokesperson believe that the ads are more likely to influence brand equity and sales. These ads feature a wide variety of celebrities, among them singer Beyoncé (Pepsi), actor Samuel L. Jackson (the Capital One Quicksilver card), and athlete Michael Jordan (Nike). L'Oréal Paris recently signed actress Naomi Watts as a spokeswoman

for the company and its brands. Cyril Chapuy, brand global president, explains that Naomi was selected because “Her timeless beauty has made her the perfect woman to endorse our ultimate skincare innovation, Revitalift Filler.” Who is the most effective spokesperson? A recent report by Nielsen indicates that Liam Neeson and Pierce Brosnan are tied for first. Other highly ranked celebrities include Matthew McConaughey, Jennifer Garner, and Sofia Vergara.¹⁹

One potential shortcoming of this form of advertising is that the spokesperson’s image may change over time, becoming inconsistent with the image of the company or brand. For example, Tour de France cyclist Lance Armstrong lost endorsement contracts with Nike and golf pro Tiger Woods lost contracts with AT&T and Accenture after the athletes received negative public attention. Many companies now probe the backgrounds of potential endorsers and consider retired athletes and legacy (deceased) athletes who are low risk and still have lasting appeal in the marketplace. Some companies are also using licensing agreements where the spokesperson’s compensation is directly related to the success of the product they endorse.²⁰

Another issue involved in creating the message is the complex process of translating the copywriter’s ideas into an actual advertisement. Designing quality artwork, layout, and production for advertisements is costly and time-consuming. The American Association of Advertising Agencies reports

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that a high-quality, 30-second TV commercial typically costs about \$354,000 to produce. One reason for the high cost is that as companies have developed global campaigns, the need to shoot commercials in several locations has increased. Actors are also expensive: Compensation for a typical TV ad is \$19,000.²¹

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- 18-3. What other decisions can advertising objectives influence?
- 18-4. What is a potential shortcoming of using a celebrity spokesperson?

Selecting the Right Media

Every advertiser must decide where to place its advertisements. The alternatives are the *advertising media*, the means by which the message is communicated to the target audience. Newspapers, magazines, radio, and TV are examples of advertising media. Media selection is related to the target audience, type of product, nature of the message, campaign objectives, available budget, and the costs of the alternative media. **Figure 18–2** shows the distribution of the \$224 billion spent on advertising by medium.²²

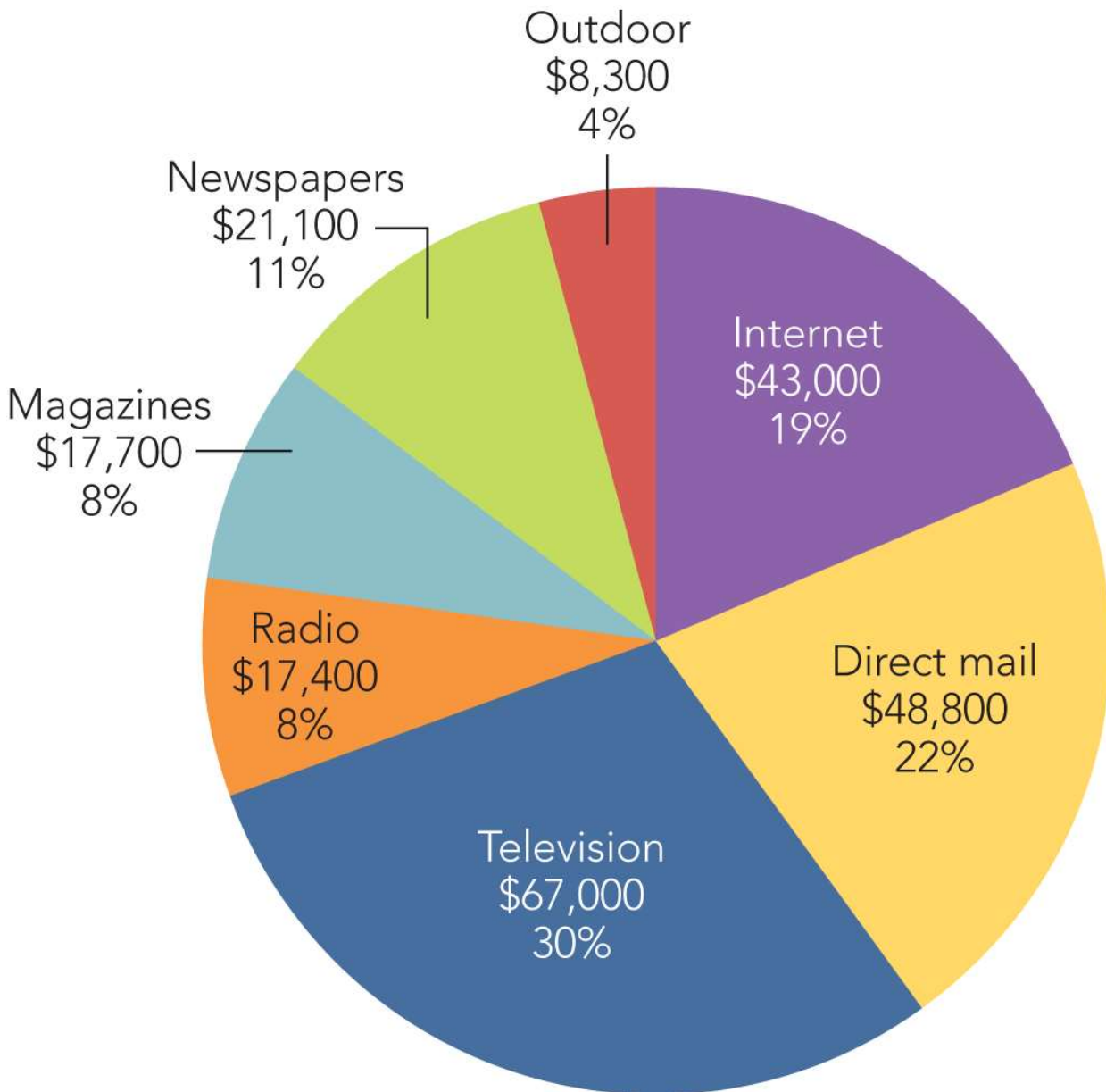


Figure 18–2 Television, direct mail, and newspapers account for more than 60 percent of all advertising expenditures (\$ in millions).

Choosing a Medium and a Vehicle within That Medium

In deciding where to place advertisements, a company has several media to choose from and a number of alternatives, or vehicles, within each medium. Often advertisers use a mix of media forms and vehicles to maximize the exposure of the message to the target audience while at the same time minimizing costs. These two conflicting goals are of central importance to media planning.

Basic Terms

Media buyers speak a language of their own, so all advertisers involved in selecting the right media for their campaigns must be familiar with some common terms used in the advertising industry.

Because advertisers try to maximize the number of individuals in the target market exposed to the message, they must be concerned with reach. **Reach** is the number of different people or households exposed to an advertisement. The exact definition of reach

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sometimes varies among alternative media. Newspapers often use reach to describe their total circulation or the number of different households that buy the paper. Television and radio stations, in contrast, describe their reach using the term **rating**—the percentage of households in a market that are tuned to a particular TV show or radio station. In general, advertisers try to maximize reach in their target market at the lowest cost.

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Although reach is important, advertisers are also interested in exposing their target audience to a message more than once. This is because consumers often do not pay close attention to advertising messages, some of which contain large amounts of relatively complex information. When advertisers want to reach the same audience more than once, they are concerned with **frequency**, the average number of times a person in the target audience is exposed to a message or advertisement. Like reach, greater frequency is generally viewed as desirable. Studies indicate that with repeated exposure to advertisements consumers respond more favorably to brand extensions.²³

When reach (expressed as a percentage of the total market) is multiplied by frequency, an advertiser will obtain a commonly used reference number called **gross rating points (GRPs)**. To obtain the appropriate number of GRPs to achieve an advertising campaign's objectives, the media planner must balance reach and frequency. The balance will also be influenced by cost. **Cost per thousand (CPM)** refers to the cost of reaching 1,000 individuals or households with the advertising message in a given medium (*M* is the Roman numeral for 1,000). See the Applying Marketing Metrics box for an example of the use of CPM in media selection.

Applying Marketing Metrics

What Is the Best Way to Reach 1,000 Customers?

Marketing managers must choose from many advertising options as they design a campaign to reach potential customers. Because there are so many media alternatives (television, radio, magazines, etc.) and multiple options within each medium, it is important to monitor the efficiency of advertising expenditures on your marketing dashboard.

Your Challenge

As the marketing manager for a company about to introduce a new soft drink into the U.S. market, you are preparing a presentation in which you must make recommendations for the advertising campaign. You have observed that competitors use magazine ads, newspaper ads, and even Super Bowl ads! To compare the cost of some of the alternatives you decide to use one of the most common measures in advertising: cost per thousand impressions (CPM). The CPM is calculated as follows:

$$\text{CPM} = \left(\frac{\text{Cost of ad}}{\text{Audience size}} \right) \times 1,000$$

Your challenge is to determine the most efficient use of your advertising budget.

Your Findings

Your research department helps you collect cost and audience size information for three options: full-page color ads in *Time* magazine and *USA Today* newspaper, and a 30-second television ad during the Super Bowl. With this information you are able to calculate the cost per thousand impressions for each alternative.

Media Alternative	Cost of Ad	Audience Size	Cost per Thousand Impressions
<i>Time</i> (magazine)	\$3,338,900	3,000,000	\$113
<i>USA Today</i> (newspaper)	\$242,600	1,258,710	\$192
Super Bowl (television)	\$4,500,000	114,400,000	\$39

Your Action

Based on the calculations for these options, you see that there is a large variation in the cost of reaching 1,000 potential customers (CPM) and also in the absolute cost of the advertising. Although advertising during the Super Bowl has the lowest CPM, \$39 for each 1,000 impressions, it also has the largest absolute cost! Your next step will be to consider other factors such as your total available budget, the profiles of the audiences each alternative reaches, and whether the type of message you want to deliver is better communicated in print or on television.

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Different Media Alternatives

LO 18-3

Explain the advantages and disadvantages of alternative advertising media.

Figure 18–3 summarizes the advantages and disadvantages of the major advertising media, which are described in more detail below. For detailed coverage of direct mail, refer to **Chapter 17**.

MEDIUM	ADVANTAGES	DISADVANTAGES
Television	Reaches extremely large audience; uses picture, print, sound, and motion for effect; can target specific audiences	High cost to prepare and run ads; short exposure time and perishable message; difficult to convey complex information
Radio	Low cost; can target specific local audiences; ads can be placed quickly; can use sound, humor, and intimacy effectively	No visual element; short exposure time and perishable message; difficult to convey complex information
Magazines	Can target specific audiences; high-quality color; long life of ad; ads can be clipped and saved; can convey complex information	Long time needed to place ad; relatively high cost; competes for attention with other magazine features
Newspapers	Excellent coverage of local markets; ads can be placed and changed quickly; ads can be saved; quick consumer response; low cost	Ads compete for attention with other newspaper features; short life span; poor color
Yellow Pages	Excellent coverage of geographic segments; long use period; available 24 hours/365 days	Proliferation of competitive directories in many markets; difficult to keep up to date
Internet	Video and audio capabilities; animation can capture attention; ads can be interactive and link to advertiser	Animation and interactivity require large files and more time to load; effectiveness is still uncertain
Outdoor	Low cost; local market focus; high visibility; opportunity for repeat exposures	Message must be short and simple; low selectivity of audience; criticized as a traffic hazard
Direct mail	High selectivity of audience; can contain complex information and personalized messages; high-quality graphics	High cost per contact; poor image (junk mail)

Figure 18–3 Advertisers must consider the advantages and disadvantages of the many media alternatives.

Television

Television is a valuable medium because it communicates with sight, sound, and motion. Print advertisements alone could never give you the sense of a sports car accelerating from a stop or cornering at high speed. In addition, television reaches more than 96 percent of all households—116.4 million, including households that get video delivered over the Internet to a TV. About 5 million “Zero TV” households receive programming on devices other than televisions. There are also many opportunities for out-of-home TV viewing, as televisions are present in many bars, hotels, offices, airports, and college campuses.²⁴

Several aspects of traditional television viewing are changing. First, research at the Nielsen Company indicates that the amount of time allocated to television viewing is increasing. American viewers now spend 41 hours each week watching television programming on multiple screens, including traditional TVs, computers, tablets, and

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smartphones. In addition, viewers are increasingly time shifting their viewing with DVRs, DVDs, subscription services such as Netflix, and Internet options such as Hulu and Apple TV. Technologies are changing, too. In recent years, many consumers have purchased high-definition televisions. The future, however, will include 4K, 8K, OLED, and glass-less 3D televisions, which are four and eight times as sharp as high definition television, can convert ordinary television into 3D, offer voice-activated and motion controls, and allow two programs to be watched simultaneously.²⁵

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Television's major disadvantage is cost: The price of a prime-time, 30-second ad can range from \$627,300 to run on *Sunday Night Football*, to \$170,948 to run on *NCIS*, to \$49,839 to run on *America's Funniest Home Videos*. Because of these high charges, many advertisers choose less expensive "spot" ads, which run between programs, or 15-second ads, rather than investing in ads that run the more traditional length of 30 or 60 seconds. In fact, approximately 34 percent of all TV ads are now 15 seconds long. Recent studies suggest that the placement of an ad within a program and relative to other ads in a sequence of ads may influence the ad's effectiveness. In addition, there is some indication that advertisers are shifting their interest to live events rather than programs that might be watched on a DVR days later.²⁶



ESPN is one of many specialized channels available to advertisers on cable networks.

© Scott Boehm/AP Images

Another problem with television advertising is the likelihood of *wasted coverage*—having people outside the target market for the product see the advertisement. The cost and wasted coverage problems of TV advertising can be reduced through the specialized cable and satellite channels. Advertising time is often less expensive on cable and satellite channels than on the broadcast networks. According to the National Cable and Telecommunication Association, there are more than 900 cable channels such as Disney, ESPN, History, MTV, Oxygen, and Lifetime. Cable channels are also “tagging” their programs to

allow advertisers to place ads in scenes with particular themes. Advertisements for golf equipment, for example, might be placed after a program scene that shows characters playing golf.²⁷

Another popular form of television advertising is the infomercial. **Infomercials** are program-length (30-minute) advertisements that take an educational approach to communication with potential customers. You may remember seeing infomercials for the Magic Bullet, ThighMaster, and OxiClean products, using Ron Popeil, Suzanne Somers, and Anthony Sullivan, respectively, as the spokesperson.

Infomercials are increasingly popular because they can be both informative and entertaining, and because the average cost of a 30-minute block of television time is only \$425. Each year, *Response Magazine* and Infomercial Monitoring Service Inc. publish a list of the top 50 infomercials from the past 12 months. Recent popular infomercials included the Insanity body fitness DVDs, Total Gym exercise equipment, NutriBullet high-speed blenders, and LifeLock identity theft protection products. The industry generates more than \$150 billion in annual sales and has facilitated the long-term success of many products. The Total Gym infomercials featuring Chuck Norris and Christie Brinkley, for example, have led to more than \$1 billion in sales!²⁸

Radio

The United States has more than 27,800 radio stations. These stations consist of approximately 4,700 AM, 10,600 FM, and 12,500 HD (digital) and Internet stations. The major advantage of radio is that it is a segmented medium. For example, the Farm Radio Network, the Family Life Network, Business Talk Radio, and the Performance Racing Network are all listened to by different market segments. Satellite radio service SiriusXM offers more than 175 commercial-free, digital, coast-to-coast channels to consumers for a monthly fee, and Internet radio service Pandora offers up to 100 personalized channels to each listener. The large number of media options today has reduced the

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amount of time spent listening to radio, although radio still reaches 91 percent of all adults weekly. Millennials listen to radio an average of 9.8 hours each week, making radio an important medium for businesses with college students and recent graduates as a target market.²⁹

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A disadvantage of radio is that it has limited use for products that must be seen. Another problem is the ease with which consumers can tune out a commercial by switching stations. Radio is also a medium that competes for people's attention as they do other activities, such as driving, working, or relaxing. Radio listening time reaches its peak during the morning drive time (7 to 8 A.M.), remains high during the day, and then begins to decline in the afternoon (after 4 P.M.) as people return home and start evening activities.³⁰

Magazines



Magazines such as *Runner's World* appeal to narrowly defined segments such as athletes who are interested in running.

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Magazines have become a very specialized medium. In fact, there are currently more than 7,289 consumer magazines. Some 231 new magazines were introduced last year, including *Raw Bike*, a magazine for home-built motorcycle enthusiasts; *Sneaker News*, a source of relevant news for the “Sneakerhead” community; and *NO TOFU*, a magazine celebrating cutting-edge talent in film, fashion, music, and art. Many publishers are also adding digital versions of existing magazines. *Skateboarder*, for example, can now also be read on the magazine's website, an iPad, or a smartphone. Some magazines, such as *Auto Trader* and *Computer Weekly*, are dropping their print format to offer only an online version. Finally, several digital businesses have launched print magazines including Airbnb, which launched *Pineapple*, and Uber, which launched *Momentum*.³¹

The marketing advantage of this medium is the great number of special-interest publications that appeal to narrowly defined segments. Runners read *Runner's World*, sailors buy *Yachting*, gardeners subscribe to *Garden Design*, and children peruse *Sports Illustrated for Kids*. More than 675 publications focus on travel, 146 are dedicated to interior design and decoration, and 98 are related to golf. Each magazine's readers often represent a unique profile. Take the *Rolling Stone* reader, who tends to listen to music more than most people. SiriusXM Satellite Radio knows an ad in *Rolling Stone* is reaching the desired target audience. In addition, recent studies comparing advertising in different media suggest that magazine advertising is perceived to be more “inspirational” than other media.³²

The cost of advertising in national magazines is a disadvantage, but many national publications publish regional and even metro editions, which reduces the absolute cost and wasted coverage. *Time* publishes well over 400 editions, including Latin American, Canadian, Asian, South Pacific, European, and U.S. editions. The U.S. editions include geographic and demographic options. In addition to cost, another limitation to magazines is their infrequency. At best, magazines are printed

on a weekly basis, with many specialized publications appearing only monthly or less often. Although specialization can be an advantage of this medium, consumer interests can be difficult to translate into a magazine theme—a fact made clear by the hundreds of magazine failures during the past decade. *U.S. News and World Report*, *GamePro*, *CosmoGirl*, *Teen People*, *Business 2.0*, *PC Magazine*, *Men's Vogue*, *Gourmet*, and *Esquire Sportsman*, for example, all failed to attract and keep a substantial number of readers or advertisers. Which magazine has the highest circulation? It's *AARP The Magazine*, with a circulation of 22 million!³³

Newspapers

Newspapers are an important local medium with excellent reach potential. Daily publication allows advertisements to focus on specific current events, such as a 24-hour sale. Local retailers often use newspapers as their sole advertising medium. Newspapers are rarely saved by the purchaser, however, so companies are generally limited to ads that call for an immediate customer response (although customers can clip and

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save ads they select). Companies also cannot expect newspapers to offer the same quality color reproduction available in most magazines.

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© Kevin Foy/Alamy

National advertising campaigns rarely include this medium except in conjunction with local distributors of their products. In these instances, both parties often share the advertising costs using a cooperative advertising program, which is described later in this chapter. Another exception is the use of newspapers such as *The Wall Street Journal* and *USA Today*, which have national distribution of more than 2.3 and 1.6 million readers, respectively. One

newspaper, *Metro*, offers a global audience of 18 million daily readers in Boston, New York, Philadelphia, and 100 cities in Europe, North and South America, and Asia.³⁴



Metro offers a global audience of daily readers.

© Henrik Montgomery/AFP/Getty Images

Several important trends are influencing newspapers today. First is the decline in circulation and advertising revenue. A recent report by the Alliance for Audited Media showed that circulation declined at 8 of the 25 largest newspapers during the past year. The shift is attributed to readers' growing preference for free websites and mobile services, as half of all Americans now get some form of local news on a mobile device. In addition, classified advertising revenue has declined as Craigslist and similar sites have become more popular with consumers.

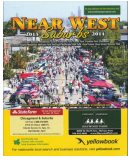
The second trend is the growth in online newspapers. Today, hundreds of newspapers, including *The New York Times*, *The Wall Street Journal*, *Chicago Sun-Times*, and the *San Francisco Chronicle*, offer online versions of their printed newspapers. In fact, online subscriptions now account for 19 percent of all newspaper subscriptions. *The*

New York Times now has more digital subscribers than print subscribers. Many newspapers also have online readers who are not subscribers. *USA Today*, for example, reports that it has 32 million readers on the free portion of its website. A final trend is the growth in new types of news organizations such as *The Huffington Post*, which covers entertainment, media, living, business, and politics and has more than 5 million Twitter followers, and *Examiner.com*, which utilizes a large group of freelance reporters.³⁵

Yellow Pages

Yellow pages represent an advertising media alternative comparable to outdoor advertising in terms of expenditures—about \$8 billion in the United States. According to the Local Search Association, consumers turn to print yellow pages

approximately 11 billion times annually and online yellow pages (desktop, tablet, and mobile) an additional 5.6 billion times per year. One reason for this high level of use is that the 6,500 yellow pages directories reach almost all households. Yellow pages are a “directional” medium because they direct consumers to where purchases can be made after other media have created awareness and demand.



Print yellow pages are used more than 11 billion times each year. See the text for advantages and disadvantages of this media alternative.

© Mike Hruby

The yellow pages face several disadvantages today. First is the proliferation of directories. AT&T (*Real Yellow Pages*), Dex Media (*Dex One* and *Superpages*), and Hibu (*Yellowbook*) now produce competing directories for many cities, neighborhoods, and ethnic groups. Second, relative to other advertising options, the yellow pages have limited accountability and ROI metrics. Many advertisers believe that yellow pages need to improve their audience measurement research and circulation auditing practices. Finally, yellow pages publishers are facing increasing public concern about the environmental impact of the directories. One response from the industry is a website, www.yellowpagesoptout.com, that allows consumers to have an opt out option if they prefer

not to receive print directories.³⁶

Internet

The Internet represents a relatively new medium for many advertisers, although it has already attracted a wide variety of industries. Online advertising is similar to print advertising in that it offers a visual message. It has additional advantages, however, because it can also use the audio and video capabilities of the Internet. Sound and movement may simply attract more attention from viewers, or they

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may provide an element of entertainment to the message. Online advertising also has the unique feature of being interactive. Called *rich media*, these interactive ads have drop-down menus, built-in games, or search engines to engage viewers. Online advertising also offers an opportunity to reach younger consumers who have developed a preference for online communication.

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There are a variety of online advertising options. The most popular options are paid search, display (banner) ads, classified ads, and video. Paid search is one of the fastest-growing forms of Internet advertising, as approximately 80 percent of all Internet traffic begins at a search engine such as Google or Yahoo! (see **Figure 18–4**). Experts estimate that consumers conduct 20 billion searches each month. Now search engine agencies help firms add tags, wikis, and RSS (rich site summary) to the content of a site to increase search rankings. While the use of banner ads is growing also, there is some concern that consumers are developing “banner blindness” because the click-through rate has been declining to its current level of 0.1 percent. The effectiveness of the ads can be improved with targeted advertising, and research indicates that online visitors are more likely to consent to provide information needed for targeting if the websites suggest it is a form of reciprocity or exchange for the use of free websites.

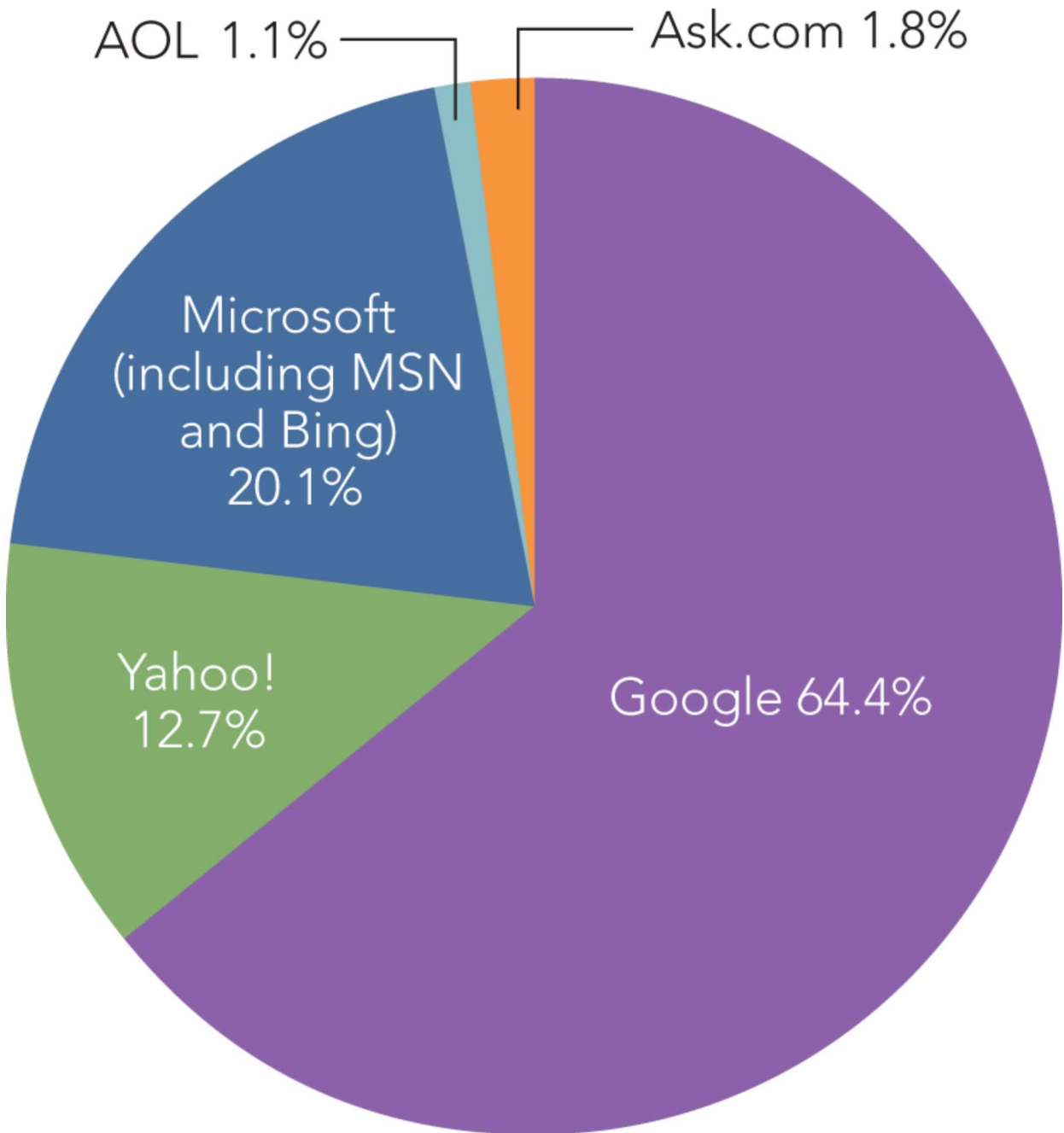


Figure 18-4 Google, Microsoft, and Yahoo! have the largest shares of Internet searches and offer opportunities for online advertising.



comScore's service can provide an assessment of the effectiveness of a website by measuring its impact on the digital audience.

Courtesy of comScore, Inc.

Classified ads, such as those on Craigslist, and video ads also contribute to the growth of online advertising by providing many of the advantages and characteristics of other media such as yellow pages, magazines, newspaper, and television. Video ads also have the benefit of “going viral” when people share the ads with friends. The increasing availability of Internet access and the growing popularity of smartphones means that online advertising

also provides the unique characteristic of being mobile. In fact, **mobile marketing** now includes the broad set of

interactive messaging options that enable organizations to communicate and engage with consumers through any mobile device.³⁷

One disadvantage of online advertising is that because the medium is relatively new, technical and administrative standards for the various formats are still evolving. This situation makes it difficult for advertisers to run national online campaigns across multiple sites. The Interactive Advertising Bureau provides “Guidelines, Standards & Best Practices” and creative guidelines to facilitate the use and growth of online advertising.

Another disadvantage to online advertising is the difficulty of measuring impact. Several companies are testing methods of tracking where viewers go on their computer in the days and weeks after seeing an ad. Nielsen's online rating service, for example, measures actual Internet use through meters installed on the computers of 500,000 individuals in

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20 countries. Measuring the relationship between online and offline behavior is also important. Research by comScore, which studied 139 online ad campaigns, revealed that online ads didn't always result in a "click," but they increased the likelihood of a purchase by 17 percent and they increased visits to the advertiser's website by 40 percent.³⁸ The Making Responsible Decisions box describes how click fraud is increasing the necessity of assessing online advertising effectiveness.³⁹

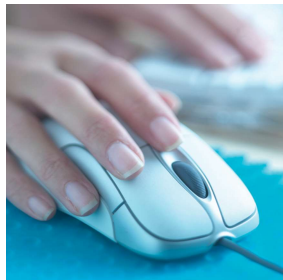
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Making Responsible Decisions

Ethics

Who Is Responsible for Preventing Click Fraud?

Spending on Internet advertising now exceeds \$40 billion as many advertisers shift their budgets from print and TV to the Internet. For most advertisers one advantage of online advertising is that they pay only when someone clicks on their ad. Unfortunately, the growth of the medium has led to "click fraud," which is the deceptive clicking of ads solely to increase the amount advertisers must pay. There are several forms of click fraud. One method is the result of Paid-to-Read (PTR) websites that recruit and pay members to simply click on ads. Another method is the result of "clickbots," which are software programs that produce automatic clicks on ads, sometimes through mobile devices. The activity is difficult to detect and stop. Experts estimate that up to 20 percent of clicks may be the result of fraud and may be costing advertisers as much as \$800 million each year!



© BananaStock/PictureQuests

Investigations of the online advertising industry have discovered a related form of click fraud that occurs when legitimate website visitors click on ads without any intention of looking at the site. As one consumer explains, "I always try and remember to click on the ad banners once in a while to try and keep the sites free." Stephen Dubner calls this "webtipping"!

As the Internet advertising industry grows, it will become increasingly important to resolve the issue of click fraud. Consumers, advertisers, websites that carry paid advertising, and the large web portals are all involved in a complicated technical, legal, and social situation. The advertising industry's Media Ratings Council has suggested a possible solution: that 50 percent of a display ad must be in view for one second to be an impression that brands pay for. Similarly, some advertisers are now requesting "smart-pricing," which means that they pay less if the click does not lead to a consumer action such as a purchase or an information request.

Who should lead the way in the effort to find a solution to click fraud? What actions do you suggest for the advertising industry, websites, and consumers?

Outdoor

A very effective medium for reminding consumers about your product is outdoor advertising, such as the scoreboard at San Diego's Qualcomm Stadium. The most common form of outdoor advertising, called *billboards*, often results in good reach and frequency and has been shown to increase purchase rates.⁴⁰ The visibility of this medium is good supplemental reinforcement for well-known products, and it is a relatively low-cost, flexible alternative. Also, a company can buy space in a specific, targeted geographical market. A disadvantage to billboards, however, is that no opportunity exists for lengthy advertising copy. Also, a good billboard site depends on traffic patterns and sight lines.

If you have ever lived in a metropolitan area, chances are you might have seen another form of outdoor advertising, *transit advertising*. This medium includes messages on the interior and exterior of buses, subway and light-rail cars, and taxis. As the use of mass transit grows, transit advertising may become increasingly important. Selectivity is available to advertisers, who can buy space by neighborhood or bus route. One disadvantage to this medium is that the heavy travel times, when the audiences are the largest, are not conducive to reading advertising copy. People are standing shoulder to shoulder on the subway, hoping not to miss their stop, and little attention is paid to the advertising.

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The outdoor advertising industry has experienced a growth surge recently. According to the Outdoor Advertising Association of America, outdoor advertising expenditures have grown to \$7 billion annually. Much of the growth is the result of creative forms of outdoor advertising and the conversion to digital billboards, which allow advertisers to quickly present *conditional content*. Conditional content ads are based on current events, weather, business conditions, and even sports scores. Radio stations, for example, can display the title of the song currently playing on their station, newspapers can display current headlines, and retailers can advertise umbrellas or sunscreen based on the weather forecast.

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Outdoor advertising can be an effective medium for reminding consumers about a product.

© Jim McIsaac/Getty Images

Digital billboard companies have also donated billboard time to display public service announcements. For example, in Minnesota digital billboards display National Weather Service tornado warnings, and in Houston messages from the police department are displayed to help apprehend fugitives. A recent study found that 80 percent of U.S. residents can be reached daily through outdoor advertising and that many commuters think that digital billboards make the commute more interesting. While these are positive trends, the outdoor advertising industry also faces important environmental concerns. For example, several states have banned billboards, and a judge recently ordered two billboard companies in Los Angeles to turn off about 80 digital signs.⁴¹

Other Media

As traditional media have become more expensive and cluttered, advertisers have been attracted to a variety of nontraditional advertising options called out-of-home advertising, or *place-based media*. Messages are placed in locations



Out-of-home advertising such as this outdoor display is becoming interactive to engage consumers.

© Brent Jones

that attract a specific target audience such as airports, doctors' offices, health clubs, theaters (where ads are played on the screen before the movies are shown), grocery stores, storefronts, and even the bathrooms of bars, restaurants, and nightclubs. Soon there will be advertising on video screens on gas pumps, ATMs, and in elevators, and increasingly it will be interactive.

The \$2.5 billion industry has attracted advertisers such as AT&T and JCPenney, which use in-store campaigns, and Geico, Sprint, and FedEx, which use out-of-home advertising to reach mobile professionals in health clubs, airports, and hotels. Research suggests that creative use of out-of-home advertising, such as preshow theater ads, enhances consumer recall of the ads.⁴²

Selection Criteria

Choosing between these alternative media is difficult and depends on several factors. First, knowing the media habits of the target audience is essential to deciding among the alternatives. Second, occasionally product attributes necessitate that certain media be used. For example, if color is a major aspect of product appeal, radio is excluded. Newspapers allow advertising for quick actions to confront competitors, and magazines are more appropriate for complicated messages because the reader can spend more time reading the message. The final factor in selecting a medium is cost. When possible, alternative media are compared using a common denominator that reflects both reach and cost—a measure such as CPM.

Scheduling the Advertising

There is no correct schedule to advertise a product, but three factors must be considered. First is the issue of *buyer turnover*, which is how often new buyers enter the market to buy the product. The higher the buyer turnover, the greater the amount of advertising required. A second issue in scheduling is the *purchase frequency*; the more frequently the product is purchased, the less repetition is required. Finally, companies

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must consider the *forgetting rate*, the speed with which buyers forget the brand if advertising is not seen.

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Setting schedules requires an understanding of how the market behaves. Most companies tend to follow one of three basic approaches:

1. *Continuous (steady) schedule*. When seasonal factors are unimportant, advertising is run at a continuous or steady schedule throughout the year.
2. *Flighting (intermittent) schedule*. Periods of advertising are scheduled between periods of no advertising to reflect seasonal demand.
3. *Pulse (burst) schedule*. A flighting schedule is combined with a continuous schedule because of increases in demand, heavy periods of promotion, or introduction of a new product.

For example, products such as breakfast cereals have a stable demand throughout the year and would typically use a continuous schedule of advertising. In contrast, products such as snow skis and suntan lotions have seasonal demands and receive flighting-schedule advertising during the seasonal demand period. Some products such as toys or automobiles require pulse-schedule advertising to facilitate sales throughout the year and during special periods of increased demand (such as holidays or new car introductions). Some evidence suggests that pulsing schedules are superior to other advertising strategies.⁴³ In addition, research indicates the effectiveness of a particular ad wears out quickly and, therefore, many alternative forms of a commercial may be more effective.⁴⁴

learning review

- 18- You see the same ad in *Time* and *Fortune* magazines and on billboards and TV. Is this an example of reach or frequency?
- 5-
- 18- Why has the Internet become a popular advertising medium?
- 6.
- 18- What factors must be considered when choosing among alternative media?
- 7.

EXECUTING THE ADVERTISING PROGRAM

Executing the advertising program involves pretesting the advertising copy and actually carrying out the advertising program. John Wanamaker, the founder of Wanamaker's Department Store in Philadelphia, remarked, "I know half my advertising is wasted, but I don't know what half." By evaluating advertising efforts, marketers can try to ensure that their advertising expenditures are not wasted.⁴⁵ Evaluation is done usually at two separate times: before and after the advertisements are run in the actual campaign. Several methods used in the evaluation process at the stages of idea formulation and copy development are discussed below.

Pretesting the Advertising

To determine whether the advertisement communicates the intended message or to select among alternative versions of the advertisement, **pretests** are conducted before the advertisements are placed in any medium.

Portfolio Tests

Portfolio tests are used to test copy alternatives. The test ad is placed in a portfolio with several other ads and stories, and consumers are asked to read

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through the portfolio. Afterward, subjects are asked for their impressions of the ads on several evaluative scales, such as from “very informative” to “not very informative.”

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Jury Tests

Jury tests involve showing the ad copy to a panel of consumers and having them rate how they liked it, how much it drew their attention, and how attractive they thought it was. This approach is similar to the portfolio test in that consumer reactions are obtained. However, unlike the portfolio test, a test advertisement is not hidden within other ads.

Theater Tests

Theater testing is the most sophisticated form of pretesting. Consumers are invited to view new television shows or movies in which test commercials are also shown. Viewers register their feelings about the advertisements either on handheld electronic recording devices used during the viewing or on questionnaires afterward.

Carrying Out the Advertising Program

The responsibility for actually carrying out the advertising program can be handled in one of three ways, as shown in **Figure 18–5**. The **full-service agency** provides the most complete range of services, including market research, media selection, copy development, artwork, and production. In the past, agencies that assisted a client by both developing and placing advertisements often charged a commission of 15 percent of the media costs. As corporations introduced integrated marketing communication approaches, however, many advertisers switched from paying commissions to incentive plans based on performance. These plans typically pay for agency costs and a 5 to 10 percent profit, plus bonuses if specific performance goals related to brand preference, lead generation, sales, and market share are met. The Association of National Advertisers estimates that 61 percent of all agency clients currently use this approach.

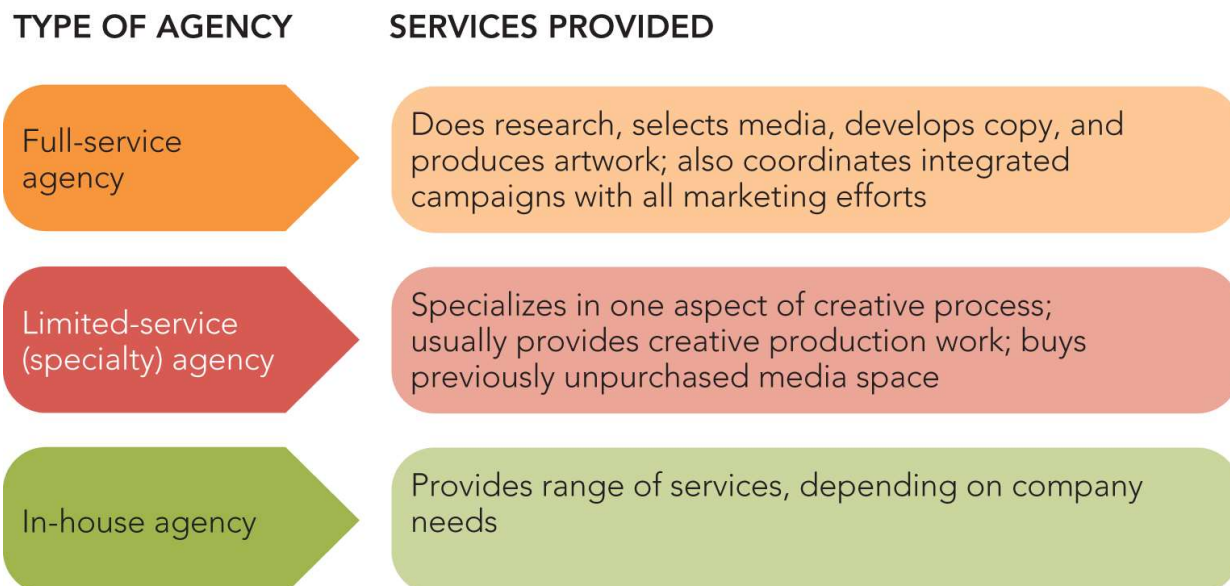


Figure 18–5 Alternative structures of advertising agencies used to carry out the advertising program.

Anheuser-Busch recently introduced a new version of the full-service agency approach when it announced it would begin to compensate agencies for their costs based on rigid scope-of-work agreements. Vice President of Marketing Keith Levy explains, “We want partner agencies really tied to the strategy of the brand.” In the future, clients may move to a value-based approach where compensation is dependent on sales of the advertised product or brand. This approach will add additional emphasis on agency contributions beyond advertising. In some instances, such as specialized direct-response agencies, compensation is already a percentage of revenue generated.⁴⁶

Limited-service agencies specialize in one aspect of the advertising process, such as providing creative services to develop the advertising copy, buying previously unpurchased media (media agencies), or providing Internet services (Internet agencies).

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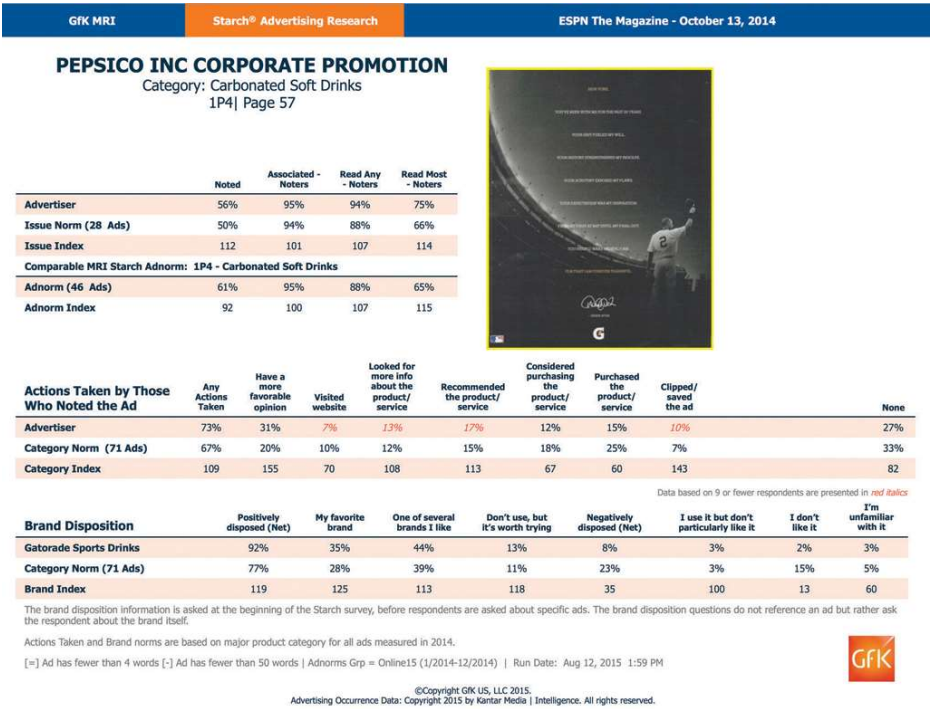
Limited-service agencies that deal in creative work are compensated by a contractual agreement for the services performed. Finally, **in-house agencies** made up of the company’s own advertising staff may provide full services or a limited range of services.

ASSESSING THE ADVERTISING PROGRAM

The advertising decision process does not stop with executing the advertising program. The advertisements must be evaluated to determine whether they are achieving their intended objectives, and results may indicate that changes must be made in the advertising program.

Posttesting the Advertising

An advertisement may go through **posttests** after it has been shown to the target audience to determine whether it accomplished its intended purpose. Five approaches common in posttesting are discussed here.⁴⁷



The Starch test uses aided recall to evaluate an ad on four dimensions. See the text to learn more.
 Courtesy of GfK North America

Aided Recall

After being shown an ad, respondents are asked whether their previous exposure to it was through reading, viewing, or listening. The Starch test shown in the accompanying photo uses aided recall to determine the percentage of those who (1) remember seeing a specific ad (*noted*), (2) saw or read any part of the ad identifying the product or brand (*associated*), (3) read any part of the ad's copy (*read any*), and (4) read at least half of the ad (*read most*). Elements of the ad are then tagged with the results, as shown in the photo.⁴⁸

Unaided Recall

The unaided recall approach involves asking respondents a question such as, "What ads do you remember seeing yesterday?" without any prompting to determine whether they saw or heard advertising messages.

Attitude Tests

Attitude tests involve asking respondents questions to measure changes in their attitudes after an advertising campaign. For example, they might be asked whether they now have a more favorable attitude toward the product advertised. Recent research suggests that attitudes can be influenced by many factors, including the increasingly popular use of co-creation to develop consumer-generated ads.⁴⁹

Inquiry Tests

Inquiry tests involve offering additional product information, product samples, or premiums to an ad's readers or viewers. Ads generating the most inquiries are presumed to be the most effective.

Sales Tests

Sales tests involve studies such as controlled experiments (e.g., using radio ads in one market and newspaper ads in another and comparing the results) and consumer purchase tests (measuring retail sales that result from a given advertising campaign). The most sophisticated experimental methods today allow a manufacturer, a distributor, or an advertising agency to manipulate an advertising variable (such as schedule or copy) through cable systems and observe subsequent sales effects by monitoring data collected from checkout scanners in supermarkets.⁵⁰

Making Needed Changes

Results of posttesting the advertising copy are used to reach decisions about changes in the advertising program.

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If the posttest results show that an advertisement is doing poorly in terms of awareness, cost efficiency, or sales, it may be dropped and other ads run in its place in the future. On the other hand, sometimes an advertisement may be so successful it is run repeatedly or used as the basis of a larger advertising program.

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learning review

- 18-8. Explain the difference between pretesting and posttesting advertising copy.
- 18-9. What is the difference between aided and unaided recall posttests?

SALES PROMOTION

LO 18-4

Discuss the strengths and weaknesses of consumer-oriented and trade-oriented sales promotions.

Sales promotion is a key element of the promotional mix today; it now accounts for more than \$74 billion in annual expenditures. In a recent forecast by ZenithOptimedia, sales promotion expenditures accounted for 18 percent of all promotional spending.⁵¹ The large allocation of marketing expenditures to sales promotion reflects the trend toward integrated marketing communications programs, which often include a variety of sales promotion elements. Selection and integration of the many promotion techniques require a good understanding of the

advantages and disadvantages of each kind of sales promotion.⁵² The two major kinds of sales promotions, consumer-oriented and trade-oriented, are discussed below.

Consumer-Oriented Sales Promotions

Directed to ultimate consumers, **consumer-oriented sales promotions**, or simply *consumer promotions*, are sales tools used to support a company's advertising and personal selling. A variety of consumer-oriented sales promotion tools may be used, including coupons, deals, premiums, contests, sweepstakes, samples, loyalty programs, point-of-purchase displays, rebates, and product placements (see **Figure 18–6**).

KIND OF SALES PROMOTION	OBJECTIVES	ADVANTAGES	DISADVANTAGES
Coupons	Stimulate demand	Encourage retailer support	Consumers delay purchases
Deals	Increase trial; retaliate against competitor's actions	Reduce consumer risk	Consumers delay purchases; reduce perceived product value
Premiums	Build goodwill	Consumers like free or reduced-price merchandise	Consumers buy for premium, not product
Contests	Increase consumer purchases; build business inventory	Encourage consumer involvement with product	Require creative or analytical thinking
Sweepstakes	Encourage present customers to buy more; minimize brand switching	Get customer to use product and store more often	Sales drop after sweepstakes
Samples	Encourage new-product trial	Low risk for consumer	High cost for company
Loyalty programs	Encourage repeat purchases	Help create loyalty	High cost for company
Point-of-purchase displays	Increase product trial; provide in-store support for other promotions	Provide good product visibility	Hard to get retailer to allocate high-traffic space
Rebates	Encourage customers to purchase; stop sales decline	Effective at stimulating demand	Easily copied; steal sales from future; reduce perceived product value
Product placements	Introduce new products; demonstrate product use	Positive message in a noncommercial setting	Little control over presentation of product

Figure 18–6 Consumer-oriented sales promotion makes use of many different tools to achieve a variety of objectives.

Coupons

Coupons are sales promotions that usually offer a discounted price to the consumer, which encourages trial. Approximately 310 billion coupons worth \$533 billion are distributed in the United States each year. More than 92 percent of all coupons are distributed as freestanding inserts in newspapers. Research indicates that consumer use of coupons rose during the recession and has remained at 77 percent in subsequent years. Consumers redeemed 2.75 billion of the coupons last year, for a savings of approximately \$3.6 billion.

Companies that have increased their use of coupons include Procter & Gamble, Nestlé, and Kraft, while the top retailers for coupon redemption were Walmart, Kroger, and Target. The number of coupons generated at Internet sites (e.g., www.valpak.com and www.coupon.com) and on mobile phones has been increasing as well, although they account for less than 2 percent of all coupons. The redemption rate for online coupons—approximately 14 percent—however, is substantially higher than other forms of coupons. Daily deal sites like Groupon and Living-Social have helped fuel the growth in couponing. Today, coupons are available in almost every product category and they are used by men and women of all ages.⁵³



Coupons encourage trial by offering a discounted price. See the text to learn if coupons increase sales.

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Do coupons help increase sales? Studies suggest that market share does increase during the period immediately after coupons are distributed.⁵⁴ There are also indications, however, that couponing can reduce gross revenues by lowering the price paid by already-loyal consumers.⁵⁵ Therefore, the 9,000 manufacturers that currently use coupons are particularly interested in coupon programs directed at potential first-time buyers. One means of focusing on these potential buyers is through electronic in-store coupon machines that match coupons to your most recent purchases.

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Coupons are often far more expensive than the face value of the coupon; a 25-cent coupon can cost three times that after paying for the advertisement to deliver it, dealer handling, clearinghouse costs, and redemption. In addition, misredemption, or attempting to redeem a counterfeit coupon or a valid coupon when the product was not purchased, should be added to the cost of the coupon. The Coupon Information Corporation estimates that companies pay out refunds worth hundreds of millions of dollars each year as a result of coupon fraud. Recent growth in

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coupon fraud has marketers considering adding holograms and visual aids to help cashiers identify valid coupons.⁵⁶ Page 521

Deals

Deals are short-term price reductions, commonly used to increase trial among potential customers or to retaliate against a competitor's actions. For example, if a rival manufacturer introduces a new cake mix, the company responds with a "two packages for the price of one" deal. This short-term price reduction builds up the stock on the kitchen shelves of cake mix buyers and makes the competitor's introduction more difficult.

Premiums

A promotion tool often used with consumers is the premium, which consists of merchandise offered free or at a significant savings over its retail price. This latter type of premium is called self-liquidating because the cost charged to the consumer covers the cost of the item. McDonald's, for example, used a free premium in a promotional partnership with Illumination Entertainment during the release of the movie *Minions*. Collectible toys that portrayed movie characters were given away free with the purchase of a Happy Meal. What are the most popular premiums? According to the Promotional Products Association International, the top premiums are apparel, writing instruments, shopping bags, cups and mugs, and desk accessories. By offering a premium, companies encourage customers to return frequently or to use more of the product. Research suggests that deal-prone consumers and value seekers are attracted to premiums.⁵⁷

Contests

As shown in **Figure 18–6**, contests are another sales promotion tool used with consumers. Contests encourage consumers to apply their skill or analytical or creative thinking to try to win a prize. This form of promotion has been growing as requests for videos, photos, and essays are a good match with the trend toward consumer-generated content. For example, Doritos sponsors the "Crash the Super Bowl" ad contest, asking people to create their own 30-second ad about Doritos. A panel of judges then selects the finalists, posts the submissions on the Doritos Facebook Page, and opens up voting by the public. The winner is aired during the Super Bowl and is awarded a \$1 million prize! If you like contests, you can enter online now at websites such as www.contests.about.com.⁵⁸



McDonald's Monopoly sweepstakes offers a grand prize of \$1 million.

© Mike Hruby

Sweepstakes

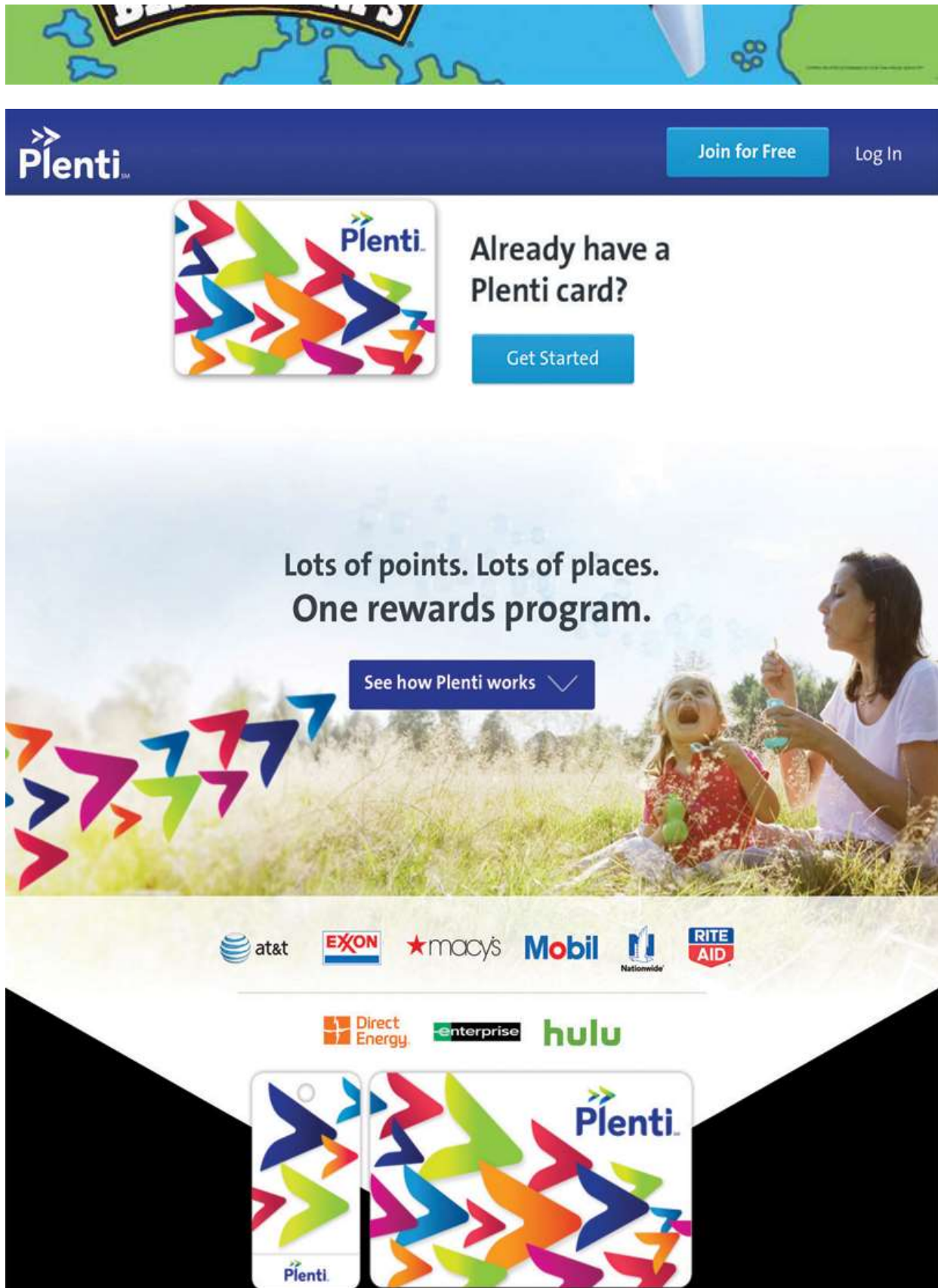
Sweepstakes are sales promotions that require participants to submit some kind of entry but are purely games of chance requiring no analytical or creative effort by the consumer. Popular sweepstakes include the HGTV "Dream Home Giveaway," which receives more than 90 million entries each year, and McDonald's Monopoly, which offers a grand prize of \$1 million.⁵⁹

Two variations of sweepstakes are popular now. First are sweepstakes that offer products that consumers value as prizes. Mars Chocolate, for example, created a

sweepstakes where consumers enter a UPC code from M&M's products for a chance to win one of five Toyota automobiles. Coca-Cola has a similar sweepstakes called "My Coke Rewards" that allows consumers to use codes from bottle caps to enter to win prizes or to collect points to be redeemed for rewards.

The second type of sweepstakes offers an "experience" as the prize. For example, one of television's most popular series, *The Voice*, and Nissan sponsored a sweepstakes for a chance to win a trip for two to the season finale of *The Voice* in Los Angeles. Similarly, StumbleUpon and the Academy of Motion Picture Arts and Sciences created a sweepstakes where consumers entered for a chance to win a trip to the Oscars in Hollywood.





The banner features a dark blue header with the Plenti logo on the left and "Join for Free" and "Log In" buttons on the right. Below the header, a Plenti card with a colorful arrow pattern is shown next to the text "Already have a Plenti card?" and a "Get Started" button. The main section has a background image of a woman and child in a field, with the text "Lots of points. Lots of places. One rewards program." and a "See how Plenti works" button. Below this, logos for partner brands are displayed in two rows: at&t, EXXON, macy's, Mobil, Nationwide, and RITE AID in the first row; and Direct Energy, enterprise, and hulu in the second row. At the bottom, two Plenti cards are shown side-by-side.

Plenti

Join for Free Log In

Plenti

Already have a Plenti card?

Get Started

Lots of points. Lots of places.
One rewards program.

See how Plenti works

at&t EXXON macy's Mobil Nationwide RITE AID

Direct Energy enterprise hulu

Plenti

Ben & Jerry's free samples encourage customers to try new flavors, while the Plenti loyalty program rewards frequent customers at participating businesses.

Sources: Left: Ben & Jerry's Homemade Inc.; Right: Plenti

Federal laws, the Federal Trade Commission, and state legislatures have issued rules covering sweepstakes, contests, and games to regulate fairness, ensure that the chance for winning is represented honestly, and guarantee that the prizes are actually

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awarded. Several well-known sweepstakes created by Publishers Clearing House and *Reader's Digest* have paid fines and agreed to new sweepstakes guidelines in response to regulatory scrutiny.⁶⁰

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Samples

Another common consumer sales promotion is sampling, which is offering the product free or at a greatly reduced price. Often used for new products, sampling puts the product in the consumer's hands. A trial size is generally offered that is smaller than the regular package size. If consumers like the sample, it is hoped they will remember and buy the product. Taco Bell has offered free tacos nationwide several times in the past to encourage customers to try new products. Recently, Taco Bell gave away 1,000,000 free Doritos Locos tacos to guests who placed orders on its mobile ordering app. The taco has become the company's most successful new product. Similarly, Ben & Jerry's offers a complimentary scoop of ice cream on "Free Cone Day." Some consumers watch for free samples online at sites such as www.startsampling.com. According to Stacy Fisher, who started trying free samples in college and now blogs about them, free samples are "a great way to try new things and save money."⁶¹

Loyalty Programs

Loyalty programs are a sales promotion tool used to encourage and reward repeat purchases by acknowledging each purchase made by a consumer and offering a premium as purchases accumulate. The most popular loyalty programs today are credit card reward programs. More than 75 percent of all cards offer incentives for use of their card. Citibank, for example, offers "Thank You" points for using Citi credit or debit cards. The points can be redeemed for books, music, gift cards, cash, travel, and special limited time rewards. Airlines, retailers, hotels, and grocery stores also offer popular loyalty programs. Specialty retailers such as Toys 'R' Us and Best Buy have enhanced their reward programs to add value to their offerings as they compete with low-cost merchandise. A new rewards program, called Plenti, lets you earn points with several stores and businesses such as Macy's, Mobile, and Rite Aid. There are now more than 3.3 billion loyalty program memberships, for an average of 29 for each household in the United States, with point balances exceeding \$50 billion.⁶²

One trend in loyalty programs today is to customize the rewards and benefits for different segments of program members. This approach leads to promotions targeted at

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new members, members with unique purchase histories, or members who have self-selected into “elite” status groups. American Airlines, for example, has offered bonus points for new members, an additional 50 percent of award points for members who fly first class, and special benefits for members who join the American Airlines Admirals Club. Another trend is the shift from programs where points and rewards can be earned from only one operator to an “open economy” for loyalty where points and rewards can be earned from many interchangeable programs. An example of a program moving in this direction is the Chase Ultimate Rewards program, which was recently rated highest in terms of overall customer satisfaction.⁶³



Point-of-purchase displays help increase consumers' attention in a store.

© McGraw-Hill Education/Mark Dierker, photographer

Point-of-Purchase Displays

In a store aisle, you often encounter a sales promotion called a point-of-purchase display. These product displays take the form of advertising signs, which sometimes actually hold or display the product, and are often located in high-traffic areas near the cash register or the end of an aisle. The point-of-purchase display for the movie *Insurgent* is designed to maximize the consumer's attention to a DVD release and provide storage for the products. Annual expenditures on point-of-purchase promotions now exceed \$20.3 billion and are expected to grow as point-of-purchase becomes integrated with all forms of promotion.

Some studies estimate that one-third of a consumer's buying decisions are made in the store. Grocery product manufacturers want to get their message to you at the instant you are next to their brand in your supermarket aisle, perhaps through a point-of-purchase display. At a growing number of supermarkets, this may be done with digital signage. Walmart, for example, is replacing its satellite-based in-store TV network with an Internet protocol system called Walmart Smart Network, which includes welcome screens, category screens, and “endcap” screens that display information about product categories, brands, and new products, respectively. The advantage of these methods of promotion is that they do not rely on the consumers' ability to remember the message for long periods. Other in-store promotions such as interactive kiosks are also becoming popular.⁶⁴

Rebates

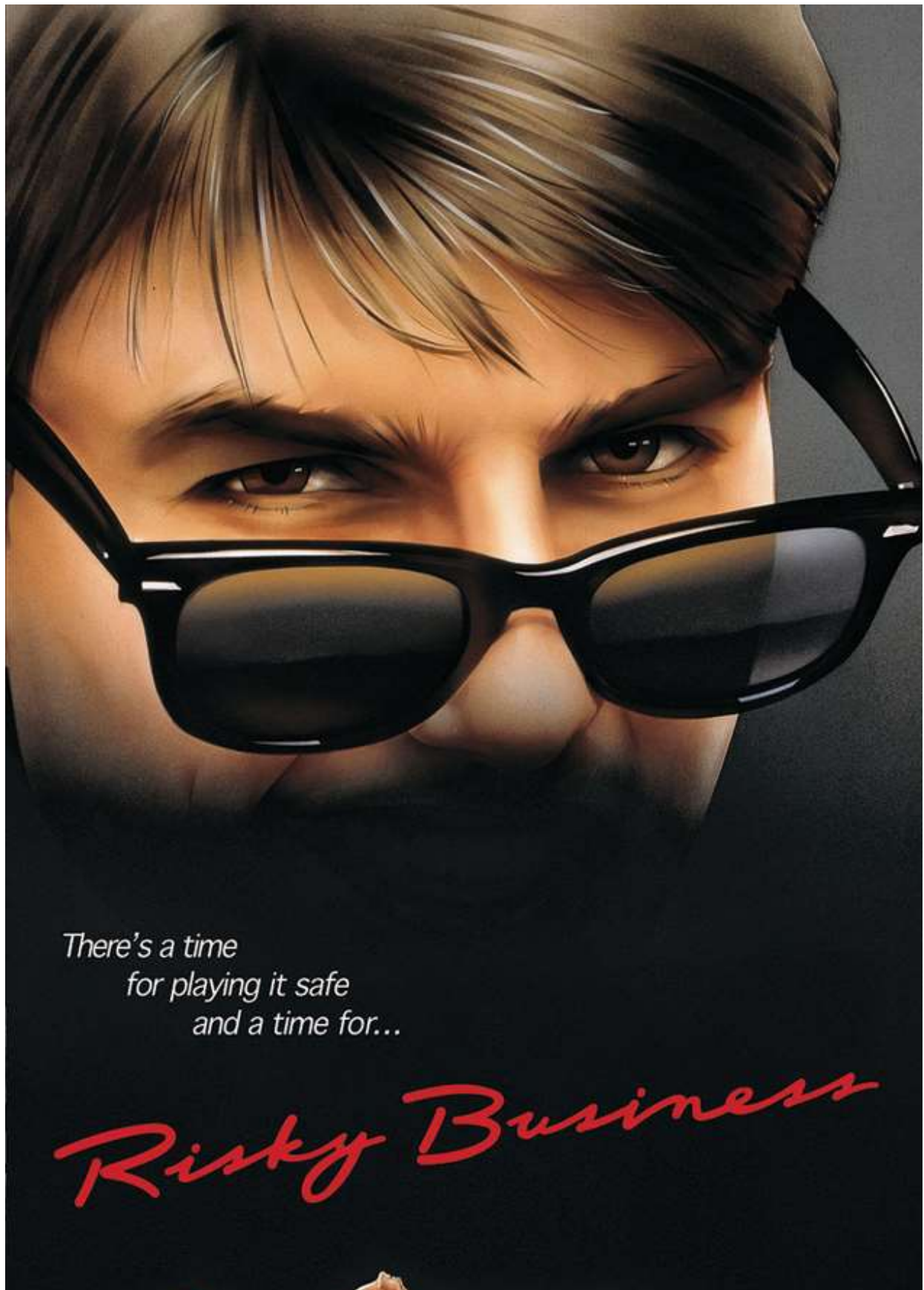
Another consumer sales promotion tool in [Figure 18–6](#), the cash rebate, offers the return of money based on proof of purchase. For example, Virgin Mobile recently offered a \$100 rebate to T-Mobile subscribers who switched their service during a seven-week period. When a rebate is offered on lower-priced items, the time and trouble of mailing in a proof of purchase to get the rebate check often means that many buyers never take advantage of it. However, this “slippage” is less likely to occur with frequent users of rebate promotions. In addition, online consumers are more likely to take advantage of rebates.⁶⁵

Product Placements

A final consumer promotion tool, **product placement**, involves the use of a brand-name product in a movie, television show, video game, or commercial for another product. It was Steven Spielberg's placement of Hershey's Reese's Pieces in *E.T. the Extra Terrestrial* that first brought a lot of interest to the candy. Similarly, when Tom Cruise wore Bausch and Lomb's Ray-Ban sunglasses in *Risky Business* and its Aviator glasses in *Top Gun*, sales skyrocketed from 100,000 pairs to 7,000,000 pairs in five years. After *Toy Story*, Etch-A-Sketch sales increased 4,500 percent and Mr. Potato Head sales increased 800 percent.

More recently you might remember seeing products from Beats by Dre, Coca-Cola, Mercedes-Benz, and Starbuck in *Jurassic World*; N. Peal (sweaters), Range Rover, and Aston Martin in the James Bond movie *Spectre*; and Levis, Audi, and Under Armour in *Avengers: Age of Ultron*. Which brand has the highest level of product placement in film? It's Apple with placement in 9 of 35 top films, beating out Sony and Coca-Cola.

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Product placement can take many forms today. Are you familiar with these examples?

Sources: Left: © AF archive/Alamy; Middle: © Film Fanatique/Alamy; Right: © Staples/Newscom

The annual value of all product placements is estimated to be \$6 billion. Complaints that product placement has become excessive have led the Federal Communications Commission to begin developing guidelines for TV product placements. Meanwhile, the British government recently passed a law allowing product placement only if a bold “P” logo is shown before and after the program. Research suggests that a product placement disclosure such as this may lead to less favorable attitudes toward the products.⁶⁶

New forms of product placement may appear to be integrated into the program. An episode of *Modern Family*, for example, includes a scene in an Apple store. Some programs have recently begun digital product placement in programs after they have been filmed. Similarly, some companies such as Amway are creating partnerships with game developers in order to be included in video games, which can be effective if competing products are not also in the game. A variation of product placement, called *reverse product placement*, brings fictional products to the marketplace. Bertie Bott’s Every Flavour Beans, for example, began as an imaginary brand in Harry Potter books. Similarly, the movie *Forrest Gump* led to the Bubba Gump Shrimp Company restaurant chain. And fans of *The Office* can purchase Dunder Mifflin office supplies from www.quirk.com.⁶⁷

Trade-Oriented Sales Promotions

Trade-oriented sales promotions, or simply *trade promotions*, are sales tools used to support a company’s advertising and personal selling directed to wholesalers, retailers, or distributors. Some of the sales promotions just reviewed are used for this purpose, but three other common approaches are targeted uniquely to these intermediaries: (1) allowances and discounts, (2) cooperative advertising, and (3) training of distributors’ salesforces.

Allowances and Discounts

Trade promotions often focus on maintaining or increasing inventory levels in the channel of distribution. An effective method for encouraging such increased purchases by intermediaries is the use of allowances and discounts. However, overuse of these price reductions can lead to retailers changing their ordering patterns in the expectation of such offerings. Although there are many variations that manufacturers can use with discounts and allowances, three common approaches are the merchandise allowance, the case allowance, and the finance allowance.⁶⁸

Reimbursing a retailer for extra in-store support or special featuring of the brand is a *merchandise allowance*. Performance contracts between the manufacturer and trade member usually specify the activity to be performed, such as a picture of the product in a newspaper with a coupon good at only one store. The merchandise allowance then consists of a percentage deduction from the list case price ordered during the promotional period. Allowances are not paid by the manufacturer until it

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sees proof of performance (such as a copy of the ad placed by the retailer in the local newspaper).

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A second common trade promotion, a *case allowance*, is a discount on each case ordered during a specific time period. These allowances are usually deducted from the invoice. A variation of the case allowance is the “free goods” approach, whereby retailers receive some amount of the product free based on the amount ordered, such as 1 case free for every 10 cases ordered.⁶⁹

A final trade promotion, the *finance allowance*, involves paying retailers for financing costs or financial losses associated with consumer sales promotions. This trade promotion is regularly used and has several variations. One type is the floor stock protection program—manufacturers give retailers a case allowance price for products in their warehouse, which prevents shelf stock from running down during the promotional period. Also common are freight allowances, which compensate retailers that transport orders from the manufacturer’s warehouse.

Cooperative Advertising

Resellers often perform the important function of promoting the manufacturer’s products at the local level. One common sales promotional activity is to encourage both better quality and greater quantity in the local advertising efforts of resellers through **cooperative advertising**. These are programs by which a manufacturer pays a percentage of the retailer’s local advertising expense for advertising the manufacturer’s products.

Usually, the manufacturer pays a percentage, often 50 percent, of the cost of advertising up to a certain dollar limit, which is based on the amount of the manufacturer’s products purchased by the retailer. In addition to paying for the advertising, the manufacturer often furnishes the retailer with a selection of different ad executions, sometimes suited for several different media. A manufacturer may provide, for example, several different print layouts as well as a few broadcast ads for the retailer to adapt and use.⁷⁰

Training of Distributors’ Salesforces

One of the many functions the intermediaries perform is customer contact and selling for the producers they represent. Both retailers and wholesalers employ and manage their own sales personnel. A manufacturer’s success often rests on the ability of the reseller’s salesforce to represent its products. Thus, it is in the best interest of the manufacturer to help train the reseller’s salesforce.

Because the reseller’s salesforce is often less sophisticated and knowledgeable about the products than the manufacturer might like, training can increase their sales performance. Training activities include producing manuals and brochures to educate the reseller’s salesforce. The salesforce then uses these aids in selling situations. Other activities include national sales meetings sponsored by the manufacturer and field visits to the reseller’s location to inform and motivate the salesperson to sell the products. Manufacturers also develop incentive and recognition programs to motivate a reseller’s salespeople to sell their products.

learning review

- 18-10.** What is the difference between a coupon and a deal?
- 18-11.** Which sales promotion tool is most common for new products?
- 18-12.** Which trade promotion approach focuses on maintaining or increasing inventory levels?

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PUBLIC RELATIONS

LO 18-5

Recognize public relations as an important form of communication.

As noted in **Chapter 17**, public relations is a form of communications management that seeks to influence the image of an organization and its products and services. Public relations efforts may utilize a variety of tools and may be directed at many distinct audiences. While public relations personnel usually focus on communicating positive aspects of the business, they may also be called on to minimize the negative impact of a problem or crisis. Carnival Cruises, BP, and Goldman Sachs, for example,

faced substantial negative publicity for passengers stranded on disabled ships, the worst oil spill in U.S. history, and securities fraud charges, respectively.⁷¹ The most frequently used public relations tool is publicity.

Publicity Tools

In developing a public relations campaign, several methods of obtaining nonpersonal presentation of an organization, product, or service without direct cost—**publicity tools**—are available to the public relations director. Many companies frequently use the *news release*, consisting of an announcement regarding changes in the company or the product line. The objective of a news release is to inform a newspaper, radio station, or other medium of an idea for a story.



Cameron Diaz receives publicity for her movies by visiting programs such as *The Tonight Show Starring Jimmy Fallon*.

© Mike Coppola/NBC/Getty Images

A second common publicity tool is the *news conference*. Representatives of the media are all invited to an informational meeting, and advance materials regarding the content are sent. This tool is often used when new products are introduced or significant changes in corporate structure and leadership are being made.

Nonprofit organizations rely heavily on *public service announcements (PSAs)*, which are free space or time donated by the media. For example, the charter of the

American Red Cross prohibits any local chapter from advertising, so to solicit blood donations local chapters often depend on PSAs on radio or television to announce their needs.

Finally, today many high-visibility individuals are used as publicity tools to create visibility for their companies, their products, and themselves. Richard Branson uses visibility to promote the Virgin Group, Cameron Diaz uses it to promote her movies, and U.S. senators use it to promote themselves as political candidates. These publicity efforts are coordinated with news releases, conferences, advertising, donations to charities, volunteer activities, endorsements, and any other activities that may have an impact on public perceptions.⁷²

INCREASING THE VALUE OF PROMOTION

Today's customers seek value from companies that provide leading-edge products, hassle-free transactions at competitive prices, and customer intimacy.⁷³ Promotion practices have changed dramatically to improve transactions and increase customer intimacy by (1) emphasizing long-term relationships and (2) increasing self-regulation.

Building Long-Term Relationships

Many changes in promotional techniques have been driven by marketers' interest in developing long-term relationships with their customers. Promotion can contribute to

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brand and store loyalty by improving a company's ability to target individual preferences and by engaging customers in valuable and entertaining communication. New social and mobile media have provided immediate opportunities for personalized promotion activities. In addition, technological developments have helped traditional media such as TV and radio focus on individual preferences through services such as Android TV and SiriusXM Satellite Radio. Although the future holds extraordinary promise for the personalization of promotion, the industry will need to manage and balance consumers' concerns about privacy as it proceeds.

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Changes that help engage consumers have also been numerous. Marketers have attempted to utilize interactive technologies and to integrate new media and technologies into the overall creative process. Ad agencies are increasingly integrating public relations, direct marketing, advertising, and sales promotion into comprehensive IMC campaigns. In fact, some experts predict that advertising agencies will soon become "communications consulting firms." Further, increasingly diverse and global audiences necessitate multimedia approaches and sensitivity communication techniques that engage the varied groups.⁷⁴ Overall, companies hope that these changes will build customer relationships for the long term—emphasizing a lifetime of purchases rather than a single transaction.

Self-Regulation

Unfortunately, over the years, many consumers have been misled, or even deceived, by some promotions. Examples include sweepstakes in which the gifts were not awarded, rebate offers that were a terrible hassle, and advertisements whose promises were great, until the buyer read the small print. In one of the worst scandals in promotion history, McDonald's assisted an FBI investigation of the firm responsible for the fast-food chain's sweepstakes because the promotion agency security director was suspected of stealing winning game pieces.⁷⁵

Promotions targeted at special groups such as children and the elderly also raise ethical concerns. For example, providing free samples to children in elementary schools or linking product lines to TV programs and movies has led to questions about the need for restrictions on promotions.⁷⁶ Although the Federal Trade Commission (FTC) does provide some guidelines to protect consumers and special groups from misleading promotions, some observers believe more government regulation is needed.

Formal regulation of all promotional activities by federal, state, and local governments would be very expensive. As a result, advertising agencies, trade associations, and marketing organizations are increasing their efforts toward *self-regulation*.⁷⁷ By imposing standards that reflect the values of society on their promotional activities, marketers can (1) facilitate the development of new promotional methods, (2) minimize regulatory constraints and restrictions, and (3) help consumers gain confidence in the communication efforts used to influence their purchases. As organizations strive for effective self-regulation, marketing executives will need to make sound ethical judgments about the use of existing and new promotional practices.

learning review

18-13. What is a news release?

18-14. What is the difference between government regulation and self-regulation?

LEARNING OBJECTIVES REVIEW

LO 18-1 *Explain the differences between product advertising and institutional advertising and the variations within each type.*

Product advertisements focus on selling a good or service and take three forms: Pioneering advertisements tell people what a product is, what it can do, and where it can be found; competitive advertisements persuade the target market to select the firm's brand rather than a competitor's; and reminder advertisements reinforce previous knowledge of a product. Institutional advertisements are used to build goodwill or an image for an organization. They include advocacy advertisements, which state the position of a company on an issue, and pioneering, competitive, and reminder advertisements, which are similar to the product ads but focused on the institution.

LO 18-2 *Describe the steps used to develop, execute, and evaluate an advertising program.*

The promotion decision process can be applied to each of the promotional elements. The steps to develop an advertising program include the following: identify the target audience, specify the advertising objectives, set the advertising budget, design the advertisement, create the message, select the media, and schedule the advertising. Executing the program requires pretesting, and evaluating the program requires posttesting.

LO 18-3 *Explain the advantages and disadvantages of alternative advertising media.*

Television advertising reaches large audiences and uses picture, print, sound, and motion; its disadvantages, however, are that it is expensive and perishable. Radio advertising is inexpensive and can be placed quickly, but it has no visual element and is perishable. Magazine advertising can target specific audiences and can convey complex information, but it takes a long time to place the ad and is relatively expensive. Newspapers provide excellent coverage of local markets and can be changed quickly, but they have a short life span and poor color. Yellow pages advertising has a long use period and is available 24 hours per day; its disadvantages, however, are that there is a proliferation of directories and they cannot be updated frequently. Internet advertising can be interactive, but its effectiveness is difficult to measure. Outdoor advertising provides repeat exposures, but its message must be very short and simple. Direct mail can be targeted at very selective audiences, but its cost per contact is high.

LO 18-4 *Discuss the strengths and weaknesses of consumer-oriented and trade-oriented sales promotions.*

Coupons encourage retailer support but may delay consumer purchases. Deals reduce consumer risk but also reduce perceived value. Premiums offer consumers additional merchandise they want, but they may be purchasing only for the premium. Contests create involvement but require creative thinking. Sweepstakes encourage repeat purchases, but sales drop after the sweepstakes. Samples encourage product trial but are expensive. Loyalty programs help create loyalty but are expensive to run. Displays provide visibility but are difficult to place in retail space. Rebates stimulate demand but are easily copied. Product placements provide a positive message in a noncommercial setting that is difficult to control. Trade-oriented sales promotions include (a) allowances and discounts, which increase purchases but may change retailer ordering patterns, (b) cooperative advertising, which encourages local advertising, and (c) salesforce training, which helps increase sales by providing the salespeople with product information and selling skills.

LO 18-5 *Recognize public relations as an important form of communication.*

Public relations activities usually focus on communicating positive aspects of the business. A frequently used public relations tool is publicity. Publicity tools include news releases and news conferences. Nonprofit organizations often use public service announcements.

LEARNING REVIEW ANSWERS

18-1 What is the difference between pioneering and competitive ads?

Answer: Pioneering (or informational) ads, used in the introductory stage of the product life cycle, tell people what a product is, what it can do, and where it can be found. The key objective of a pioneering ad is to inform the target market. Competitive (or persuasive) ads promote a specific brand's features and benefits to persuade the target market to select the firm's brand rather than that of a competitor. A form of a competitive ad is the comparative ad that shows one brand's strengths relative to those of competitors.

18-2 What is the purpose of an institutional advertisement?

Answer: The purpose of an institutional advertisement is to build goodwill or an image for an organization rather than a specific offering. This form of advertising is often used to support the public relations plan or counter adverse publicity.

18-3 What other decisions can advertising objectives influence?

Answer: Advertising objectives can influence decisions such as selecting media and evaluating an advertising campaign.

18-4 What is a potential shortcoming of using a celebrity spokesperson?

Answer: The spokesperson's image may change to be inconsistent with the image of the company or brand.

18-5 You see the same ad in *Time* and *Fortune* magazines and on billboards and TV. Is this an example of reach or frequency?

Answer: This is an example of frequency—reaching the same audience more than once.

18-6 PRINTED BY: jromero0950@email.phoenix.edu. Printing is for personal, private use only. No part of this book may be reproduced or transmitted without publisher's prior permission. Violators will be prosecuted.

Why has the Internet become a popular advertising medium?

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Answer: The Internet offers a visual message, can use both audio and video, is interactive through rich media, and tends to reach younger consumers.

18-7 What factors must be considered when choosing among alternative media?

Answer: Choosing among alternative media depends on: knowing the media habits of the target audience; understanding the product's attributes (such as color), the competitive situation, and the need for a complicated message; and the cost, as measured by CPM.

18-8 Explain the difference between pretesting and posttesting advertising copy.

Answer: Pretests are conducted before ads are placed in any medium to determine whether

they communicate the intended message or to select among alternative versions of the ad. Posttests are conducted after the ads are shown to the target audience to determine whether they accomplished their intended purpose.

18-9 What is the difference between aided and unaided recall posttests?

Answer: Aided and unaided recall posttests are conducted after the ads are shown to the target audience. Aided recall involves showing an ad to respondents who then are asked if their previous exposure to it was through reading, viewing, or listening. Aided recall is used to determine the percentage of those (1) who remember seeing a specific magazine ad (noted), (2) who saw or read any part of the ad identifying the product or brand (seen-associated), (3) who read any part of the ad's copy (read some), and (4) who read at least half of the ad (read most). Unaided recall involves specifically asking respondents if they remember an ad without any prompting to determine if they saw or heard its message.

18-10 What is the difference between a coupon and a deal?

Answer: Coupons and deals are consumer-oriented sales promotion tools used to support a company's advertising and personal selling. A coupon usually offers a discounted price to encourage trial. A deal is a short-term price reduction used to increase trial among potential customers or to retaliate against a competitor's actions.

18-11 Which sales promotion tool is most common for new products?

Answer: A product sample (or sampling) is a consumer-oriented sales promotion-tool that is given to consumers through the use of a trial-size package, which is generally smaller than the regular size.

18-12 Which trade promotion approach focuses on maintaining or increasing inventory levels?

Answer: Allowances and discounts encourage increased purchases by intermediaries to maintain or increase inventory levels in the channel of distribution.

18-13 What is a news release?

Answer: A news release is a publicity tool that consists of an announcement regarding changes in the company or the product line to inform the media of an idea for a story.

18-14 What is the difference between government regulation and self-regulation?

Answer: Government regulation involves laws or other controls that are set by an agency of local, state, or federal government and restrict some promotion activities. The Federal Trade Commission (FTC) issues guidelines to protect consumers from misleading promotions. Self-regulation involves imposing standards and ethical guidelines for the promotional activities of advertising agencies, trade associations, and marketing organizations that reflect the values of society.

FOCUSING ON KEY TERMS

advertising , 500

consumer-oriented sales promotions , 519

cooperative advertising , 525

cost per thousand (CPM) , 508

frequency , 508

full-service agency , 517
gross rating points (GRPs) , 508
infomercials , 510
in-house agencies , 518
institutional advertisements , 501
limited-service agencies , 517
mobile marketing , 513

posttests
pretests , 516
product advertisements , 500
product placement , 523
publicity tools , 526
rating , 508
reach , 507
trade-oriented sales promotions , 524

APPLYING MARKETING KNOWLEDGE

1. How does competitive product advertising differ from competitive institutional advertising?
2. Suppose you are the advertising manager for a new line of children's fragrances. Which form of media would you use for this new product?
3. You have recently been promoted to be director of advertising for the Timkin Tool Company. In your first meeting with Mr. Timkin, he says, "Advertising is a waste! We've been advertising for six months now and sales haven't increased. Tell me why we should continue." Give your answer to Mr. Timkin.
4. A large life insurance company has decided to switch from using a strong fear appeal to a humorous approach. What are the strengths and weaknesses of such a change in message strategy?
5. Some national advertisers have found that they can have more impact with their advertising by running a large number of ads for a period and then running no ads at all for a period. Why might such a flighting schedule be more effective than a continuous schedule?

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Which medium has the lowest cost per thousand (CPM)?

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Medium	Cost of Ad	Audience Size
TV show	\$5,000	25,000
Magazine	2,200	6,000
Newspaper	4,800	7,200
FM radio	420	1,600

7. Each year, managers at Bausch and Lomb evaluate the many advertising media alternatives available to them as they develop their advertising program for contact lenses. What advantages and disadvantages of each alternative should they consider? Which media would you recommend to them?
8. What are two advantages and two disadvantages of the advertising posttests described in the chapter?
9. Federated Banks is interested in consumer-oriented sales promotions that would encourage senior citizens to direct deposit their Social Security checks with the bank. Evaluate the sales promotion options, and recommend two of them to the bank.
10. How can public relations be used by Firestone and Ford following investigations into complaints about tire failures?
11. Describe a self-regulation guideline you believe would improve the value of (a) an existing form of promotion and (b) a new promotional practice.

BUILDING YOUR MARKETING PLAN

To augment your promotion strategy from **Chapter 17**:

1. Use **Figure 18–3** to select the advertising media you will include in your plan by analyzing how combinations of media (e.g., television and Internet advertising, radio and yellow pages advertising) can complement each other.
2. Use **Figure 18–6** to select your consumer-oriented sales promotion activities.
3. Specify which trade-oriented sales promotions and public relations tools you will use.

Video Case 18**Video Case 18: Google, Inc.: The Right Ads at the Right Time****VIDEO 18-6****Google Video Case**kerin.tv/13e/v18-6

“So what we did, in essence, is we said advertising should be useful to a consumer just as much as the organic search results, and we don’t want people just to buy advertising and be able to show an ad if it’s irrelevant to the consumer’s need,” says Richard Holden, director of product management at Google. To accomplish this, Google developed a “Quality Score” model to predict how effective an ad will be. The model uses many factors such as click-through rates, advertiser history, and keyword performance to develop a score for each advertisement. “Essentially, what we’re trying to do is predict ahead, before we actually show an ad, how a consumer will react to that ad, and our interest is in showing fewer ads, not more ads; just the right ads at the right time,” Holden continues. The Google advertising model has revolutionized the advertising industry, and it continues to improve every day!



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THE COMPANY

Google began in 1996 as a research project for Stanford computer science students Larry Page and Sergey Brin. They started with a simple idea—that a search engine based on the relationships between websites would provide a better ranking than a search engine based only on the number of times a key term appeared on a website. The success of their model led to rapid growth, and the founders moved the company from their dorm room, to a friend’s garage, to offices in Palo Alto,

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California, and eventually to its current location, known as the Googleplex, in Mountain View, California. In 2000, Google began selling advertising as a means of generating revenue. Its advertising model allowed advertisers to bid on search words and pay for each “click” by a search-engine user. The ads were required to be simple and text-based so that the search result pages remained uncluttered and the search time was as fast as possible.

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Page and Brin’s first search engine was called “BackRub” because their technique was based on relationships, or backlinks, between websites. The name quickly changed, however. The name “Google” is a misspelling of the word “googol,” which is a mathematical term for a 1 followed by 100 zeros. Page and Brin used the name in the original domain, www.google.stanford.edu, to reflect their interest in organizing the immense amount of information available on the Web. The domain name, of course, became www.google.com and eventually Webster’s dictionary added the verb “google” with the definition “to use the Google search engine to obtain information on the Internet.” The name has become so familiar that *Advertising Age* recently reported that Google is “the world’s most powerful brand”!

Today, Google receives several hundred million inquiries each day as it pursues its mission: to organize the world’s information and make it universally accessible and useful. The company generates more than \$21 billion in annual revenue and has more than 20,000 employees. As Google has grown, it has developed 10 guidelines that represent the corporate philosophy. They are:

1. Focus on the user and all else will follow.
2. It’s best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the Web works.
5. You don’t need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There’s always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn’t good enough.

Using these guidelines, Google strives to continually improve its search engine. “The perfect search engine,” explains Google cofounder Larry Page, “would understand exactly what you mean and give back exactly what you want.”

ONLINE ADVERTISING

Google generates revenue by offering online advertising opportunities—next to search results or on specific web pages. The company always distinguishes ads from the search results or the content of a web page and it never sells placement in the search results. This approach ensures that Google website visitors always know when someone has paid to put a message in front of them. The advantage of online advertising is that it is measurable and allows immediate assessment of

its effectiveness. As Gopi Kallayil, product marketing manager, explains: “There is a very high degree of measurability and trackability that you get through online advertising.” In addition, he says, “With online advertising you can actually track the value of every single dollar that you spend, understand which particular customers the ad reached, and what they did after they received the advertising message.”

The online advertising market has grown from its initial focus on simple text ads to a much larger set of options. There are five key categories of online advertising. They are:

- Search: 47%
- Display: 35%
- Classified: 10%
- Referral: 7%
- E-mail: 1%

Google is the dominant provider of online search requests and receives more than 60 percent of the search advertising revenue. The fastest-growing advertising category, however, is display advertising, where Yahoo! and Microsoft are established providers. Google believes that there is an opportunity to grow its display advertising sales by making the ads useful information instead of visual clutter. According to Google cofounder Sergey Brin, “It’s like search-matching people with information they want. It just happens to be promotional.”

Several improvements in technology and business practice tools contributed to Google’s success. First, Google developed its patented PageRank™ algorithm, which evaluates the entire link structure of the Web and uses the link structure to determine which pages are most important. Then the process uses hypertext-matching analysis to determine which pages are relevant to a specific search. A combination of the importance and the relevance of web pages provides the search results—in just a fraction of a second. Second, Google developed two business practice tools—AdWords and AdSense—to help (1) advertisers create ads, and (2) content providers generate advertising revenue. Both tools have become essential elements of Google’s advertising model.

AdWords

To help advertisers place ads on their search-engine results, Google developed an online tool called

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AdWords. Advertisers can use AdWords to create ad text, select target keywords, and manage their account. The Page 532
process allows advertisers to reach targeted audiences. Frederick Vallaeys, AdWords evangelist, explains: “One of my favorite things about AdWords is the fact that it really helps you find the right customer at the right time and show them the right message. With AdWords you can very specifically target your market because you’re targeting them at a time when they do a search on Google. At that time they’ve told you a keyword, you know exactly what they’re looking for, and here is your opportunity as a marketer to give them the exact answer to what they’ve just told you they wanted to find.” Google has found that text ads that are relevant to the person reading them have much higher response (“click-through”) rates than ads that are not targeted.

AdWords is also easy for any advertiser to use. Large or small businesses can simply open an account with a credit card and have ads appear within minutes. “When AdWords rolled out their self-service product, it really was one of the first times when it was very easy for a small business to put their ad up on the Internet on a search engine and compete on a level playing field alongside *Fortune* 1000 companies,” says Vallaeys. Google has an experienced sales and service team available to help any advertiser select appropriate keywords, generate ad copy, and monitor campaign performance. The team is dedicated to helping its advertisers improve click-through rates because high click-through rates are an indication that ads are relevant to a user’s interests. Methods of improving advertising performance include changing the keywords and rewriting copy. Because there is no limit to the number of keywords that an advertiser can select and each keyword can be matched with different ad copy, the potential for many very customer-specific options is high.

Another advantage of Google’s AdWords program is that it allows advertisers to easily control costs. The ads appear as a “Sponsored Link” next to search results each time the Google search engine matches the search request with the ad’s keywords and Quality Score, although the advertiser is not charged unless someone “clicks” on the link. In a traditional advertising model, advertisers were charged using a CPM (cost-per-thousand) approach, which charged for the impressions made by an ad. According to Holden, the Google model “transformed that to what we call a CPC, or a cost-per-click model, and this is a model that an advertiser, instead of paying for an impression, only pays when somebody actually clicks on that ad and is delivered to their website. So, in effect, they may be getting the benefit from impressions being shown, but we’re not actually charging them anything unless there’s a definite lead being delivered to their website.” Google also offers advertisers real-time analytical services to allow assessment of and changes to any component of an advertising campaign.

AdSense

The AdSense program was designed for website owners as a tool for placing ads next to their web page content rather than next to search results. Currently, thousands of website managers use AdSense to place ads on their sites and generate revenue. Google applies the same general philosophy to matching ads with websites as it does to matching ads to search requests. By delivering ads that precisely target the content on the site’s pages, Google believes the advertising enhances the experience for visitors to the website. In this way advertisers, website publishers, and information seekers all benefit.

AdSense is one of the tools Google is using to pursue its goal of increasing its display advertising business. Yahoo! and Microsoft’s Bing are leaders in display advertising because they can put ads on their own websites such as Yahoo! Finance and MSN Money. To provide additional outlets for display ads, Google recently purchased YouTube. In addition, Google

purchased DoubleClick, an advertising exchange where websites put space up for auction and ad agencies bid to place ads for their clients. Google is also trying to make it easy for anyone to create a display ad by introducing a new tool called Display Ad Builder. Some experts observe that because Google is so dominant at search advertising, its future growth will depend on success in display advertising.

GOOGLE'S FUTURE STRATEGY

How will Google continue its success? One possibility is that it will begin to try to win advertising away from the U.S. TV industry. While this is a new type of advertising requiring creative capabilities and relationships with large advertising agencies, Google has dedicated many of its resources to becoming competitive for television advertising expenditures. For example, Google recently helped Volvo develop a campaign that included a YouTube ad and Twitter updates. Google is also likely to develop new websites, establish blogs, and build relationships with existing sites.

Another opportunity for Google will be mobile telephone advertising. There are currently more than 5.4 billion mobile phones in use, and 1.9 billion of those are Internet-capable. Just as Google's search engine provides a means to match relevant information

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with consumers, phones offer a chance to provide real-time and location-specific information. Some of the challenges in mobile advertising will be that the networks are not fast and that the ad formats are not standardized. Google believes its new phone and its Android operating system will also help.

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Finally, as Google pursues its mission it will continue to expand throughout the world. Search results are already available in more than 40 languages, and volunteers are helping with many others. It is obvious that Google is determined to “organize the world’s information” and make it “accessible and useful.”⁷⁸

Questions

1. Describe several unique characteristics about Google and its business practices.
2. What is Google’s philosophy about advertising? How can less advertising be preferred to more advertising?
3. Describe the types of online advertising available today. Which type of advertising does Google currently dominate? Why?
4. How can Google be successful in the display advertising business? What other areas of growth are likely to be pursued by Google in the future?

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