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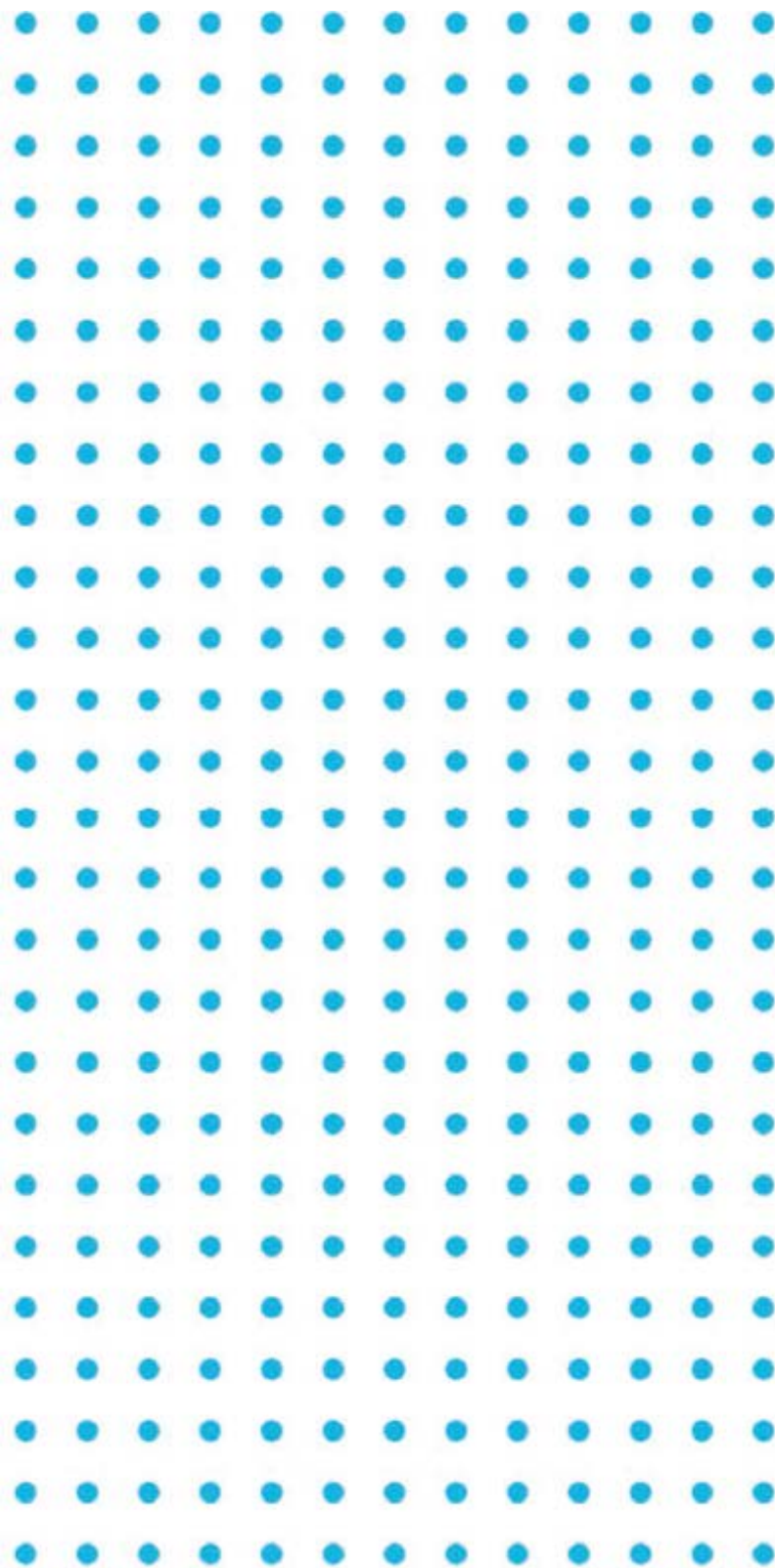## BELCH • BELCH • KERR • POWELL • WALLER

AN INTEGRATED MARKETING COMMUNICATION PERSPECTIVE

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AN INTEGRATED MARKETING COMMUNICATION PERSPECTIVE

Dedication

From Gayle:

To my family—Peter, Rhys and Georgia Amery—whose words of love and support, whose kindness and thoughtful actions, fill every chapter of my life.

From Irene:

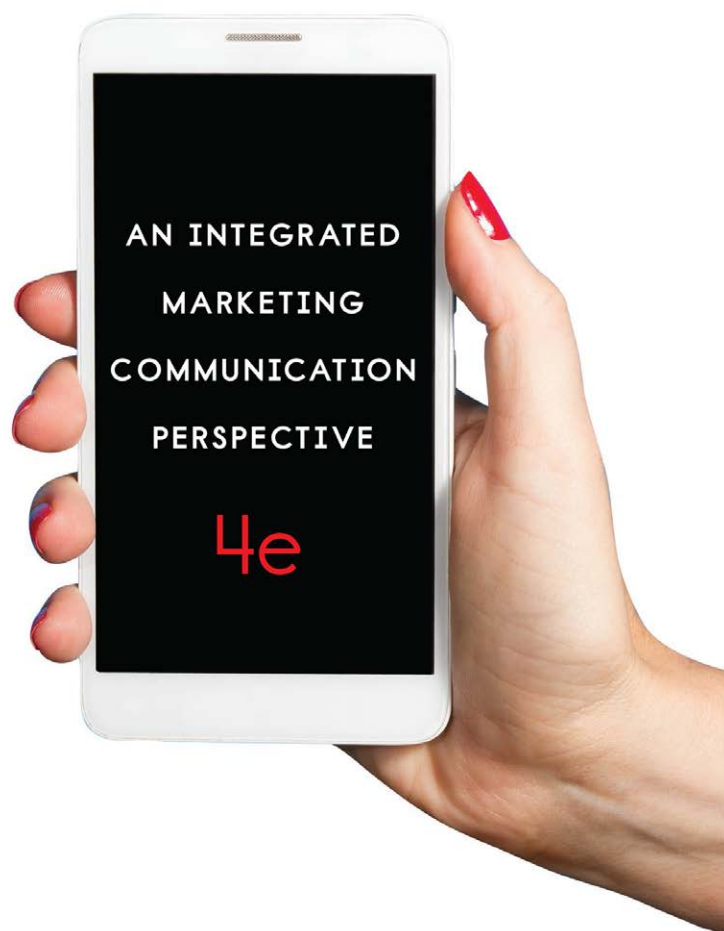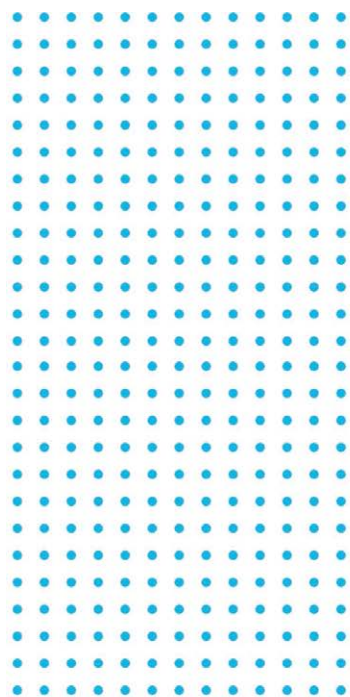With love and thanks to my family, Tony, Alex and Helena Wolkow, for your constant encouragement and support.

To the advertising, marketing and IMC students at QUT and the many other universities where these subjects are taught. This book is for you, for your love of learning and for the inspiration you provide that encourages us to share our knowledge and ideas with you each semester.

From David:

A huge thank you to my family—Judy, Helen, Susie and Kathryn—for their continuous love and support. Also, thanks go to my colleagues and students, both past and present, who have assisted and inspired me along the way.

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IMC PERSPECTIVE

PREFACE

INTEGRATION IS BIGGER THAN THE SUM OF THE CHAPTERS

I would not be very good at the popular KonMari Method™ of putting things into boxes. (Just have a look at my office!) Some textbooks do it very well. There is a box about advertising. A section on communication theory. A separate chapter on digital marketing. All neat and ordered. And while this might be a good way of clearing up the required content, it focuses on the parts instead of the bigger picture.

With disciplinary boundaries blurring and technology uniting organisational systems and data, it is important to recognise the value of integration. How can the marketing and the customer service centre, the advertising and the organisational systems, the publicity and the website activity all be brought together with a single strategic focus? Integration is bigger than the boxes alone, greater than the sum of the chapters. And integration is driven by strategy, creativity and digital platforms.

This integrated approach is evident in every page of this textbook—from our starting premise in Chapter 1 that 'everything is digital' to showing how good content can improve search rankings and how analytics can measure our communication efforts so that we can optimise them.

We have also integrated our author team. Instead of a couple of lead Australian authors, we have a team of them—academics who are specialist teachers and researchers in their areas of strategy, measurement, media and public relations; industry practitioners who have produced new chapters on analytics and search; plus the brains trust of industry providing personal perspectives and integrating new ideas throughout the book.

So don't just think the chapters are the sum of IMC. Add your thinking, your critical reasoning, your creativity and break out of those prepackaged ideas to think better and bolder than ever before.

Part 1 —What is IMC?—begins with the premise that everything is digital. It demonstrates how data has always shaped society, through its four industrial revolutions, to deliver digital disruption and new opportunities for customers, marketers and society. Chapter 2 examines the impact of this on marketing and its new focus on value, relationships and customer experience. Plus, how this environment has empowered IMC through the integration of organisations, platforms and data.

Part 2 —How does IMC work?—looks at integrating paid, owned and earned media, organisational systems and consumer data to produce synergy, which has demonstrated economic value for the brand and the customer. Chapter 3 explores this from the perspective of synergy. Chapter 4

examines it through consumer empowerment theory and frameworks of consumer behaviour and decision making. Chapter 5 looks at communication theory and consumer engagement with the brand, while Chapter 6 provides the ethical, legal and regulatory frameworks.

Part 3 —Planning and decision making—takes us through the campaign process. It takes us from consumer insights and strategy in Chapter 7 to measuring consumer behaviour through analytics in Chapter 8. Chapter 9 is all about search—paid, SEO and a blended approach. Then we make some creative decisions in Chapter 10, followed by media decisions in Chapter 11, before looking at how to measure the outcomes in Chapter 12.

Part 4 —Marketing communication disciplines—examines the evolution, current practice and challenges for the future of advertising, public relations, sales promotion, direct marketing and personal selling.

Gayle Kerr

ABOUT THE AUSTRALIAN AUTHORS

GAYLE KERR

Gayle's passion for advertising began as a copywriter working in the advertising industry for more than a decade. She shifted from writing advertising to teaching and researching it. And Gayle now shares her love of advertising as a Professor in Advertising and IMC at the Queensland University of Technology.

As a teacher, Gayle has introduced many innovations, including the first postgraduate Advertising and IMC courses in Australia and the first advertising digital units at both undergraduate and postgraduate level; she was also the first to implement a customer experience (CX) framework for online teaching.

In recognition of both her passion and her innovation, Gayle won Australia's highest university teaching award, the AAUT Teaching Excellence Award in 2017. She is also the first and only non-US academic to be honoured with the American Academy of Advertising Billy I. Ross Award for Education in 2012. She won an Australian Government Citation for Outstanding Contributions to Student Learning in 2013 and the QUT Vice-Chancellor's Award for Excellence in Leadership in 2012. Her philanthropic work for AMPhilanthropy earned her a Vice-Chancellor's Team Award in 2017.

Gayle's PhD was the first in Australia in the area of IMC and was acknowledged in the US industry magazine *Marketing News.* Since then, she has published over 80 peer-reviewed articles and conference papers in the area of advertising regulation, advertising avoidance, digital platforms and IMC, and in educational issues relating to advertising and IMC.

Gayle was the founding president of the Australia and New Zealand Academy of Advertising

(ANZAA) and served on the Executive of the American Academy of Advertising from 2014–2016. She is also Deputy Editor of a leading international journal, the *Journal of Marketing Communications.* With all of these innovations, across many years, her passion for advertising continues to grow.

DAVID WALLER

David Waller is a Senior Lecturer in the School of Marketing, University of Technology Sydney (UTS). David received a Bachelor of Arts from the University of Sydney, a Master of Commerce from the University of New South Wales and a PhD from the University of Newcastle. He has over 20 years' experience teaching marketing and advertising subjects at several universities in Australia, including the University of Newcastle, University of New South Wales and Charles Sturt University.

Prior to his academic career, David worked in the film and banking industries. His research has included projects on: marketing communications; advertising agency–client relationships; controversial advertising; international advertising; marketing ethics; and marketing education. He has published over 60 refereed articles in academic journals, including the *Journal of Advertising*, *Journal of Advertising Research*, *European Journal of Marketing*, *International Journal of Advertising*, *Journal of Business Ethics* and *Journal of Marketing Communications.* David has also authored/co-authored several textbooks and workbooks that have been used in several countries in the Asia–Pacific region, and is a regular presenter at local and international conferences.

IRENE H POWELL

Irene was Senior Lecturer and former Deputy Head and Director of Teaching in the Department of Marketing at Melbourne's Monash University. She received her honours degree in Marketing from Strathclyde University in Scotland and her master's degree in Communications from Monash University.

Irene's teaching interests are in integrated marketing communication, advertising and the media industry. She began her academic career at Manchester Metropolitan University in the UK. Prior to this, Irene gained marketing management experience in the dairy industry in the UK, with responsibility for communication strategy, advertising and promotion. She has also managed an advertising agency.

Irene's research interests are in the fields of marketing communication, advertising, integration and marketing skills development, with publications in the *Journal of Advertising*, *Journal of Marketing Management*, *Journal of Business Research* and *Journal of Marketing Education,* and in the series 'Research in Management Education and Development'.

While at Monash University, Irene has been awarded the Vice-Chancellor's Award for Excellence in Team-based Educational Development and the Business/Higher Education Round Table Award for Outstanding Achievement in Collaboration with Industry.

ABOUT THE CONTRIBUTING AUTHORS

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Sonia Dickinson-Delaporte is an Associate Professor in the School of Marketing, and Dean of Learning and Teaching in the Faculty of Business and Law at Curtin University, Western Australia. She lectures in undergraduate and executive education courses with a focus on marketing communications. She is a Curtin Academy Fellow, and her contribution to student learning is recognised by the Australian Learning and Teaching Council (ALTC), where she was awarded a Citation for Outstanding Contributions to Student Learning. Her contribution to the global reputation of Curtin University is underpinned by her leading role in the creation of the world-class teaching space, The Agency, together with her highly successful edX Digital Branding and Engagement MOOC. Sonia is a member of the *Journal of Marketing Communication* editorial board and her discipline research has been published in various Tier 1 ERA-ranked journals. Her areas of research interest include communication and society, participatory communication and technology-facilitated student engagement.

LOUISE KELLY

Louise Kelly is a Senior Lecturer at the Queensland University of Technology Business School. She has combined a love of advertising and media, and pursues studies in marketing and advertising to further her teaching in all areas of advertising, media and digital marketing.

Louise's research focuses on online privacy, social media, digital disruption and innovation and consumer behaviour, with the aim of providing students with both an academic and 'real world' industry perspective. She has presented her research findings at a number of national and international conferences and is a member of the Australian and New Zealand Academy of Advertising and the American Academy of Advertising. She has received several university awards for her teaching and has been recognised as a Senior Fellow of the Higher Education Academy.

AMISHA MEHTA

Associate Professor Amisha Mehta specialises in public relations and risk and crisis communication at the Queensland University of Technology Business School. Amisha currently co-leads a risk and warning communication research program for the Bushfire and Natural Hazards Cooperative Research Centre to examine how to build trust and enhance community actions during the response phase of natural hazards. She teaches crisis communication at postgraduate and executive levels and public relations planning at the Queensland University of Technology Business School. Amisha has a research track record in both public relations and risk and crisis communication, comprising industry reports and peer-reviewed publications. She is a member of the Advisory Panel for the Office of the Inspector General for Emergency Management. Amisha has received a number of individual and team awards for teaching and research engagement from university, industry and national organisations, including an Australian Award for University Teaching Citation.

ROB HUDSON

Rob Hudson brings 25 years of experience in business transformation through creativity and technology. He worked in digital in the UK before moving to Australia in 2006 to be Digital Director of George Patterson Y&R. He worked as Chief Digital Officer of VMLY&R for five years, before taking the reigns as Managing Director. He then joined Clemenger BBDO as Managing Director in 2016. During that time, he has won awards for both creativity and effectiveness at Cannes, DA&D, AWARD, Effies and Spikes. Rob continues to provide inspiration for students at QUT with his engaging presentations and unique way of looking at, and solving, advertising challenges.

RHYS AMERY

Rhys Amery has always loved solving puzzles, which perhaps explains his decision to study Interactive Entertainment at the Queensland University of Technology. His first job was in a computer games company, creating games and sharing his knowledge with high-school students in an embedded work-integrated-learning unit. Rhys then moved into an SEO role at Resolution Media in Brisbane, discovering how search could provide answers to clients' business problems. He moved to London and worked as Owned Media Manager at iProspect for two years, providing search strategies for brands such as the UK Post Office. Returning home to Australia, Rhys joined an independent ROI-driven agency in a role that spans SEO, paid search, CRO and client and agency management. Solving puzzles is something Rhys does, and still enjoys, every day.

ABOUT THE FEATURE AUTHORS

ADAM FERRIER

Chief Thinker, Thinkerbell

Adam Ferrier is a consumer psychologist and the co-founder of Thinkerbell, an agency that fuses together marketing sciences and hard-core creativity—or as they like to put it, 'Measured Magic'. He is one of Australia's foremost creative strategists, and author of *The Advertising Effect: How to Change Behaviour* (now available in three languages). Adam is also the co-founder of MSIX (Marketing Sciences Ideas Xchange) and sits on the boards of Tribe and Good Thnx (a social influence and a social giving company, respectively).

Adam is a weekly guest on Australian national TV shows *Sunrise* and *Your Money,* and is a regular panellist on others such as *Gruen* and *The Project.* Many years ago, Adam was also the state under-12 chess champion of Western Australia (still the coolest thing on his bio).

DARREN 'DAZ' MCCOLL

Marketing Consultant and Author

Darren McColl (BA, FAMI, CPM) helps business grow by bringing insight through strategy and inspiration to creativity. He is a co-author of the *New York Times* bestseller *Storyscaping: Stop Creating Ads, Start Creating Worlds.*

Darren is recognised for driving the value and effectiveness of all 'marketing engagement' services from brand strategy to marketing sciences. He leads strategic teams dedicated to the evolution of marketing for the current tech-enabled world.

Over 30 years, Darren has driven innovative marketing and effective consumer engagement for brands including Virgin Airlines, McDonald's, Nestlé, Burger King, Subway, Coca-Cola, X Games, ESPN, Mercedes Benz, Visit Florida, Harley Davidson, Carnival Cruise Lines and Trojan Condoms.

His most recognised strategy work was for the *Best job in the world* campaign for Tourism Queensland.

Darren has been internationally recognised, with awards including Cannes Lions Grand Prix, Effies, New York Festivals, One Show, Clios and D&AD Black Pencils.

MATT LAWSON

Chief Creative Officer at Deloitte Digital/Deloitte Creative, Brand & Media

In 2017 Matt Lawson was ranked the number one copywriter in the world by the Big Won report. In 2018, he was the fifth most awarded Executive Creative Director globally.

Since his first commercial—the Telstra *Too many rabbits* ad, which was voted Australia's favourite

commercial by *The Age* newspaper and is ranked No. 2 in *Campaign Brief*'s Ads of the Decade—Matt has become one of the region's most innovative and consistently awarded creatives. As a copywriter, he has won 36 Cannes Lions, including 12 Gold, a Grand Prix and a Titanium, and has also been awarded 21 times at D&AD across nine campaigns, with multiple Yellow Pencils, a Black Pencil and a White Pencil. Some of his more notable work includes *Mobile Medic, Pedigree K9FM, DB Export Brewtroleum, Made possible by Melbourne* and *YMCA Playnasium.*

In 2017, Matt was invited by Deloitte Digital to help start its creative, brand and media offering. He is currently the APAC Chief Creative Officer of Deloitte Digital.

KEVIN DOYLE

Regional Vice President—Marketing Automation, Salesforce

Kevin Doyle helps drive performance by connecting marketing efforts to sales. Working at Salesforce, he partners with CEOs, CMOs and sales leaders across the Asia–Pacific, Australia and New Zealand—not only to drive better marketing performance, but to achieve better results across their wider business strategy. Kevin began his career as an advertising executive, working with some of the world's best networks, including BBDO, VCCP and David&Goliath in Sydney, London, Los Angeles and Frankfurt. In these roles he led account service departments, built and ran two start-ups, and developed heavily awarded, multimillion-dollar campaigns for brands including Virgin, Guinness, Npower, Aer Lingus, Hyundai, Kia and Red Bull. Today, Kevin's specialties include social media listening, publishing and advertising, new business development, search, programmatic, display and sales.

KEN MINNIKIN

Director/Head of Commercial, Tribus

From his early days in advertising to his most recent role at the Commonwealth Games, Ken Minnikin is Big Picture and project-focused. He has a history of visionary leadership, working as a member of the executive management team in internationally recognised organisations. In his consulting role, Ken delivers brand development, successful repositioning, financial results and profitable growth to large organisations and business start-ups. Through the integration and application of digital, traditional marketing, communications, sales strategies and unique promotional concepts, Ken adds value to brands and customers.

GEORGIA AMERY

Senior Analyst at Deloitte

Georgia Amery began her working life in the world's most creative agency, Clemenger Melbourne. As part of the account management team, she had the opportunity to conceive and execute campaigns, from strategy to production, alongside globally recognised teams. From developing communications to implementing platforms, Georgia's career afforded her a new direction as a consultant for Deloitte Digital Brisbane. As part of the digital platforms team, she gained experience defining and designing customer relationship marketing systems, including the use of artificial intelligence. After more than a year working alongside some of digital's biggest brands, Georgia reconciled her love of the law with her love of the Deloitte brand, and moved into the governance, regulation and conduct team as a specialist adviser.

JACK ELKINS

Interactive Director, OMD Brisbane

Jack Elkins is passionate about two things. The first is understanding his clients' business—because only a true understanding helps Jack determine the right digital tools and capabilities for success. Secondly, he is passionate about education. Jack educates his clients, who are some of Brisbane's best brands in banking and finance, travel, appliances, education, retail and politics, on a more effective business approach. A Queensland University of Technology graduate himself, Jack also inspires the students at the university with his adventures in advertising and opportunities in interactive media.

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Activation Lead, Resolution Media Brisbane

Milos Mrkaja is an established and enthusiastic digital advertising specialist with a deep knowledge of search and programmatic channels. He enjoys collaborating with a range of clients to drive long-term business success and is a leader in his field, recognised with national accomplishments from the likes of Google and Microsoft. As a Brisbane Activation Lead for Resolution, he leads a team of search and programmatic specialists and thrives on fostering their growth and learning. In addition, as a Queensland University of Technology graduate, he is a regular contributor to his school, participating in guest lectures and remaining engaged with fellow alumni.

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DR GEORGE E BELCH

George E Belch is Professor of Marketing and Chair of the Marketing Department at San Diego State University, where he teaches integrated marketing communications, strategic marketing planning and consumer/customer behaviour. He received his PhD in marketing from the University of California, Los Angeles.

Dr Belch's research interests are in the areas of consumer processing of advertising information as well as managerial aspects of integrated marketing communications. He has authored or co-authored more than 30 articles in leading academic journals, including the *Journal of Marketing Research*, *Journal of Consumer Research*, *Journal of Advertising* and *Journal of Business Research.* In 2000, he was selected by the Marketing Educators Association as Marketing Educator of the Year for his career achievements in teaching and research. He received the Distinguished Faculty Member Award for the College of Business Administration at San Diego State University in 2003.

Dr Belch has taught in executive education and development programs for various universities around the world. He has also conducted seminars on integrated marketing communications as well as marketing planning and strategy for a number of multinational companies including Sprint, Microsoft, Qualcomm, MP3.com, Fluor Daniel, Square D Corporation, Armstrong World Industries, Sterling Software, Siliconix and Texas Industries.

DR MICHAEL A BELCH

Michael (Mickey) A Belch is a Professor of Marketing at San Diego State University and Co-director of the Centre for Integrated Marketing Communications at San Diego State University. He received his undergraduate degree from Penn State University, his MBA from Drexel University and his PhD from the University of Pittsburgh.

Before entering academia, he was employed by General Foods Corporation as a marketing representative, and has served as a consultant to numerous companies, including McDonald's, Whirlpool Corporation, Senco Products, GTI Corporation, IVAC, May Companies, Phillips-Ramsey Advertising and Public Relations, and Dailey & Associates Advertising. He has conducted seminars on integrated marketing and marketing management for a number of multinational companies and has also taught in executive education programs in France, Amsterdam, Spain, Chile, Argentina, Colombia, China and Slovenia. He is the author or co-author of more than 40 articles in academic journals in the areas of advertising, consumer behaviour and international marketing, including the

Journal of Advertising, *Journal of Advertising Research* and *Journal of Business Research.* Dr Belch is a member of the editorial review board of the *Journal of Advertising.* He has received outstanding teaching awards from undergraduate and graduate students numerous times, including the Distinguished Faculty Member Award for the College of Business Administration at San Diego State University in 2007.

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CASE CONTRIBUTORS

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CASE STUDY MATRIX

Pollinate Energy: how a social enterprise converted happy customers into successful salespeople

MICHAL STRAHILEVITZ • SAINT MARY'S COLLEGE OF CALIFORNIA | ROWAN PARKINSON • UNIVERSITY OF WOLLONGONG

HIGHLIGHTS OF THIS EDITION

The fourth edition of *Advertising* brings together an author team of highly experienced teachers and industry professionals to produce a learning resource that is both pedagogically sound and reflective of the most current industry practices.

This new edition is fully revised to reflect the rapidly evolving advertising industry by beginning from the premise that everything is digital. To introduce students to the power of digital marketing, this edition contains two new chapters on Search and Analytics, which underpin all modern communication systems. A third new chapter on Integration and synergy demonstrates how these tools can be brought together to form a measurable, customer-focused IMC plan.

Chapter	Features of interest	New and revised in this edition
Chapter 1 Everything is digital: changes and challenges for consumers, marketers and society	• Brand new chapter • Built on the premise that we don't just have one digital chapter, but that 'everything is digital'	• How data has always shaped society • Digital disruption and its impact on marketers • Consumer empowerment and second digital generation • Societal changes—AI, privacy • Chapter introduction by Adam Ferrier, Thinkerbell
Chapter 2 Integrated marketing communication: history and current state	• Focus on marketing being about value and relationships • People buy experiences not products • IMC is where marketing communication comes together • Definitions of IMC chart its evolution • Barriers and implementation of IMC • Tools of IMC updated	• New customer experience focus • New definitions of IMC • New 'Sages and stages of IMC' tells about its development • New research into barriers and implementation of IMC • Chapter opener from Ken Minnikin, former Head of Marketing, Commonwealth Games
Chapter 3 Integration and synergy	• Brand new chapter	• Deep dive into what integration is and its relationship with synergy • Shows how digital environment makes integration easier • Process and types of integration • Strategic consistency • New research into synergy—synergy across disciplines, cross-media and cross-platform synergy, multi-tasking and synergy • Paid, owned and earned media • IMC perspective on native advertising • Chapter opener from Kevin Doyle,

		Salesforce
Chapter 4 Consumer empowerment and behaviour	• Relationships between consumer decision making and IMC • Influences on consumer decision making and their impact on IMC	• Consumer empowerment and the push–pull marketplace approach from Schultz • Updated examples relevant to the reader • Restructured subject layout to increase ease in understanding complex content
Chapter 5 Communication and engagement with the brand	• Communication: nature and process • Response models—traditional (linear) and evolving (network), and related theories of cognition and persuasion • Brands, branding and engagement	• Expanded look at the theory of cognitive processing • Evaluation of brands and branding—measurement, audits and equity • Engagement—how the database and IMC build brand relationships
Chapter 6 Social, ethical and regulatory aspects	• Discusses social and ethical criticisms of advertising, including deception, bad taste and advertising to children • Negative consequences—social and cultural • Regulatory aspects—government and industry self-regulation	• Updated to provide understanding of ethical and regulatory issues of IMC • Local examples relevant to the reader • Presents Australian and New Zealand regulatory examples
Chapter 7 Consumer insight and strategy	• Focus on real-time planning—data-driven planning • Account planning in the digital era • Innovation in insights through data, including biometrics and lifelogging—wearable technology and mobile devices, helping brands capture daily life	• Future of planning—real-time information for planning, new data sources, e.g. biometrics, social tracking • New campaigns in focus: Virgin Australia, *Uptimism* • Australian Defence Force campaign • Chapter opener from Darren McColl, consultant and author
Chapter 8 Analytics	• Brand new chapter	• Emphasises the importance of analytics in providing evidence that advertising works • Explores data-enabled decision making • Data sources—first, second and third party are explained • A number of important technologies are introduced, including marketing stacks • Shows how data can empower creativity, looking at the AutoAds case • IMC Perspective on Your day in data • Chapter introduction by Rob Hudson, Clemenger BBDO

Chapter 9	• Brand new chapter	• Explains the importance of search in

Search		the IMC process
		• Provides historical perspective outlining its development
		• How search engines work and what SEO means
		• Introduces paid search and explains its basic concepts such as bidding, quality score and ad rank
		• Explores organic search or SEO, how it works and its benefits for IMC. Combines academic literature and industry practice to present a working SEO model
		• Shows how paid search and SEO work together in a blended approach
		• Ponders the future of search—including voice search and AI
		• IMC Perspective shows the importance of search in content creation
Chapter 10 Creative strategy	• Investigates what creativity is • Looks at academic research, including new studies • Industry perspective on creativity • Focus on how creative advertising works from a process and model point of view • Introduces message strategy • Explores the big idea • Looks at the importance of execution, including appeals	• Introduces new research by two Australian academics which shows that creativity not only facilitates memory, it impairs memory of other regular ads • New focus on how creative agencies are structured—introducing Stuhlfaut and Windels 2019 model • New discussion on impact of technology on creativity • Chapter opener (and advice) by fifth most awarded creative director on the planet, Matt Lawson, Deloitte
Chapter 11 Media strategy	• Developing the media plan and implementing media strategies • Characteristics of digital, television, radio, print, out-of-home and cinema advertising • Rise of programmatic buying in advertising	• New section on digital advertising: advantages, challenges, measurements and the future of digital • Chapter opener on programmatic buying by Jack Elkins, Interactive Director at OMD Brisbane
Chapter 12 Measurement: output and process measures	• Focus on neuromarketing—measuring below the level of consciousness, which gives a more accurate picture of participants' thoughts and feelings on a brand. • Physiological measurement—technology and measurement methods	• ROI and attribution—the digital ecosystem provides an opportunity for tracking and attribution • New initiatives in measurement • Chapter opener by Georgia Amery of Deloitte

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| **Chapter 13**

Advertising | • Development of the advertising industry in Australia and New Zealand
• Who the industry players are, how they are organised and how they will evolve to address future challenges | • Revised section discussing the changing advertising landscape and the future of advertising
• Updated examples and discussion on interactive advertising |

	• How digital and social media is transforming advertising	
Chapter 14 Public relations and publicity	• Checklist for evaluating and creating public relations plans • Insights into a range of public relations tactics that can make a difference to your company and brand • Ways to evaluate public relations	• Earned media focus • Public relations tactics
Chapter 15 Sales promotion, direct marketing and personal selling	• Sales promotion presented in a strategic, rather than a tactical role • Shows how new digital and social media has transformed sales promotion, direct marketing and personal selling • Advantages and disadvantages to be considered	• Combines two chapters from the third edition to provide understanding of sales promotion and direct communications (direct marketing and personal selling) • Updated examples including innovative ways to connect to customers

TEXT AT A GLANCE

2

INTEGRATED MARKETING COMMUNICATION: HISTORY AND CURRENT STATE

LEARNING OBJECTIVES

2.1 To review the M in IMC, looking at how the concept of marketing has evolved into relationships, customer experience and adding value.

2.2 To introduce the concept of integrated marketing communication (IMC) and document its development across four stages.

2.3 To examine the definitions of IMC.

2.4 To explore the research on the implementation of IMC and identify typical barriers.

2.5 To provide an overview of the tools of IMC.

Chapter opener

Each chapter begins with of **learning objectives** as as a **chapter map**, providi a visual guide to the idea covered in the text.

AW105
Exhibit 1.2
Yet to receive

Figure 1.1
The role of big data in advertising
Source: Adapted from E Malthouse & H Li, 'Opportunities for and pitfalls of using big data in advertising research', *Journal of Advertising*, 46(2), 2017, p. 228.

Brand act

Behavio

Dialogue

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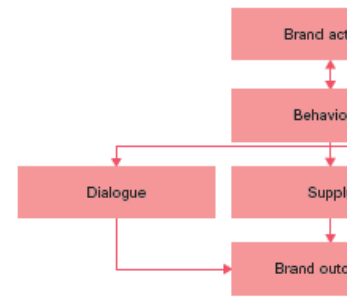
In the chapter

Alongside **figures** and **exhibits**, each chapter contains **IMC perspective boxes**, which present IMC strategy in operation. **Key terms** are also highlighted in the text and defined in the margins, and are repeated in the glossary at the end of the book.

KEY TERMS

IMC PERSPECTIVE 14.1

NEGATIVE PUBLICITY: COMPANIES AND INDUSTRIES HAVE TO DEAL WITH CRISIS MANAGEMENT

There are many in the business world who believe that any publicity—including negative publicity—is good for the company. The authors of this book are not to be included in this group. We could cite numerous examples, including Facebook, United Airlines, BP, Toyota, AMP, Oxfam and Takata, to support our position. Being in the news and earning media coverage does not always result in positive images or trustworthiness. Effective responses, on the other hand, may lead to gains in both of these areas. The issue is in how to respond.

In 2018, a customer in Queensland ingested a needle hidden in a strawberry. He was treated in hospital and released. Following the contaminated case in Queensland, a joint press conference between Queensland Police and Queensland Health was held. At this event, Queensland Health's Chief Health Officer advised that strawberries were safe to eat but should be cut up before consumption. One hashtag that emerged on social media during the strawberry sabotage was: #cutmeupdontcutmeout.

Naturally, these reactions create alarm in customers and operational concerns for strawberry farmers and retailers. What began as a Queensland case quickly extended beyond state borders, with further contaminated cases reported by authorities in New South Wales, South Australia and Western Australia.

Several brands of strawberries were found to be contaminated, with goods being sold in supermarkets across Australia. Following this news, some supermarkets, including Coles, ALDI and IGA, withdrew strawberries from their shelves. Woolworths removed sewing needles from its shelves as a precaution.

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POLLINATE ENERGY: HOW A SOCIAL ENTERPRISE CONVERTED HAPPY CUSTOMERS INTO SUCCESSFUL SALESPEOPLE

MICHAL ANN STRAHILEVITZ • SAINT MARY'S COLLEGE OF CALIFORNIA
ROWAN PARKINSON • SYDNEY BUSINESS SCHOOL, UNIVERSITY OF WOLLONGONG

Bringing environmentally friendly technology to the slums of India and Nepal

Pollinate Energy was founded in 2012, and is an Australian social enterprise based in India and Nepal. The organisation's mission is to bring life-changing, environmentally friendly technology to the urban slums of India and rural Nepal, where the residents have little or no access to electricity and are thus experiencing what is referred to as energy poverty. The initial focus of Pollinate Energy was to provide affordable solar lighting that did not carry the significant health risks of the kerosene lamps commonly used by these populations. Starting with solar lanterns, Pollinate Energy later diversified into efficient stoves, water filters and other life-changing technologies and it is now expanding to a more extensive product line. The company has made a significant impact on its communities, with over 110 000 products sold across more than 1000 communities. The customers not only save money by no longer relying on kerosene but also benefit from non-polluting products that work more effectively and are better for the environment. Amazingly, a single solar lantern can abate 5.62 tonnes of CO_2 emissions per year! Customers receive the products after paying an initial deposit, and then make interest-free repayments over several weeks. Thus, trust is a critical component of each sales transaction at Pollinate Energy.

Source: Pollinate Energy

Reaching offline communities with personal selling and community networking

Personal selling is an important part of most businesses. However, it is especially critical within subsistence economies, where the target customers may not have access to the internet or other electronic media. In the case of Pollinate Energy, this has meant relying solely on personal selling to interact with customers. Within the targeted communities, face-to-face interaction with potential customers is the sole method of communication and distribution. Also, as with all marketing communications efforts, understanding the needs of the target market is critical for success.

Pollinate Energy, recognising this, has implemented a strategy that focuses on recruiting and developing salespeople from within the communities where their products are sold. Indeed, as an Australian company selling products in India, Pollinate Energy realised early on the importance of having local workers as the front lines of sales. They realised that English-speaking salespeople coming from non-Indian cultures would be unable to interact authentically with the locals of the slums in India, most of whom do not speak English. It was clear from the start that the company needed to develop a local workforce to properly interact with these communities. Adopting the approach that a local, empowered workforce also created opportunities for Pollinate Energy to further their impact, they offered training and meaningful employment to people interested in helping their peers.

Recognising the importance of sales staff

The vast majority of Pollinate Energy's customers have little to no access to the internet or any form of electronic media. In addition, they have little to no access to financial systems such as bank accounts or credit cards. As a result, face-to-face selling is currently the most effective way for it to reach its target market, and thus investing in the sales staff is critical. The company trains its salesforce using a variety of methods, including mentorship and team selling, with a focus on helping the salesforce develop and strengthen their relationships with customers.

Case studies

Two **case studies** the end of each pa further in-depth ex of advertising and practice, as well a **questions** to anim and reflection.

End of chapter

Each chapter concludes with a useful **summary** as well as a list of **key terms** and **discussion questions**.

SUMMARY

This chapter has explored the role of media in determining the most effective w
A grasp of the concept of brand contact points is a valuable starting point in ur
be opportunities to influence and connect with the target market. Media object
inform the development of media strategy and guide the rest of the media plar
to assist in making key media decisions.

The media strategy must be designed to supplement and support the overall m
The most effective media plans are based around consumer insights. The obje
delivering the message the program has developed.

The basic task involved in the development of media strategy is to determine tl
audience, given the constraints of the budget. The media planner attempts to b
the message to the intended audience with a minimum of waste coverage. At tl
factors affect the media decision. Media strategy development has been called
while much quantitative data is available, the planner also relies on creativity a

All of the main media have been examined in this chapter in order to understan
limitations, including digital, television, radio, print, out-of-home and cinema. Tl
today and in the future is to ensure the right message reaches the right people
age where media technology is constantly evolving, multiscreening is the norm
the media buying process, the media planner must still have a strong understa
media they are using and what is important to them. If we understand this prod
media options we can develop creative media strategies that have impact and a

KEY TERMS

DISCUSSION QUESTIONS

1 Newspapers are being forced to change the business model of how they operate. Why is this so? What are they doing to be attractive to advertisers so that they continue to be selected as part of the media mix?

2 In what circum to work well w examples can media options

GLOSSARY

A

absolute cost The actual total cost of placing an ad in a particular media vehicle.

account directors Senior account executives.

account executive The individual who serves as the liaison between the advertising agency and the client. The account executive is responsible for managing all of the services the agency provides to the client and presents the agency's point of view to the client.

account planners Account or strategic planners who use research to unlock consumer insight and provide a strategic way forward for a marketing communication campaign.

account planning A hybrid discipline in which research helps bridge the gap between account management and creative, using research and intuition to inspire creativity.

ad execution-related thoughts A type of thought or cognitive response a message recipient has concerning factors related to the execution of the ad such as creativity, visual effects, colour and style.

ad extensions A feature that shows extra business information within an ad, such as an address, phone number, store rating or more web-page links.

Ad Rank A value that's used to determine your ad position (where ads are shown on a page relative to other ads) and whether your ads will show at all.

time, and is thought to now consider over 200 different factors when determining the search results.

analytics The search for and interpretation of meaningful patterns in data; this is particularly useful in areas that provide a wide array of recorded information, for example, the online environment.

animatic A preliminary version of a commercial whereby a videotape of the frames of a storyboard is produced along with an audio soundtrack.

app Software application designed to run on smartphones, tablets and other mobile devices.

artificial intelligence (AI) A computer system that can do tasks which humans need intelligence to do, such as thinking, reasoning, learning and understanding language.

attitude towards the ad A message recipient's affective feelings of favourability or unfavourability towards an advertisement.

audience measurement Tool used to quantify the number of people in an audience for a piece of content or advertising. It includes measurement of radio listenership, TV viewing, newspaper and magazine readerships and traffic on websites. It can also include audience demographics and time spent with the medium.

average frequency The number of times the average household reached by a media schedule is exposed to a media vehicle over a specified period.

B

Glossary and index

A **glossary** of all the **key terms**, as well as an **index**, appear at the end of the book.

INDEX

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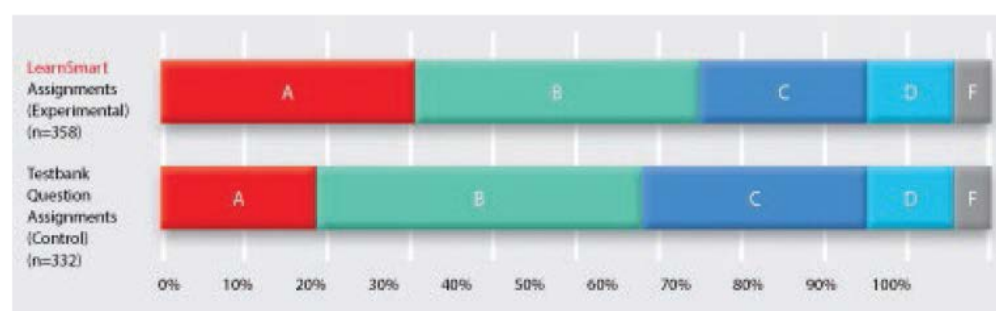
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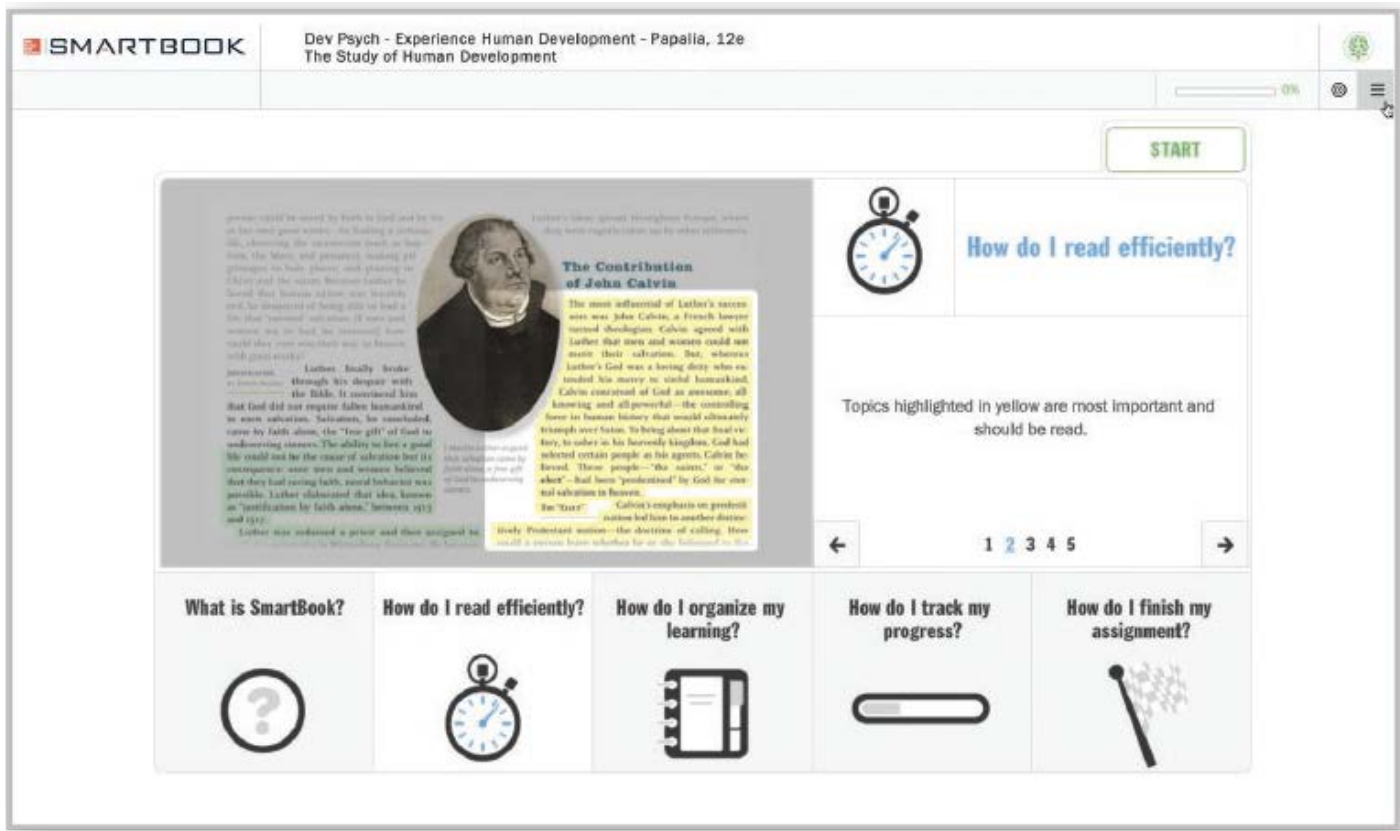
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WHAT IS INTEGRATED MARKETING COMMUNICATION?

Part 1 puts IMC into context. Chapter 1 begins with the premise that everything is digital. It demonstrates how data has always shaped society, through its four industrial revolutions, to deliver digital disruption and new opportunities to customers, marketers and society. Chapter 2 examines the impact of this on marketing and its new focus on value, relationships and customer experience, and how this environment has empowered IMC through the integration of organisations, platforms and data.

1

EVERYTHING IS DIGITAL: CHANGES AND CHALLENGES FOR CONSUMERS, MARKETERS AND SOCIETY

LEARNING OBJECTIVES

LO 1.1   To encourage learners to reimagine data and think of digital as a facilitator and integrator.

LO 1.2   To show how the innovative application of data has driven the four industrial revolutions from steam to intelligence.

LO 1.3   To explore how digital has disrupted marketing, creating opportunities and challenges.

LO 1.4   To acknowledge how consumers have been empowered in the digital world.

LO 1.5   To investigate the resulting societal impact, looking at digital megatrends, automation and privacy and data management.
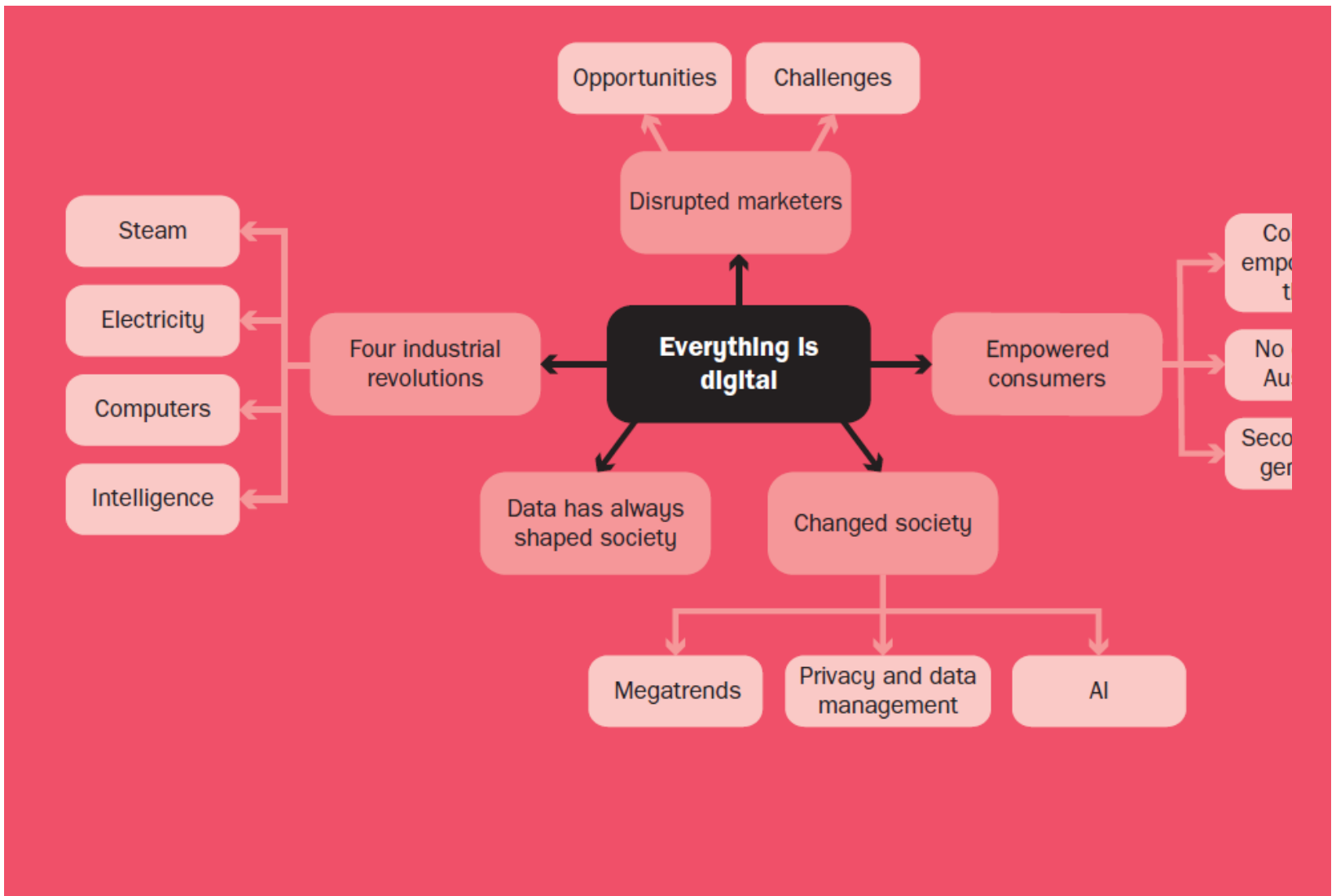
WHAT IS A BRAND?

BY ADAM FERRIER
CONSUMER PSYCHOLOGIST AND CO-FOUNDER OF THINKERBELL

Try to answer that question before moving on.

Now, how do you create a brand?

Again, have a stab—what comes to mind?

How did you do? Could you answer these two questions? They are the questions I ask every potential employee. You see, it's an amazing time to be in marketing and advertising. Artificial intelligence, big and deep data, human-centred design, programmatic creative and media, and so on. They all create a more interesting landscape—yet they all increase the risk of us taking our eye off that most important, valuable and ephemeral entity: the brand.

Approximately 65% of a strong Western democracy's gross domestic product (GDP) is created

by consumer-driven demand—this is the stuff that people buy, and people still largely buy brands. The brands they buy can often extract greater margins for those who sell them, or encourage people to buy one brand over another more often. They are the most important item on most of the world's top companies' balance sheets. Everyone who enters the world of advertising and marketing is being charged with building brands.

Yet who knows how to do it?

Now that everything is digital, there is more opportunity, yet significantly more complexity in the marketing communications landscape. The fragmentation of media choices and consumer groups builds into this complexity. The data trails left by consumers again add further complexity. So when looking at all of the opportunities this complexity creates, I ask you to do just one thing: think brand first. What is the right thing for this brand to do in this particular context?

You'll hear different responses from time to time. People will say 'put the customer first', or that you need to have 'customer obsession' and so on. However, they are misinformed. The brand experience must be the priority, not the customer. Think BX B4 CX: that's Brand Xperience before Customer Xperience.

Do that, and you'll build strong brands and successful businesses, causes and behavioural change. Prioritise the customer and you'll risk making whatever it is you're working on somewhat generic. Why? Because, and this is hard for many marketers to understand, customers don't need your brand—they need the category. They don't need to go to Australia, they need a holiday. They don't need a Coke, they need a drink. They don't need NRMA, they need insurance. Consumers think and act category first. Therefore, if we listen to the consumer at the expense of our brand, our brand will start to look and feel like everyone else's.

Have you ever seen a movie set in the future, one where everyone wears silver spandex, walks in unison and has the same haircut? I think the reason why science fiction writers portray increased homogeneity in the world is because they sense this natural regression to the mean. Your job as marketers is to avoid this, to fight against it and make your brand stand out and be noticed. In order to do this you'll need to clearly understand what your brand stands for and how it communicates at every single touchpoint, as 'everything communicates, everything'. The swing-tag is as important as the shopping cart, which is as important as the product, and as the advertising.

To succeed, you'll need to be data informed but often act counterintuitively. You'll need to be conservative (marketing is invariably a long-term game) but creative—the last defendable competitive advantage—and above all you'll need to understand what brands and brand-building is all about.

You'll encounter many distractions along the way, and many of them will be useful. However, the most important thing to remember from this, or from any other textbook you read, or any other mentor you ever come across, is to think like Richard Branson, Ingvar Kamprad, Larry Page, Sergey Brin, Steve Jobs—and think brand first.

The idea of having one chapter on digital in a textbook is a bit like thinking TV shows belong on TV. In reality, everything is digital. Television is digital, as we watch it on IP-enabled TVs, through over-the-top boxes and on portable streaming devices, via free-to-air TV and subscription video-on-demand, on our TVs, our laptops, our tablets and our phones. In fact, media people talk of 'screens' rather than television these days, with video being platform-agnostic. Newspapers are also online. And outdoor billboards have become interactive screens that allow us to collect data as well as direct customers to other digital platforms or real street addresses, where we can make transactions—which are digital—even in store.

People also make no distinction between online and off. In Australia, there are 20 446 000 people over the age of two online. The average Australian adult spends 25.5 hours on their desktop, 32.5 hours on their tablet and 53 hours on their smartphone every week. And it's not just young people, the 18–24 year olds, who spend lots of time (think 66 hours per week) on their smartphones. Even the over 50s spend about 46 hours a week on their smartphones, giving your grandmother plenty of time to make all those cringe-worthy posts.[1]

So forget about some magical dividing line between online and off. It's important that we approach our IMC thinking holistically and our platforms agnostically. Recognise that digital is another, albeit powerful, invasive and immersive platform, which we augment with others, as we choose. Therefore, the first very important premise of this textbook is that everything is digital (even this textbook).

DATA HAS ALWAYS SHAPED SOCIETY

The second premise of this textbook is that data is nothing new either. We tend to use the word 'data' and its sophisticated brother 'big data' to represent some bold new frontier for humanity. The reality is that data has been with us for as long as we could count. Originally a term in philosophy, and once restricted to scientific fields, data is facts and statistics, collected for analysis and potentially decision-making. The number of Facebook posts you like is data. The number of chapters in this textbook is data. The number of times I write data is data.

Data can be collected in many ways. Traditional research uses qualitative methodologies such as interviews or focus groups, and quantitative methods such as surveys or experiments to collect data. One of the first data-gathering tools used in advertising was **audience measurement**, which started with the BBC in the UK in 1936, before the current market leader, Roy Morgan, began five years later. With the advent of the database and the sophistication of computing systems since the 1960s, organisations began collecting and storing personal information or sales data. And in 1991, the public launch of the World Wide Web created new data possibilities. Large tech giants such as Amazon in 1995, Google in 1998 and Facebook in 2004 amplified computing power and marketing opportunities.

While data may have got bigger, it has always been a big influence in shaping our society and its technology. You see, food and water have never been enough to sustain us. New information stimulates new ideas and ongoing innovation to constantly improve the way we live, the way we work and the way we communicate.

This is evident throughout our history. As early as the eighth century, the ancient Greeks invented the alphabet, which freed us from the bonds of memory. In 1440, the printing press democratized reading and therefore learning, by making knowledge and ideas more widely available. The phonogram, and then the radio, and then the telephone, meant that people didn't even have to read. They could just listen. And with the television, the masses could watch media as well. But perhaps the greatest application of data to solve a problem was imagined by Alan Turing in 1936. The Turing machine not only changed the course of history, but created a prototype for mainframe computers, which signalled the Third Industrial Revolution.

Big data was originally defined in terms of three Vs[2]—that is, large *volumes* generated at high *velocity* from a *variety* of sources. A fourth V, *volatile*, was added to the list to represent the inadequacy of some traditional processing environments.[3] Sivarajah et al. (2017) added another four descriptors, poring over the V words in the dictionary to make the definition of big data even bigger. They defined big data using eight Vs—*volume, velocity, variety, volatility, veracity, variability, visualisation* and *value*. All are very valuable descriptors.[4]

In marketing, big data is generally gathered through digital brand touchpoints. A **touchpoint** is any contact between a customer and a brand before, during or post purchase. Malthouse and Li (2017) describe the symbiotic relationship between these digital brand touchpoints and data: 'Digital interactions create big data, which can then

be used to inform subsequent digital touchpoint decisions.' So touchpoints both gather data and enable marketers to make informed decisions as a result of that data. This can be seen in Figure 1.1 , which shows the role of data in advertising. It brings together all brand-initiated contacts with consumers (brand actions) and augments this with dialogue behaviours, or all non-purchase actions between customers, such as liking, sharing or reviewing. Shopping behaviours, including searching, web logs of browsing and shopping carts, can lead to purchase. And all of this leads to brand-use behaviours and brand outcomes, such as brand loyalty, lead generation or even purchase.
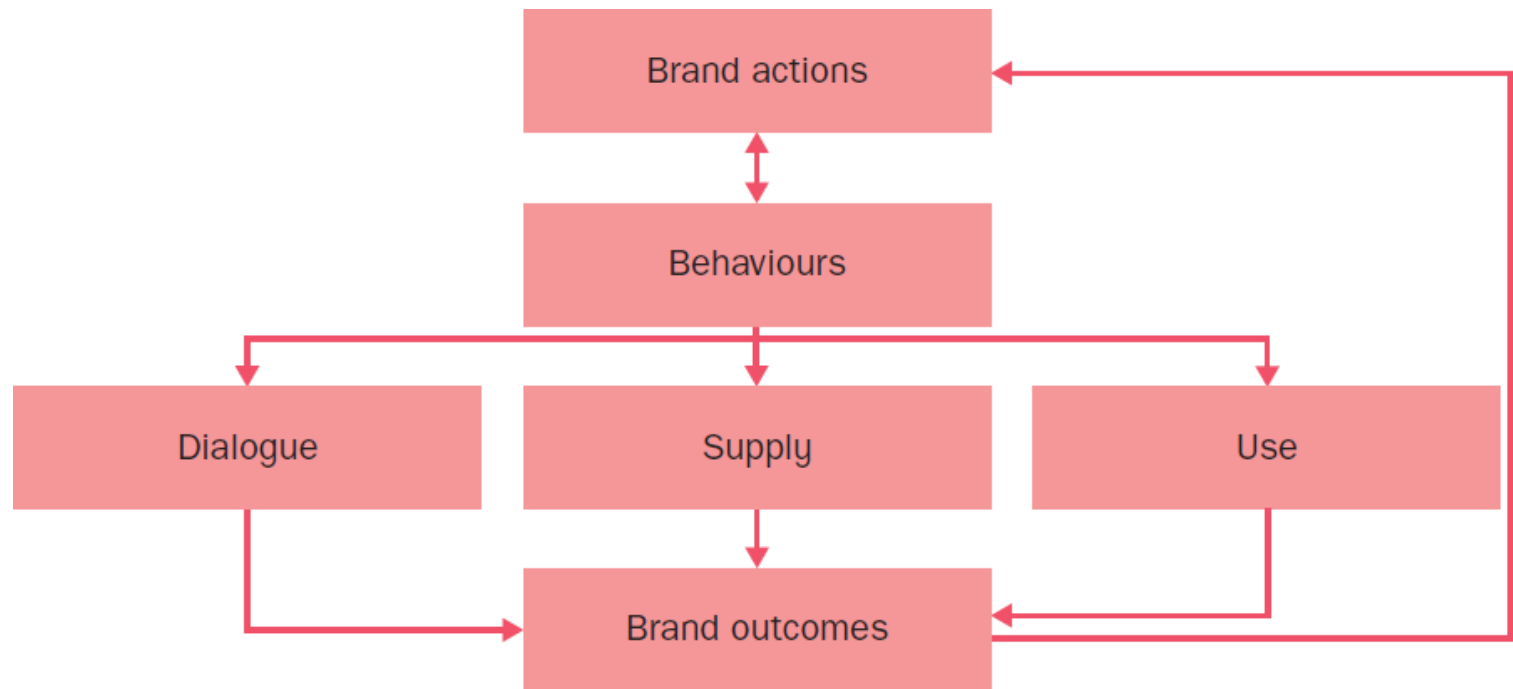
Figure 1.1 The role of big data in advertising

And when you do it well, you get on everyone's playlist. Like Spotify. Its global out-of-home campaigns transform user data into catchy headlines (see Exhibit 1.1), such as advising, 'Dear 3749 people who streamed "It's the End of the World as We Know It" the day of the Brexit vote, hang in there.' Now Spotify is partnering with new data providers to make its service and its headlines even more relevant. For example, Spotify's 'Climatune' project compared 85 billion anonymised music streams with the weather in over 900 cities across a 12-month period, delivering some surprising insights. In one instance, the data from AccuWeather and Spotify shows us that Sydney is one of the saddest cities in the world when it rains, selecting their sad playlist. But unlike the rest of the world, Brisbane loves cloudy days, opting for more runnable music.[6]
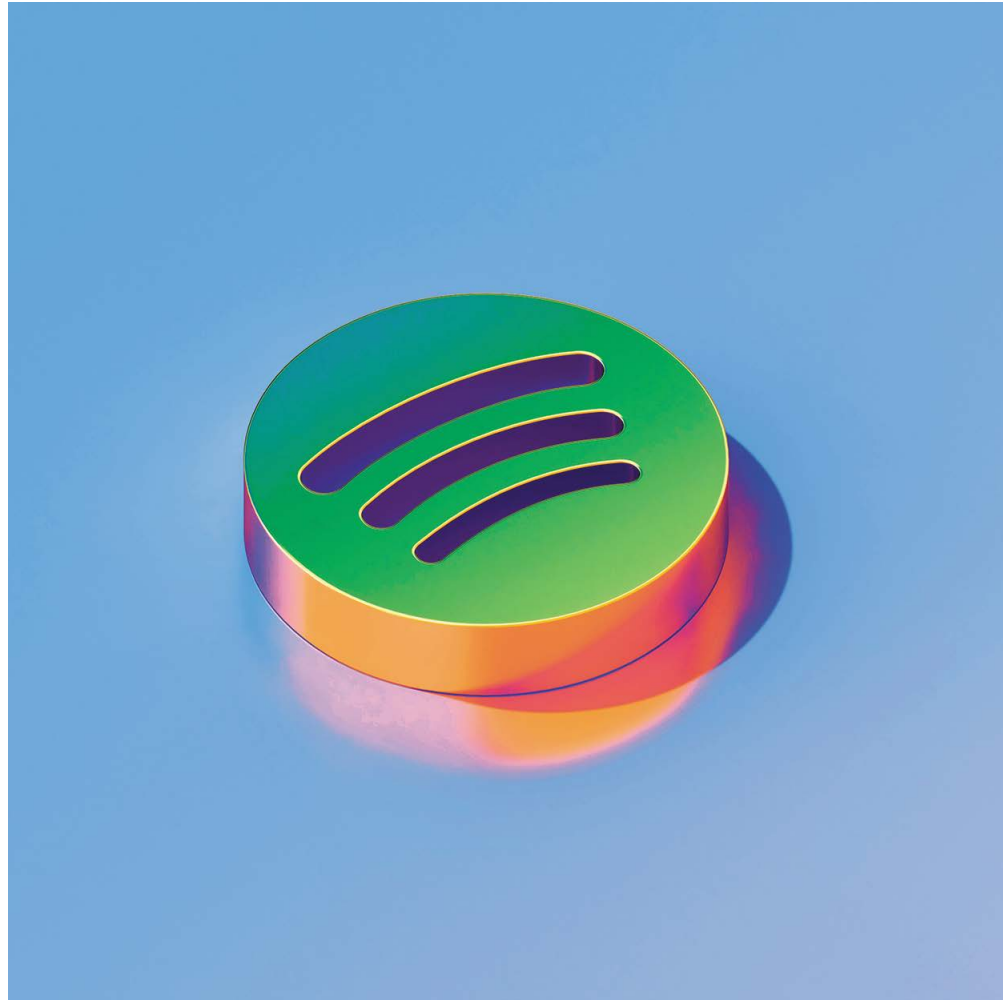
Exhibit 1.1 Spotify turned data into headlines with their humorous billboards, such as 'Dear person who played "Sorry" 42 times on Valentine's Day, What did you do?'
Source: Shutterstock/Maquette.pro

While data can shape society and help us to understand consumers and their behaviour, there are also some challenges in using data. These include the validity of the data—how it was collected, whether it is reliable and whether it has both internal and external validity (remember your marketing research subject). There may be biases, if the data does not measure all causal factors or if it contains errors. There's even the question of whether the data represents real consumer behaviour or that of bots. And of course, data must be collected ethically, and people's privacy must respected at all times.

FOUR INDUSTRIAL REVOLUTIONS

One of the best ways to look at how we use data to advance technology and change humanity is through our four industrial revolutions—steam, electricity, computing and intelligence. The First Industrial Revolution was steam, which moved the hundreds of hand-weavers in the local cottages across rural Britain into the first cotton mills and factories in the late eighteenth century. Other industries, such as iron, followed suit and society became industrial and urbanised.

Electricity turned on the Second Industrial Revolution. Between 1870 and 1914, electric power created mass production, Henry Ford's moving assembly line and technological advances such as the telephone, light bulb, phonograph and the internal combustion engine. People saw the light, growing in wealth and crowding the cities.[7]

The Third Industrial Revolution began with mainframe computing following World War II, then the internet as a response to the Cold War, and finally the World Wide Web, as the new commercial battlefield. Interestingly and perhaps surprisingly, the internet began at university, when UCLA connected with Stanford. Originally called ARPANET—the Advanced Research Project Agency Network—it was developed by the US Department of Defense as a way to connect vital research agencies across the US in the Cold War era. It commercialised and by 1993 there were 50 web servers on the World Wide Web.[8]

Like the printing press before it, this connection to the World Wide Web sped up the distribution and therefore the creation of knowledge. For example, if we take as our reference point the Second Industrial Revolution, or electricity, around 1900, it took 150 years for that amount of knowledge to double. Now, thanks to the digital environment, the knowledge humanity holds is doubling every 12 months. Many, including IBM, predict it will not be long before it doubles every 12 hours (see Fig. 1.2).[9]
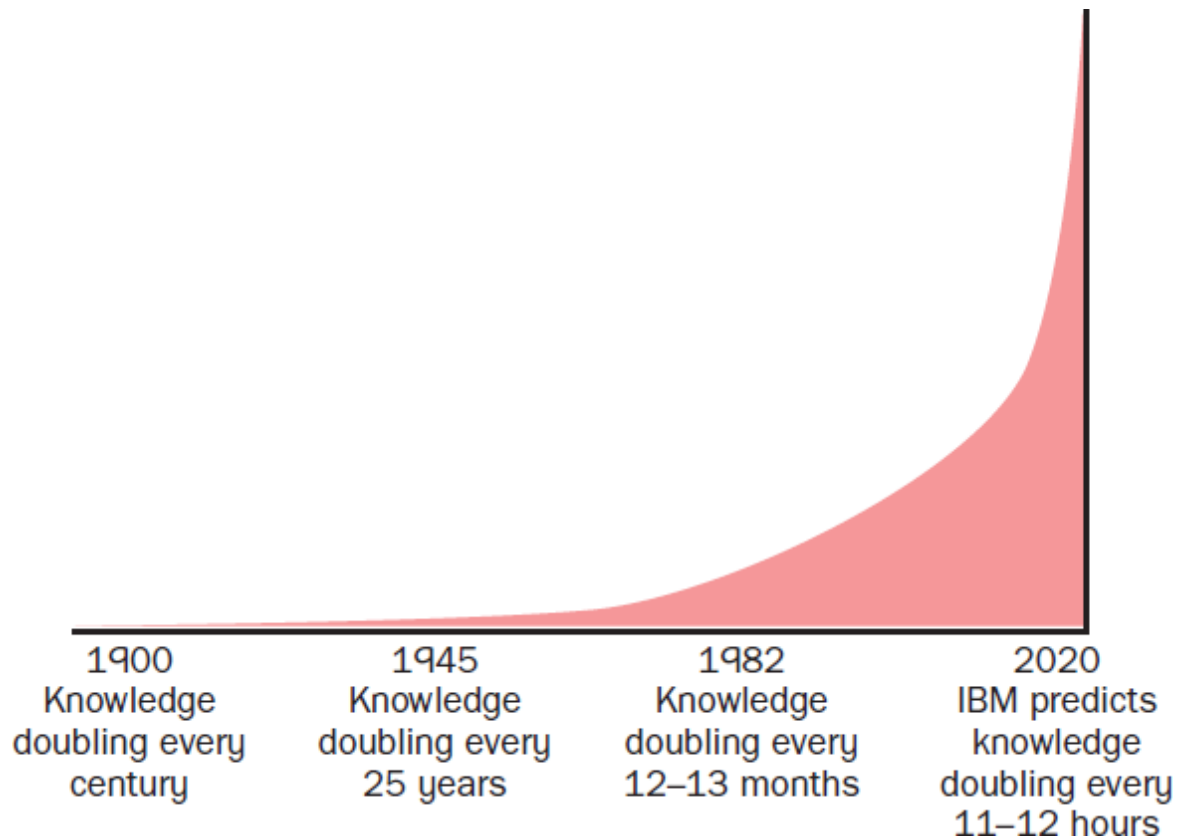
Figure 1.2 Buckminster Fuller's 1982 Knowledge Doubling Curve spiked with IBM's predictions

Source: *Marc My Words: The Coming Knowledge Tsunami*, Marc Rosenberg, Learning Solutions, 10 October 2017, Figure 1

Also accelerating is the pace of technology adoption. Again looking at electricity, it took 46 years for it to be adopted by a quarter of the US population. In comparison, it took just seven years for a quarter of the US population to adopt the internet.[10]

Some now say we are in a Fourth Industrial Revolution. It is most often called the intelligence revolution. Driven by machine learning, virtually free data storage and communication, and accelerating computing power, technologies fuse and blur the lines between the physical, digital and biological realms. Accelerating innovation in robotics, artificial intelligence, blockchain, nanotechnology, quantum computing, biotechnology, fifth-generation wireless technologies and additive manufacturing/3D printing is disrupting almost every industry in every country, transforming entire systems of production, management and governance.

And even advertising. *Project Revoice,* the winner of both the Cannes Lions Grand Prix for Good and a D&AD Black Pencil for Creative Use of Technology, would have made even Stephen Hawking proud. Powered by a machine learning algorithm, this voice-cloning project gives sufferers of motor neurone disease the ability to communicate with their own voices, when they physically can't. It even recreated the voice of the founder of the ALS Ice Bucket Challenge (see Exhibit 1.2   ).
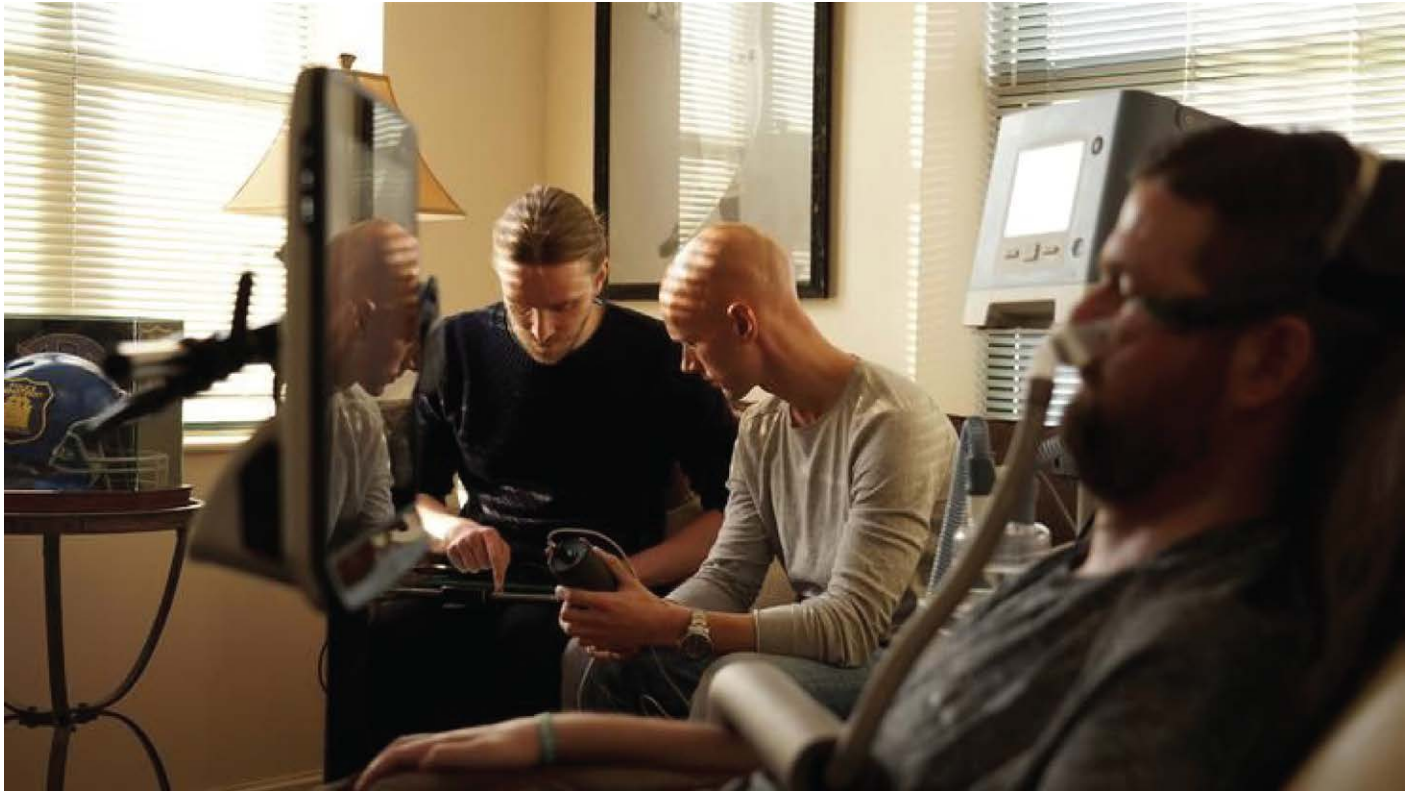
Exhibit 1.2 *Project Revoice*
Source: BMW Dentsu, *Project Revoice*

In 2018, Deloitte polled 1600 C-level executives in 19 countries to identify the opportunities and challenges for companies in the Fourth Industrial Revolution. Two out of three respondents think business will have more influence than government, yet only one-third feel confident acting as the stewards of this process. Only 25% are highly confident they have the right workforce for the future, despite 86% claiming they are doing everything they can to better prepare their workforce. Looking at social impact, 87% of executives foresee a more stable future with less social and economic inequality.[11]

One of the stumbling blocks to intelligent transformation appears to be making the business case for investment in technology, with CEOs citing lack of internal alignment (43%), lack of external collaboration (38%) and a focus on the short term (37%).

'The Fourth Industrial Revolution creates unlimited possibilities for the people who are interested in business. While it can be scary when companies apply technology to transform business models in their industries or across other industries, it generates innovation and improves competitiveness,' suggests Chunyuan Gu, President of Asia, Middle East and Africa Region, ABB Group.[12]

When asked which factors would have the greatest impact on their business in the next five years, executives cited the changing regulatory environment (41%), emergence of new business or delivery models (40%), evolving economic and trade landscapes (32%), smart and autonomous technologies (31%) and more powerful and tech-savvy customers (30%).

While perhaps we haven't felt its full impact yet, the intelligence revolution will change the nature of work, what we do and how we do it (hopefully intelligently). This will require policy change by organisations and governments at a scale not witnessed since the First Industrial Revolution. And it will require some disruption to marketers.

DISRUPTED MARKETERS

Disruption often incites the coming together of industry leaders to re-evaluate the changing marketplace. And when the Australian Association of National Advertisers (AANA), the Internet Advertising Bureau (IAB) and the Media Federation of Australia discussed changing industry roles and responsibilities, the result was the Australian Digital Advertising Practices.[13] This important initiative aims to create a common language and a set of best practices among partners such as media agencies, media owners, publishers and platforms. In particular, it addresses five collective concerns—digital transparency, viewability, brand safety, ad fraud and data transparency.

The Australian Digital Advertising Practices are based on five key operating principles:

1. *Champion the consumer experience.* A better user experience will not only lift key quality metrics but also the overall campaign effectiveness.
2. *Educate to inspire change.* Inspire change through best practice education, communication and a clear understanding of the metrics. We cannot force or mandate change.
3. *Shared ownership and responsibility.* No one part of the value chain can deliver the goal without the other parts. Shared ownership and shared responsibility are required to solve the issues. All participants in the value chain need to take responsibility for their own knowledge and understanding.
4. *Every value chain is unique.* Each advertiser's needs are different. The approach to improving the value chain needs to be optimised for each advertiser's needs and partner arrangements. The advertiser is accountable for its individual value chain.
5. *Fair value for outcomes delivered.* Value is created through quality and price. Adopting the best practices to deliver better outcomes may cost more.

A response to the Fourth Industrial Revolution, these Australian Digital Advertising Practices will help marketers both leverage opportunities and minimise disruption. The opportunities and challenges for marketers are discussed in the following sections.

Opportunities for marketers

As advertising expenditure in traditional media declines, targeting and personalisation improves, programmatic delivers advertising instantly and interactivity involves consumers for longer. Digital disruption has created new opportunities for marketers.

Declining spend in traditional media

In Australia, newspapers and TV have traditionally been our main advertising investments. But in 2013, online overtook these traditional media in terms of advertising expenditure. Australia was one of the first in the world in that respect—this switch didn't happen globally, and especially not in the US, until 2017.

In 2017, the total advertising spend in Australia was $15.6 billion (see Fig. 1.3). Of this, digital accounted for half (50.7%), followed by free-to-air TV (20.9%), print (11.9%), radio (7.4%), outdoor (5.4%), streaming TV (2.9%) and cinema (0.8%).[14]
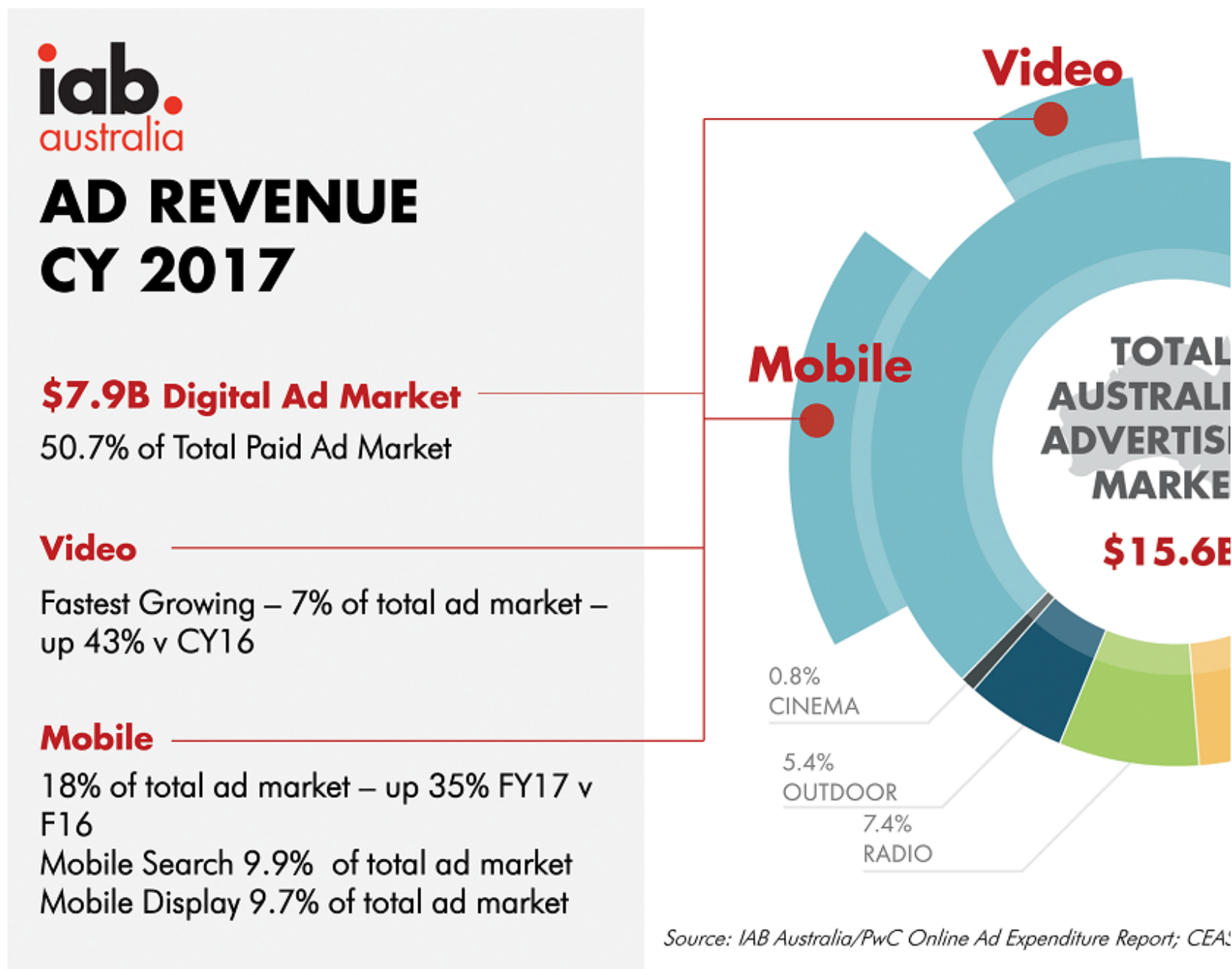
Figure 1.3 Advertising expenditure in Australia 2017
Source: IAB Australia

Looking more closely at online, advertising expenditure was $7.917 billion, up by 7% from the previous year (see Fig. 1.4). Almost half of this was invested in search and directories ($3.571 billion or 45%, an annual increase of 4.7%), followed by general display ($2.848 billion or 36%, up by 6%) and classifieds ($1.498 billion or 19%, up by 15.2% from 2016). However, the fastest-growing segment of the online expenditure was video, up by 43% to account for 7% of the total ad spend in 2017. Mobile, including mobile search and mobile display, accounted for 18% of the total advertising expenditure, an increase of 35% from the previous year.[15]

ONLINE ADVERTISING EXPENDITURE REPORT
12 Months Ended 31 December 2017 (CY2017)

ONLINE ADVERTISING MARKET REVENUE CY17: $7,916.9m

TOTAL	CY16 $7,397m / CY17 $7,917m
SEARCH & DIRECTORIES	CY16 $3,410m / CY17 $3,571m (+4.7%)
CLASSIFIEDS	CY16 $1,300m / CY17 $1,498m (+15.2%)
GENERAL DISPLAY	CY16 $2,687m / CY17 $2,848m (+6.0%)

0 $1bn $2bn $3bn $4bn $5bn $6bn $7bn
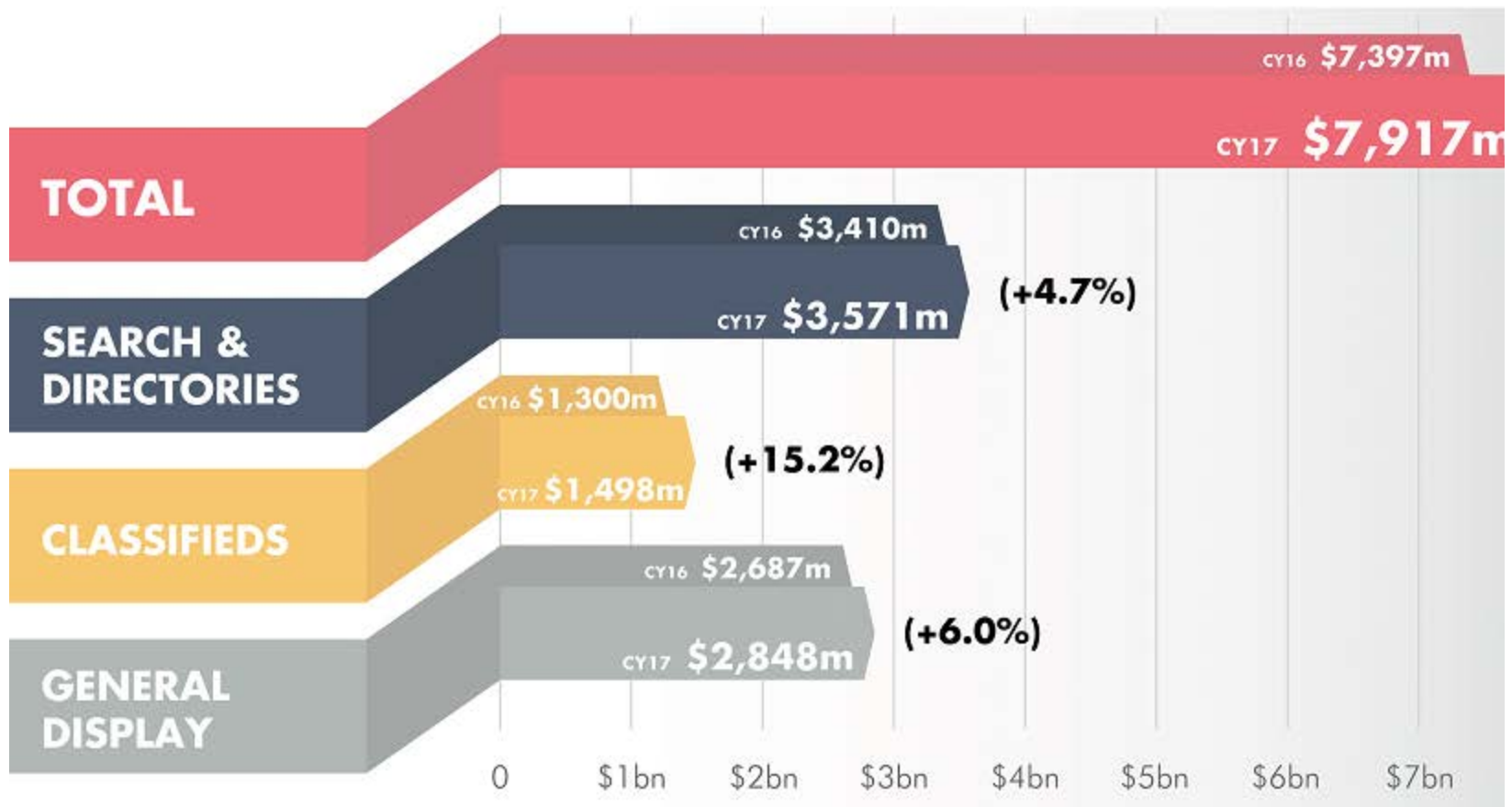
Figure 1.4 Online advertising expenditure in Australia 2017
Source: IAB Australia

Targeting, retargeting and personalisation

In the past, digital ad targeting was based heavily on traditional demographics. Now marketers target customers based on online behaviour, location, browser, device and more, making advertising more personalised than ever before.

The Media Federation of Australia (MFA), as part of its Digital Certification Program, identifies eight types of **targeting**. Contextual targeting is placing ads on relevant sites, such as an insurance ad on a travel page. Audience targeting is based on audience demographics, interests, life stage or some such combination and often uses Nielsen's digital campaign rating system. Behavioural targeting uses cookies to track individuals' web-browsing activity. Retargeting tracks people who have been exposed to a message on a website, but not converted. These are the ads that follow you across your online activity. Location targeting reduces waste, by using GPS to tailor messages based on location—like telling someone walking outside your store about the special offer inside. Data targeting and time targeting deliver ads only at certain times when they are most likely to reach your audience. Look-a-like targeting finds people similar to your customers or prospects. And finally, keyword targeting serves ads alongside relevant content based on user search terms.[16]

When it comes to targeting, there are few better examples than melanoma. This cancer particularly targets 15–30 year olds, who spend much of their time outdoors, using their mobiles and on social media. This

made them the perfect target for *Melanoma Likes Me*, a clever campaign from Y&R that developed a unique algorithm to respond to popular hashtags such as #beachside and #sunbaking and used geo-targeting to deliver real-time messages to those on the beaches and in the sunny outdoors. The online persona for melanoma 'liked', 'followed', 'commented' and even reminded young Australians to take action at a time when they were outdoors, in the sun, and a target for melanoma (see Exhibit 1.3   ).

Exhibit 1.3 No one wants a friend like melanoma
Source: Campaign developed for Melanoma Patients Australia by Y&R

Automation and programmatic buying

Programmatic is the automated buying and selling of advertising inventory. Typically, this takes place on an ad exchange in real time through an automated auction. Advertisers pick the individual users and impressions they want based on targeting data such as cookies, device or household data, from vendors, organisational systems or third-party profiles. Then, using an auction-based system, ads are targeted, bought and served in a fraction of a second. Originating from search or display ads, programmatic commonly transacts display, video and mobile media inventory, as well as being extended into traditional media.[17]

In programmatic, the message can be personalised and often the behavioural response to exposure is tracked through clicks or conversations.[18] Unlike the mass-media approach, its aim is to target only the most interested customers with the most relevant messages at the best possible time.

Programmatic, using data from vendor-owned, client-owned or third-party profiles, is built on the DAD framework—**d**elivery (addressable to the individual household or device level), **a**dvertising inventory (readily available) and **d**ata (provides a comprehensive view of each individual program audience member so that marketers can make informed decisions for purchase). All three of these things must work together to optimise the targeting and the expenditure.

The benefits to advertisers are greater efficiency and more targeted and effective campaigns. Programmatic also offers more control to the advertiser or the agency. Rather than trusting the platform to provide the correct placement (as in traditional media buying), brand safety can be managed by the advertiser or its agency. Using white/black lists, URLs and performance metrics, placement of brand communication can be controlled; so, for example, a gambling brand does not appear on a child's learning site. Of course, programmatic ads can also be bought through direct deals and private exchanges.[19]

New richer formats and interactivity

Interactivity has been shown to enhance favourability towards advertising and brands. For example, in a study of interactive digital magazines, Rauwers, Voorveld and Neijens (2018) found that interactivity increases consumers' favourability towards magazines.[20] Instead of being passive readers, interactivity gives readers control over the presentation or the flow of the content, as well as the power to facilitate online discussions. It has been also shown to facilitate respect for the advertising format, again leading to more favourable attitudes towards the advertising and the brand.[21]

Exhibit 1.4 Smashing VR, Aeronaut by William Patrick Corgan
Source: Image courtesy of Isobar/Viacom and William Patrick Corgan

'Digital craft is at its best where it augments humanity. It uses sophisticated, technological artistry to be intuitive and almost invisible,' says Jean Lin, Global CEO of Isobar.[22] And this is wondrously demonstrated in the Cannes Grand Prix winner for Digital Craft, *Aeronaut VR*, featuring William Patrick Corgan (from Smashing Pumpkins), created by Isobar and Viacom. Using **virtual reality (VR)**, people enter and immerse themselves in Corgan's world, seeing and experiencing it from their own unique perspective. Dave Meeker, Executive Producer of Aeronaut and Isobar's Global Director of Emerging Technology, says, 'The capabilities of virtual reality served as an entirely new palette of inspiration and a mechanism for Corgan to connect with his fans while attracting an entirely new audience. We saw this as an opportunity to venture into completely new territory, pushing the boundaries of music, technology and creativity.'[23]

Of course, not every campaign has the budget or the purpose or the Corgan to justify the use of VR. However, the way we interact is highly context-specific and people experience different social media platforms such as Facebook, YouTube or Twitter in unique ways, according to new research by Voorveld et al. (2018).[24] People also evaluate advertising differently, according to the platform on which they experience it. For example, on social media platforms, topicality was rated as the most important dimension, showing that users value quick, relevant and timely information. Entertainment, passing time and social interaction were also considered important, with Snapchat, YouTube, Instagram and Facebook scoring highest on these dimensions. Pinterest was the clear winner

on stimulation, while all platforms scored low on identification and innovation. And maybe not surprisingly, Twitter and Facebook scored highest on negative emotion related to content.

Challenges for marketers

Alongside these opportunities, there are some important issues to consider, and challenges to address, including changing expectations of brands, fragmentation across screens, measurement and ad fraud.

Changed expectations of a brand

Interactivity builds new relationships and new expectations between brands and their customers. According to research by Edelman PR,[25] millennials want brands to entertain them (80%), to co-create new products or ideas with them (40%), to respond to them immediately (33%) and to engage them with content and events (31%). A further 21% want brands to connect them with other fans.

Forget the Lego pendulum or the T-Rex, one of the most creative Lego builds is its ideas platform. An innovation in co-creation, fans use this platform to post their new Lego ideas. Other fans vote and any that receive more than 10 000 votes are considered for production. The fan receives 1% of net sales for the idea—as well as the envy of every Lego-lover on the block.

Not only do we have new expectations of brands, we also expect seamless delivery of content, regardless of the device we use. Yet because we have so many different screens, of different sizes and different perspectives, from landscape to portrait, it makes it difficult to design great-looking content to suit all of these formats. The translation from the mobile portrait screen to the landscape format of the desktop or even TV sometimes creates fragmentation in translation.

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Congratulations to our Grand Prize winner nasa105 whose "The 2x3" trophy design will be adapted to become the new @firstlegoleague World Festival trophy.

Big congrats to Runner Ups BriKKone & GSCLD, as well.

Learn about why these winners were selected: ow.ly/bL8k30kvJQu.

Exhibit 1.5 Co-creation not only establishes relationships, it builds Lego masterpieces as well!
Source: Photos used with permission. ©2019 The LEGO Group. All information is collected and interpreted by its authors and does not represent the opinion of the LEGO Group

Fragmentation

Fragmentation in operating contexts includes hardware diversity such as differences in screen parameters (size, colour depth, orientation, aspect ratio), memory size (heap, persistent), processing power, input mode (keyboard, touch screen, voice activated), presence of additional hardware (camera, voice recorder) and connectivity options

(Bluetooth, IR, GPRS). And even user preferences—such as language, style, accessibility requirements and environmental diversity, for instance, carrier requirements, local standards and infrastructure—differ.[26] This makes it very hard for marketers to get it right, as manufacturers and even regulatory authorities set the benchmarks.

Measurement

While there are many ways to measure marketing communications impact, there is also much confusion. As we talked about previously, it is so easy to gather data these days, yet it is often quite difficult to understand what the data really means and whether the metrics are in fact measuring the right thing. The issue here is analytics comprehension and the ability to understand complex data.

While it is impossible to educate all clients about analytics and measurement, one way to resolve this confusion is to use a transparent, external system. The IAB Nielsen Industry Digital Audience Measurement System is an Australian-built, world-leading, independent, inclusive and transparent digital audience measurement system.[27] What's more, it is overseen by the IAB Australia Measurement Council, which consists of representatives from 18 different media and agency organisations. This collective industry brains trust not only helped to develop a superior measurement, but also guarantees it industry support.

Key points of IAB Nielsen Industry Digital Audience Measurement System

1. It provides the industry with an audience-focused measurement system that tracks all behaviour on browsers and apps across desktop/laptop, smartphones and tablets.
2. The data is inclusive and reports on all properties. The transparent system tracks over 6500 media organisations, brands and channels across three devices in each reporting period.
3. This hybrid people-based measurement system combines the best of a media quality panel with detailed census data from a wide range of publishers.
4. It is an independent system, continually reviewed by the IAB's Measurement Council and annually audited by an independent auditor.

Ad fraud

Another international industry body, the World Federation of Advertisers, predicts that by 2025, ad fraud will cost marketers $50 billion, or more than three times the annual advertising expenditure in Australia.[28] Ad fraud is becoming increasingly more sophisticated thanks to technology, with the three most common types of ad fraud being: (1) using bots; (2) ad stacking and using tiny pixel-wide players; (3) URL masking, where fraudsters daisy chain traffic from one site to another, masking it as a different URL. To minimise ad fraud, the IAB advises marketers to consider three hygiene factors—was it viewable; was it viewed by a human; and was it brand safe? The IAB Ad Fraud and Brand Safety Checklist is a valuable resource to help avoid ad fraud.[29]

IAB Ad Fraud and Brand Safety Checklist

1. Determine your risk areas.
2. State which advertising activities the business is NOT allowed to run.
3. Measure and monitor.
4. Create an Exclusion List (also known as a Blacklist).

5. Create an Inclusion List (also known as a Whitelist).
6. Create a Negative Keyword List.
7. Maintain your Exclusion and Inclusion Lists.
8. Set clear guidelines on transparency and accountability.
9. Determine your technology.
10. Determine your reporting requirements.
11. Establish a breach process.
12. Assess the campaign implications.

Just like the Second Industrial Revolution, which gave us advertising radio and mass-produced newspapers, or the Third Industrial Revolution, which delivered us the database, the Fourth Industrial Revolution, the intelligence revolution, is disrupting marketing all over again. And perhaps one of the greatest challenges, and equally one of the greatest opportunities, is how to leverage empowered consumers.

EMPOWERED CONSUMERS

The digital environment and the intelligence revolution have not only changed the practice of marketing, they have changed the balance of power. Where marketers once had power over consumers, sending one-way messages through mass media, now consumers have the power to talk back, to share their opinions with others and even change other consumers' minds about the content of the message and the value of the brand.

In today's marketplace, the power is shifting from marketers to consumers. This is because of the internet, which has been described as 'the most powerful instrument yet devised for the actualisation of consumer power'.[30] And we consumers have put it to good use.

Consumer empowerment theory

In 2006, Denegri-Knott explored consumer power in the online environment, developing a typology of four consumer power strategies.[31] The first was control over the relationship, where consumers control whether or not they engage with brands online. The second power type was information as power—a valuable commodity online. Consumers seek and share information, communicating opinions and product experiences, and even try to persuade others to change their views.[32] The third power strategy is aggregation, where consumers come together online to form a community of like-minded people or to advocate for an issue. The final power strategy is participation. With the internet being described as anti-hierarchical, anyone can log on for instant and universal access to a platform for their creativity.[33]

Some Australian academics (in fact, three of the authors of this book) and their British colleagues tested Denegri-Knott's typology in the blogosphere, using the controversial Tourism Australia campaign, *Where the Bloody Hell are you?* as their stimulus. They found that bloggers were empowered to circumvent the traditional self-regulatory system, by distributing information, forming hubs of like-minded people and even participating and creating their own spoof ads. So in addition to confirming Denegri-Knott's four power types, Kerr et al. (2012) also added a fifth type of consumer power[34]—self-liberation. This is the power to express an opinion, to have a voice or, even, to vent.

Therefore, **consumer empowerment online** theory suggests there are five consumer power strategies in the online environment. These are: (1) the power to opt in or out; (2) information as power; (3) the power of joining together or aggregation; (4) the power to participate; and (5) self-liberation as a powerful driver.

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Opportunities versus risks

According to recent research from We Are Social (2018), 58% of Australians believe that new technologies offer

35

more opportunities than risks.   Most of us, 55%, prefer to complete tasks digitally whenever possible. Yet 89% of us still believe that data privacy and protection are very important. In saying that, only 39% of us bother to delete cookies from our internet browser to protect our privacy and just over a third (36%) of us use an ad blocker. So maybe we don't see so many risks. Or we see the risks but just can't be bothered.

Or maybe it's because of our SoLoMoVo mindset. You see, the digital world has made us more social, because we are constantly connected and part of a community. We are also local. We connect with local digital content and local retailers, and increasingly transact online. We are mobile, with multiple devices, screens, browsers and apps. And we like video, because rich media entertains and informs us. And that means we spend a lot of time online. The 2018 Nielsen Digital Ratings showed that ever week Australians aged 18–24 spent 85.15 hours online, ages 25–34 spent 98.16 hours, ages 35–49 spent 87.09 hours and those over 50 spent 70.57 hours.[36]

But that doesn't mean we would risk abandoning traditional media. As Nielsen suggests, 'Not only do we watch more than three hours of "traditional" TV a day—a level that hasn't changed over the past five years'—but internet-enabled TVs and mobile devices provide more opportunity to consume TV and other video content than ever before.' So we're still watching TV, just on many, more opportune screens and perhaps not in real time.

Similarly, it does not mean we are using social media in the same way as we used to (even last year). The 2018 Deloitte Media Consumer Survey reported signs of dissatisfaction with social media, with 59% of us using social media daily, down from 61% the previous year.[37] And almost one-third (31%) of us are thinking of 'taking a break' from social media. A good time to read your textbook.

We are no longer 'ordinary Australians'

Not that any of us really aspires to be ordinary, but 'ordinary Australian' is a description of what the typical Australian is like, based on the most common responses to the previous census. In 2012, these included factors such as British ancestry, born in Australia, both parents being Australian and speaking only English at home. This home was a freestanding three-bedroom house, owned with a mortgage and a garage for two motor vehicles. The ordinary Australian was married with two children and identified as Christian.[38]

But the most recent 2016 census revealed that 'ordinary Australian' no longer exists. In fact, out of a population of almost 26 million Australians, only 6000 people could be considered 'ordinary' as per the 2012 census. More than a quarter of Australians (26%) were born overseas. One third of us in Sydney and Melbourne don't speak English at home. Same-sex couples have risen by 39%. And of the 6.1 million Australian families, less than half (44.7%) are couples with children. Have a look at Figure 1.5   to see who we are.

Of 6.1 million families in Australia, 44.7% are couples with children and 37.8% are couples without children.

In Sydney and Melbourne, 1 in 3 Australians do not speak English at home

1 in 5 Australians do not speak English at home

Reported same-sex partnerships increased by 39%

26% of people were born overseas

16.2 million people live in the cities

Figure 1.5 We are anything but ordinary

Marketers cannot make any assumptions based on ordinary Australians. That is just marketers being ordinary.

And if you want to know how ordinary you are, you can find out. I am 83% ordinary. But do the quiz and you can find out how ordinary an Australian you are: http://www.abc.net.au/news/2017-08-05/are-you-an-ordinary-australian-census-quiz/8776272

The idea of what it means to be Australian is at the heart of a new campaign by Vegemite, which captures the iconic faces and quirky moments of our nation's history. It spreads the love from Pauline Hanson's 'Please Explain' to the first female Prime Minister, from the Big Prawn to Skippy the Bush Kangaroo (see Exhibit 1.6   ). Thinkerbell co-founder Adam Ferrier says, 'The *Tastes Like Australia* campaign is topical, thought-provoking and aims to promote a discussion about national pride, difference and unity. And while the intent of the campaign is clear, a true celebration and embrace of our unique nation and Vegemite, there is no doubt the interpretation of the creative elements could spark some heated discussions.'[39]

Exhibit 1.6 Tastes like Australia
Source: With permission of Thinkerbell and Vegemite

Second digital generation

Does your mother ever ask you to fix something on her phone? Then she is probably not a digital native. You see, different generational responses to technology have been well researched in the literature. It is generally thought that the youngest generations are more innately technology-savvy than digital immigrants (often their parents), who had to learn these skills (Prensky, 2001).[40] If we are born with new technologies, we have more familiarity and less fear of them and perhaps even take them more for granted.

More recently, Fortunati, Taipale and de Luca (2017) conceptualised the idea of two digital generations.[41] The first digital generation were born in the late 1970s and early 1980s. They grew up with a sense of enthusiasm and wonder of the digital technology that had changed their school, their workplace and their lives.

The second digital generation were born in the second half of the 1980s and the 1990s, when digital technologies began their mass diffusion. Because they had fewer siblings, more years in education, and parents who saw themselves as their friends, they became more socially and economically dependent on their parents, creating the 'infantilisation' of the second digital generation.

And contrary to earlier thinking, despite having grown up with digital technology, and even displaying a taken-for-granted attitude towards it, the second digital generation are actually less equipped and skilful in using digital technologies than their predecessors.

This is because they do not have to be. Interfaces are now more intuitive, and greater similarities across platforms means the acquisition of higher-proficiency ICT skills is not as essential as it was for the first digital generation. Further, the needs of the second generation are better gratified by adopting the technology that is most convenient and beneficial to their life, such as social media, suggesting that they may lack the same interest and immersion in digital technologies as adolescents in the late 1990s.

The changes in our behaviour, our adoption of technology, and even our backgrounds have also changed society.

LO 1.5

CHANGED SOCIETY

As with the three revolutions that preceded it, digital technology will change what is possible in our society. Economically, it has the potential to improve the efficiency of industry, boosting Australia's national income, with a projected economic growth rate of between 0.7% and 1.2%. And this could be transformative for our society, delivering hundreds of thousands of new jobs and not only changing the way we work, but the way we live and the way we communicate.

However, a 2019 report from the CSIRO's Data61 suggests that the halcyon digital days are not guaranteed, highlighting issues such as data breaches, cybercrime and new international competitors.[42] 'The economic and societal landscape is shifting. Existing markets are being extinguished and new markets are being created. Business, government and community decision makers are facing unfamiliar risks and opportunities.'

The CSIRO Digital Megatrends report uses strategic foresight to define the trajectories of change and explore possible futures shaping our society. As seen in Figure 1.6 , there are six key, but interconnected, megatrends. The CSIRO defines a megatrend as 'a significant shift in environmental, economic and social conditions that will play out over the coming decades'.
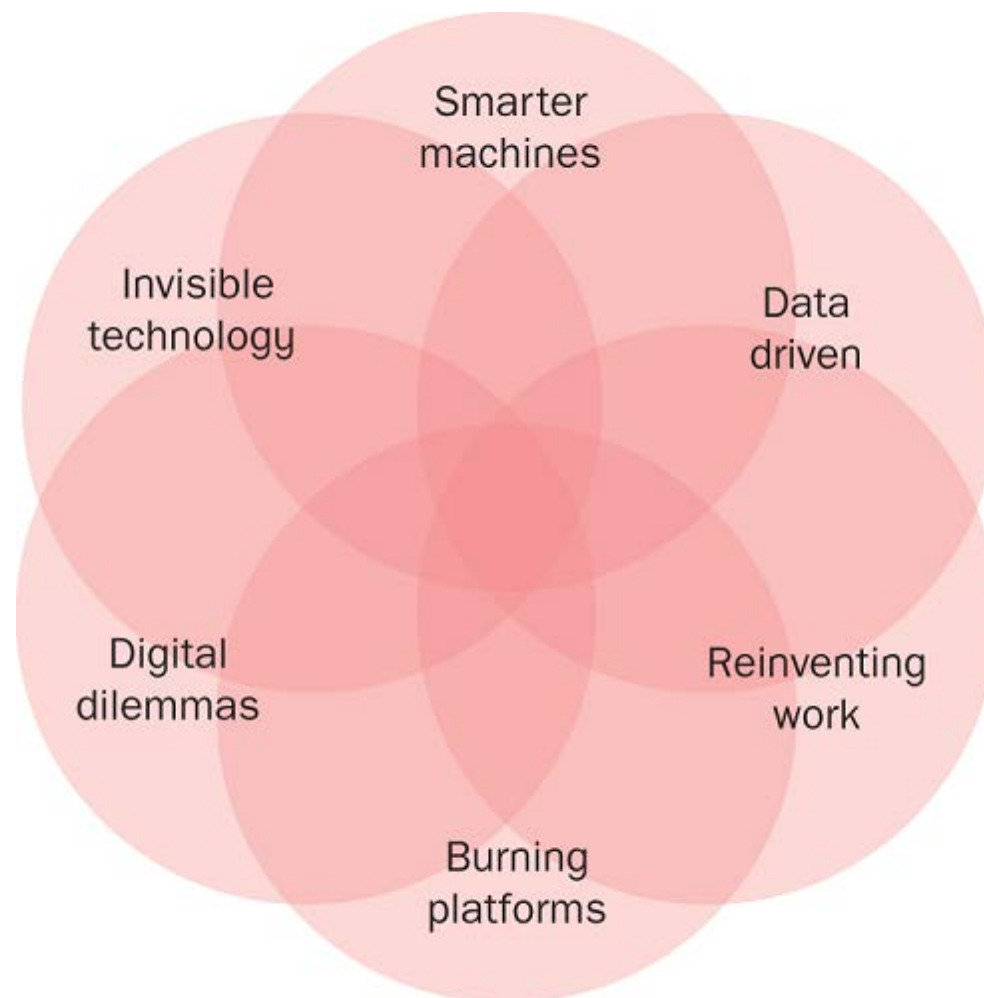
Figure 1.6 CSIRO digital megatrends
Source: © Copyright CSIRO Australia

Digital megatrends:

1. Smarter machines—machine learning, predictive analytics and artificial intelligence (AI) make intelligent choices for business.
2. Reinventing work—most jobs may be impacted by automation and also redefined as a result of changing technologies.
3. Data driven—acquiring, screening, analysing, interpreting and using data to enhance functionality and make better decisions.
4. Burning platforms—continued expansion and diversification of online platforms into new areas.
5. Digital dilemmas—technology increases the challenges, risks and ethical issues that come with it. There are concerns around fraud, privacy breaches and impact of technology on emotional wellbeing.
6. Invisible technology—as technology becomes deeply embedded, it becomes a matter of choice over being a necessity. Successful technology will be much more focused on the human element.

In summary, the CSIRO suggests, 'Digital technologies are changing the way we live, work and play. They are changing information flows and decision-making behaviours. Digital is associated with the birth and rapid ascendance of entirely new cultures, markets and societal norms. The exciting and daunting reality is that we are in the early phases of this transformation.'

So what are the early warning signs or the emergent issues in this digital transformation? Well, two important issues are discussed in this chapter— AI and automation, and privacy and data management. A third, how we actually regulate our marketing communication in this digitally disrupted area, is discussed in detail in Chapter 6 .

AI and automation

Alan Turing, the man responsible for the Third Industrial Revolution, also had a view on the Fourth. He considered the question of whether machines could think to be, 'too meaningless to deserve discussion'. In fact, he predicted that by the year 2000, computers would be indistinguishable from human beings 70% of the time. Turing even proposed a test in 1950 to see how human-like a machine could become. This has been put to the test since 1990, with groups of people having online chats with two entities—a human and a machine—then trying to determine which is which for a $25 000 prize. There have been other similar tests of man versus machine, such as when IBM's Watson beat top human competitors on the TV show *Jeopardy*.[43]

Race Against the Machine

Perhaps one of the biggest tests of man versus machine came in the global financial crisis of 2007–2008. The crisis in the subprime mortgage market in the US escalated into the worst financial crisis since the Great Depression, causing business failure, evictions and prolonged unemployment. Many organisations never recovered. Many people were never employed again.

In 2012, Erik Brynjolfsson and Andrew McAfee explored the consequences of this in a telling book called *Race Against the Machine*.[44] They suggested that while digital technologies are changing rapidly, organisations and skills aren't keeping pace, resulting in what they called technological unemployment. As evidence of this, they cite data which shows that while the US population grew by 30 million in the past decade, the employment to population ratio fell from over 64% to 58%. And while corporate profits as a share of GDP are at a 50-year high, compensation to labour, including wages and benefits, is at a 50-year low. They conclude that the median worker in the US is losing in the race against the machine.

Last generation smarter than our technology

Artificial intelligence (AI) is a computer system that can do tasks that humans need intelligence to do. AI is the concept of having machines 'think like humans' and reason, plan, learn and understand language.

Machine learning is a subset of, and the brains behind, AI. It involves teaching computer programs to learn by finding patterns in data. The more data, the more the computer system learns, and the more patterns it finds.

Used by three in ten of the world's largest employers, AI was designed to make our jobs easier and more productive. AI helps doctors diagnose medical conditions, acts as a lawyer in conveyancing in the US, beats tactical military experts in combat, designs dresses for designers and even tracks sentiment in marketing communication messages.

According to PWC Australia (2017),[45] AI is forecast to contribute up to $15.7 trillion to the global economy in 2030, which is more than the current output of China and India combined. Of this $15.7 trillion, $6.6 trillion is likely to come from increased productivity and $9.1 trillion from increased consumer demand.

According to 3500 marketing leaders worldwide, AI will have a substantial effect on marketing in delivering the right message on the right channel at the right time (61%), dynamic landing pages and websites (61%),

hyperpersonalisation of content (61%), hyperpersonalised product recommendations (60%), predictive journeys (60%), programmatic (60%) and business insights across data and systems (59%).[46]

What do we think about AI?

Well, the first thing is that we don't really understand what AI is or when we are actually using it. According to a 2017 global study of 6000 consumers,[47] 70% of us say we understand AI, but 50% don't realise it can solve problems, 37% don't understand it can interpret speech and 35% don't know it can mimic humans. In fact, only 33% of us think that we are using technology with AI, when 77% actually are. What's more, 70% of us are fearful of AI and only 27% think it can deliver the same or better customer service than a human. But despite that, 73% are agreeable to using AI if it makes life easier.

When asked that scares us most about the use of AI in society, answers varied from 'it's never going to know me and my preferences as well as a human being' (33%) to 'the rise of robots and the enslavement of humanity' (24%), as well as the almost humorous reflection, 'finding I get on better with AI than I do with my friends or family' (10%). Almost a third (28%) (of humans) had no real concerns.

Exhibit 1.7 Clorets showdown: creative director versus AI
Source: Shutterstock/izabel.l

If you ask the same question of Japanese creative director Mitsuru Kuramoto, he may reply that what scares him most about AI is that it could be a better creator of advertising than humans. This premise was put to the test by McCann Japan, who had Kuramoto and their new AI prodigy both create TV commercials for Clorets, using the proposition, 'Instant-effect fresh breath that lasts for 10 minutes'. The two advertisements were then put to a nationwide poll. Without knowing whether they were voting for the man or the machine, 54% of Japanese consumers chose Kuramoto's creation.[48]

While McCann Japan are planning to take on 'Japanese Idol' TV talent show, some of humanity's leading thinkers are more fearful of its potential. Elon Musk suggests that 'A machine tasked with getting rid of spam could end humanity'.[49] And Stephen Hawking warned, 'The development of full artificial intelligence could spell the end of the human race'. In fact, both added their names to an Open Letter to the United Nations banning autonomous weapons.

Privacy and data management

Like AI and databases, the legal protection of the right to privacy is also an artefact of technology. It was first mentioned in the *Harvard Law Review* in 1890, around the time of the Second Industrial Revolution. But the privacy debate took hold only in the 1960s, when personal information could be stored in computer data banks. Since then the internet, tabloid journalism, the intrusion of new business practices and government powers have escalated these privacy concerns.

So what is **privacy**? One of the best definitions comes from Margulis (1977)[50] who describes privacy as 'the control of transactions between person(s) and other(s), the ultimate aim of which is to enhance autonomy and/or minimise vulnerability'. So it is a trade-off between our freedoms and others' interference.

Or as Australian academic Professor Roger Clarke from ANU suggests, 'Privacy is the interest that individuals have in sustaining a "personal space", free from interference by other people and organisations.'[51] That makes privacy important to us from many perspectives. Psychologically, people need a space that is their own. Sociologically, people require freedom to behave and interact with others in accordance with broad social mores. Economically, people need space to try something new. Politically, people need to be free to think, debate and take action.

Professor Clarke notes, 'In Australia, the pragmatic or utilitarian approach tends to dominate the philosophical. Of the four bases on which it can be argued that privacy is needed, the most dominant in discussions tends to be the psychological perspective. It is a serious mistake, however, to limit the justification in that way. Privacy-invasions are seriously harmful to the societies, economies and polities in which humans have flourished. Balances must be sought, and privacy protections must be devised, with that in mind. In turn, it is essential that a sufficiently broad conception of privacy be used.'

This concern for the protection of privacy is reflected in a seminal piece on 'Privacy and the limits of law', Page 20 written by Professor Ruth Gavison in 1980.[52] She suggests that privacy concerns are a response to 'a change in the nature and magnitude of threats to privacy, due at least in part to technological change ... Advances in the technology of surveillance and the recording, storage, and retrieval of information have made it either impossible or extremely costly for individuals to protect the same level of privacy that was once enjoyed.'

Of course, the best response is a legal one, with the Australian government identifying and protecting a number of different kinds of privacy.[53] The first is information privacy or data protection, which establishes rules governing the collection and handling of personal data such as credit information, and medical and government records. The second is privacy of communications, guaranteeing the security and privacy of mail, telephones, email and other communication. The third kind, territorial privacy, limits intrusion such as searches, video surveillance and ID checks into the domestic environment, the workplace and public spaces.

Have your privacy concerns changed over time?

An innovative Australian study, by two of this textbook's authors, tracked a cohort of 15–17 year olds across an eight-year period to see whether their privacy concerns changed as both social network sites, and they, matured. Like Margulis's definition of privacy, Kelly and Kerr (2017)[54] investigated young people's perceptions of control and vulnerability. As 15–17 year olds when social network sites were new and they had nothing to lose, they were *experimenters.* Three years later, when their social life was more important than their privacy concerns, they were *accepters.* But in another three years, working and with assets, they strategically controlled their information in order to reduce their vulnerability as *managers.* Generally, they trusted social network sites to protect their private information, but they did not trust advertising or brands on social network sites.

Privacy as a trade-off

A study into the antecedents of privacy concerns by Dinev and Hart (2004)[55] suggests they are caused by two things. The first is our perceived control over information. Or what consumers believe will happen to their information. The second is our perceived vulnerability. Or whether a consumer identifies some negative consequence from disclosing their personal information. Generally, consumers are reluctant to provide information if they are unsure who will have access to it and how it will be used.

Looking especially at the online environment, Malhotra, Kim and Agarwal (2004)[56] identified three areas of privacy concern. Consumers are concerned with: (1) how their personal information will be collected; (2) what control they will have over the information they disclose; and (3) how the information will eventually be used.

But ultimately, if you want that 10% discount badly enough, or all of your friends have already signed up, you might overcome your privacy concerns and surrender your personal information. This idea of privacy as a trade-off is embodied in an important theory framework called the Privacy Calculus.[57]

Essentially, consumers are often willing to disclose their personal information to a marketer or brand online in return for some form of benefit. This might be an economic benefit such as the 10% off coupon mentioned. It might be an informational benefit, like having access to some research or industry reports for your assignments. Or it could be social, for instance, being the first to own (and post pictures of) a valued product.

But is the benefit greater than the risk? That's where the 'cost-benefit' or 'risk-benefit' analysis, referred to as the Privacy Calculus, comes in. What do I get in return for surrendering my personal information? This willingness to share might depend on the type or riskiness of the personal information required to be disclosed. That is, how personal is the personal information? And this all depends on individual and contextual factors.

As summed up in Figure 1.7 by Xu, Michael and Chen (2013), the Privacy Calculus suggests that consumers regard privacy as an entitlement that could be traded for some form of value from the marketer, after determining the risk and benefit/return calculus.

Figure 1.7 Privacy is a trade-off

Source: F Xu, K Michael, K. & X Chen, 'Factors affecting privacy disclosure on social network sites: an integrated model', Electronic Commerce Research, 13(2), 2013, pp. 151–68

General Data Protection Regulation (GDPR)

Working out our trade-offs in the Privacy Calculus has been made easier with the new **General Data Protection Regulation (GDPR)** [58] introduced by the European Union (EU) on 25 May 2018. The aim of this new legislation is to make consumers more aware of the perceived risks of disclosing information by establishing new requirements on companies that collect, use and share data about EU citizens (which is most international or online companies). To safeguard people's privacy, it adopts a broader definition of personal data, including IP addresses and cookie identifiers, as well as higher standards for establishing valid consent. In fact, the GDPR requires that consent be 'freely given, specific, informed, and unambiguous' and companies must able to demonstrate that consent was given. Furthermore, EU citizens have the right to be notified if their data is compromised and they can withdraw their consent and request that their data be erased at any time.

But what makes the GDPR so effective in protecting our privacy is the penalties it imposes on those who abuse them. Fines for non-compliance can be as much as €20 million, or 4% of the company's global annual revenue, whichever is higher.

In Australia, the IAB offer a Data Protection Checklist.[59] In addition to ensuring compliance with GDPR, the IAB suggests companies:

1. Manage consumer consent and control: champion the user experience
2. Proactively manage privacy protections
3. Practise data minimisation
4. Comply with data breach laws
5. Manage data protections in their advertising tech stack
6. Ensure data is sourced ethically and transparently.

SUMMARY

This chapter, and indeed this book, is written on two premises. The first is that everything is digital. The second is that people have always used data to seed innovation and revolution. Currently, we are in the Fourth Industrial Revolution—the intelligence revolution. Driven by machine learning, virtually free data storage and communication and accelerating computing power, technologies fuse and blur the lines between the physical, the digital and the biological. This is transforming humanity just as radically as the invention of steam did, more than 300 years earlier.

Marketers have new opportunities in the intelligence revolution, with growing advertising spend on digital, targeting, retargeting and personalisation, more efficient programmatic buying (based on targeting) and richer formats and interactivity. But there are also issues for marketers too, such as changing expectations of brands, fragmentation, measurement and ad fraud.

Consumers have changed so much that few of us are 'ordinary Australians' any more. And there is also a generational shift, with those who have grown up with digital technology being less equipped and skilful in using it—mainly because we no longer need to be. However, we still believe that technology holds more opportunities than risks, and are empowered to have a voice and to influence other consumers, and even organisations, online.

All of this is changing society. The CSIRO predicts six digital megatrends—intelligent machines, digital dividends, data driven, burning platforms, online burnout and reality bites, or the need for face-to-face interaction. Certainly, AI is already being used by some of the world's largest employers, and issues such as privacy and data protection are being addressed in industry initiatives such as the Australian Digital Advertising Practices.

Therefore, to sum up, it looks like there is only one conclusion we can draw: everything is digital—from the way we work to the way we relax, to the way our society communicates, innovates and runs. And as we will see in Chapter 2, digital has transformed marketing too, and could even be the new integrator of integrated marketing communication.

KEY TERMS

DISCUSSION QUESTIONS

1   List five ways in which you've used data to make a decision today. What was the quality of the data like—the currency, reliability, accessibility? Were some decisions informed by better data than others? Was the quality of the data important for the nature of the decision? Why or why not? Where could you have found better data? And what would have been the cost of doing this?

2   More data is collected than is ever used. How can marketers improve their internal processes and use this data to make better decisions or improve the customer experience?

3   How is the intelligence revolution shaping our world and our future careers? Give three examples.

4   A recent movie, *Outlaw King*, portrayed Scottish history around the 1300s. Jump 400 years forward to another sensational Scottish drama, *Outlander*, and much of the way of life seemed very similar to the earlier time of Robert the Bruce. Now take another jump forward, this time of less than 400 years, to our present time. The way we live has been radically transformed (and not just the dress code). If time is not the catalyst for change, what is?

5   Targeting, retargeting and personalisation are just some of the outcomes and opportunities for marketers in a digital world. How well do you think marketers are leveraging them? Is advertising more personal or more annoying? Justify your thinking with some campaigns that use these tactics.

6   Research has shown that interactivity builds favourability towards advertising and brands. Why do you think this is so?

7   The idea that the 'ordinary Australian' no longer exists comes from comparing trends in census data from 2012 to 2016. Given that this data is the most accurate we have in Australia, how well do you think it is being reflected in advertising? Does advertising still depict the 'ordinary Australian'?

8   The idea of consumer empowerment is quite different from the way that marketing was originally designed. The marketer had the power to send one-way messages through advertising and also had total control over the brand. How much has the digital environment disrupted this process? Are consumers really all-powerful? And is this always a good thing?

9   Have a look at the CSIRO six digital megatrends. Which of these do you think are beneficial and could be leveraged in a marketing communication strategy? Which flag warnings for advertisers and marketers?

10 The Privacy Calculus Theory suggests that privacy is a trade-off. Can you think of an example where the benefit of giving data was greater than your personal cost in handing it over?

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2

INTEGRATED MARKETING COMMUNICATION: HISTORY AND CURRENT STATE

LEARNING OBJECTIVES

LO 2.1   To review the M in IMC, looking at how the concept of marketing has evolved into relationships, customer experience and adding value.

LO 2.2   To introduce the concept of integrated marketing communication (IMC) and document its development across four stages.

LO 2.3   To examine the definitions of IMC.

LO 2.4   To explore the research on the implementation of IMC and identify typical barriers.

LO 2.5   To provide an overview of the tools of IMC.
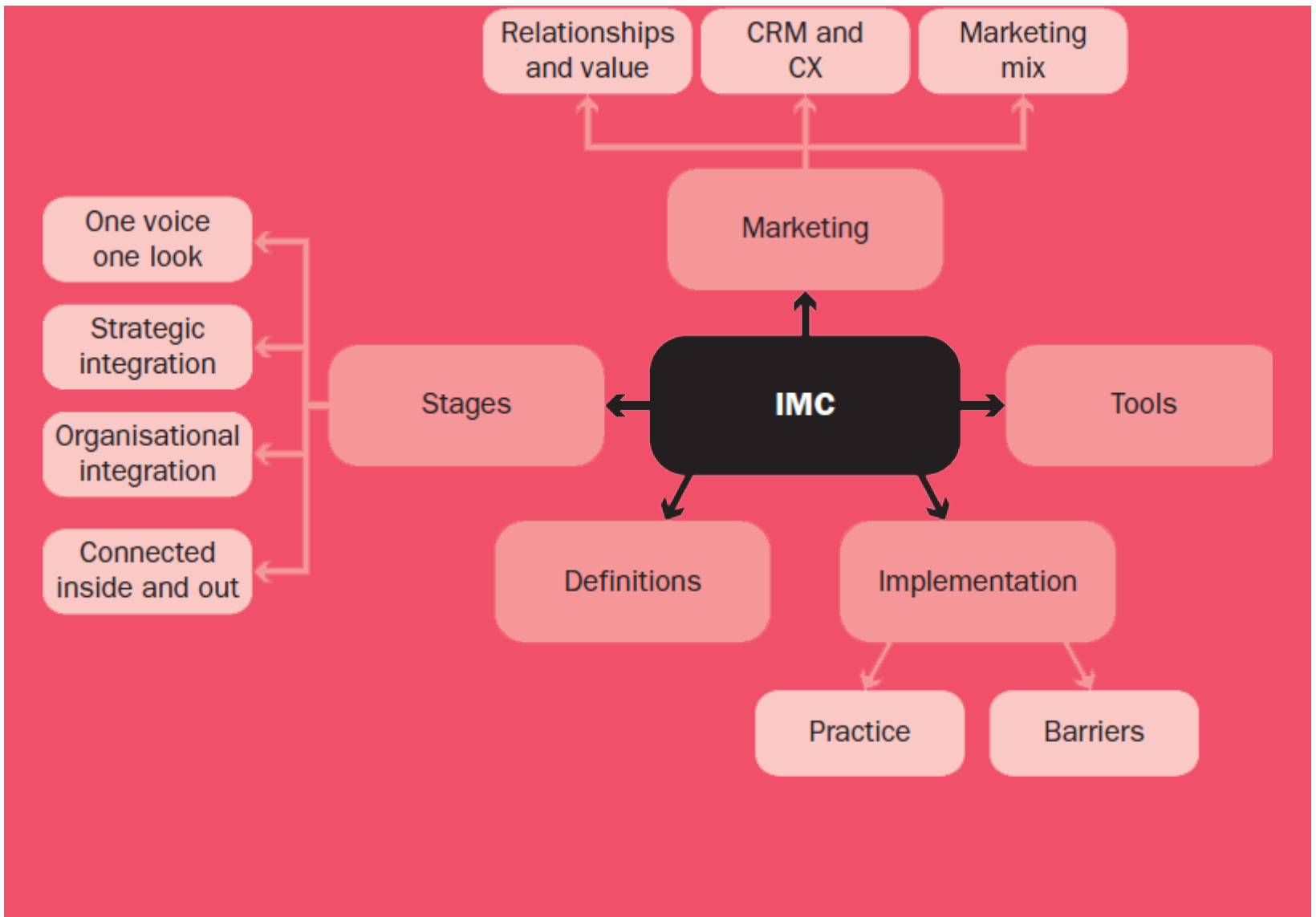
MARKETING GOLD IN THE COMMONWEALTH GAMES 2018

BY KEN MINNIKIN
HEAD OF MARKETING, COMMONWEALTH GAMES 2018

Exhibit 2.1 Borobi, the GC2018 mascot
Source: Gold Coast 2018 Commonwealth Games

Marketing has always been about telling stories—compelling stories with words, pictures, video and sound that grab people's imagination and take them on a journey. Sometimes, it's a journey they didn't even know they were looking to take.

In 1947, Bill Bernbach, the creative director for a New York agency Doyle Dane Bernbach (DDB), wrote, 'Advertising is fundamentally persuasion and persuasion happens to be not a science, but an art. I don't want scientists … I want people who do inspiring things.'

He wrote this in a letter to his agency colleagues, warning that too many processes and too many rules would be the downfall of their agency. He said they must remember to be creative, to be inspiring and not to fall into the trap of sameness and mediocrity.

During the Gold Coast 2018 Commonwealth Games (GC2018), it was our responsibility to lead the marketing for the largest event of the decade in Australia. We intended to take as many people as possible on an inspiring journey of sporting greatness, city pride, human achievement and great entertainment. We had no room for mediocrity or sameness.

Although we were embedded in the organising committee for a global sporting event, in an environment of processes and rules, we were committed to being creative and inspiring and definitely not falling into the sameness of previous Games. We did not want to adhere to the saying, 'This is how we always do it in the Games'. We wanted to break the mould and create a marketing strategy that was different from previous events, but more importantly was relevant to the Australian and international markets in 2018.

Early in the strategy and planning phases, we decided we would have a fully integrated

marketing approach across all our platforms, our partnerships (both commercial and government) and our communications to the public. It would embody our brand values, ensure we were creative and fun, and capture the public's imagination. Unlike Bernbach in 1947, GC2018 had communication platforms and channels that were vast and immediate, creating a hunger from the public for engaging stories, up-to-date information and entertainment in real time.

With an always-on approach and an audience that demanded 24/7 access to information, GC2018 had the opportunity to be the most digitally and socially connected Games in history. The customer-centric digital strategy integrated into our wider marketing strategy ensured all of our campaigns, stories, images, creative and branding were consistent across offline and online platforms. By working closely with our integrated creative services and brand team, we were able to produce engaging and inspiring content that was relevant for each different audience on each different channel.

From traditional above-the-line campaigns to a multichannel plan that incorporated programmatic, display, social, email, web, mobile and more, GC2018 marketing delivered some of the best results ever seen in the Games' history—and the most sponsors ever to partner with a Commonwealth Games. More than 1.2 million tickets were sold, 85% of them in the first phase. The CG2018 website delivered over 136 million page views and the mobile app had 416 000 downloads, making it the number one app in Australia at the time.

A key goal for GC2018 was to create a database of 800 000 people to ensure our ticketing sales target was met. Our newsletter campaign had over 10 million opens and around 400 000 subscribers. This was supported by our incredible social media success, with over 800 000 followers and 428 million impressions for our content.

Another important tool in our marketing strategy was the hardest-working, surfing, blue koala in the world. GC2018's mascot, Borobi, lived and breathed the brand. Through his quirky, larrikin tone of voice, Borobi provided an immediately recognisable brand presence wherever he appeared, in real life, in digital, on TV, in printed collateral, or even in the merchandise store. Borobi was the biggest-selling souvenir in Commonwealth Games history, with more than 100 000 plush Borobis leaving the Games venue.

But the journey did not end with the Commonwealth Games. Three of its key marketing masterminds—Ken Minnikin (head of marketing), Bill Key (brand and creative services manager) and Tracy Whitelaw (digital manager)—formed their own agency, Tribus345, a brand, creative, digital agency in Queensland, specialising in event marketing. Maybe there's even a job there for Borobi.

SUMMARY

Marketing is the M in IMC. So, in order to understand the role of IMC in a marketing program, one must first understand the role and function of marketing.

Marketing has been defined by the AMA as 'the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large'.

Today, most marketers are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining relationships with their customers. They recognise that creating, communicating and delivering value to their customers is extremely important. And this typically involves building and managing a great customer experience.

Integrated marketing communication is a key part of marketing strategy. One of the most commonly used definitions suggests that IMC is 'an audience-driven business process of strategically managing stakeholders, content, channels and results of brand communication programs'.

The four stages of IMC are: (1) one look, one voice or tactical integration; (2) strategic integration; (3) organisational integration; and (4) becoming connected inside and out. A number of key definitions that were developed across the different stages provide evidence of its evolution.

The implementation of IMC has been tracked by academic research from its earliest days in 1991 through to its latest incarnation. Of particular note is the great work done by Australian academics such as Mike Reid, Sandra Luxton, Felix Mavondo and Gayle Kerr. Barriers to IMC are largely organisational, but also include a lack of expertise in IMC and especially in measurement and understanding data in order to make IMC decisions.

IMC tools include advertising, direct marketing, sales promotion, public relations, sponsorship and personal selling. In developing the IMC program, the marketer must decide which tools might be used and are of interest to consumers, and how to use and combine them to engage the audience and achieve the organisation's IMC objectives.

KEY TERMS

DISCUSSION QUESTIONS

1   The marketing of the Commonwealth Games won some gold medals of its own, for the 'firsts' it introduced into international sporting events. Suppose we were scheduled to host it again this year. What other IMC ideas do you think the marketers should consider?

2   The customer journey is something that most marketers talk about. Take five minutes, a piece of paper and a brand you like and see if you can map your customer journey. What are the important brand touchpoints for you? What are your pain points?

3   Based on the pain points and the opportunities from the activity above, what IMC recommendations or organisational improvements could you suggest for the brand?

4   Congratulations: Mastercard has just appointed you its IMC manager. Given the company's strong experiential positioning, how do you think they can use IMC to optimise the customer experience?

5   The second section in this chapter takes us through the stages and talks about the sages of IMC. We have seen IMC evolve from tactical to strategic to organisational to connected inside and out. What do you think will happen next? What is Stage 5?

6   Tactical IMC seems to make practical sense and appears easier to adopt than strategic IMC. Why do you think this is so? Find examples of tactical integration and discuss how well integrated you believe them to be. Is tactical integration enough?

7   Have a look at Table 2.1 , which gives various definitions of IMC. Do you think anyone has got it right? What do all of these definitions have in common? What are they missing? Who wins your prize for the best definition and why?

8   Why are the barriers to integration largely organisational? Find examples of strategic integrated communication that indicate the barriers appear to have been overcome successfully.

9   Organisational barriers to IMC were identified both in the very first and in the most recent research studies. Given that companies have changed so much across those 30 years, why do you think the greatest barriers to the implementation of IMC are still organisational? Despite still being organisational barriers, have they changed over the years?

10 The tools for IMC were once what defined IMC. It was all about bringing the advertising, public relations, sales promotion and direct marketing together with one look and one voice. But given the blurring disciplinary boundaries—given that advertising can now be a pledge on a passport or an image of what we'd have to look like to survive a road accident, or that we can use TV ads to generate publicity—why do we persist in giving them distinct disciplinary names? Should we keep the disciplines separate? Or should everything come under the umbrella of IMC?

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CASE STUDY 1A

SOCIAL ROBOTS

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Use of social robots by businesses

Industrial robots have been helping us in manufacturing and transportation for decades. However, social robots are a fairly recent development. These robots have a humanoid form and are able to interact and communicate with people in a socially acceptable way. Such robots have mostly been used by researchers in educational institutions (e.g. teaching a language to children) and in health settings (such as assisting dementia patients with their communication needs), including rehabilitation (for instance, supplementing conventional physiotherapy sessions with robot therapy). Social robots have also proved to be great entertainers. Not only can they be programmed to tell jokes or play games, they can also sing and dance.

A variety of social robots (examples are Nao, Pepper and Robovie) are being used in business contexts. In many parts of the world, public spaces such as shopping malls, banks, restaurants, hotels and airports are witnessing the appearance of robots as 'greeters' or information-providing agents. These robots help to improve the overall customer experience as well as answering questions on route-finding, troubleshooting, product location and inventory.
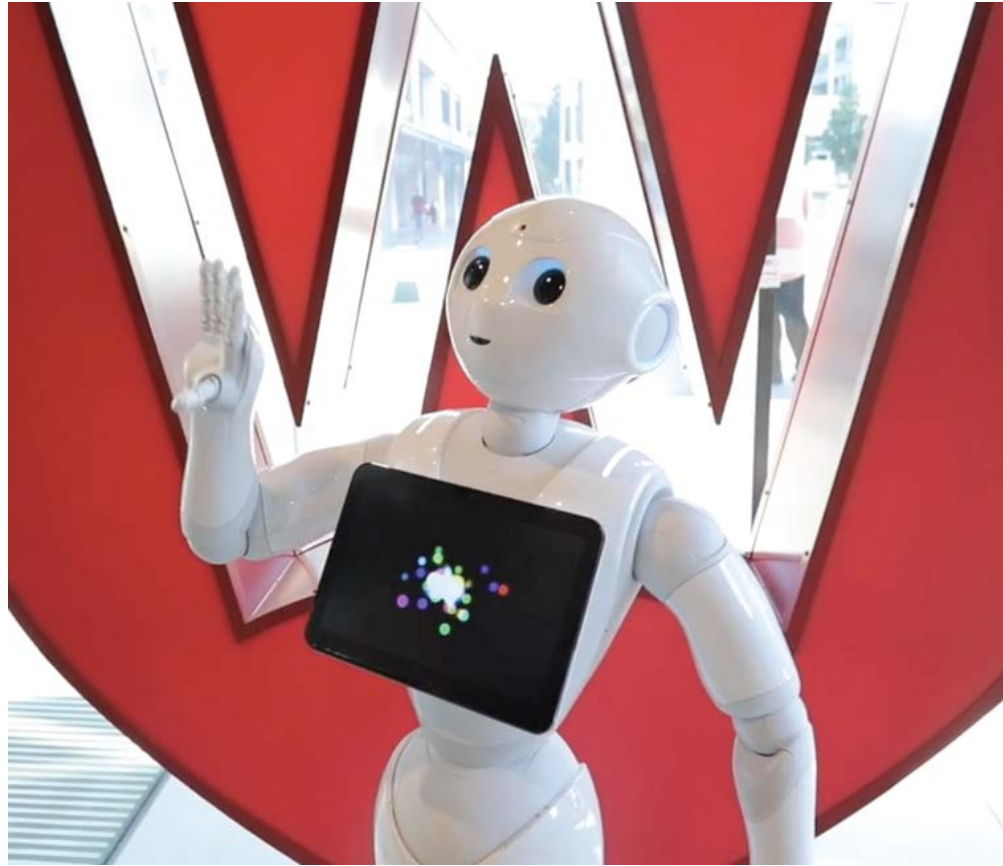
Another recent example is Toyota Motor Company's palm-sized robot, Kirobo Mini, which provides companionship on long drives. This robot weighs just 183 grams, is only 10 cm tall and can comfortably fit into the beverage cup-space in a car. Kirobo (the Japanese word for 'hope') Mini comes with a price tag of 39 800 yen (just over AU$500).

With drivers spending 4.3 years of their lives in cars, Toyota believes that Kirobo Mini 'could help driving become a physically and emotionally transformative experience'. It can talk to its owner and uses facial expressions and gestures to carry out a natural conversation, using the vocabulary of a five-year-old ('Let's take a break!' or even 'Are we there yet?'). While some analysts have dubbed it the strangest and most outlandish concept by the car manufacturer, it is predicted to take off in Toyota's home market—Japan—where the concept of a companion robot is already widely accepted.

Can social robots be a credible source of information?

A key area of interest for researchers in the field of human-robot interaction (HRI) is whether robots have the 'persuasive' ability to impact people's attitudes and behaviours. In order to make the human-like social robot an effective communicator, scientists have designed it with the ability to use non-verbal actions such as 'head movement', 'gaze', 'facial expression', 'gestures', 'dexterity' and 'proximity' to an audience. Robots such as Pepper are also programmed to speak naturally, with 'pauses', 'chuckles' and 'sighs' in place to improve their speaking prowess. However, does all of this make robots persuasive and convincing?

In one pilot study, at Western Sydney University we programmed the Pepper robot to take on the role of a 'nutritionist'. In one-on-one sessions with voluntary participants, Pepper guided a group of students on healthy living. Students were told they had to interact with the robot for less than five minutes and complete a survey. Throughout the 'consultation', a robot-operator remained in the

room.

The student-client was initially greeted by Pepper as s/he walked into the make-believe 'consultation room'. With a view to making the conversation seem more natural, Pepper asked for the client's name and engaged in small chit-chat ('Good to have you here!'). Next, Pepper provided advice on cutting down on alcohol, being more physically active, monitoring water intake and reducing sugar consumption. This interaction with Pepper lasted for approximately two to three minutes. Towards the end, Pepper declared, 'My consultation time is almost over. I hope you found my advice useful.'

After the consultation, individual students were asked to respond to survey questions to determine if the robot was seen as a reliable source of information. Advertising literature shows that when evaluating celebrity endorsers in ads, audiences rate them on three main dimensions: trustworthiness, perceived expertise and the celebrity's attractiveness. Trustworthiness is the level of confidence that a listener has in the speaker and the message; expertise refers to the speaker's authority and competence on the subject matter; while attractiveness includes both the facial and physical attractiveness of the messenger.

The survey asked the students to rate the robot on a number of statements. A series of items (e.g. dependability, honest, reliability, sincerity) were used to assess Pepper on its trustworthiness. Similarly, the perceived expertise of the robot included criteria relating to the robot's level of knowledge, qualification, skills and experience. Attractiveness was measured by rating Pepper on its cuteness, likeability, naturalness and human-like characteristics.

Not surprisingly, Pepper received an overall rating of 80% for attractiveness. Study participants also rated Pepper high on 'trustworthiness' (average score 80%), even though they realised it did not possess the relevant qualifications to be a nutritionist (average score for 'qualification': 40 %). Overall, Pepper received a 74% score on its level of 'expertise'.

Concerns about social robots

Despite robots' novelty, people also voice serious concern about them. Researchers have investigated the phenomenon known as 'robot anxiety'. Quite often, the biggest fear is robots taking away jobs. There is a perception that people will lose their livelihoods. Similar fears were voiced by 'technophobes' when computers were introduced. However, as with any technology, a number of experts feel there is an opportunity for new jobs to be created. Meanwhile, it's possible that some repetitive-type work might get taken up by these smart machines. In fact, analysts have proposed certain jobs should be left to robots. These jobs can be dangerous (e.g. mining), dirty (such as sewage cleaning) or downright deadly (e.g. handling poisonous materials).

Some people view robots as evil and dangerous, capable of taking over the world. Similarly, a growing worry is whether one will be able to distinguish a humanoid robot from an actual human being. This perception could be partly formed by the influx of books and movies on the topic. Some remember with nervousness the 'Frankenstein syndrome'—the belief that any artificially created humanoid will necessarily turn against its creator at some point.

For the authors, the biggest worry has been the fragility of these machines. Transporting a robot

requires careful handling and transportation—all of which adds to the operational costs. Moreover, after-sales support for robots is still rare in Australia, with almost no 'repair centres' currently serving the research community. On one occasion, when one of the university robots broke its arm, it had to be despatched all the way to a service centre in France. This often means an unscheduled break in a research project, which has its own repercussions.

In conclusion, social robots have come a long way since the 1990s when they were first created. There will be greater interaction between people and robots in future, and it's critical that we employ these robots in a way that brings the greatest benefit to mankind.

DISCUSSION QUESTIONS

1 Can you suggest applications for Pepper in public spaces?

2 What other 'criteria' can be used to measure Pepper's credibility as a source of information?

3 This case study demonstrates how students evaluated Pepper. Do you think another group of people would have evaluated Pepper differently? Discuss.

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CASE STUDY 1B

SAVING THE EARTH ONE DIAPER AT A TIME: HOW GDIAPERS BECAME A SOCIAL MEDIA SUCCESS STORY

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JASON GRAHAM-NYE • gDIAPERS

gDiapers was founded in 2004 by Australian couple Jason and Kimberley Graham-Nye. Prior to starting the company, and in fact prior to getting married, Jason and Kim went on over 200 dates around Sydney and published two guidebooks on dating in Sydney and around Australia. With so much dating, a marriage was inevitable and, soon after that, babies arrived.

It was while they prepared for the birth of their first son in 2002 that they had their lightbulb moment. They read a statistic that one disposable nappy takes 500 years to biodegrade. They also learned that a cup of oil was used to make each nappy and that in Australia nappies are the third-largest contributor to landfill. In the US, 20 billion nappies are landfilled every year.

Source: gDiapers

Jason and Kim found a unique alternative in Tasmania from a company called Eenee, which made a flushable, home-compostable (wet ones only) nappy that didn't have to end up in landfill. The

couple started using the product with their son and were so impressed they bought the global rights to the intellectual property.

Next, they moved to the US to launch the product under the new brand 'gDiapers', and had their second son as they were building the business. As a couple in the thick of parenting small kids of their own, they were instantly relatable to their customers. The company's social media strategy started in 2005 with a phone call from a customer just after they launched. The customer said she loved the product but distrusted any brand's website. She said she would like to moderate a Yahoo user group for the brand (Facebook at that time was still limited to university dorm rooms). Jason and Kim agreed and watched as a community of 6000 loyal customers grew, exchanging an average of 5000 messages a month. This became both a marketing research tool and a marketing communications tool, as the founders could learn what was on the minds of their customers and respond, all within the context of the social media platform. They saw that the discussions covered much more than just nappies, including just about every aspect of parenting.

Some members of the Yahoo user group reached out to the company to see if they could volunteer for gDiapers. Like the founders, they were new parents (mostly mums) who wanted to do some work but still wanted to be with their little ones. A 'gMum' program was launched. This saw 5000 mums essentially volunteer for the brand. The program lives on today, running the full gamut from blogging about the brand to attending baby shows, and from facilitating mums' groups to demonstrating the product at stores, checking store shelves to record out-of-stocks and connecting with store staff. Having customers do in-store demonstrations across the country and interact with store staff has been especially valuable for gDiapers. The mums are happy to promote a product that is good for the Earth, and the stores are thrilled to have happy customers help with product demonstrations. When the company surveyed the gMum group asking if they would like to be on the payroll, they unanimously declined. They expressed that they just wanted to volunteer and be part of something special. For them, gDiapers was more than just a good product, it was one that they were truly passionate about. The founders decided to develop a series of 'g'-branded items just for this group as an ongoing thank you to them. When Facebook launched in 2006, the 6000+ Yahoo gDiapers user group members all moved over. The gDiaper Facebook group was born and by the end of 2018 it had over 200 000 followers. Today, there are 10 or so additional Facebook groups run by customers for customers, including parents who want to 'B/S/T' (buy/sell/trade) their gMerchandise to those wanting a smaller community of fellow customers with whom to interact.

The company hosted a monthly 'gTea', inviting mums and their babies to the office for a morning tea. Between 20 and 30 mums would attend from the local area, and it was a great community builder, especially for new stay-at-home mums who feel particularly isolated. One month, when the gTea was promoted on Facebook, a mum from the other side of the country responded, saying she was going to get on a plane, bring her baby and attend the gTea. Within a day, another 20 had said they too would be flying in for the morning tea. Not only that, they self-organised with other gMums in the local area to organise accommodation. The gTea became a three-day event including a tour of the local area, a sleepover in the office and a celebratory dinner. It turned out that sharing the joys and challenges of raising a small child while caring deeply about the environment was the basis of strong friendships among the gMums.

More recently, 200 of the gMums partnered with gDiapers and Australian bag brand Crumpler to co-

design a nappy bag. When customers fall in love with a brand, and the brand is willing, the possibilities for collaboration are many. The result is the most powerful marketing tool of all, namely positive word-of-mouth.

These examples show the power of a community gathering around a brand that has a strong mission with transparency at the core. The founders are relatable, committed to the environment and treat every one of their customers as a friend. They have satisfied their core customers to create brand preference, they have delighted them to create brand love. They also bring their loyal customers inside the tent and let them be a part of the brand. Thanks to the power of social media combined with a truly great product, gDiapers has become a hugely successful brand that is helping the Earth, one diaper at a time.

DISCUSSION QUESTIONS

1 What are the social media advantages for gDiapers of being an environmentally friendly (green) product that is marketed to new parents?

2 Imagine that you want to sell environmentally sustainable fair-trade chocolate in Australia. What could you learn from the gDiapers case to help you promote it on social media?

3 Go to the gDiapers Facebook page. What impresses you most? What improvements might you suggest. Explain your answer.

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HOW MARKETING COMMUNICATION WORKS

Part 2 looks at how marketing communication works—the simple answer is that it works by integrating paid, owned and earned media, organisational systems and consumer data to produce synergy, which has demonstrated economic value for the brand and the customer. Chapter 3   explores this from the perspective of synergy. Chapter 4   examines this through consumer empowerment theory and frameworks of consumer behaviour and decision making. Chapter 5   looks at communication theory and consumer engagement with the brand, while Chapter 6   provides the ethical, legal and regulatory frameworks.

GRADUATE SPOTLIGHT

Name • Adam McGlashan
Degree studied • Bachelor of Commerce (Marketing and Advertising)
University • Curtin University
Current position • Account Manager/Strategist
Employer • Block Branding

What interested you about studying or working in advertising?

I'm fascinated by people; what makes them think, feel and behave the way they do. I'm a very intuitive, creative person, while also being a deep, analytical thinker. I wanted a fast-paced career that was in touch with the world around me. Advertising seemed to combine all of this.

What did you learn in your degree that has been most useful to prepare you for a career in advertising?

I was given a toolkit to deeply understand a consumer's world, to diagnose problems and their underpinning forces, to drive compelling solutions. I got a breadth of understanding across multiple domains to then apply to the real world.

What have you been up to since graduation?

Following the Communications Council Graduate Program, I secured an account executive position at JWT Perth in 2015, delivering campaigns for WA's largest account —RAC. I became account manager in 2016, managing the national repositioning for Homebuyers Centre. In 2018 I honed in on an area of passion and joined a brand consultancy.

What does your current job involve?

I work collaboratively with clients to identify their core problem, to build a distinct and differentiated brand strategy: why the brand exists, what it stands for and how it appears in the world. I'm focused on uncovering truths about people and brands, which leads to stronger connections and ultimately more potent communications.

What do you enjoy most about your job?

Getting under the skin of a brand, behaviour or culture, looking at everything with exhaustive consideration to get to the root of a problem and recognise the genuine benefit to people. And I'm able to do this across multiple brands and categories.

What is the most interesting campaign you have worked on?

RAC's 'Power of Membership' campaign—illustrating the many hidden benefits of membership and that membership helps to sponsor life-saving initiatives such as the RAC Rescue helicopters. This was a bold new direction that saw the organisation unite around a single campaign idea for the first time in its history.

What are your thoughts on the future of the advertising industry?

Technology is changing how we communicate, shop, commute and chill out. The role and utility of brands is changing.

People are drawn to technology-driven 'immersive' experiences that inspire them—and brands realise they're the only thing leaving an authentic impression. The 'experience economy' will drive brand–people relationships in the future, so I think there's going to be more focus on purposeful experiences that enhance people's lives.

What advice would you give to students who want to work in advertising?

Find out about all the different roles, decide what suits you, then strive for it. Be prepared to work very hard. The industry demands resilience, overtime and stamina. But it's worth it! Take a digital marketing course. It's an area I wish I knew more about when entering the industry. And complete internships. Show agencies you have the drive to succeed.

3

INTEGRATION: THE I IN IMC

LEARNING OBJECTIVES

LO 3.1   To understand what integration is.
LO 3.2   To explore the different types and processes of integration.
LO 3.3   To discover how synergy is the product of integration—exploring congruence or fit, plus cross-disciplinary, cross-media and cross-platform synergy.
LO 3.4   To investigate strategic consistency and how it can be evaluated using the strategic consistency triangle.
LO 3.5   To understand and apply paid, owned and earned media.
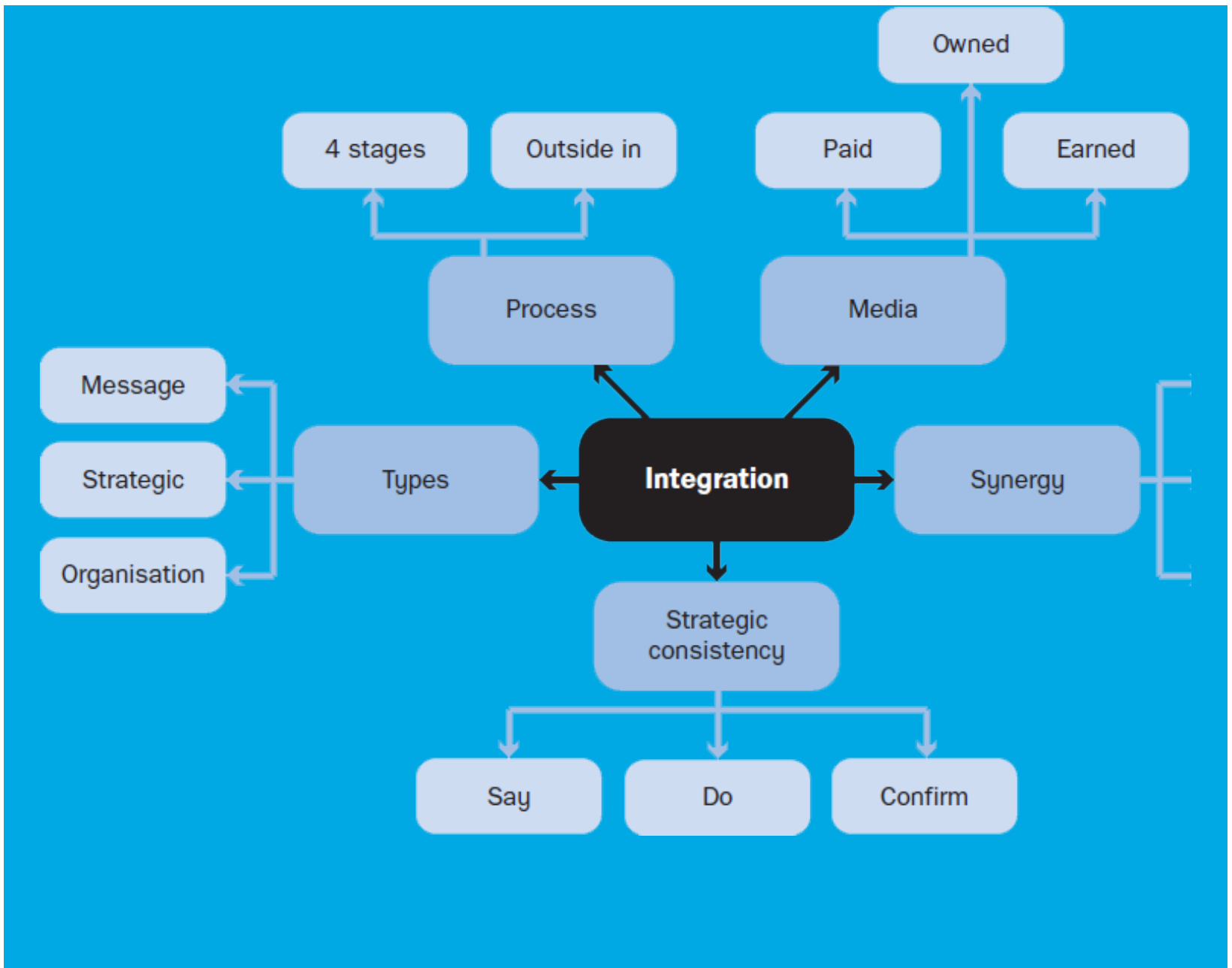
THE RIGHT PERSON, THE RIGHT MESSAGE AND THE RIGHT TIME

BY KEVIN DOYLE
REGIONAL VICE PRESIDENT, MARKETING AUTOMATION, SALESFORCE

The fabled holy trinity of marketing has always sounded so simple, but truth be told it has never been more difficult. How exactly do you find the right person—someone who needs your product, who isn't already locked in to a competitor, and who has the capability to actually buy your product? How do you send them the right message, personalised to their needs, delivering the right value according to where they are in the buying cycle? How do you do all of the above at the exact right time to make maximum impact—ensuring they take the time to read or watch your

advertisement, on the exact device they happen to be using at that time?

We are at a period of peak messaging—Australians have never been exposed to as many messages, across as many channels, from as many brands, as they are in 2019. Marketers need to be more effective and relevant than ever before.

But sending the right person the right message at the right time has never been harder. And as consumers, we've all experienced what happens if the marketer doesn't get this right. Why are those shoes still following me around the internet when I bought them two weeks ago? Why is a flight cheaper if I go on a website on my laptop versus on my phone? Why is that company treating me as a new customer when I buy from it all the time?

Technology has caused these challenges, so it is no surprise that marketers have turned to technology for the solution. Chief marketing officers (CMOs) today are not just incredible marketers, they are also incredible technologists.

According to Gartner, the world's leading research firm, in 2018 CMOs spent 29% of their entire budget on technology. That's right: CMOs in 2018 spent more money on marketing technology ('MarTech') than they did on labour, media agencies and even paid media. They even spent more on technology than their chief information officer counterparts.

Exhibit 3.1 The importance of MarTech
Source: Kevin Doyle

The best way to scale customer engagement (sending the right message to the right person at

the right time) across their journey is to harness technology such as AI to manage the repeatable processes; this provides marketers with more time to think creatively and innovatively, backed by data.

Integration, of both the organisation's data and the messaging to the customer, is the key here.

According to IBM, 90% of all data was created in the past two years. This data comes from a multitude of sources and includes media impressions, purchase history, online intent data, social media postings, mobile phone GPS signals, to name just a few. All of this data is incredibly siloed—it sits in different places, is accessed by different teams and comes in many different shapes and sizes. The first step in the MarTech puzzle is to get as much of this data integrated, connected and talking to each other as possible, as this is the fuel for a marketer's AI engine.

Automation and AI are beginning to free marketers from time-constraining data analysis so that they're better able to focus on the human elements of their role. The automation of large parts of the customer journey and the ability of AI to augment the decision making of marketers means they can spend more time on being creative and aligning the business in terms of customer experience. And they can do so confidently, knowing that their actions are supported by accurate data at the back-end.

For marketers who want to guarantee their success in the next 10 years, it's essential that they begin to consider and harness advanced technology that will free them from a focus on data analysis and allow for fully integrated message offerings. By automating data processes, marketers can confidently focus on what they do best—creating powerful, creative customer journeys—and allow AI to be the driver that sends the right message to the right person at the right time.

Source: Chris Pemberton, '8 top findings in Gartner CMO spend survey 2018–19', Gartner, 5 November 2018, www.gartner.com/smarter withgartner/8-top-findings-in-gartner-cmo-spend-survey-2018-19/.

MARKETING: WHERE IMC BEGINS

For nearly two decades, the American Marketing Association (AMA), the organisation that represents marketing professionals in the USA and Canada, defined marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create an **exchange** that satisfy individual and organisational objectives.[1] This definition focused on exchange as a central concept in marketing and the use of the basic marketing activities to create and sustain relationships with customers.[2] For exchange to occur there must be two or more parties with something of **value** to one another, a desire and ability to give up that something to the other party, and a way to communicate with each other. Integrated marketing communication plays an important role in the exchange process by informing customers of an organisation's product or service and convincing them of its ability to satisfy their needs or wants.

Not all marketing transactions involve the exchange of money for a product or service. Non-profit organisations such as various causes, charities, religious groups, the arts and universities receive millions of dollars in donations every year. Donors generally do not receive any material benefits in return for their contributions; they donate in exchange for intangible social and psychological satisfactions, such as feelings of gratitude and altruism.

While many still view exchange as the core phenomenon or domain for study in marketing, there is also agreement among most academics and practitioners that the discipline is rapidly changing. To reflect these changes, the most current definition adopted by the AMA is:

> **Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.[3]

This revised definition is viewed as being more strategic in nature as well as more reflective of the role marketing plays in the functioning of an organisation. It also recognises marketing as instrumental in building and sustaining relationships with customers and delivering value to them.

Marketing focuses on relationships and value

Today, most marketers are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining relationships with their customers. Successful companies recognise that creating, communicating and delivering value to their customers is extremely important. Value is the customer's perception of all of the benefits of a product or service weighed against all of the costs of acquiring and consuming it.[4] The benefits can be functional (the performance of the product), experiential (what it feels like to use the product) or psychological (feelings such as self-esteem or status that result from owning a particular brand). Costs include the money paid for the product or service as well as other factors such as acquiring information about the product or service, making the purchase, learning how to use it, maintaining the product

and, increasingly, disposing of it.

The focus on customer relationships and value has led many companies to emphasise **relationship marketing**, which involves creating, maintaining and enhancing long-term relationships with individual customers, as well as other stakeholders, for mutual benefit.[5]

The movement towards relationship marketing was driven by several factors. First, companies recognised that customers have become more empowered and more demanding. Consumers desire superior customer value, which includes quality products and services that are competitively priced, convenient to purchase, delivered on time and supported by excellent customer service. They also want personalised products and services that are tailored to their specific needs and wants. Advances in information technology, along with flexible manufacturing systems and new marketing processes, have led to **mass customisation**, whereby a company can make a product or deliver a service in response to a particular customer's needs in a cost-effective way.[6] New technology is making it possible to configure and personalise a wide array of products and services including computers, cars, clothing, cosmetics, jewellery and mortgages, even coffee cups. While you could always have your name on the front of your coffee mug, now you can put your credit card in the base. Who needs a wallet when you've got a Next Generation Visa payWave Cup (see Exhibit 2.2)?

Exhibit 2.2 Who needs a wallet when you have a Next Generation Reusable Cup powered by Visa payWave, by Australian company Frank Green

Source: © Frank Green

Another reason why marketers are emphasising relationships is that it is more cost-effective to retain customers than to acquire new ones. Studies have shown that reducing customer defections by just 5% can increase future profit by as much as 30 to 90%.[7] This seems like a good reason for organisations to be loyal to their customers and try and manage their customer relationships.

Customer relationship marketing

In the academic community, the terms 'relationship marketing' and 'customer relationship management' or CRM are often used interchangeably.[8] In fact, Zablah, Beuenger and Johnston suggest that CRM is 'a philosophically-related offspring to relationship marketing which is for the most part neglected in the literature'.[9] One reason for this could be that the term 'customer relationship management' was not originally associated with marketing. CRM emerged in the IT vendor community in the mid-1990s, as a descriptor for technology-based customer solutions, such as Salesforce or Qualtrics automation systems.

Applied to marketing, CRM refers to practices, strategies and technologies that empower companies to manage and analyse customer interactions and data throughout the customer life cycle. This essentially means gathering, analysing and optimising first-party data across all organisational touchpoints. However, the secret to this 'information-enabled relationship marketing' lies not in the technology, but in its integration—the integration of technology with human and business resources, which we will talk about more later in this chapter, as organisational integration.

But, as evidence of its impact, researchers have shown that CRM technologies alone rarely add value directly to firms and are most effective when combined with other organisational systems and the firm's resources.[10] Improved business performance occurs when specific marketing capabilities are created by deploying CRM technological resources in combination with other complementary resources to create profitable, long-term relationships with customers and other key stakeholders.[11] The benefits of CRM are improving customers' relationship with the company, building stronger, more profitable customer relationships and growing customer retention.

Schmitt, Brakus and Zarantonello suggest that every service exchange leads to a customer experience, regardless of its nature or its form.[12] It is even thought that brand relationships are made of multiple congruent customer experiences. So if we are trying to manage the relationship, maybe we need to start by managing the customer experience.

People buy experiences not products

The idea of customer experience is nothing new. More than 60 years ago, it was realised that 'What people really desire are not products but satisfying experiences'.[13] But, along with padded shoulders and bad hair, it was not until the 1980s that the idea of an experience really took off. This was encouraged by experiential theorists such as Holbrook and Hirschman. Advocating the importance of the emotional aspects of decision making, and the pivotal role of experience, experiential theorists took a broader view of consumer behaviour. Despite this, it was another decade before marketers came to realise that customers didn't just buy products or services, they bought 'experiences'.[14] Mastercard was one of the first.

For the past 20 years, in 125 countries and 53 languages, viewers have been consistently reminded that, 'There are some things money can't buy, but for everything else there's Mastercard'. Cleverly leveraging a universal truth—the core insight that experiences matter more than products—has ensured its longevity. Today's Mastercard strategy is to create more 'priceless' moments and experiences that can not only be experienced, but can also be shared on social media. In fact, Mastercard Australia's head of marketing, Sarah Pike, observed, 'Priceless has moved on from being a brand platform to an experiential-based marketing platform.'[15] (See Exhibit 2.3   )

Exhibit 2.3 An experience-based marketing platform: priceless.
Source: Mastercard

Customer experience is often referred to as 'CX'. But what exactly is a CX? One of the best definitions comes from Lemon and Verhoef, who suggest that 'Customer experience is a multidimensional construct focusing on a customer's cognitive, emotional, behavioural, sensorial and social responses to a firm's offering during the customer's entire purchase journey.'[16] The key point here is that CX is a *multidimensional* construct. It is about thinking, feeling, acting, sensing and also about relating, or the social aspects of the interaction. It is a subjective, internal response. So you and I both might wear the same Gorman shirt. You get lots of comments and feel great about all the money you paid for it. My friends are less admiring, I feel a bit uncomfortable and I never wear it again. Same product, but different customer experiences.

However, unlike a shirt, these experiences can't be manufactured by the brand for the customer. You can't create a customer experience in the way you can produce a million identical iPhones. The customer owns the customer experience and each of their experiences will be unique. But the company can, and should, try to manage the customer experience. Customer experience management is defined by Schmitt as the 'process of strategically

managing a customer's entire experience with a product or company'.[17] It's about trying to understand the customer's needs and interactions, before building the experiential platform, designing the brand experience and engaging in continuous innovation.

Why bother trying to manage the CX? Research from Qualitrics suggests that a bad customer experience encourages 67% of consumers to buy elsewhere. And 85% of that customer 'churn' could be prevented by company intervention.[18] In fact, Tiffani Bova, Gartner's vice president and analyst, suggests that 'Customer experience is the last source of sustainable differentiation and the new competitive battleground.'[19]

The marketing mix

Marketing facilitates the exchange process, the development of relationships and the management of experiences, by carefully examining the needs and wants of consumers, developing a product or service that satisfies those needs, offering it at a competitive price, making it available through a particular place or channel of distribution, and developing a program of communication to create awareness and interest in order to promote the sale of the product. Originally, these elements of the **marketing mix** were known as the '4 Ps'—product, price, place (distribution) and promotion (marketing communication). The basic task of marketing was seen as combining these four elements into a marketing program to facilitate the potential for exchange with consumers in the marketplace. With the realisation that marketing was relevant to understanding and delivering services as well as products, the marketing mix was expanded to 7Ps (see Figure 2.1) to include people (who deliver customer service), processes (activities undertaken as part of delivering the service) and physical evidence (the tangible presentation by the people carrying out the processes).
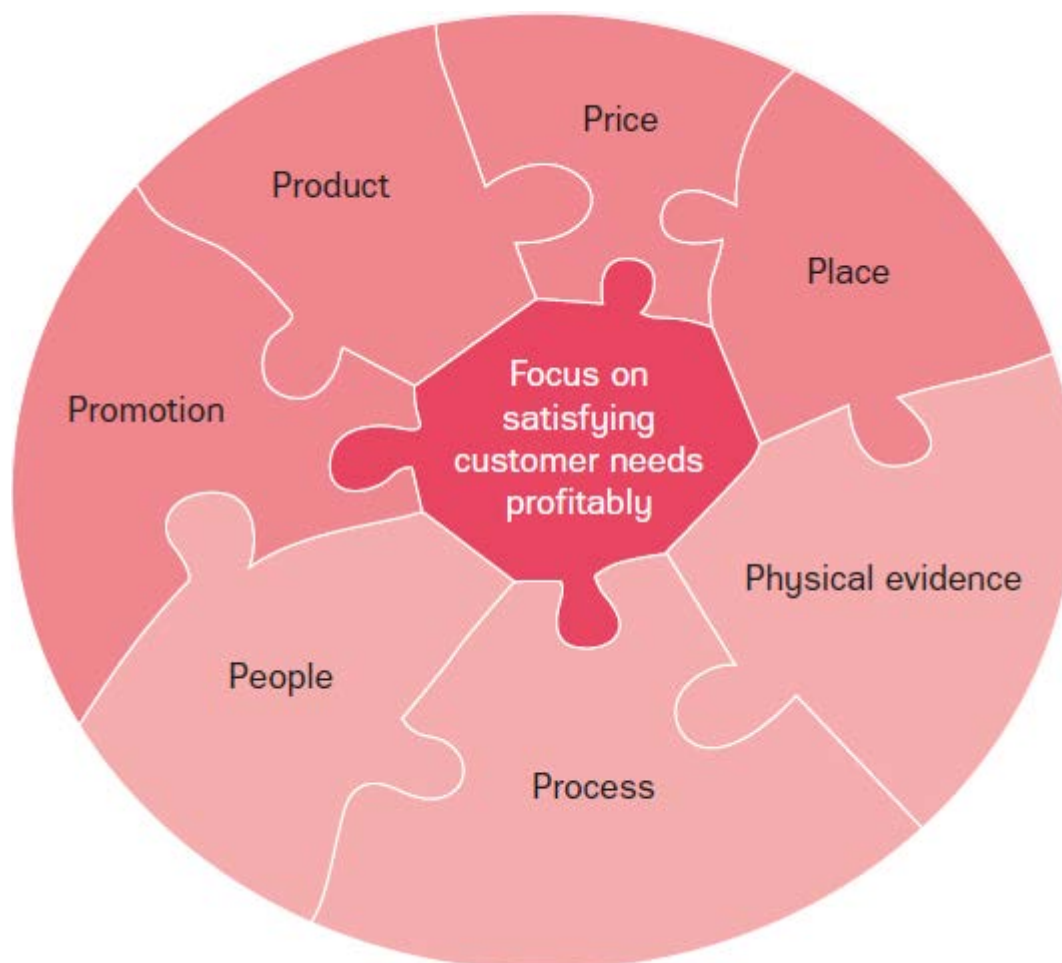
Figure 2.1 The marketing mix expanding from 4Ps to 7Ps

Around the same time, in the early 1990s, there was the general realisation that niche or relationship

marketing was a more relevant strategy for the marketing of services. Services could be less product- and production-focused and instead could centre on understanding more about customers and their needs. Lauterborn proposed four Cs, which brought together a model that was more consumer-orientated and outward-focused.[20] The four Cs were made up of, first, 'customer', which denoted a focus on satisfying consumer needs through customised solutions. 'Cost' reflected the customer's total cost of ownership, along with the costs associated with changing supplier and the opportunity cost of selecting a competitive offering. 'Convenience' related to the increased information available and the variety and ease of making purchases everywhere from in-store to online. Finally, 'communication' acknowledged the broad range of tools such as advertising, public relations, personal selling, direct and digital and sales promotion that were more easily available to connect organisations with their customers.

The marketing mix does not just happen. Marketers must be knowledgeable about the issues and options involved in each element of the mix. They must also be aware of how these elements can be combined to form an effective marketing program that delivers value to consumers. The market must be analysed through consumer research, and the resulting information should be used to develop an overall marketing strategy and mix.

The primary focus of this book is on one element of the marketing mix: the promotional or marketing communication variable, or the aspect that is responsible for communicating value, building relationships and managing customer experiences—integrated marketing communication, or IMC.

However, the IMC program must be part of a viable marketing strategy and be coordinated with other marketing activities. A company can spend large sums on online video or display advertising, but it stands little chance of success if the product is of poor quality, is priced improperly, does not have adequate distribution or does not respond to customer service inquiries on social media. Marketers have long recognised the importance of combining the elements of the marketing mix into a cohesive marketing strategy, and integration makes it all come together.

LO 2.2

IMC: WHERE MARKETING COMMUNICATION COMES TOGETHER

Integrated marketing communication, or IMC, has been defined in many ways. One of the most commonly used definitions comes from Jerry Kliatchko, who suggests that IMC is 'an audience-driven business process of strategically managing stakeholders, content, channels and results of brand communication programs'.[21] The following sections explain how IMC, empowered by technology, developed from a good idea into a strategic business process. This evolution followed four stages: tactical integration; strategic integration; organisational integration; and becoming connected inside and out—all involving many sages of IMC.

Stages and sages of IMC

In the decade when the Beatles were causing a frenzy, skirts could not get any shorter and the dream of walking on the Moon looked likely, it seemed that anything was possible. In the 1960s, the world witnessed mass hysteria, mass media and a wave of economic expansion. The 4Ps of product, place, price and promotion directed the marketing effort, providing a top-down, product-focused approach. Television advertising delivered entertaining messages to masses of switched-on viewers. And while business boomed, marketers such as John Wanamaker complained, 'I know that 50% of my advertising dollars are wasted. Trouble is, I don't know which 50%.'[22]

In the 1970s, the focus shifted from mass media and mass audiences to the consumer. Futurists such as Alvin Toffler called for demassification. Even researchers like George Gallup, who made their money from marketing, declared that advertising was all about the product not the consumer. Creative leaders such as General Electric developed the FOCUS process, which reflected its belief that 'all good advertising begins with a fundamental understanding of the receiver'. And Trout and Ries embodied this in their positioning theory, which has become an academic classic, saying in 1972 'Advertisers and agencies don't position a product. Consumers do.'[23]

Despite this, not much had changed in practice. The marketing communication function in most companies was still dominated by mass media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Marketers did call upon public relations agencies to manage the organisation's publicity, image and affairs with relevant publics on an ongoing basis, but like other marketing communication services, such as sales promotion or direct marketing, they were not viewed as integral participants in the marketing communication process and were often used on a project-by-project basis. In fact, many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate silos, with different budgets, different views of the market and different goals and objectives.

And just as the Beatles had reinvented popular music, it was time to reorchestrate marketing communication. As

IMC founder Don Schultz recalled, 'In the 1980s—with so much new technology emerging—we started asking, "how do we bring all of this together?"'[24]

There were many early drivers of IMC, but perhaps the one that sent the clearest signal to advertising agencies was the shift of marketing dollars away from media advertising. Instead of television advertising budgets, marketers were opting for lower-cost, better-targeted tools such as direct mail, sales promotion, event marketing and sponsorship.

Of course, much of this was driven by the rapid growth and development of database marketing. Companies could now effectively store customer names, geographic, demographic and psychographic profiles, purchase patterns, media preferences and even credit ratings that could be used to develop and deliver more relevant messages. Retailers could also grow their databases using checkout scanners to collect important consumer data. This in turn shifted marketplace power from manufacturers to retailers. And some of the inherent credibility of agencies, who had previously owned the marketing communication function, was called into question, with demands for greater accountability, transparency and compensation based on performance, not commission.

The growth and development of IMC can be explained in four stages, from the 1980s through to the present day.

Stage 1: One look, one voice, circa 1980s

If the Beatles were about reinvention, then 1980s bands such as Spandau Ballet and Duran Duran were all about big hair, glamour and good lyrics. They had the look and the voice. And this became the premise of IMC. With one look and one voice, all of the isolated communication functions could be brought together for maximum communication impact. This was tactical integration.

One of the first definitions of IMC came from the American Association of Advertising Agencies.[25] In 1989, it defined IMC as 'A concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.'

The tactical integration of marketing communication, making it look and sound alike, is often considered to be the first stage of IMC. Tactical integration represented an improvement over the traditional method of treating the various marketing communication tools as separate activities. It also provided an opportunity for advertising agencies to restructure or reinvent themselves to not only deliver all of the functions of marketing communications that a client might want to buy, but also to assure the agency's viability.

However, tactical integration has been criticised as an 'inside-out marketing' approach. It was thought to be driven by the imperative or even the convenience of the company to integrate, rather than by the needs of the consumer.

Stage 2: Strategic integration, circa 1990s

In 1990, Michael Jackson released his music video for 'Black or White'. It was built not only on great music, but on a unified strategy. It brought together messages and multichannel delivery, as well as cameos by multi-talented stars of 1990s culture, Tyra Banks, Macauley Culkin and Bart Simpson. And for the first time in history, it

premiered in 28 countries simultaneously, causing an audience of 500 million viewers to get up and dance. This was strategic integration, uniting people, messages, channels and timing with a common strategy.

Although it didn't launch in quite such spectacular fashion, the 'IMC manifesto' by Schultz, Lauterborn and Tannenbaum in 1993 also saw things as black and white. They believed that IMC was built on the fundamental premise that mass media advertising, by itself, no longer worked. Strategies long used to deliver selling messages to a mass culture through the single medium of television were now obsolete.

The answer was thought to be customer-focused marketing, a strategic planning tool that could explain the lifestyles, attitudes and motivations of distinct buyer groups and predict their likely buying behaviours in the future. Key to this was the database. By using detailed consumer information stored in the database, a synchronised, multichannel communications strategy could reach every market segment with a single, unified message. This required planning, coordinating and measuring the entire communications process. It also required rethinking. As Schultz, Lauterborn and Tannenbaum advise, 'It's realigning communications to look at it the way the customer sees it—as a flow of information from indistinguishable sources.'[26]

This manifesto represented the leading thinking on IMC. Key researchers such as Duncan and Everett and Kitchen also felt that tactical integration was no longer enough. IMC was seen as a new direction in marketing, providing a more strategic, integrated and measurable management approach. Both the strategy and the tactics needed to be integrated.

Stage 3: Integrating the whole organisation, circa 2000s

With only half the Beatles still alive by the end of 2001, *Beatles 1* was the highest-selling album of the 2000s. Featuring almost every number 1 hit by the British rock band, the music was bigger than the band itself. It was an institution.

Similarly, advocates of IMC felt that IMC was bigger than marketing communication. It was about integrating all messages and contacts between stakeholders and the brand, inside and outside the organisation. This included customer service messages, employee interaction and advocacy, product and delivery and other marketing messages. IMC was not just about marketing communications, it was a strategic business process.[27]

This is clearly explained in Schultz and Schultz's definition: 'IMC is a strategic business process, used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects and other targeted, relevant external and internal audiences.'[28]

This strategic business process, as we have seen in Chapter 1, was increasingly disrupted by the adoption of the internet, which changed the very nature of how companies do business and the ways they communicate and interact with consumers. It also changed the way consumers search for information and entertainment, how they use information to buy online or influence other consumers and brands.

To accommodate this interactivity and consumer empowerment, Duncan and Moriarty suggested IMC was an 'ongoing, interactive, cross-functional process of brand communication planning, execution and evaluation that integrates all parties in the exchange process in order to maximise mutual satisfaction of each other's wants and needs'.[29]

Stage 4: Connected—inside and out, circa 2010s

In the past 20 years, IMC has built a legacy of research and practice. This includes exploring the concept of IMC as it moved through the stages described above, looking at its definition, conceptualisation, determinants and consequences. Research has also tracked its implementation, describing how it was structured and managed. Despite this, a number of researchers such as Ots and Nyilasy feel that 'IMC is still under researched'.[30]

In a special issue on IMC in the *Journal of Advertising*, guest editor Gayle Kerr from QUT makes an important revelation: 'IMC has found new ways to identify and understand consumers, new processes and platforms to align the organisation inside and out, and new instant benchmarks of measureability. The result is that sometimes the research is not called IMC, and sometimes it revisits the tactical and platform orientations of IMC research. Once again, the natural evolution of advertising, and indeed even the strategic business process of IMC has been changed, readjusted and redefined by technology.'[31]

So what has IMC become? This question is best answered by the research of Schultz and Moriarty, who in 2012 identified the key dimensions of IMC.[32] These address many of the characteristics embodied in the definitions of Duncan, Moriarty and Schultz. The 12 dimensions include: (1) brand focus, (2) message consistency, (3) interactive communication, (4) synergy, (5) perceptual integration, (6) customer centricity, (7) stakeholders, (8) relationships, (9) reciprocity, (10) contact points, (11) cross-functional management and (12) continuous planning and monitoring.

More recent research by Porcu, Del Barrio-Garcia and Kitchen simplified these dimensions into four constructs of IMC:[33]

1. Message consistency—need for organisation to adequately coordinate messages generated at all levels, department and outside firm
2. Interactivity—ensure voice of all stakeholders is listened to and taken into account in decision making and enhances organisational responsiveness
3. Stakeholder-centred strategic focus—meaningful dialogue with all stakeholders
4. Organisational alignment—horizontal and vertical; within and between external partners

It would be useful now to go back to Mastercard and see how these four constructs align in a recent Australian campaign. As mentioned earlier, Mastercard's key premise is to leverage the human truth that experiences matter more than money. This is not just a core consumer insight, but an organising principle of the brand, inside and out. This is demonstrated by its strategic investment in sponsorship, with 75 partnerships worldwide in sport, music, cuisine, fashion, retail, philanthropy and entertainment.

One of the most important Australian sponsorships is with Tennis Australia and the Australian Open. In 2018, Mastercard built the three-storey Mastercard Beach Club at Melbourne Park, which was open to cardholders (see Exhibit 2.4). There, customers could play an electronic game called tap tennis, walk inside a transparent 8-foot-high plastic tennis ball and meet brand ambassadors Lleyton Hewitt and Mitchell Starc. Mastercard also built a special app, Fanbot, so its customers could find out what was happening at the tennis, while they were relaxing inside the Beach Club. And, of course, there was on-court signage, television coverage, partnership deals with hotels, billboards and priceless TV ads as well. Mastercard integrated its organisation, its people, its channels and its messages to co-create priceless experiences for its customers, which they would want to share on social media.

Exhibit 2.4 Integration that is consistent, interactive, stakeholder-centred and strategically and organisationally aligned—looks like Mastercard is having a ball!
Source: Getty/Staff

In terms of Porcu, Del Barrio-Garcia and Kitchen's four constructs of IMC, Mastercard scores an ace. The campaign was consistent, interactive, stakeholder-centred, and strategically and organisationally aligned. The results were not just priceless memories, but a 60% increase in consumer top-of-mind awareness and a 20% uplift in consideration.

Taking these four constructs of IMC a step further, Porcu, Del Barrio-Garcia and Kitchen embedded them into the most recent definition of IMC as, 'The stakeholder-centred interactive process of cross-functional planning and alignment of organisational, analytical and communication processes that allows for the possibility of continuous dialogue by conveying consistent and transparent messages via all media to foster long-term profitable relationships that create value.'

So, will there be a Stage 5? Absolutely. What will it be? I guess that's up to you as marketers of the future.

DEFINITIONS OF IMC

Bringing together all of the important definitions of IMC, Table 2.1 documents its evolution. You'll see the four stages of IMC represented here, as well as its sages—Schultz, Duncan and Kitchen.

American Association of Advertising Agencies, 1989 Focused on consistency and communications impact	'A concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.'
Schultz, Lauterborn and Tannenbaum, 1993 Strategic alignment	IMC is 'realigning communications to look at it the way the customer sees it—as a flow of information from indistinguishable sources'.
Duncan, 2002 Cross-function rather than communication process	'A cross-functional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven purposeful dialogue with them.'
Duncan and Moriarty, 2004 Added 'ongoing' and 'interactive'	IMC defined as an 'ongoing, interactive, cross-functional process of brand communication planning, execution and evaluation that integrates all parties in the exchange process in order to maximise mutual satisfaction of each other's wants and needs'.
Schultz and Schultz, 2004 Agreed with Duncan, but clarified the strategic business process	'IMC is a strategic business process, used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects and other targeted, relevant external and internal

	audiences.'
Kliatchko, 2008 Commonly cited	IMC is 'an audience-driven business process of strategically managing stakeholders, content, channels and results of brand communication programs'.
Porcu, Del Barrio-Garcia and Kitchen, 2017 Latest iteration based on their four constructs of IMC	'The stakeholder-centred interactive process of cross-functional planning and alignment of organisational, analytical and communication processes that allows for the possibility of continuous dialogue by conveying consistent and transparent messages via all media to foster long-term profitable relationships that create value.'

Table 2.1 Definitions of IMC

What the table clearly shows is that in its earliest days, IMC was a lot easier to define. It was, as the AAAA suggested, about integrating marketing communication disciplines. But with empowered consumers, disrupted marketers and a changed society, the way we think about IMC, the way we define it, and the way we practise it has changed.

Take, for example, an Australian campaign that won three Grand Prix in the Direct, Titanium and Sustainable Development categories at Cannes 2018. This was not a typical marketing communication campaign, delivering a persuasive message across different platforms. It was instead a pledge. A stamp on a passport. A commitment to be environmentally responsible (see Exhibit 2.5   ).

Exhibit 2.5 The Palau Pledge: making a difference through creative thinking
Source: Host/Havas; stamp by Danny Eastwood; children in water by Sean Izzard

The Palau Pledge: 'Children of Palau, I take this pledge, to preserve and protect your beautiful and unique island home. I vow to tread lightly, act kindly, and explore mindfully. I shall not take what is not given. I shall not harm what does not harm me. The only footprints I shall leave are those that will wash away.'

Palau is the world's thirteenth smallest nation, a place where tourists outnumber the population by eight to one. The infrastructure could not handle the growing number of visitors and the environment was being destroyed.

Host/Havas's executive creative director, Seamus Higgins, said, 'It's something that doesn't really fit within the normal realms of advertising, but that's because it wasn't a normal brief at all—it was a genuine problem that needed solving with creative thinking.'

The idea from Host/Havas in Australia was to encourage tourists to this small island in Micronesia to have their passports stamped with an agreement not to exploit the precious natural resources. This IMC campaign improved immigration laws and turned tourists into environmental police through a website, an in-flight film, business accreditation and signage. Colleen DeCourcy, Titanium Lions jury president and Wieden + Kennedy global chief creative officer, said, 'It went beyond messaging. It was not interruptive, but integrated into the process.'

IMPLEMENTATION OF IMC

The notion of IMC was of interest to practitioners and academics alike. So it's no surprise that the very first studies of IMC were practitioner-orientated, focusing on implementation. In 1991, one of the first studies, by Caywood, Schultz and Wang, reported that 67% of US national companies used IMC.[34] They valued and supported the concept, but felt it should be client-led. A hallmark study by Duncan and Everett in 1993 found that 59% of US companies were familiar with the term 'IMC'.[35] They believed it reduced media wastage and added competitive advantage. The researchers found that advertising agencies were most likely to be the marketing communication partner of choice in IMC, with most ad agencies already handling more than one marketing communication task. They reported agency egos were one of the main barriers to IMC.

By the mid-1990s, IMC was a practical, commercial reality. Three-quarters of all US marketing managers reported some degree of integration. IMC was seen as the functional coordination of marketing communication disciplines, rather than as a strategic tool.

In 1999, Kitchen and Schultz published a multi-country study on IMC, which looked at its implementation in Australia, New Zealand, India, the UK and the USA. It found that almost 31% of New Zealand agencies devoted half of their time to IMC. In contrast, just 25% of Australian agencies spent one-quarter of their time on IMC. In Australia, as in the USA, much of the IMC budget was driven by smaller agencies investing more time on IMC. The study estimated that 40% of New Zealand and 36% of Australian marketing communication dollars were being invested below the line, that is, in marketing communication by means other than traditional mass media advertising. In both Australia and New Zealand, the areas of marketing communication thought to be most aligned with advertising were direct marketing, marketing PR and sales promotion.[36]

Australian academic Mike Reid adapted the Duncan and Moriarty integrated marketing audit to examine the relationship between performance and IMC. Using a sample of Australian consumer organisations, Reid concluded that those exhibiting greater integration had more successful outcomes in terms of brand-related performance such as sales, brand strength and customer loyalty.[37]

Across the Tasman, Eagle, Kitchen and Bulmer explored the implementation of IMC by surveying New Zealand advertising agencies. They found no serious commitment to a consumer focus, database technology or the measurement of behavioural segmentation and reported little progress from the first stage of IMC as coordination. These authors concluded, 'if this is where IMC is, it is not saying much more than Schultz et al. were saying nearly a decade ago. And, indeed, if this is the correct anchorage or moorage for IMC, then IMC—in terms of its operational aspects—is more than likely tactical, rather than strategic in nature.'[38]

Back in Australia, research by Kerr and Patti led to the development of an important process measure, the strategic integration tool.[39] Drawing from both the IMC and strategic management literature, the construct of strategic integration (SI) was operationalised into a number of key factors that form the basis of a weighted evaluation tool.

The result is a measure of SI that evaluates organisational proficiency and diagnoses the integration of IMC campaigns.

And there's more evidence of the contribution that Australian academics are making to IMC research: Luxton, Reid and Mavondo conceptualised and tested IMC as a process capability.[40] Building on Reid's work mentioned earlier, they explored how optimising IMC can yield important downstream benefits. IMC capability was found to have a significant, direct effect on a brand's market-based performance and financial performance.

Taking this a step further, Luxton, Reid and Mavondo found that a firm's IMC capability is directly influenced by brand orientation, but only indirectly affected by market orientation and learning orientation.[41] This means that developing an IMC capability is critical for translating the benefits of organisational orientations into performance outcomes.

Leading IMC writer Philip Kitchen offers an insightful summary of the implementation of IMC: 'It can be claimed that IMC adoption, irrespective of theory, is both situation-specific and context-dependent. Whereas it is a widely accepted model and paradigm, its use or implementation depends on what the company wishes to do within its own budgetary constraints or what senior managers proscribe, particularly in terms of investment in data analytics, customer interfaces and communication modalities.'[42]

So what did Foxtel and agency DDB Sydney do when 'Winter is coming' for the very last time? In order to promote the final season of *Game of Thrones*, and to pay tribute to the more than 100 000 who gave their lives for the first seven seasons, a graveyard was constructed in Centennial Park, Sydney (see Exhibit 2.6   ).

Exhibit 2.6 When implementing IMC, it's important not to make any grave mistakes

'Grave of Thrones: The final resting place' spanned a 2000m^2 installation containing more than 30 gravestones, including two family mausoleums for House Stark and House Baratheon. Open to the public for three days, fans could lay tributes on the tombs of their favourites and speculate who might need to reserve a spot by the end of season eight.

The Grave of Thrones was supported by a website; a video encouraging Foxtel users to pay tribute to the heroes of *Game of Thrones*; a site map of the graveyard; an audio tour; a gallery of photos of the graves and, of course, a place to sign up to access Foxtel.

The strategy and the messages and the images were consistent and on brand, because underestimating the power of integration would be a grave mistake.

Barriers to implementation

Of course, not everyone loses their head over IMC. In fact, the main barriers to implementing IMC seem to be organisational. Organisational structure, typically vertical in departments or silos, is not conducive to integration. Also, turf battles and agency egos disrupt cross-functional teamwork.

This is why the support of top management, especially the CEO, is so important.[43] Without the support of the CEO, integration does not take place at a meaningful level across the organisation. Kliatchko and Schultz suggest that 'IMC issues have become "C-suite" challenges', with a lack of a voice at board level.[44] This is supported by a recent study by Mortimer and Laurie, who concurred that the marketing department often lacked a strong enough voice within the organisation to lead change and that this was one of the main barriers to IMC.[45]

Another barrier was the actual implementation of IMC and, in particular, the lack of assistance from advertising agencies. Certainly, the client-agency relationship has been identified as an implementation issue since IMC began and the changing environment and changing agency structure do not make implementation any easier.

Perhaps this could be overcome if the final barriers were removed: if there was more knowledge of IMC, and more expertise in data and analytics, which were used to make informed marketing communication decisions. Of course, this requires organisational data-collection systems and the right measurement tools, which can also be barriers to implementation.

But perhaps one of the most interesting (and avoidable) barriers to implementation is attitudinal. Kerr and Drennan compared how advertising and public relations (PR) professionals in Australia perceived IMC.[46] They found that the views of the two different marketing communication partners were similar in many ways. They both believe that IMC makes sense from a practical standpoint, generates organisational efficiencies and positively impacts long-term brand equity. They also concede that IMC is both strategic and tactical and requires the support of the CEO. Despite having similar perceptions, however, the two disciplines still believe that they think differently about IMC. Twice as many PR practitioners as advertising practitioners strongly agreed that advertising and PR think differently about IMC and that the two disciplines require very different skill sets. This difference is contrary to the rest of their responses, which show common perceptions of IMC. Yet, given that perception is so often reality, Kerr and Drennan suggest, 'It could be that this perceived difference between the disciplines, rather than their understanding of IMC, is the main obstacle to seamless integration among marketing communication professionals in Australia today,'

TOOLS FOR IMC

Most of an organisation's planned communication with the marketplace and other stakeholders takes place as part of a carefully organised and managed marketing communication program, which includes tools such as advertising, direct marketing, sales promotion, public relations, sponsorship and personal selling.

While these marketing communication disciplines are explored in depth in later chapters, it's important to highlight their similarities right from the start. For example, according to the Salesforce 'Digital advertising 2020' report, 59% of companies share common digital advertising and marketing budgets and use the same teams to build their campaigns.[47] Furthermore, almost half of PR professionals and more than 60% of marketing executives believe their two disciplines will become more closely aligned in the next five years.[48] With disciplinary boundaries blurring, the notion of integration becomes even more important.

Let's look at these IMC tools one by one.

Advertising

Advertising is defined as 'a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future'.[49]

Advertising is the best-known and most widely discussed form of marketing communication, probably because of its pervasiveness. It is also a very important IMC tool, particularly for companies such as car manufacturers and cereal makers, whose products and services are targeted at mass consumer markets, as it is very cost-effective at reaching large audiences. Its other key strength is its ability to create a brand image or personality, quickly and convincingly. And with its remit extended from paid media to owned and earned, it's difficult to define what advertising is any more. Is it a television campaign for the Commonwealth Games? A ring that promotes marriage equality for Airbnb? Or even a stark reminder of road safety, such as the Cannes-winning Graham campaign (see Exhibit 2.7)?

Exhibit 2.7 Meet Graham, a Cannes-winning advertisement that looks a bit different from your usual TVC

Source: Transport Accident Commission (TAC) Melbourne

Direct marketing

In the direct mail era, when offers were mailed out to a list of customers, it was easy to understand what direct marketing was. But in a digital age, when communication is driven by data and delivered on so many different platforms, it's hard to tell what's *not* direct marketing. Certainly, the definition has not changed. In **direct marketing**, organisations communicate one-on-one with target customers in order to generate an immediate response or initiate a transaction.

But the platforms have changed to include direct selling, telemarketing and direct-response ads through direct mail, the internet and various broadcast, digital and print media, retargeting and programmatic advertising. Some companies, such as Tupperware, Nutrimetics and Amway, do not use any other distribution channels, relying on independent contractors to sell their products directly to consumers. Others like ASOS rely on online sales alone, whereas retailers such as Myer and Foot Locker have been quite successful in incorporating both.

Sales promotion

Another IMC tool is **sales promotion**, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors or the ultimate consumer, and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-orientated and trade-orientated activities.

Consumer-orientated sales promotion is targeted to the ultimate user of a product or service and includes

coupons, samples, premiums, rebates, contests, sweepstakes and various point-of-purchase materials. These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short-term sales. Trade-orientated sales promotion is targeted towards marketing intermediaries such as wholesalers, distributors and retailers. Promotional and merchandising allowances, price deals, sales contests and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

One sales promotion had Berlin residents queuing in the snow for days. Luckily, they had some hot shoes to look forward to. In a collaboration between Adidas and BVG, the Berlin transport company, the limited release EQT Support 93/Berlin shoes also doubled as an annual transit pass. They not only featured the same camouflage pattern used on the city's train seats, but the tongues of the trainers were a fabric version of the BVG annual ticket and worked in the same way. While the comparable BVG regular ticket cost €728, the price of these limited-edition shoes was just €180.

A very different example of sales promotion comes from Australian creative, David Droga. His agency, Droga5, was relatively new in New York, when he had lunch with Esquire editor, David Granger. Droga said, 'I was talking about my ambition to build the most influential agency in the world. Things that sound good, you know? And to his credit, [Granger] was like, "I'm not just going to write about it, I'm going to give you a chance to prove it."' Staring at the blank page Granger had given him, Droga was interrupted by a waiter placing a complementary glass of water in front of him. This quenched his creativity as well as his thirst. Droga had the idea to ask patrons, already prepared to make a restaurant transaction, to add a dollar to their bill to provide safe drinking water for disadvantaged children.

Exhibit 2.8 Cheers for solving an IMC problem in a refreshing new way!
Source: Shutterstock/rkl_foto

Named one of advertising's best ever ads by Ad Age, judge Robert Wong (CCO, Google Creative Lab) remarked, '"The Tap Project" is simply one of the most brilliant ideas ever—hijack tap water served in restaurants to raise money and solve real-world problems. Damn, I wish I came up with that.'[50]

Public relations

Public relations (PR) is defined as 'the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organisation with the public interest, and executes a program of action to earn public understanding and acceptance'.[51] The purpose of public relations is to establish and maintain a positive image of the company among its various publics. Its big advantage over other IMC tools is its credibility. Consumers generally tend to be less sceptical towards favourable information about a product or service when it comes from a source they perceive as unbiased.

Public relations uses **publicity** and a variety of other tools—including special publications, participation in community activities, fundraising, sponsorship of special events, and various public affairs activities—to enhance an organisation's image. Publicity refers to non-personal communications regarding an organisation, product, service or idea not directly paid for or run under identified sponsorship. It is also called earned media and typically comes in the form of a news story, editorial, social media or announcement about an organisation and its products and services.

Sponsorship

Sponsorship is defined as the 'financial support of an organisation, person or activity in exchange for brand publicity and association'.[52] Organisations can sponsor almost anything from events, sporting teams, cultural organisations and media programs to causes or individuals. Music festivals such as Splendour in the Grass often have more promotional banners than bands. Some sporting teams must wear the sponsor's hat on the winner's dais.

The difference between sponsorship as a corporate donation and the use of sponsorship in building competitive advantage is the association between the brand and the event, organisation or individual sponsored. There should be some connection between the two, so that the association is mutually beneficial. Qantas's sponsorship of the Wallabies, the Australian rugby team, is a good example. With Qantas projecting a strong Australian brand image through its marketing communication, it makes sense for it to sponsor an Australian sporting team. It feels like it's carrying the national flag, and even the naming rights—the Qantas Wallabies. If, however, the association was inconsistent with other marketing communication messages (for example, Qantas choosing to sponsor the All Blacks rather than the Wallabies), this sponsorship may be detrimental to the product or service. Customers may become confused about what the brand really stands for.

With sponsorships extending into many millions of dollars, however, there is a danger of not getting value for money or of being ambushed by a competitor who is not the official sponsor. A great example of this was seen during the 2016 Olympics, when Optus paid for a multimillion-dollar sponsorship deal to be the official telecommunications partner of the Games. However, the company's main competitor, Telstra, while not an Olympic sponsor, used Peter Allen's anthem to 'Go to Rio', telling everyone to 'Get free premium access to the "Olympics on 7" App' (See Exhibit 2.9).[53]

Exhibit 2.9 Telstra encourages customers to 'Go to Rio with the Olympics on 7 App' via free premium access

Source: Glow Images/Onoky Photography

Personal selling

Personal selling is a form of person-to-person communication in which a seller attempts to assist or persuade prospective buyers to purchase the company's product or service or to act on an idea. Unlike advertising, personal selling involves direct contact between buyer and seller, either face to face or mediated through platforms such as the telephone or webchat. This interaction provides flexibility; the seller can see or hear the potential buyer's reactions and modify the message accordingly. The personal, individualised communication in personal selling allows the seller to tailor the message to the customer's specific needs or situation.

Personal selling also generates more immediate and precise feedback, because the impact of the sales presentation can be assessed from the customer's reactions. If the feedback is unfavourable, the salesperson can modify the message. Personal selling efforts can also be targeted to specific markets and customer types that are the best prospects for the company's product or service.

STRATEGIC CONSISTENCY

One of the key thinkers of IMC, whose definitions we explored in the previous chapter, Tom Duncan, said, 'Everything we do, and the way we do everything, sends a message.'[51] This means not just the advertising or the special 20% discount this week, but also the way the brand interacts with us in store or through its customer service helpline. The look of the website and even the product itself and our experience with it, sends a message.

Strategic consistency is a well-researched management concept, where consistent strategy and approaches drive organisational profitability. It is also at the heart of IMC, as consistency is endorsed by leading IMC thinkers such as Duncan and Moriarty, Schultz and Kitchen as the key to developing an IMC program.

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♻ IMC PERSPECTIVE 3.1

TOO MUCH INTEGRATION—THE RISK OF NATIVE ADVERTISING

By Hyun Seung Jin (QUT), Soontae An (Ewha Womens University, South Korea) and Gayle Kerr (QUT).

Native ads are the ultimate integration of products, promotional messages and platforms. They often look and sound so much like the surrounding news content that consumers have difficulty identifying them as advertising.

This has always been the case with advertorials, the previous name for native advertising, even though they were required to display a label that said 'Advertisement'.

More dynamic platforms, such as social media in-feed units or sponsored content, are often recognised as advertising only when the reader clicks through to the 'buy now' page and the selling intent is made very clear. And while some platforms such as Facebook signal 'Suggested Posts', and Twitter identifies 'Promoted Tweets', many native ads on social media do not provide any type of disclosure.

The US Federal Trade Commission recommends, but does not enforce, the use of the terms *ad*, *advertisement*, *paid advertisement* or *sponsored advertising content* in order to convey the commercial intent of native ads in a clear and unambiguous way. But even with these kinds of disclosure, consumers' recognition of native ads as advertising appears to be quite low at about 18%.

So what happens if consumers don't recognise the native ads as advertising at first glance? What happens in in-feed social media when they click through what they thought was editorial to find out it was advertising?

We decided to find out. We developed and pretested native ads, placing them in an in-feed social media platform and experimenting with two alternative scenarios. The first was where the consumers immediately recognised the content as native advertising. The second was where consumers thought they were reading news content until they got to the second screen and saw that it was an ad.

The results showed that if consumers were immediately aware that the content was advertising, they treated native advertising like all other advertising. However, failing to recognise the native ad as advertising at first glance made consumers infer that advertisers had deliberately manipulated them. Consumers who felt manipulated by the native advertising engaged less with the advertising, had a less positive attitude towards the brand, and were less likely to purchase or share.

The importance of recognising native advertising as advertising on first exposure raises concerns about whether the currently suggested, although not always compulsory, labels, such as 'Advertisement', are sufficient for consumer (and even marketer) protection.

Taylor makes the point that 'intentional efforts to lower persuasion knowledge reek of deception and should not be accepted by the marketing community'. However, for many marketers, deception was never the intention, but rather an artefact of trying to blend in with the platform. In fact, in many cases they were compliant with all required legislation. And yet their actions put them at risk of appearing to manipulate potential customers.

So integration might work for messages and systems and strategic consistency in IMC, but it needs to be treated carefully in native advertising. The very nature of native advertising is to blend in with the publishers' content online. To look like *Forbes* or *The Wall Street Journal* or *Dark Reading*. But blending in too much, so that consumers can't tell the difference between the publisher's content and the advertising, can produce feelings of manipulation and disengagement with the brand.

Sources: Soontae An, Gayle Kerr & Hyun Seung Jin, 'Recognizing native ads as advertising: attitudinal and behavioral consequences', *Journal of Consumer Affairs*,
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Strategic consistency in IMC is the communication and enacting of common meaning across multiple platforms. Keller suggests that communication tools are strategically consistent if the meaning and content align with the brand purpose.[52]

There is also evidence that integration may enhance brand-related processing, enrich brand learning and solidify the knowledge structure of the brand in the consumer's memory. In fact, recent research has shown that compared with a message repetition strategy, a strategically consistent campaign leads to more favourable brand associations and brand attitude.[53]

One of the most strategically consistent IMC campaigns comes from the author's own university, Queensland University of Technology (QUT). Its strength lies in its powerful and consistent positioning of QUT as 'a university for the real world'. The authenticity and accessibility of this approach connects strongly with the target audience and extends across a multitude of platforms from television to TheQUTube (QUT's YouTube channel) to social media to events (see Exhibit 3.7). BCM managing director and QUT graduate, Kevin Moreland, says, 'This fantastic brand platform, built on keeping everything "real"—from the filming, to the graduates, to the aspirational yet relatable style—whas continued to elevate QUT as the clear market leader in the Queensland tertiary education category for well over a decade.'
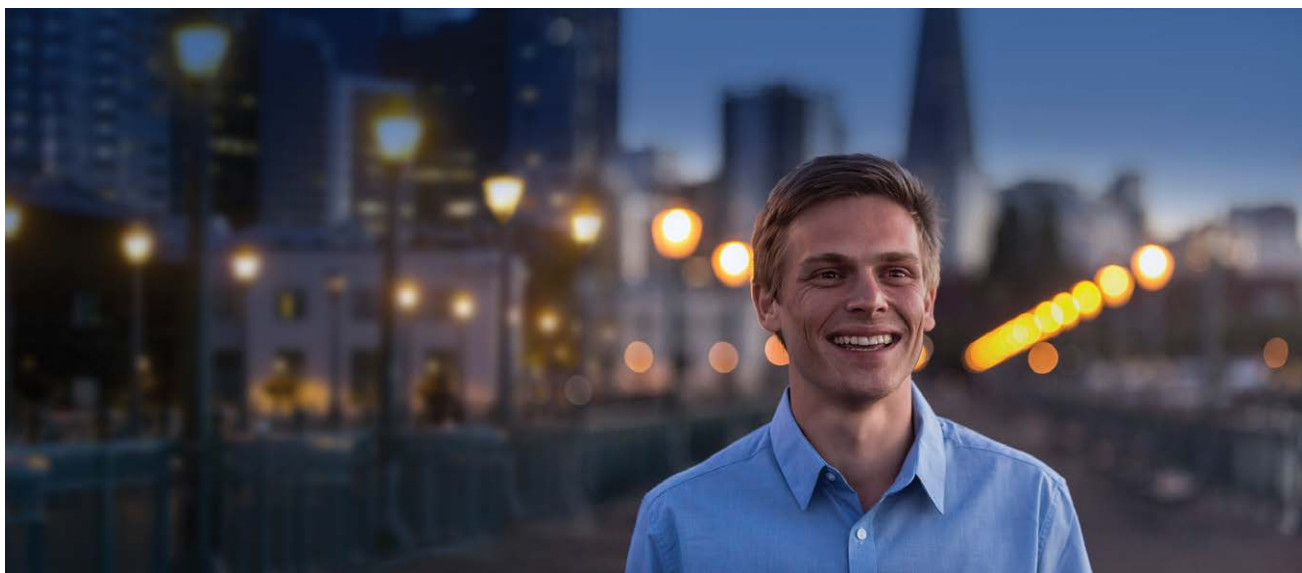
Exhibit 3.7 QUT: Keeping strategical consistency real
Source: BCM Group (Australia) Pty Ltd and QUT

Strategic consistency triangle

Duncan and Moriarty conceptualised strategic consistency as a triangle that shows the three points at which brand messages come together to ensure strategic consistency and preserve brand integrity.[54]

By examining the brand from three important perspectives—what the brand says, what it does and what everyone else says about it—the strategic consistency triangle is a bit like a fact check. Or a measure to identify gaps in the strategic consistency of brand communication. Ideally, as in Figure 3.2 , the three factors of say, do and confirm should align. If not, there could be further disconnect between the different marketing channels, causing incongruity, confusion and a lack of brand identity.

The consistency triangle
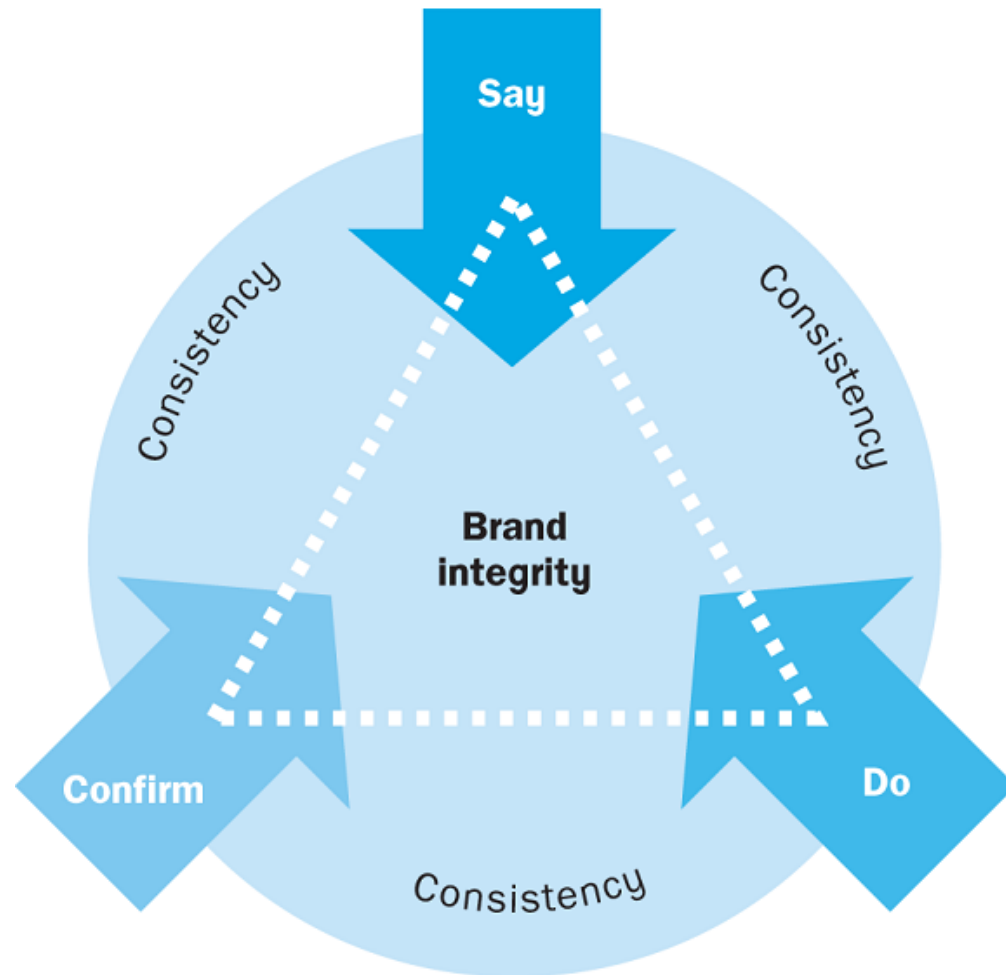
Figure 3.2 Duncan and Moriarty's strategic consistency triangle

Source: T Duncan, *Principles of Advertising and IMC*, 2nd edn, Boston: McGraw-Hill Irwin, 2005. p. 335

SAY messages are the organisation's promise

These planned messages are what the organisation says it will do—its promise. Delivered through paid and owned media, such as a TV ad or a company-produced instruction video on a website or even product packaging, these messages are totally produced and paid for by the company.

DO messages are what the organisation actually does

These messages are how the brand delivers on what it says and what it promises. Do messages are owned media, sent out as product messages or service messages.

Product messages are how a product is designed, how it functions and how it can be disposed of.

Service messages are about the service experience; this includes factors such as the smoothness of service processes, queuing times, the attentiveness of employees and the ways of handling service recovery situations. Often these are online, such as customer helplines, booking portals or web chat.

These say and do messages may create unplanned messages or confirm messages.

CONFIRM messages are positive or negative confirmations about what other people say

Confirm refers to what customers and other stakeholders, such as the media, are saying about the brand. Generally, these unplanned messages are an assessment of how the marketers' messages or their product or service delivery meet the customers' or stakeholders' expectations. This earned media can be positive or negative.

Unplanned messages can also be uncommunicated messages, such as when an airline does not inform customers of flight delays or when the potential hazards of product use are not communicated to customers.

When looking at all points of contact between a brand and its stakeholders, what a brand says must be consistent with what the brand does, as well as with what others confirm about the brand. Applying the strategic consistency triangle evaluates the say-do-confirm in all brand messages, strengthening both reputation and brand image.

Tiger Beer is great example of say-do-confirm aligning. Mie-Leng Wong, global director of Tiger Beer, says, 'Tiger Beer believes in supporting people across cultures with brave ideas, and partnering with them to uncage the tiger spirit within us all to create awareness and positive change for issues affecting our communities.'

So what did they do? Tiger Beer partnered with Air-Ink, the world's first ink created from air pollution by MIT's Graviky Labs and Marcel Sydney, to showcase imaginative and beautiful possibilities on the streets of London, Berlin, New York and Singapore (see Exhibit 3.8   ). Nineteen international artists inked up to paint a better future and a positive, united approach to solving the big global issues such as pollution.
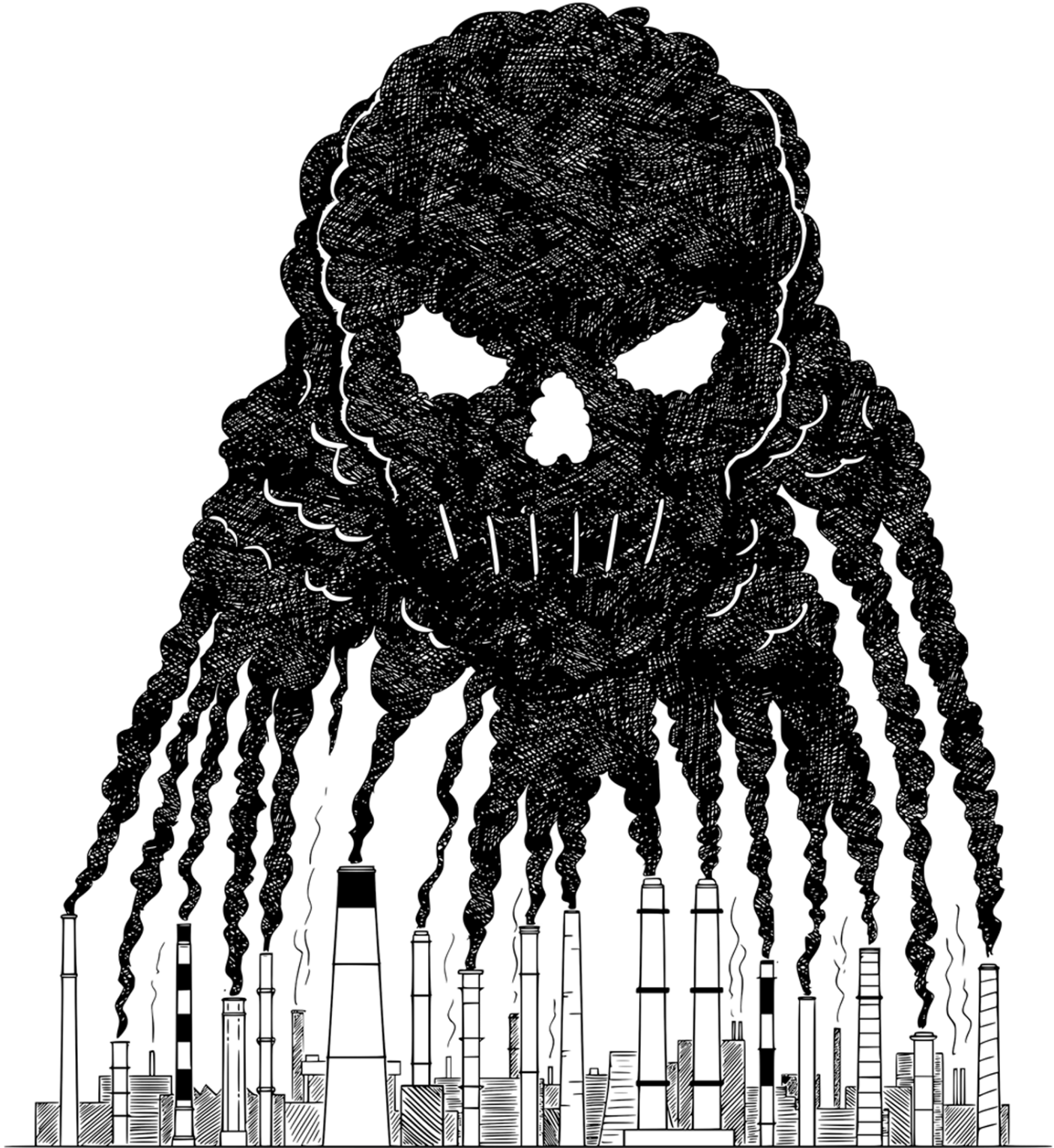
Exhibit 3.8 Tiger Beer #uncages strategic consistency in a partnership with Air-Ink

Source: Shutterstock/Zdenek Sasek

And what did others confirm about Tiger Beer? Well, consumers turned up at bars and enjoyed a cold Tiger Beer as they experienced a live Air-Ink painting in progress (while posting on social media). Influencers included leading artists such as Kristopher Ho, who said, 'Being able to draw with what's essentially purified soot has been a fascinating experience and a great way to bring attention to the massive issue of air pollution. It has been really meaningful to work with [Indian film composer and singer] Anirudh and Tiger Beer and be a part of this creative global community.'

SUMMARY

Integration is the 'bringing together of parts into a whole'. It is the way organisations manage the flow of marketing communication and the way it enters and is organised in the stakeholders' minds. From the organisation's point of view, it is a task of coordination, an embodiment of the corporate mission and a test of organisational efficiency and accountability. It is both a strategy and a tactic, and spans a continuum from dysfunction to synergy. Seen through the stakeholders' eyes, it is a naturally occurring process of perception, repetition and brand learning.

There are generally considered to be three types of integration. Message or tactical integration is what some authors describe as 'one look, one voice'. The second type of strategic or planning integration is what authors such as Duncan believe separates IMC out as a new discipline—the strategic approach. While the third type, organisational or internal integration, is an artefact of organisational systems, such as customer relationship management systems, uniting different data points and integrating the organisation.

Some authors believe a fourth type of integration occurs, regardless of whether marketers integrate their messages or not. Customer-integrated marketing communication is the customer's integration and sense making of all messages from any source, as a natural process of perception.

In terms of how integration works, Kitchen and Schultz offer a four-stage model from a tactical to a whole-organisation approach. Equally popular is the outside-in approach, where everything starts with understanding the consumer.

Synergy is when the combined effect of multiple media communication tools, delivering a consistent message, exceeds the sum of their individual efforts. Synergy is a product of memory and a function of integration. It requires congruence or a degree of similarity between two objectives or activities, such as two IMC messages. Research has explored cross-disciplinary, cross-media and cross-platform synergy.

Strategic consistency is at the heart of IMC. Communication tools or activities are strategically consistent if the meaning and content align with the brand purpose. Strategic consistency is evaluated by looking at the alignment of the brand's say, do and confirm messages in the strategic consistency triangle.

Finally, we practise our POEM. Paid media is when the brand pays to leverage a channel. Owned media is when the brand owns and controls the channel. Earned media is when customers or other stakeholders generate the brand communication.

KEY TERMS

DISCUSSION QUESTIONS

1   Have a look at the five key points of integration. See if you can rank them in order of importance. Which is the most important construct of IMC and why? Are there any constructs that should be deleted? Are there any new constructs you think should be added?

2   Kerr makes an interesting statement when she says, 'Digital makes integration possible'. Given that integration is a concept that goes back as far as Don Schultz, what does she mean by that statement?

3   ALDI has been used as an example to demonstrate the different kinds of integration. Think about ALDI's communication across time. Then start a list with two columns. In one column write what has been done well. In the second, write what you would do if the agency, BMF, offered you a job on the ALDI's account.

4   One of the earliest ideas about IMC process is the outside-in approach. Don Schultz pioneered the importance of the database to help us understand the customer better. 'Customer first' has since become a mantra for marketers. However, in opening this textbook, one of Australia's leading thinkers, Adam Ferrier, suggests we should put the brand first. What do you think? The customer or the brand?

5   Synergy is not a particularly unique idea. In fact, it was Aristotle who originally said that 'the whole is greater than the sum of its parts'. How does this idea apply to IMC? And how do we measure that the output actually is greater?

6   The notion of 'fit' is often used in research into cross-media campaigns. What do you think 'fit' means? How is it different from tactical integration?

7   Congruity theory is an interesting concept. It contends that we like our thinking to be consistent, and that any persuasive message that challenges what we think needs to be considered, the inconsistency resolved and a new balance or congruence restored. Is this the way you think? Reflect on a message that made you think differently about a favourite brand, changing or reinforcing the way you thought about it.

8   Most of us understand that marketers 'say' things to us through paid media such as TV ads or owned media like the brand website. But the idea that a product or service can also send a message is a little different. Give an example of a product message. Then give another example of how a service sends a message. Are these product and service messages more or less believable than traditional 'say' messages?

9   Explain how you could use the strategic consistency triangle to improve IMC performance.

10 Paid, owned and earned media—give three examples of each, as well as your hypothesis of how paid, owned and earned media might work together.

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4

CONSUMER EMPOWERMENT AND BEHAVIOUR

LEARNING OBJECTIVES

LO 4.1   To understand the key determinants in consumer behaviour and their importance to marketing communication.

LO 4.2   To evaluate each stage in the consumer decision-making process and the role for marketing communication.

LO 4.3   To recognise how internal (psychological) influences affect consumer decision making.

LO 4.4   To recognise how external (macro) factors affect consumer behaviour.

LO 4.5   To evaluate future trends in understanding consumer behaviour relevant for marketing communication.
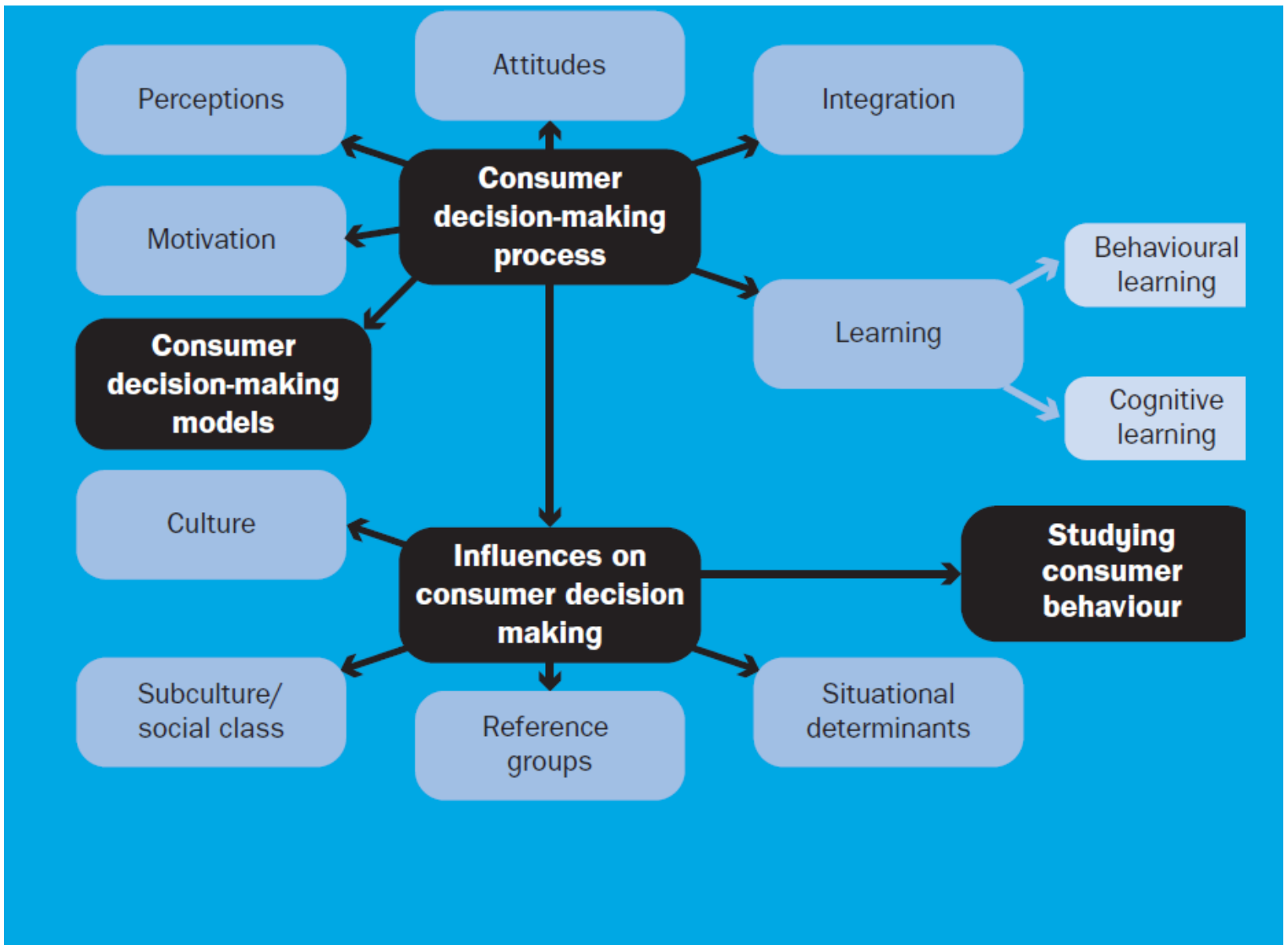
DO CONSUMERS USE SOCIAL MEDIA DIFFERENTLY FROM DAY TO EVENING?

Social media has changed human behaviour considerably in recent history and it will continue to do so as both technology and people evolve. But it is not only important for advertisers to know about the type of media platform—they also need to know about how, when and why consumers use it. There has been some recent interest in the timing of advertising messages on social media, leading to the conclusion that the time when media is consumed is an important dimension of human behaviour.

Moving beyond the primary function of enabling communication between people, social media has been steadily changing how people consume information and entertainment. As information and entertainment tend to be sought differently according to the time of day, it becomes important to understand how behaviours may vary between people who focus on social media during the day and those who focus on social media in the evening.

Practical evidence that the time of day is important in the new media landscape appears in an initiative from the *New York Times* (NYT). The newspaper launched *Mobile Moments*, which optimises advertising, from informing at the beginning of the day to entertaining at the end, because users have different needs when they visit the site at different times.

In terms of time preferences, a comparison between intensity of social media use during the day and evening is relevant because people's interests and media behaviours are likely to be different as the day unfolds.

This variation in interests allows companies to optimise their offerings, as illustrated by the NYT's move to adapt advertising to different reader needs throughout the day. Through research, seven moments were identified by the NYT in which news readers can be targeted depending on their interests, starting from early morning and following through the course of the day and evening: (1) 'prepare me for the day'; (2) 'make me feel connected'; (3) 'help me plan'; (4) 'update me on something I missed'; (5) 'help me follow a developing event'; (6) 'understand a planned event'; and (7) 'entertain me'.

While advertisers are allowed to use their own content, the newspaper's goal is to tailor short-form creative content to ads at each moment of the day. These moments suggest that what newspaper readers are interested in first thing in the morning is, not surprisingly, catching up with the news. Throughout the day people want short news updates of important events, and by the end of the day they focus more on the newspaper's entertainment features.

Exhibit 4.1 When looking at social media online, does your behaviour change throughout the day?
Source: Shutterstock/LightField Studios

Furthermore, an Australian study that surveyed people to discover their social media behaviour found that, in particular, women using social media more intensely during the day were more likely to use Facebook to seek information, whereas women using social media more intensely in the evening were more likely to use Facebook to seek entertainment.

Relating to advertising, women who reported using social media more intensely during the day were also more responsive to advertising messages, in the form of brand recall, acting on ads, and purchases, through information seeking, than those using it more intensely during the evening.

The shift in interest, from informing in the morning to entertainment by the evening, can, therefore, be a valuable piece of information when it comes to understanding consumers, allowing advertising messages to be tailored in a way that is more in keeping with people's motivation to be online.

Thinking about when you use social media, what motivates you to go online during the day? Does it change from in the morning to throughout the day, and then in the evening?

Sources: Valeria Noguti and David S Waller, 'Understanding consumers' use of social media at different times of the day: implications for advertising recall', Australia and New Zealand Communication Association (ANZCA) Conference, Newcastle, July 2016; T Peterson, 'New York Times plans to make its mobile ads more native, less interruptive: in-feed mobile ads timed to top seven moments of the day', *Advertising Age,* 4 August 2015, http://adage.com/article/media/york-times-plans-add-mobile-native-ads-september/299814/ (accessed 29 January 2019)

The introduction to this chapter demonstrates the importance of research designed to understand consumer behaviour and examines how the behaviour of readers can influence the timing of different types of online advertising. It is important for marketers to know how, when and why consumer needs develop, what they are and who is likely to use the product or service. Specifically, marketers will study consumer behaviour in an attempt to understand the many factors that lead to and impact purchase decisions. Those who develop marketing communication strategies begin by identifying relevant markets, then analysing the relationship between target consumers and the product/service or brand. Often, in an attempt to gain insights, marketers will employ techniques borrowed from other disciplines. Research methods used in psychology, anthropology, sociology and neuroscience are becoming popular in businesses as managers attempt to explore consumers' purchasing motives. The motives for purchasing, attitudes and lifestyles need to be understood before effective marketing communication strategies and specific tactics can be formulated.

These are just a few of the aspects of consumer behaviour that marketers must consider in developing integrated marketing communication programs. As you will see, consumer choice is influenced by a variety of factors. It is beyond the scope of this text to examine consumer behaviour in depth, and many students would have already studied consumer behaviour before studying an advertising/IMC subject. However, communication planners need a basic understanding of consumer decision making, the factors that influence it, and how this knowledge can be used in developing integrated marketing communication strategies and programs. We begin with an overview of consumer behaviour.

INTEGRATION

'**Integration**   ' comes from the Latin *integritas* and means honesty, completeness and soundness. The *Macquarie Dictionary* defines integration as the 'bringing together of parts into a whole or to combine systems previously segregated into one unified system'.[1]

In the IMC literature, integration has been variously described as combining marketing communication disciplines;[2] a management process; strategic coordination; strategic control or influence;[3] planning and executional integration;[4] occurring at the strategy and planning levels, through conceptually linked executions or message integration and by combining communication channels;[5] and even occurring at the consumer level.[6]

In general, there are five key points of integration:

1. Integration is a management process that can be both a functional task of coordination and a strategic tool.
2. Consumers naturally integrate messages, regardless of whether they are integrated by marketers or not.
3. Integration is a continuum, stretching from dysfunction to synergy.
4. Integration is of two types: strategic integration and message integration.
5. Integration can be a strategy and/or a tactic.

Synthesising the literature, Kerr defined integration as 'the way organisations manage the flow of marketing communication and the way it enters and is organised in the stakeholders' minds. From the organisations' point of view, it is a task of coordination, an embodiment of the corporate mission and a test of organisational efficiency and accountability. It is both a strategy and a tactic and spans a continuum from dysfunction to synergy. Through the stakeholders' eyes, it is a naturally occurring process of perception, repetition and brand learning.'[7]

Recent research suggests that the 'novelty' of integration has made IMC a standard advertising agency offering across the past three decades, and Ots and Nyilasy believe that is even more important in a digital world.[8] From the initial conceptualisation of the World Wide Web as a publishing platform to distribute information to a global audience, to the emergence of social media and multiway, dialogic communication, requires a shift in focus 'from companies to consumers, individuals to communities, nodes to networks, publishing to participation, and intrusion to invitation'.[9]

The digital environment has disrupted or perhaps even facilitated integration, providing new platforms and opportunities for integration and interactivity. Interactions with digital brand touchpoints create big data, which can then be used to inform subsequent digital touchpoint decisions. Organisational systems and data-sharing platforms have broken down silos and facilitated cross-functional planning. Data-driven advertising can target and even retarget customers with timely messages. Customer service is part of the social media conversation. And social media listening tells us what customers are saying about brands on social media in real

time.

Kerr says: 'Digital makes integration possible, as it is interactive and ongoing. It has empowered and personalised consumer-centric communication, amplified dialogue across media and platforms, made measurement easy and instant, and connected organisational silos and stakeholders.'[10]

TYPES OF INTEGRATION

One of the earliest IMC studies by Hartley and Pickton in 1999[11] identified nine dimensions or types of IMC: (1) promotion mix integration; (2) promotional mix with marketing mix integration; (3) creative integration; (4) intra-organisation integration; (5) inter-organisation integration; (6) information and database systems integration; (7) target audience integration; (8) corporate and unitised integration; and (9) geographical integration.

With the evolution of the IMC concept, this long list has generally become just three. The first of these, message, executional or tactical integration, is what some authors describe as 'one look, one voice'. The second type of strategic or planning execution is what authors such as Duncan believe separates IMC out as a new discipline—the strategic approach.[12] While the third type, organisational or internal integration, is an artefact of organisational systems, such as customer relationship management systems, uniting different data points and integrating the organisation.

To bring these different types of integration to life, consider the following 'Good Different' examples from ALDI.

Message integration

Message integration is about verbal and visual consistency. It is also called executional integration, conceptually linked execution, image integration, creative integration, creative design integration, commonality of message, tactical coordination and one-voice, one-look consistency. It is achieved by integrating verbal and visual factors such as logo, corporate colours, common image, same theme line, consistent message, common tone and shared personality. Message integration is not new. Advertising designers and proponents of corporate identity have been doing this for decades.

ALDI's Christmas 2018 campaign (see Exhibit 3.2) gives us more, and merrier, examples of message integration. [13] Leading with a television ad that documents the unexpected crash of Santa's sleigh and his rescue by an outback community, ALDI shows how unexpected guests, and 'Good Different' ALDI products, can make Christmas merrier. The more twinkly winklies the merrier, the more hammed up the merrier, and the more consistent the message and the look of the ad, the merrier. In fact, BMF's rapid, low-cost factory has produced more than 64 TV ads, 48 billboards and 60 radio ads, plus weekly catalogues, POS, website updates and social posts.

Exhibit 3.2 The more the merrier at ALDI
Source: ALDI

Strategic integration

Strategic integration is a holistic approach that brings together all elements of the IMC mix to achieve common objectives and shared budget, measures and outcomes. This is what separates it from message integration.

Duncan and Everett make the point that it is strategic integration that makes IMC a new concept.[14] Instead of just looking the same and delivering the same message, it is underpinned by a common direction or strategy. It is also very different from the traditional isolation, inherent competition and different reporting structures of the marketing communication ('marcom') disciplines.

The factors of strategic integration include coordination strategy; common objectives; contribution to corporate mission; multiple communication disciplines; multiple audiences; shared budget, measures and outcomes; strong leadership and cross-functional teams.[15]

ALDI's agency, BMF, says, 'In a sea of sameness, ALDI is different, Good Different. Its shopping experience and product offering is like no other: bringing high-quality products at the lowest possible prices to customers—every day.'[16] This strong strategic positioning has been demonstrated in many ways, in many different campaigns. The recent *Pointless* campaign, for example, celebrates another ALDI point of difference: it doesn't have reward schemes (see Exhibit 3.3   ). It just saves you more money than anyone else. That makes ALDI both good and different.

Exhibit 3.3 ALDI makes a point on Twitter
Source: ALDI

Organisational integration

As far back as 1998, Pickton and Hartley noted, 'it may be argued that the most important implication of IMC is the impact it has on organisational structure, systems, relationship and management. Unless these facets are addressed, it is unlikely that any true sense of integration can be achieved.'[17] That means, in order for integration to be optimised, for the silos to cease and the data-sharing to begin, the whole organisation needs to be integrated.

This requires the support of the CEO and the alignment of corporate culture, corporate learning and corporate

mission. It also demands the implementation of cross-functional teams and data-sharing organisational systems, so that the organisation is purposed and structured to facilitate integration.

Porcu, Barrio-Garcia and Kitchen suggest that **organisational integration** takes into account the company as a whole, aligning organisational processes, spanning departmental boundaries and connecting all members of the organisation through an organisational structure and reward system.[18] They identify three aspects to organisational integration:

1. Alignment of horizontal and vertical communication processes
2. Share of corporate values and goals among managers and employees
3. Cross-functional coordination and collaboration.

When ALDI was awarded the prestigious 'Effective Advertiser Award' at the 2018 Effies (advertising effectiveness) awards, the judges commented not only on its advertising, but on its organisational integration (see Exhibit 3.4). They noted, 'ALDI is a very impressive example of effectiveness through total alignment of purpose. It's very clear that the organisation is totally aligned with their marketing department and that the marketing department is totally aligned with their agency.'[19]

Exhibit 3.4 In case of Effie Awards…

Source: ALDI

Customer-integrated marketing communication

A different type of integration occurs whether or not marketers integrate their messages. Schultz believes integration is part of the natural process of perception. He says, 'integration occurs whether the marketer or advertiser plans it or not. The primary questions then is: does the communication integration process that the consumer develops help or hinder the marketing organisation distributing the messages.'[20]

Finne and Gronroos define this as **customer-integrated marketing communication**. CIMC is 'the customer's integration and sense making of all messages from any source, company-driven or stemming from other sources, the customer perceives as communication, forming value-in-use for him/her for a specific purpose'.[21]

As part of this process, consumers typically, subjectively and independently, decide what a message is, what it says and which sources are in use. In this consumer-driven process, most or all of the touchpoints are beyond the company's influence.

In order to test the way in which consumers perceive integration, Kerr conducted an experiment. She found that consumers were able to identify the tactics of integration, recalling a number of integration factors such as logo, corporate colours and image. Furthermore, as evidence of the impact of integration, consumers in the total message integration groups perceived the messages they received as more integrated than those in partial integration or no integration groups.[22]

So how do consumers perceive ALDI? Thanks to engaging stories, consistent messages and ample evidence of cheaper groceries, Australians trust ALDI more than any other Australian advertiser (see Exhibit 3.5). More than Bunnings (which came second) and Qantas (which came third), according to the Roy Morgan *Net Trust Score Survey*, which rates consumer trust of Australia's top brands.[23]

Exhibit 3.5 Happy to be shopping at ALDI
Source: ALDI

Process of integration

How does integration happen? There are many process models, which typically align with the types of integration we've just discussed. So there's a tactical level and a strategic level, generally followed by a 'let's integrate everything' level.

One of the first process models came from Duncan and Caywood in 1996.[24] They identified seven stages of integration, starting from awareness and through to image integration, functional integration, coordinated integration, consumer-based integration, stakeholder-based integration and finally, relationship-management integration.

Schultz and Kitchen's four-stage model is a little simpler.

Schultz and Kitchen's four-stage process

Schultz and Kitchen conceptualised integration as a four-stage process.[25] The first step, as mentioned in the section above, is the tactical coordination of marketing communication. This initial stage is quite unsophisticated, and decision making often occurs without consulting consumer data. It is a matter of making it all look and sound the

same, across all of the marketing communication disciplines and is typically led by the organisation.

The second stage redefines the scope of marketing communication. This is where the customer focus begins, with extensive research into their needs and aspirations and the transference of these into relevant and original marketing communication.

Stage three applies information technology to collect and convert data into customer knowledge and IMC decisions. Through databases and consultation with outside agencies, the marketing communication is driven by data on customer behaviour.

The final stage is a whole-organisation approach, using a financially and strategically integrated model of IMC (see Figure 3.1). Schultz and Kitchen believe that strategic integration must now be the focus if the organisation is to address the challenges of a global and interactive marketplace today and in the future. An additional test facing marketers is not only to be heard but to take the lead and show how integration across the organisation can be achieved.
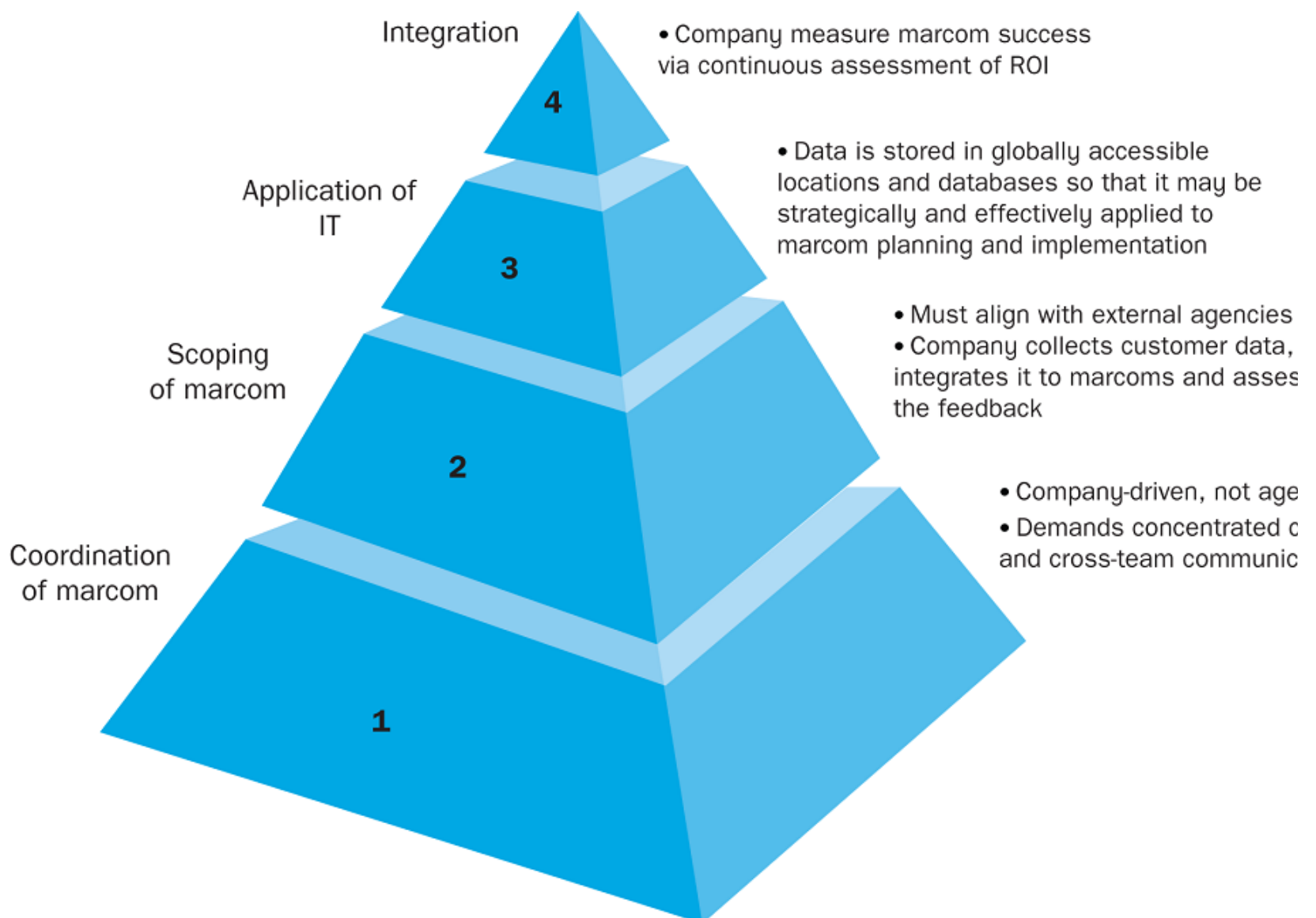
Figure 3.1 Four stages of IMC (Schultz & Kitchen, 2000)

Source: Adapted from N Palakshappa, S Bulmer, G Eweje & P Kitchen, 'Integrated strategic partnerships between business and not-for-profit organisations: a case study from New Zealand', *Journal of Marketing Communications*, 16(4), 2010, p. 257.

Outside-in approach

The idea of an **outside-in approach** was suggested by Schultz, who believed that IMC should start with the consumer and work back to the organisational objectives and IMC strategy and tactics.[26] This is the reverse of the traditional marketing approach, which starts with the company and what it wants to achieve.

A **customer-centric approach** ensures all business practices have customers at their centre. It uses qualitative research and consumer data to understand the needs and wants of the consumer. It is often facilitated by organisational systems and data on customer behaviour and consumer insights through interaction and dialogue.

As a result, IMC moves from telling and selling to listening and learning. Through social media listening and customer service intervention on social channels, the brand can understand consumer thinking, their needs and wants, issues and pain points, and feed this information into planning IMC strategy and tactics.

This alignment between consumer wants and brand deliverables is especially important in the digital
world, where consumers can create, share and exchange content with other consumers, and even amplify brand-generated content. An outside-in, customer-centric focus ensures the strategic consistency and optimum performance of brand messages.

For customer-centric IMC, Bruhn and Schnebelen suggest adopting a relationship orientation to build interaction with customers, a content orientation to deliver the right messages and a process orientation to ensure the organisation is aligned and empowered to deliver customer needs.[27]

These processes are not exclusive, and are typically interrelated. To undertake the four-stage process, for example, most often requires an outside-in or customer-centric approach. However, you could take an outside-in approach, without going through the four stages. The important thing is to recognise the type of integration you're trying to adopt and to measure the outcomes of implementation. Typically, an outcome of integration is synergy.

SYNERGY

Synergy was always the promise of IMC.

Synergy is when the combined effect of multiple media communication tools delivering a consistent message exceed the sum of their individual efforts. Synergy is how the various marketing and communication activities interact with each other in the marketplace and how the various brand touchpoints come together to impact and influence consumers, customers, employees, channels, the financial community and a host of other stakeholders involved in today's marketplace.[28]

Synergy is seen to be the main reason why **cross-media campaigns** are so successful.[29] Synergy is the representative value of IMC.[30] A true IMC program is one that achieves synergy.

Moriarty defined synergy thus: 'Synergy suggests that an entire structure of messages—with its links and repetition —creates impact beyond the power of any one message on its own and this happens even in situations where there might be little attention paid to conventional advertising.'[31]

Synergy is a function of memory and a product of integration. It involves repetition and the linking of associated messages, with common themes and strategies, gathered across different platforms and from different sources. The repetition of these messages over time creates brand information and attitude structure in the receiver. Together, the cumulative impact of these messages is greater than if each message was different or each marketing communication discipline or contact point was treated in isolation. Synergy is the impact on memory of multiple, integrated campaigns.[32]

Congruence, or fit

Congruence (or fit) is the tactical or message integration and is present when the same visual and verbal elements (also referred to as retrieval cues) are used across different media.[33] These retrieval cues could be identifiable elements such as slogans, key visuals, symbols or distinctive phrases.[34]

The benefit of congruence or fit is memorability. Network perspectives of consumer memory show congruent nodes and memory traces are more easily retained and pathways strengthened.[35] In IMC research, congruent stimuli help consumer motivation and the ability to decode new information. A high level of fit results in more positive advertising evaluations—although sometimes novelty or originality can stimulate intrigue and cognitive elaboration.

The notion of fit is supported by congruity theory.

IMC theory: congruity theory

Consistency is about the relationship of thoughts or ideas within a person's mind. Most people prefer harmony or consistency in their thoughts. Yet the intent of persuasive messages is to try to disrupt our thinking and change our minds. So if we think that Hotels.com is the best place to book our holiday accommodation, and then a persuasive new campaign informs us about the inclusivity and welcoming experience of staying with Airbnb, this inconsistency or imbalance motivates us to change our thinking to restore consistency. This does not mean that we automatically accept the persuasive message. We could just as likely reject it—Airbnb might be inclusive, but it may not be convenient or it may be more expensive than we'd like for our trip. Whatever the result of our evaluation, our thoughts return to some sort of equilibrium.

Restoring this imbalance, this consistency, is at the heart of congruity theory. Developed by Osgood and Tannenbaum, it is one of the consistency theories of attitude change.[36] As for consistency theory, incongruity in our mind is unpleasant and encourages attitude change. Congruity theory states that information that is congruent or very mildly incongruent is related to more positive evaluations, because people like objects that conform to their expectations and allow predictability.[37] Alternatively, information that is incongruent with prior expectations or schema requires more effortful and elaborate processing and is therefore remembered better.[38]

There are three main types of congruity theory:

1. *Self-brand congruity* is where we perceive congruency between the brand personality or values and our own personality or values.
2. *Brand-user congruity* is the perceived similarity between ourselves and typical users of the brand.
3. *Brand-usage congruity* is the commonality of brand consumption within the community and the way in which the consumer would typically use the brand.

We might feel self-brand congruence with the openness and belonging demonstrated by Airbnb in its controversial campaign. *#Untilweallbelong* offered an incomplete wedding ring in exchange for support and conversation around the important issue of marriage equality in Australia (see Exhibit 3.6   ). We may also feel brand-user congruence, knowing that 'people like us' use Airbnb. This is supported by Airbnb CEO, Brian Chesky, who said, 'We are committed to helping people belong no matter where they are in the world and strongly believe that everyone should have the right to marry the person they love. This is an opportunity for people to show their support for marriage equality.'[39]
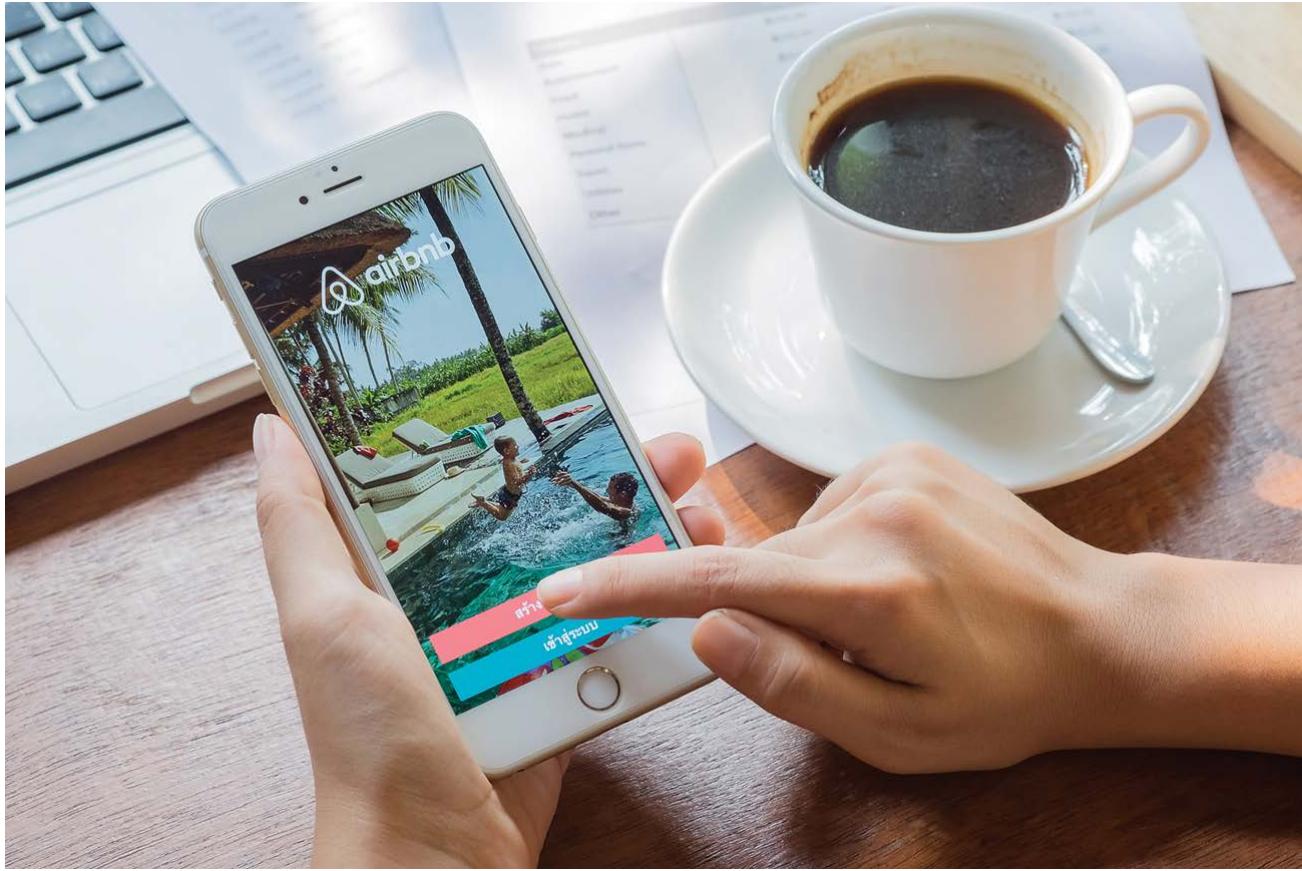
Exhibit 3.6 People like us stay at Airbnb

Source: Shutterstock/Natee Meepian

IMC, like our minds, is all about the alignment of messages. Therefore, consistent strategy, positioning and messages makes thinking easy. The congruency or the fit between the brand and the messages, the messages and the users is important for synergy and strategic consistency.

Recent research into synergy has investigated its impact across disciplines (especially advertising and publicity); across different media and platforms; and when multi-tasking online and off. These are explored in the following sections.

Synergy across disciplines

Synergy across disciplines—or the combined effect of advertising, public relations, sales promotion and direct marketing—was the original premise of IMC. This was first demonstrated by Stammerjohn et al. in 2005. They developed a test of synergy as 'a positive response to a campaign that is greater than the sum of separate expected responses based on use of each communication tool'.[40]

Based on this test, they investigated the interactions between two different types of advertising media (radio and print) and the interaction between brand familiarity and message valence in publicity (positive or negative). Their findings show that the combined effects of advertising and publicity on attitude to ad and brand are not identical, reporting complex interactions between media, brand familiarity and valence of news stories.

Subsequent research into cross-discipline synergy, especially advertising and publicity, has demonstrated two important effects. The first is the facilitative effect and the second identifies a counter-synergy effect.

Synergy as a facilitative effect

H S Jin reported a facilitative role of publicity. That is, pre-exposure to publicity about advertising campaigns increases the memory for subsequently advertised brands.[41]

This work was extended to explore the facilitation effect or synergy. The research found that people who received both publicity and advertising recalled the brands more frequently and earlier. Those exposed to advertising only recalled the brands significantly less—thus empirically proving synergy.

In addition to this facilitative effect, however, it was found that strengthening a brand memory results in inhibiting memory of other related brands in terms of recall. Therefore, the benefit of synergy is two-fold. It strengthens recall of the publicised brand and inhibits the recall of other brands.

Counter-synergy as an effect

Kim, Yoon and Lee explored this further, looking at how the exposure sequence and different combinations of advertising and publicity (in terms of valence and product attribute consistency) might impact attitudes.[42]

For all positive publicity conditions, the combined communications conditions produced a significantly higher attitude towards the brand than either the ad-only or publicity-only condition. Again, they empirically proved synergy.

But what is perhaps more interesting is that they also demonstrated a counter-synergy effect. Un-integrated messages or even antagonistic messages generated more negative impact than exposure to a single negative message alone.

So research has empirically proven cross-disciplinary synergy, but also noted secondary, inhibition effects where integrated messages reduced the recall of other brands as well as showing that un-integrated messages generated more negative impact.

Cross-media and cross-platform synergy

With so many different media and platforms for communication, thank goodness for congruency. The importance of fit or the congruency between marketing communication messages on different platforms was investigated by Voorveld and Valkenburg.[43] In particular, they examined the role of the fit or tactical integration among campaign ads in generating cross-media effects. They found that cross-media campaigns had the best fit on the presence of the logo (100%), the key visual (92%) and slogan (75%). However, cross-media campaigns were significantly less congruent in terms of the use of spokespeople and the single most important message (33%).

Campaigns with higher message integration were recognised and recalled less than incongruent campaigns that attracted the attention. The researchers concluded that consumers who see the same ads, with the same visual and same verbal elements in multiple media, feel less need to pay attention. However, those same highly congruent ads were generally evaluated more positively. So ads with high fit or tactical integration are less remembered but more liked.

Another way to investigate cross-platform synergy is to take the customer journey—to investigate those platforms that customers typically use as they navigate the sales funnel. For example, retailers with better channel

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integration produce stronger sales growth.   Also, stronger online-offline channel integration reduces perceived risk and encourages choice.[45] Similarly, better design fit between the online and offline environment has been shown to benefit customers when they come in store.[46]

In all of these cases, the fit or congruence across media or platforms was instrumental in generating synergy.

Multi-tasking and synergy

If you're one of the many who checks their phone while watching TV, it will come as no surprise to learn the research shows that simultaneously engaging in multiple tasks or multi-tasking generally has a negative impact.[47] Multi-taskers tend to perform worse in memory tests; their recall and recognition of advertising is less than those whose full attention was on the same advertisements.[48]

However, multi-taskers: do not put down your phone. Research from Angell et al. found that in situations where there is congruence between the primary and secondary screen activities, and where the secondary screen activities attract a higher level of social accountability, then advertising recall and recognition actually increases.[49]

Again, the important thing here is the fit or the congruence, which determines the advertising effectiveness. For example, when the primary activity is watching football on TV, and the secondary activity is texting the results, the two activities are compatible, but the texting also represents social accountability as the posts are on Facebook for all footballers, and multi-taskers, to see.

Angell et al. suggest, 'Under the right conditions, multitasking can have a very positive effect on advertising outcomes.'

A similar conclusion was drawn by Segijn, Voorveld and Smit (2017). They found that when people multi-tasked with related tasks, they had better brand memory of the advertising and more positive brand attitudes. A further study used eye-tracking to discover that multi-tasking decreases brand memory only when people don't pay attention to the banner ad in the first place.[50]

PAID, OWNED AND EARNED MEDIA

IMC was originally invented as a way to bring together different kinds of marketing communication. The first definitions of IMC, such as that of the American Association of Advertising Agencies in 1989, were concerned with the integration of advertising, public relations, sales promotion and direct marketing. But as the disciplinary boundaries continue to blur, these marketing communication disciplines are often being recast in terms of paid, owned and earned media.

This shift of thinking is evident in recent research, which sees IMC framed not from a marketing communication ('marcom') perspective, but in terms of paid, owned and earned media (**POEM**).[55] In their special issue on big data in advertising, Malthouse and Li also framed advertising as POEM. They said, 'we adopt a broad definition of advertising that includes all types of brand communication, paid and nonpaid, as well as brand and consumer-initiated'.[56] Does that sound a bit like IMC?

It's important to understand POEM for a number of reasons. First, this is the way industry talks about media. The paid media or advertising is often used to generate earned media or publicity.

Secondly, this is the way that many advertising and media agencies are structured. There is often an Earned Media Department. Or an Owned Media Manager.

Third, with the media landscape saturated, fragmented and constantly evolving, paid, owned and earned media offer a new way to think about reaching a target market—to trade on the strength of each media type, to identify the brand touchpoints across all three media types and to optimise the outcome for the brand.

Figure 3.3 shows the roles and relationships of the three media types.
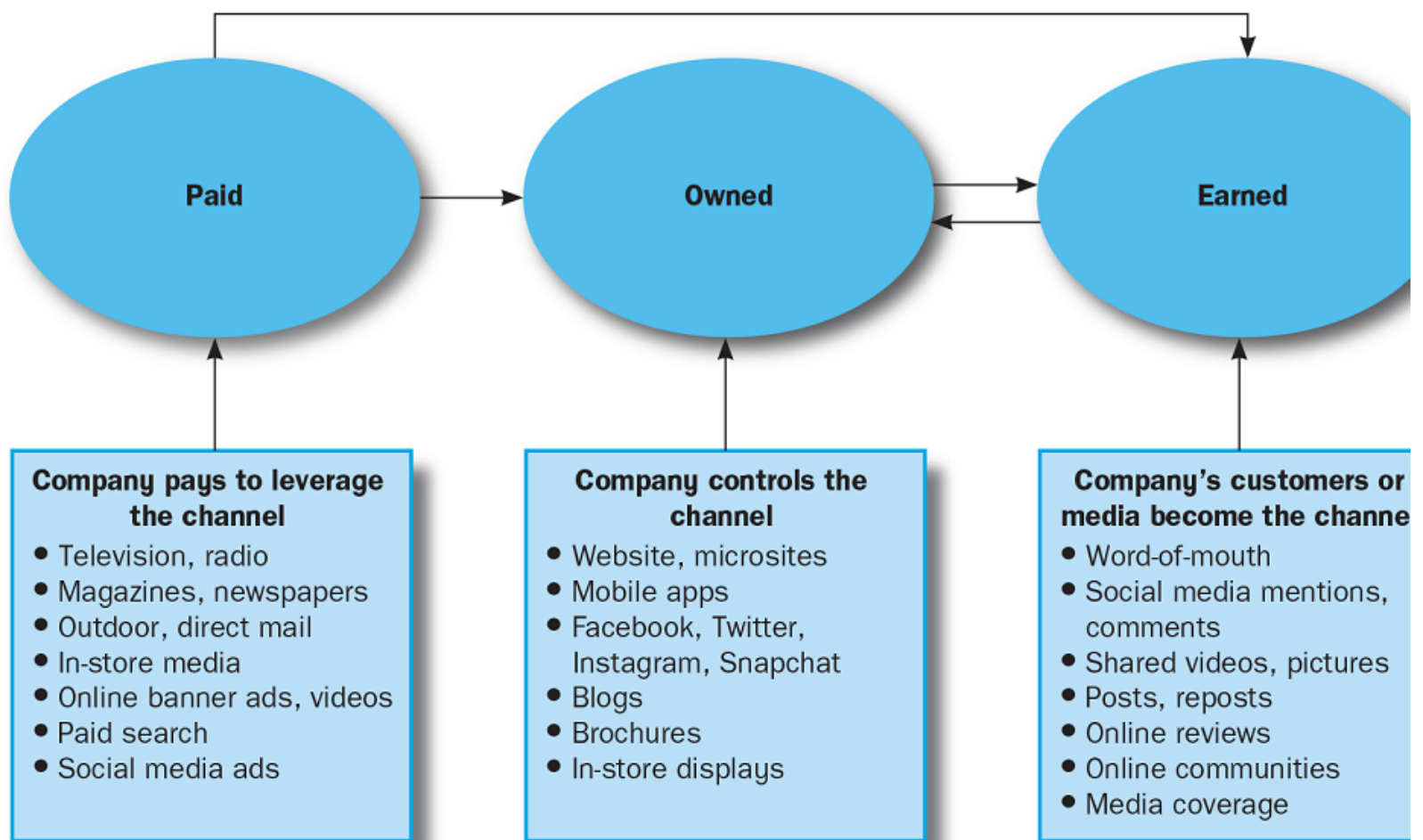
Figure 3.3 Ogilvy explains the interrelationship between paid, owned and earned media

Paid media

Paid media is when the brand pays to leverage a channel; this includes elements such as TV advertising, paid search or even sponsorships. The benefit of paid advertising is immediacy and control. With guaranteed placement, the outcome is instant reach to your target market. This gives marketers control over when, where and how the brand message is delivered. It also offers scalability, so paid media can be escalated just before a sale, then scaled down during the off-peak period. Increasingly, paid media is being used to create earned media or to drive traffic to owned media such as websites. The biggest disadvantages are the cost, the credibility and the clutter.

Owned media

Owned media is when the brand owns and controls the channel. Examples of owned media are websites, brand communities and blogs. Owned media seeks to build relationships and nurture the needs of new and existing customers and is more long-term in nature.

As with paid media, control is also an important benefit of owned media. The brand, rather than the platform or the publisher, controls the message. This makes the website or the brand community more versatile and cost-effective. However, it can also be a disadvantage if customers can't find this owned asset or don't know it exists. Often another type of media, such as paid or even earned, is required to raise awareness and drive customers to these owned assets, growing the community.

Earned media

Earned media is when customers or other stakeholders generate the brand communication. This might be through a customer review or a Facebook post, say. And because the customers are posting it, earned media is much more credible than paid or owned media.

Of course, earned media isn't just about waiting around for customers to post something—it should be part of the IMC strategy. You can earn media through getting press mentions, positive reviews, reposts and recommendations. You can also help journalists and content writers author their articles, or contribute your own thought leadership content to industry publications. You could use a competition or a prize for the best new way to use the product to initiate user-generated content, or offer a reward for the best product review. Sometimes, paid advertising is used as a hook to generate earned media.

And while earned media is largely free, it's hard to control and difficult to measure. And it could even be negative and detrimental to your brand value, although that is where managing your online community comes in.

Of course, the idea is to integrate these three media types. You might create engaging, customer-orientated and problem-solving content on owned media. You could amplify this with paid efforts to attract the target audience's attention and encourage them to repost, review or advocate for the brand.

A whopper of an example of combining paid, owned and earned media comes from Burger King. Its *Google Home for the Whopper* campaign used 15-second TV ads (paid media) to ask 'OK, Google, what is the Whopper burger?'. This was answered by any Google Home device within earshot, telling listeners all about Burger King. People soon realised that Google Home was drawing from the Whopper's Wikipedia entry (owned media), and started changing the content—sometimes in disturbing ways. This, of course, triggered more sharing (earned media) and propelled the ad to reach 9.3 billion people globally. The campaign won Grand Prix Direct at Cannes 2017; one of the jurors said, 'We've never seen anything as invasive.' Nor possibly as successful—it delivered Burger King a whopping US$135 million in earned media.[57]

Exhibit 3.9 'OK, Google, is that the best use of paid media to generate earned media?'

CONSUMER EMPOWERMENT AND THE PUSH–PULL MARKETPLACE

Advertising as it was originally defined has certainly changed. We find evidence for this in the shifting media preferences and expenditure. We also experience this change in advertising firsthand, every time we enter the marketplace. Many years ago, much of our advertising information was delivered by marketers, at a time when they assumed we were watching television. The main role of advertising was a tactical one, creating messages that were pushed through the mass media to consumers waiting eagerly in their lounge chairs. This is the traditional push model of advertising.

In today's marketplace, consumers don't have to wait—they Google. Consumers have the power to access the information they want, when they want to, and wherever they are. The internet, coupled with mobile technologies, has resulted in access to almost everything, any time and anywhere! What's more, consumers have the power to share their opinions with other consumers and influence the value of the brand. Power is shifting from marketers to consumers and much of this is driven by digital media, considered to be the most powerful instrument for the actualisation of consumer power.[1]

In exploring consumer power in the online environment, it has been proposed that there are several power strategies: (1) control over the relationship (whether to block or share advertiser material); (2) information (ability to be better informed and to inform others); (3) aggregation (joining with like-minded people); (4) participation (creating and co-creating content); and (5) self-liberation (leveraging the openness and absence of restriction in the online environment to facilitate a sense of liberation at getting their message to a global audience).[2]

The empowerment of consumers has turned advertising from a linear, marketer-controlled process into a brand conversation where both consumers and marketers have a voice. Instead of a media-driven announcement, advertising becomes an interaction.

It is essential then for marketing communicators to look at how consumers use this power online. An interesting role consumers play is in the defence of brands that are being criticised in online communities.[3] At times, consumers are often the first to counter negative sentiments expressed by other consumers, even before the brand owners have had time to respond. This defence behaviour may be motivated by brand loyalty, a sense of justice or a need for self-enhancement. For example, a major Australian art gallery said that it monitors negative social media comments, but that often its members/followers who have a positive view of the gallery will respond in its support.[4]

Don Schultz suggests that this empowerment has also changed the traditional push model of advertising to a 'push–pull model'.[5] As consumers, we are overloaded by commercial messages and armed with remote controls and blocking devices, so we have resisted the push of advertising and have built our own barrier. Behind the barrier, we pull together the information we need, when we need it, using Google, new media and even online word of mouth. This gives us, as consumers, greater control and greater influence over advertising messages and other consumers.

This push–pull marketplace is shown in Figure 4.1. We see the large arrow showing the push of advertising. This

is resisted by consumers, who have built shields and have sought new ways to get information relevant to them. Don Schultz argues that the future of advertising lies in figuring out how the push and the pull work together.
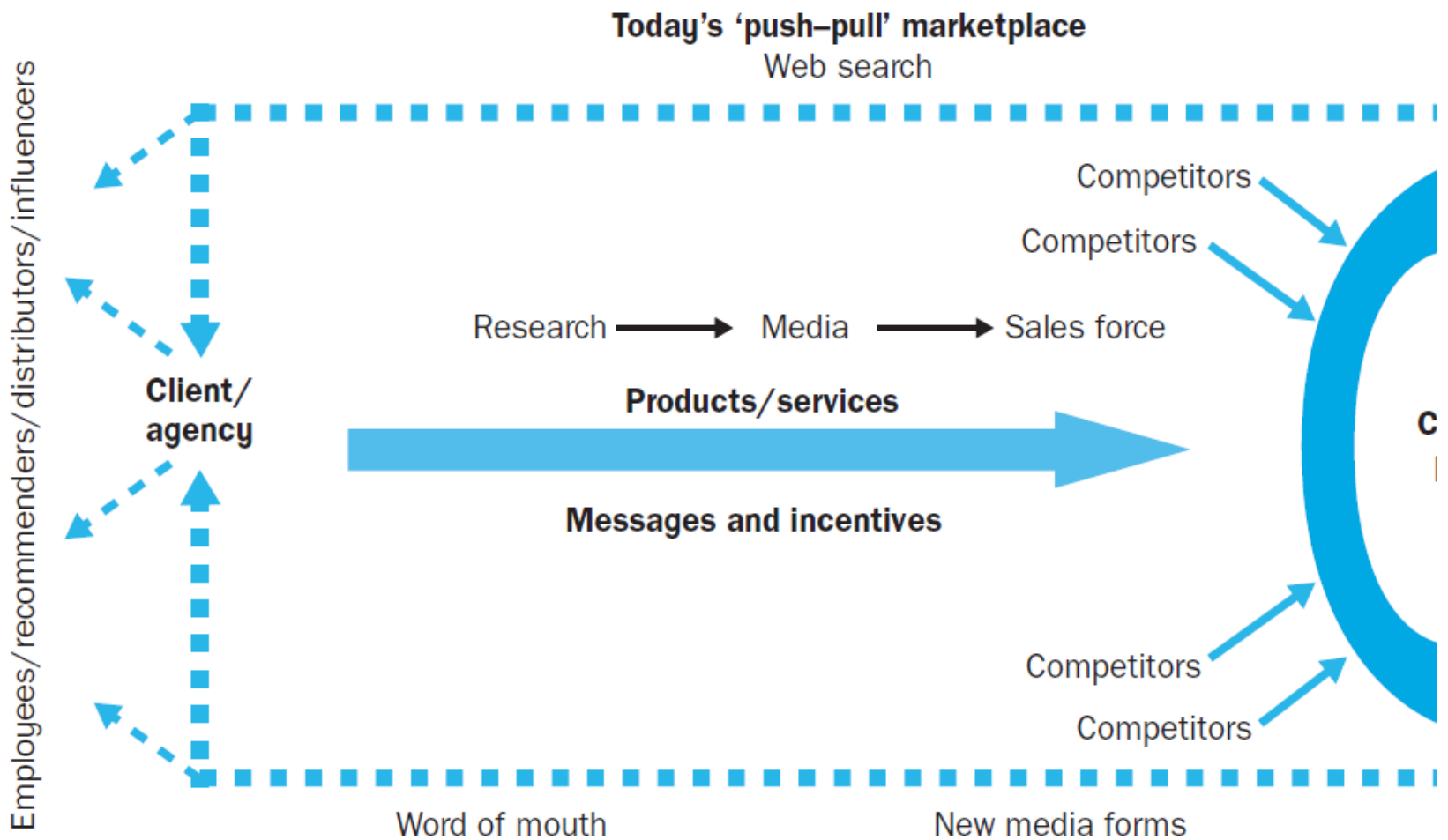
Figure 4.1 The push–pull marketplace

Source: *Journal of Integrated Marketing Communications* (JIMC), 2010, © Northwestern University, Fig 5, p.19

An important way to understand how this empowerment controls and allows advertising messages is to get a better grasp of the determinants of consumer behaviour, and what influences and enhances customer experience. With this knowledge, marketers can include relevant words, images and cues in their messages to attract potential customers.

LO 4.1

AN OVERVIEW OF CONSUMER BEHAVIOUR

A challenge faced by all marketers is how to influence the purchase behaviour of consumers in favour of the product or service they offer. For companies such as Visa, this means getting consumers to charge more purchases on their credit cards. For Rimowa, it means getting them to buy luggage; for business-to-business marketers, for instance, Xerox or FedEx, it means getting organisational buyers to purchase more of their office products or use their delivery services. While their ultimate goal is to influence consumers' purchase behaviour, most marketers understand that the actual purchase is only part of an overall process.

Consumer behaviour can be defined as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires. For some products and services, purchase decisions are the result of a long, detailed process that may include an extensive information search, brand comparisons and evaluations, and additional activities. Other purchase decisions are more incidental and may result from seeing a product prominently displayed at a discount price in a store, or as a pop-up on a social media feed. Think of how many times you have made habitual or impulse purchases yourself.

Marketers' success in influencing purchase behaviour depends in large part on how well they understand consumer behaviour, sometimes also called buyer behaviour. Marketers need to know the specific needs customers are attempting to satisfy and how they translate into purchase criteria. They need to understand how consumers gather information regarding various alternatives and use this information to select among competing brands. They need to understand how customers make purchase decisions. Where do they prefer to buy a product? How are they influenced by marketing stimuli at the point of purchase? Marketers also need to understand how the consumer decision process and reasons for purchase vary among different types of customers. For example, purchase decisions may be influenced by the personality or lifestyle of the consumer.[6] Notice how the ad shown in Exhibit 4.2 suggests that Rimowa luggage reflects an adventurous zest for travel, which would appeal to the target audience.

Exhibit 4.2 This luggage ad is showing Rimowa appealing to a young wanderlust-struck audience with British fashion model Adwoa Aboah

Source: Rimowa

The conceptual model in Figure 4.2 will be used as a framework for analysing the consumer decision process. We will discuss what occurs at the various stages of this model and how integrated marketing communication can be used to influence decision making. We will also examine the influence of various psychological concepts, such as motivation, perception, attitudes and integration processes. Variations in the consumer decision-making process will be explored, as will perspectives regarding consumer learning and external influences on the consumer decision process. The chapter concludes with a brief reflection on future trends in studying consumer behaviour.

A. Stages in the consumer decision-making process

| Problem recognition | → | Information search | → | Alternative evaluation | → | Purchase decision | → |
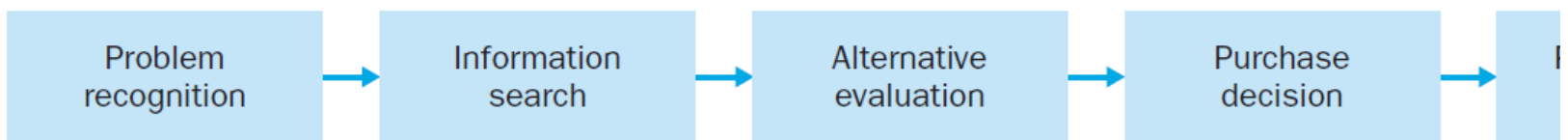
B. Relevant internal psychological processes

| Motivation | → | Perception | → | Attitude formation | → | Integration | → |

Figure 4.2 A basic model of consumer decision making

LO 4.2

THE CONSUMER DECISION-MAKING PROCESS

As shown in Figure 4.2 , the consumer's purchase decision process is generally viewed as consisting of stages through which the buyer passes in purchasing a product or service. This model shows that decision making involves a number of internal psychological processes. Motivation, perception, attitude formation, integration and learning are important to marketing communication planners, since they influence the general decision-making process of the consumer. We will examine each stage of the purchase decision model and discuss how the various subprocesses influence what occurs at this phase of the consumer behaviour process. We will also discuss how marketing communication planners can influence this process.

Problem recognition

Figure 4.2 shows that the first stage in the consumer decision-making process is **problem recognition** , which occurs when the consumer perceives a need and becomes motivated to solve the problem. The problem-recognition stage initiates the subsequent decision processes.

Problem recognition is caused by a difference between the consumer's *ideal state* and *actual state.* A discrepancy exists between what the consumer wants the situation to be like and what the situation is really like. (Note that *problem* does not always imply a negative state. A goal exists for the consumer, and this goal may be the attainment of a more positive situation.)

Sources of problem recognition

The causes of problem recognition may be very simple or very complex and may result from changes in the consumer's current or desired state. These causes may be influenced by both internal and external factors.

Out of stock
Problem recognition occurs when consumers use up their existing supply of a product and must replenish their stock. The purchase decision is usually simple and routine and is often resolved by choosing a familiar brand or one to which the consumer feels loyalty.

Dissatisfaction
Problem recognition is created by the consumer's dissatisfaction with the current state of affairs and/or the product or service being used. For example, advertising may be used to help consumers recognise when they have a problem and need to make a purchase that can help alleviate the problem. The Strydalyzer shoe tracker is an example; Stridalyzer first of all identified the problem of old running shoes being unhealthy, then showed how its device identifies the amount of wear, which provided the solution (see Exhibit 4.3). Runners should never keep their shoes too long and this insole tracker automatically tells the owner when new shoes are needed.
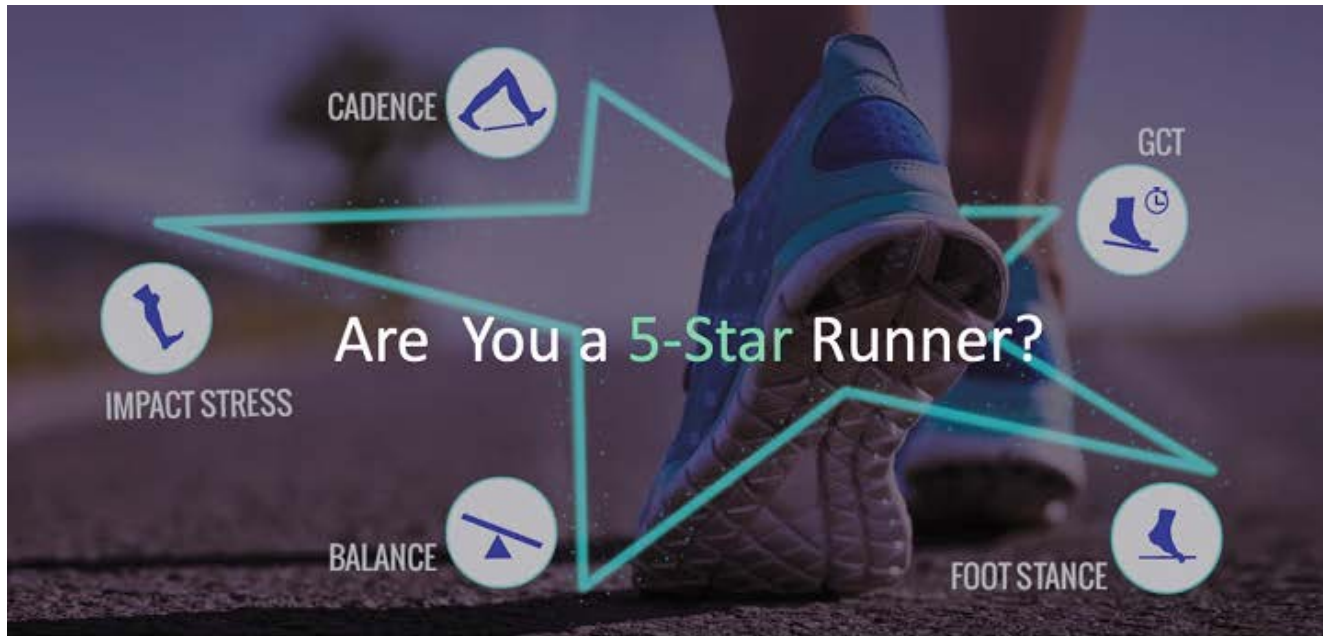
Exhibit 4.3 Stridalyzer automatically tracks a runner's shoe life and alerts them when it's time to update with a new pair
Source: ReTiSense

New needs/wants

Changes in consumers' lives often result in new needs and wants. For example, changes in someone's financial situation, employment status or lifestyle may create new needs and trigger problem recognition. As you will see, when you graduate from tertiary studies and begin your professional career, your new job may necessitate a change in your wardrobe. (Goodbye T-shirt and jeans, hello corporate wear.)

Not all product purchases are based on needs. Some products or services sought by consumers are not essential but are nonetheless desired. A **want** has been defined as a felt need that is shaped by a person's knowledge, culture and personality.[7] Many products sold to consumers satisfy their wants rather than their basic needs.

Related products/purchases

Problem recognition can also be stimulated by the purchase of a product. For example, the purchase of a new mobile phone may lead to the recognition of a need for accessories, such as a charger, earphones, a protective cover and apps. The purchase of a laptop may prompt the need for software programs, upgrades, printers and so on.

Marketer-induced problem recognition

Another source of problem recognition is marketers' actions that encourage consumers to feel discontent with their current state or situation. Ads for personal hygiene products such as mouthwash, deodorant and foot sprays may be designed to address concerns consumers can resolve through the use of these products. The Lynx ad in Exhibit 4.4 , the television version of which features young New Zealand actor Julian Dennison, is not only promoting a deodorant but one that encourages confidence and success.

Exhibit 4.4 This ad for Lynx uses humour to show that using its deodorant will also build confidence
Source: Emotive and Unilever Australia

Marketers also tap into consumers' tendency towards *novelty-seeking behaviour,* which leads them to try different brands. Consumers often try new products or brands even when they are basically satisfied with their regular brand. Marketers encourage brand switching by introducing new brands into markets that are already saturated and by using advertising and sales-promotion techniques such as free samples, introductory price offers and coupons.

New products

Problem recognition can also occur when innovative products are introduced and brought to the attention of consumers. Marketers are constantly introducing new products and services and telling consumers about the types of problems they solve. For example, the smartphone has become much more than a telephone, as more and more apps are now available to do just about anything you can think of. Apple's App Store has over 1 million free and for-purchase apps for its smartphones and iPads (see Exhibit 4.5). As more apps are added, these products will become appealing to more consumers.

Exhibit 4.5 Downloads of apps for smartphones and iPads now number in the billions
Source: 123RF/audioundwerbung

Marketers' attempts to create problem recognition among consumers are not always successful. Consumers may not see a problem or need for the product the marketer is selling. A main reason many consumers were initially reluctant to purchase digital television sets was that they failed to see what problems owning one would solve. However, one way manufacturers successfully activated problem recognition was by stressing how movie-like the quality was; when this was coupled with the increase in new homes with movie theatres, the need became more apparent.

Information search

The second stage in the consumer decision-making process is *information search.* Once consumers perceive a problem or need that can be satisfied by the purchase of a product or service, they begin to search for information needed to make a purchase decision. The initial search effort often consists of an attempt to scan information stored in the memory to recall past experiences or knowledge regarding various purchase alternatives.[8] This information retrieval is referred to as **internal search**. For many routine, repetitive purchases, previously acquired information that is stored in the memory (such as past performance or outcomes from using a brand) is sufficient for comparing alternatives and making a choice.

If the internal search does not yield enough information, the consumer will seek additional information by engaging in **external search**. External sources of information include:

- *internet sources*, such as organic and sponsored information available through companies' websites, consumer postings and organisations such as Yelp
- *personal sources,* such as friends, relatives or co-workers
- *marketer-controlled (commercial) sources,* such as information from advertising, salespeople or point-of-purchase displays and packaging
- *public sources,* including websites, articles in magazines or newspapers and reports on TV
- *personal experience,* such as actually handling, examining or testing the product.

Determining how much and which sources of external information to use involves several factors, including the importance of the purchase decision, the effort needed to acquire information, the amount of relevant past experience, the degree of perceived risk associated with the purchase, and the time available. For example, the selection of a movie to see on a Friday night might entail simply talking to a friend or checking an online movie guide with an app or cinema listing. A more complex purchase such as a new car might use a number of information sources—perhaps an online search for reviews, which might uncover articles in *Top Gear,* the RACV or NRMA magazines, *Choice* magazine, websites such as www.howsafeisyourcar.com.au or blogger comments;

discussions with family members and friends in person and online; and the test-driving of cars. At this point in the purchase decision, the information-providing aspects of all of the integrated marketing communication sources are extremely important.

Alternative evaluation

After acquiring information during the information search stage of the decision process, the consumer moves to alternative evaluation. In this stage, the consumer compares the various brands or products and services they have identified as being capable of solving the consumption problem and satisfying the needs or motives that initiated the decision process. The various brands identified as purchase options to be considered during the alternative evaluation process are referred to as the consumer's *evoked set.*

The evoked set

The evoked set is generally only a subset of all of the brands of which the consumer is aware. The consumer reduces the number of brands to be reviewed during the alternative evaluation stage to a manageable level. The exact size of the evoked set varies from one consumer to another and depends on such factors as the importance of the purchase and the amount of time and energy the consumer wants to spend comparing alternatives.

The goal of most integrated marketing communication strategies is to increase the likelihood that a brand will be included in the consumer's evoked set and considered during alternative evaluation. Marketers use communication to create *top-of-mind awareness* among consumers so that their brands are part of the evoked set of their target audiences. Popular brands with large communication budgets use *reminder advertising* to maintain high awareness levels and increase the likelihood that they will be considered by consumers in the market for the product. Marketers of new brands or those with a low market share need to gain awareness among consumers and break into their evoked sets.

Coca-Cola ran a campaign that celebrated 80 years since it was first made and bottled in Australia (Exhibit 4.6   ) which reminds us of the everyday connection we have with Coca-Cola over the years.

Exhibit 4.6 Coca-Cola advertisement commemorating 80 years of being made in Australia, reminding people of the connection it has with our everyday life
Source: McCann Sydney and Coca-Cola

Advertising is a valuable marketing communication tool for creating and maintaining brand awareness and making sure a brand is included in the evoked set. However, marketers also work to promote their brands in the actual environment where purchase decisions are made. Point-of-purchase materials and marketing communication techniques such as in-store sampling, end-aisle displays or shelf tags announcing special prices encourage consumers to consider brands that may not initially have been in their evoked set.

Evaluative criteria and consequences

Once consumers have identified an evoked set and have a list of alternatives, they must evaluate the various brands. This involves comparing the alternatives on specific criteria important to the consumer. **Evaluative criteria**   are the dimensions or

attributes of a product or service that are used to compare different alternatives. Evaluative criteria can be objective or subjective. For example, in buying a motor vehicle, consumers use objective attributes such as price, warranty and fuel economy as well as subjective factors including image, styling and perceived performance.

Evaluative criteria are usually viewed as product or service attributes. Many marketers view their products or services as *bundles of attributes*, but consumers tend to think about products or services in terms of their *consequences* instead. Consequences are specific events or outcomes that consumers experience when they purchase or consume a product or service.[9] There are two broad types of consequences: **Functional consequences** are concrete outcomes of product or service usage that are tangible and directly experienced by consumers. The taste of a soft drink or a potato chip, the acceleration of a car, and the clarity of a mobile screen are functional consequences. An example is the Solo Lemon drink, which is the 'Thirst Crusher'. **Psychosocial consequences** are abstract outcomes that are more intangible, subjective and personal, such as how a product makes you feel, or how you think others will view you for purchasing or using it. An example is Toyota's 'Oh what a feeling!'.

Exhibit 4.7 Quit Victoria balances both the negative consequences of not giving up smoking and the positives of embracing the message
Source: Shutterstock/wong sze yuen

Marketers should distinguish between product/service attributes and consequences, because the importance and meaning consumers assign to an attribute are usually determined by its consequences for them. Moreover, advertisers must be sure consumers understand the link between a particular attribute and a consequence. For example, Quit Victoria's anti-smoking campaigns have highlighted pregnancy as a great reason to never give up on quitting. The negative consequence of not heeding the message is harming an unborn child, and the positive outcome is being a healthier mum.

Product/service attributes and the consequences or outcomes consumers think they will experience from a particular brand are very important, for they are often the basis on which consumers form attitudes and purchase intentions and decide among various choice alternatives. Two subprocesses are very important during the alternative evaluation stage: (1) the process by which consumer attitudes are created, reinforced and changed; and (2) the decision rules or integration strategies consumers use to compare brands and make purchase decisions. We will examine each of these processes in more detail later in the chapter after we have finished considering all of the stages in decision making.

Purchase decision

At some point in the buying process, the consumer must stop searching for and evaluating information about alternative brands in the evoked set and make a *purchase decision*. As an outcome of the alternative evaluation stage, the consumer may develop a **purchase intention** or predisposition to buy a certain brand. Purchase intentions are generally based on matching purchase motives with the attributes or characteristics of the brands under consideration. Their formation involves many of the personal subprocesses discussed later in this chapter, including motivation, perception, attitude formation and integration.

A purchase decision is not the same as an actual purchase. Once a consumer chooses which brand to buy, he or she must still implement the decision and make the actual purchase. Additional decisions may be needed, such as when to buy, where to buy and how much money to spend. Often, there is a time delay between the formation of a purchase intention or decision and the actual purchase, particularly for highly involved and complex purchases such as motor vehicles, personal computers and consumer durables.

For non-durable products, which include many low-involvement items such as consumer package goods, the time between the decision and the actual purchase may be short. Before leaving home, the consumer may make a shopping list that includes specific brand names because the consumer has developed **brand loyalty** —a preference for a particular brand that results in its repeated purchase. Marketers strive to develop and maintain brand loyalty among consumers. They use reminder advertising to keep their brand names in front of consumers, maintain prominent shelf positions and displays in stores, run periodic promotions to deter consumers from switching brands, and offer loyalty cards or points to reward patronage.

Gaining and maintaining consumers' brand loyalty is not easy. Competitors use many techniques to encourage consumers to try their brands, among them new product introductions and free samples. Some are very successful as Table 4.1 shows. Marketers must continually battle to maintain their loyal consumers while replacing those who switch brands.

Athletic footwear	Reebok
Automotive	Hyundai
Breakfast bars	Nature Valley
Car rental	Avis
Cosmetics (luxury)	Dior
Cosmetics (mass)	L'Oreal
Energy drinks	Red Bull
E-readers	Amazon Kindle
Flat-screen TV	Samsung
Hotel (luxury)	JW Marriott
Online music	Spotify
Online retailer	Amazon
Online video streaming	Netflix
Pizza	Domino's
Printers	Epson
Retail (apparel)	Zara
Search engine	Google
Smartphones	Samsung
Social networking sites	Facebook/Instagram
Soft drinks (regular)	Pepsi
Tablets	Apple
Toothpaste	Colgate
Toys	Lego

Purchase decisions for non-durable convenience items sometimes take place in the store, almost simultaneously with the purchase. Marketers must ensure that consumers have top-of-mind awareness of their brands so that they are quickly recognised and considered. These types of decisions are influenced at the actual point of purchase. Packaging, shelf displays, point-of-purchase materials and sales promotion tools such as cashback offers or premium offers can influence decisions made through constructive processes at the time of purchase.

Postpurchase evaluation

The consumer decision process does not end with the purchase. After using the product or service, the consumer compares the level of performance with expectations and is either satisfied or dissatisfied. *Satisfaction* occurs when the consumer's expectations are either met or exceeded; *dissatisfaction* results when performance is below expectations. The postpurchase evaluation process is important because the feedback acquired from the actual use of a product will influence the likelihood of future purchases. Positive performance means the brand is retained in the evoked set and increases the likelihood that it will be purchased again. Unfavourable outcomes may lead the consumer to form negative attitudes towards the brand, lessening the possibility that it will be purchased again or even eliminating it from the consumer's evoked set.

Another possible outcome of purchase is **cognitive dissonance**, a feeling of psychological tension or postpurchase doubt that a consumer experiences after making a difficult purchase choice. Dissonance is more likely to occur in important decisions where the consumer must choose among close alternatives (especially if the unchosen alternative has unique or desirable features that the selected alternative does not have).

Consumers experiencing cognitive dissonance may use a number of strategies to attempt to reduce it. They may seek out reassurance and opinions from others to confirm the wisdom of their purchase decision, lower their attitudes or opinions of the unchosen alternative, deny or distort any information that does not support the choice they made, or look for information that does support their choice. An important source of supportive information is advertising; consumers tend to be more attentive to advertising for the brand they have chosen.[10] Thus, it may be important for companies to advertise to reinforce consumer decisions to purchase their brands or to follow up with after-sales service surveys.

Marketers must recognise the importance of the postpurchase evaluation stage. Dissatisfied consumers who experience dissonance are not only unlikely to repurchase the marketer's product but may also spread negative word-of-mouth information that deters others from purchasing the product or service.[11] The best guarantee of favourable postpurchase evaluations is to provide consumers with a quality product or service that always meets their expectations. Marketers must be sure their marketing communication activities do not create unreasonable expectations that their products cannot meet. For example, can drinking a Coke make a person happy?
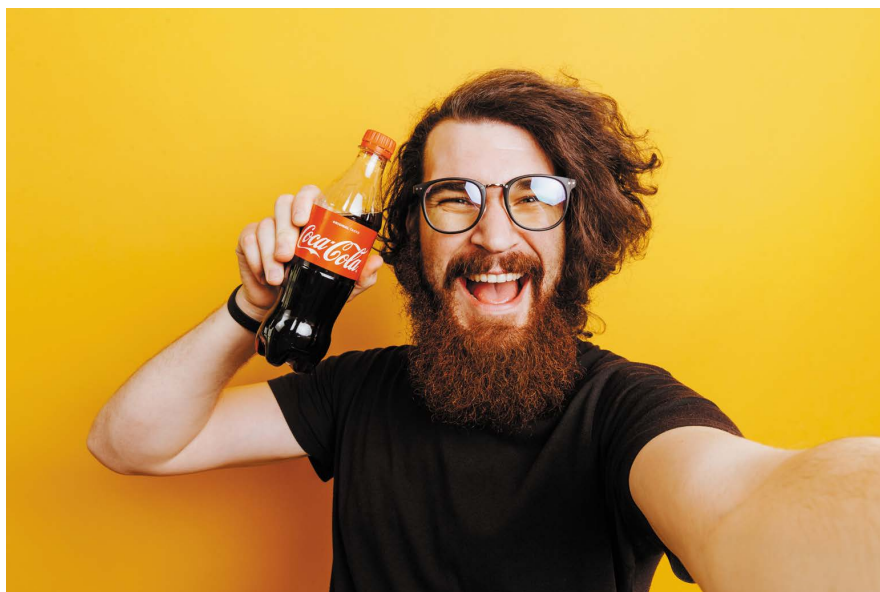
Exhibit 4.8 With its *Open Happiness* campaign, Coca-Cola hopes that drinking a Coke will bring happiness, but risks disappointment from customers
Source: Shutterstock/Vulp

Marketers have come to realise that postpurchase communication is also important. Some companies send follow-up letters and brochures to reassure buyers and reinforce the wisdom of their decision. Many companies set up toll-free numbers or email addresses for consumers to use if they need information or have a question or complaint regarding a product. Marketers also offer generous return and refund policies and extended warranties and guarantees to ensure customer satisfaction. Some messages work because not only do they show the problem, but in viewing the message the purchasers are reminded of the reasons why they purchased the product, which reinforces their satisfaction.

INFLUENCES AT EACH STAGE OF THE DECISION-MAKING PROCESS

We have seen how consumers follow a series of stages in their buying behaviour. We can now look at the drivers that influence each of the stages.

Motivation

Internal psychological processes are at work within buyers. Going back to the first stage in the basic model of consumer decision making, marketers recognise that while problem recognition is often a basic, simple process, the way a consumer perceives a problem and becomes motivated to solve it will influence the remainder of the decision-making process. For example, one consumer may perceive the need to purchase a new watch from a functional perspective and focus on reliable, low-priced alternatives. Another consumer may see a watch as more of a fashion statement or status symbol and focus on the design and image of various brands. To better understand the reasons underlying consumer purchases, marketers devote considerable attention to examining **motives**—that is, those factors that compel a consumer to take a particular action.

Hierarchy of needs

One approach to understanding consumer motivations is based on the classic theory of human motivation popularised many years ago by psychologist Abraham Maslow.[12] His **hierarchy of needs** theory postulates five basic levels of human needs, arranged in a hierarchy based on their importance. As shown in Figure 4.3, the five needs are (1) *physiological*—the basic level of primary needs for the things required to sustain life, such as food, shelter, clothing and sex; (2) *safety*—the need for security and safety from physical harm; (3) *social/love and belonging*—the desire to have satisfying relationships with others and feel a sense of love, affection, belonging and acceptance; (4) *esteem*—the need to feel a sense of accomplishment and gain recognition, status and respect from others; and (5) *self-actualisation*—the need for self-fulfilment and a desire to realise one's own potential.
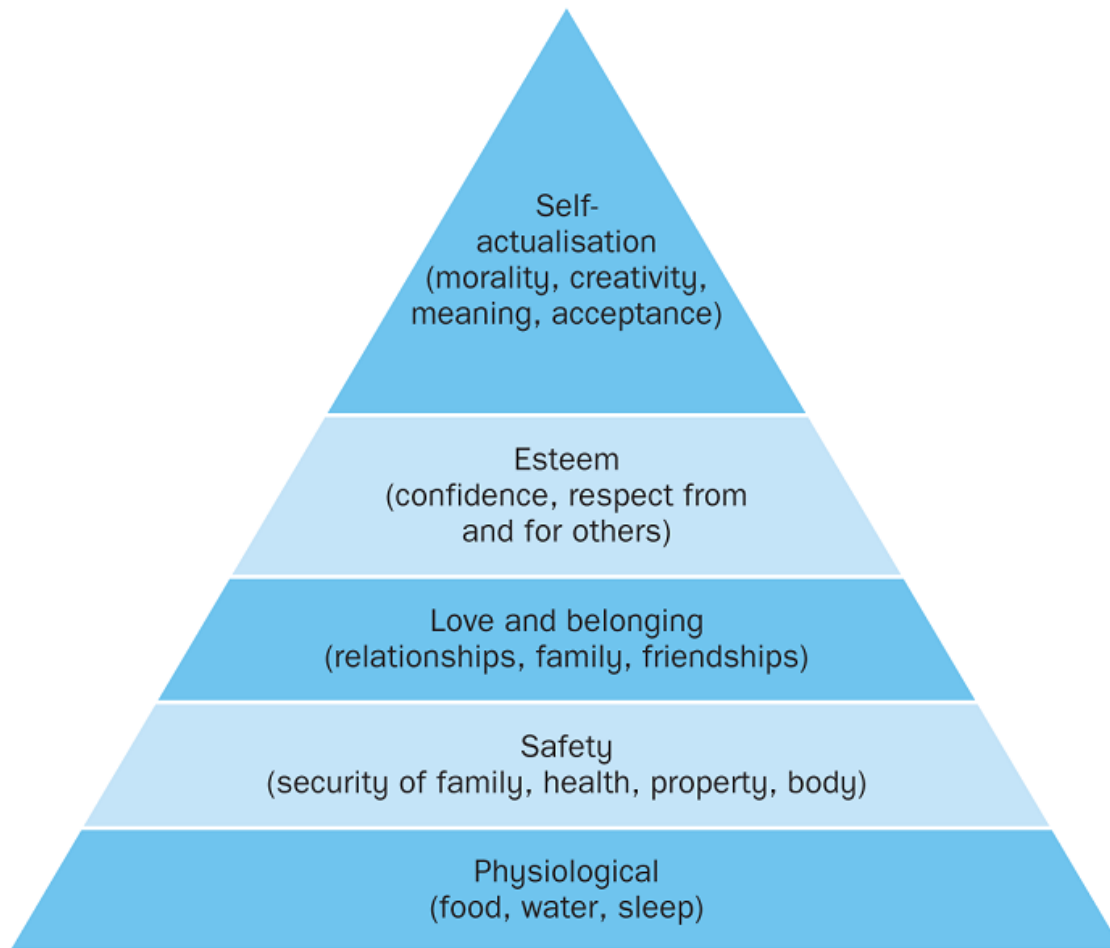
Figure 4.3 Maslow's hierarchy of needs

According to Maslow's theory, the lower-level physiological and safety needs must be satisfied before the higher-order needs become meaningful. Once these basic needs are satisfied, the individual moves on to attempting to satisfy higher-order needs such as self-esteem. In reality, it is unlikely that people move through the needs hierarchy in a stair-step manner. Lower-level needs are an ongoing source of motivation for consumer purchase behaviour. However, since basic physiological needs are met in most developed countries, marketers often sell products that fill basic physiological needs by appealing to consumers' higher-level needs. For example, Snickers' message positions the candy bar as a solution to hunger. Its campaign emphasises the problem of making spelling mistakes when you're hungry because of lack of concentration, and that Snickers can satisfy this physiological need.

Exhibit 4.9 The Snickers message focuses on the importance of satisfying your hunger, which is a physiological need: *Oh deer. Its hard to spel when your hungry*
Source: Shutterstock/MEzairi

While Maslow's needs hierarchy has flaws, it offers a framework for marketers to use in determining which needs they want their products and services to be shown to satisfy. Communication campaigns can then be designed to illustrate how a brand can fulfil these needs. Marketers also recognise that different market segments emphasise different need levels. For example, in Exhibit 4.10 featuring actor/singer Victoria Justice, the *Body by Milk* campaign appeals to both esteem and health needs. The ads are targeted at teens and designed to educate them about the nutritional benefits of milk and how it can

help them look their best.

Exhibit 4.10 *Body by Milk* addresses both esteem and nutrition needs
Source: The California Milk Advisory Board

Psychoanalytic theory and motivation research

A somewhat more controversial approach to the study of consumer motives is the **psychoanalytic theory** pioneered by Sigmund Freud.[13] Although his work dealt with the structure and development of personality, Freud also studied the underlying motivations for human behaviour. Psychoanalytic theory had a strong influence on the development of modern psychology and on explanations of motivation and personality. It has also been applied to the study of consumer behaviour by marketers interested in probing deeply rooted motives that may underlie purchase decisions.

Those who attempt to relate psychoanalytic theory to consumer behaviour believe consumers' motivations for purchasing are often very complex, and unclear to the casual observer—and to the consumers themselves. Many motives for purchase and consumption may be driven by deep motives one can determine only by probing the subconscious.

Among the first to conduct this type of research in marketing, Ernest Dichter and James Vicary were employed by a number of major corporations to use psychoanalytic techniques to determine consumers' purchase motivations. The work of these researchers was known as **motivation research**.

Motivation researchers use a variety of methodologies to gain insight into the underlying causes of consumer behaviour. Methods employed include in-depth interviews, projective techniques, association tests, focus groups in which consumers are encouraged to bring out associations related to products and brands, and brain mapping (see Figure 4.4). As one might expect, such associations often lead to interesting insights as to why people purchase. For example:

- A man's purchase of a high-priced fur for his wife proves his potency.[14]
- Consumers prefer large cars because they believe such cars protect them from the 'jungle' of everyday driving.[15]
- Women like to bake cakes because they feel like they are giving birth to a baby.
- Women wear perfume to 'attract a man' and 'glorify their existence'.
- When people shower, their sins go down the drain with the soap as they rinse.[16]

In-depth interviews

Face-to-face situations in which an interviewer asks a consumer to talk freely in an unstructured interview using specific questions designed to obtain insights into his or her motives, ideas or opinions.

Projective techniques

Efforts designed to gain insights into consumers' values, motives, attitudes or needs that are difficult to express or identify by having them project these internal states upon some external object.

Association tests

A technique in which an individual is asked to respond with the first thing that comes to mind when he or she is presented with a stimulus; the stimulus may be a word, picture, ad and so on.

Focus groups

A small number of people with similar backgrounds and/or interests who are brought together to discuss a particular product, idea or issue.

Neuroscience brain mapping

A technique in which fMRI, ECG or SST are used to measure activity in the brain in response to marketing stimuli. The mapped responses indicate levels of attention, memory, emotion and engagement.

Figure 4.4 Some of the marketing research methods used to probe the mind of the consumer

As you can see from these examples, motivation research has led to some very interesting, albeit controversial, findings and much scepticism from marketing managers. However, major corporations and advertising agencies continue to use research into motivation to help them market their products. They just don't interpret it today in such a deep-rooted way.

Ethnography and other motivation research

Psychoanalytic theory has been criticised as being too vague, unresponsive to the external environment, and too reliant on the early development of the individual. Because of the emphasis on the unconscious, results were difficult if not impossible to verify, leading to criticism of motivation research both for the conclusions drawn and its lack of experimental validation. Since motivation research studies typically used so few participants, there was also concern that all it really discovered were the idiosyncrasies of a few individuals and it was argued that its findings were not capable of being generalised to the whole population.

The psychological approach today is combined with **ethnographic research** to further our understanding of consumer behaviour. Its insights can often be used as a basis for messages aimed at buyers' deeply rooted feelings, hopes, aspirations and fears. Such strategies have been shown to be more effective than rationally based appeals.

One such example is Universal Studios[17] which created a campaign that emphasised escapism and the idea that a visit to Universal represents a rite of passage that parents share with their teenage children. This was as a result of insights uncovered when the emotions of visiting Universal and Disney World were compared. It was found that Disney World generated feelings to do with family bonding. A visit to Disney World was the creation of a childhood rite of passage that parents shared when they took their young children on their first visit. Projective techniques such as guided imagery, assigning words and pictures and

laddering were all used to uncover the emotions that were experienced when visiting each theme park.

The qualitative nature of the research is considered important in assessing how and why consumers buy. Focus groups and in-depth interviews are valuable methods for gaining insights into consumers' feelings, and projective techniques are one way to get around stereotypical or socially desirable responses. In addition, motivation research was the forerunner of **psychographics**, a method of segmentation used today, that is based on personality and/or lifestyle. More recently, the use of **neuroscience**, is proving a useful way of exploring the way in which the brain works and in particular responds to images and how these images influence behaviour. As several studies conclude, the key contribution of consumer neuroscience is the emphasis on emotions and their influence on consumer decision making.[18] [19] The discovery that emotion, as an unconscious and automatic process, plays a central role in generating behaviour is a major finding. While there is unlikely to be a 'buy button' in the brain, we know that buyers are motivated as much by symbolic as by functional drives in their purchase decisions.

Perception

The next internal psychological process influencing buyers' decision making that we will consider is **perception**. Knowledge of how consumers acquire and use information from external sources is important to marketers in formulating communication strategies. Marketers are particularly interested in: (1) how consumers sense external information; (2) how they select and attend to various sources of information; and (3) how this information is interpreted and given meaning. These processes are all part of perception, the process by which an individual receives, selects, organises and interprets information to create a meaningful picture of the world.[20] Perception is an individual process; it depends on internal factors such as a person's beliefs, experiences, needs, moods and expectations. The perceptual process is also influenced by the characteristics of a stimulus (such as its size, colour and intensity) and the context in which it is seen or heard (see Exhibit 4.11).
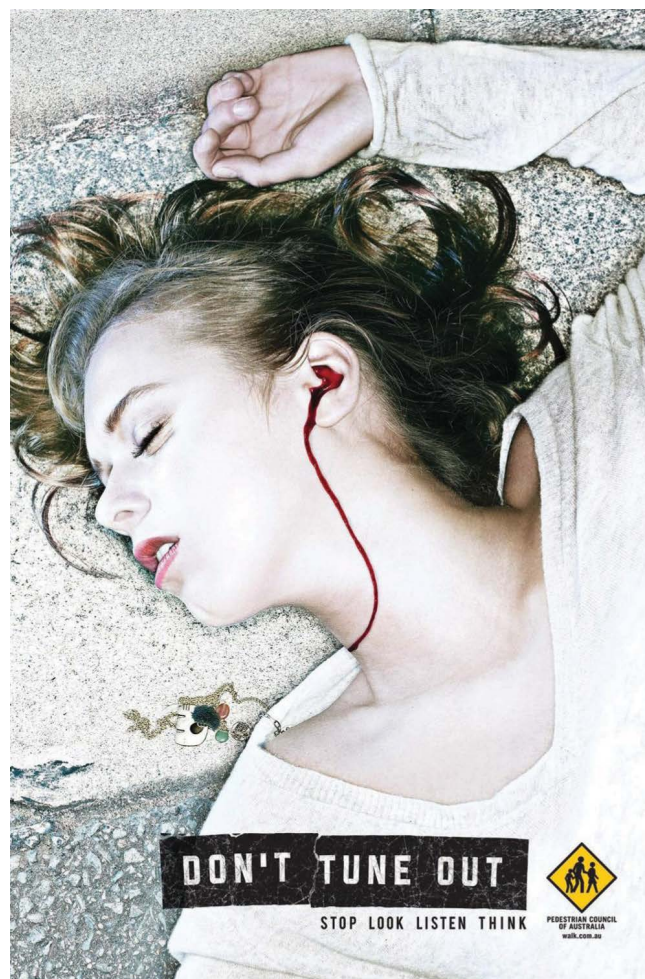
Exhibit 4.11 The Pedestrian Council of Australia uses a shocking image with the colour red representing earphones as well as blood from the ear after the person, who wasn't paying attention because of listening to music through headphones, was hit
Source: Pedestrian Council of Australia Ltd

Sensation

Perception involves three distinct processes. **Sensation** is the immediate, direct response of the senses (taste, smell, sight, touch and hearing) to a stimulus such as an ad, package, brand name or point-of-purchase display. Perception uses these senses to create a representation of the stimulus. Marketers recognise that it is important to understand consumers' physiological reactions to marketing stimuli. For example, the visual elements of an ad or package design must attract consumers' favourable

attention.[21]

Marketers sometimes try to increase the level of sensory input so that their advertising messages will get noticed. For example, marketers of colognes and perfumes often use strong visuals as well as scent strips to appeal to multiple senses and attract the attention of magazine readers.[22] Microcomputer chips inserted into direct mail pieces that when opened link to a song playing or that deliver a message are increasingly common. Advertisers have built sensory technology into their messages to engage the senses. Coles have used a similar strategy to promote their Lemon Myrtle Hot Cross Buns (Exhibit 4.12   ).

Exhibit 4.12 Coles used scratch-and-sniff technology to promote their specialty hot cross buns
Source: Getty/Bloomberg/Contributor

Selecting information

Sensory inputs are important but are only one part of the perceptual process. Other determinants of whether marketing stimuli will be attended to and how they will be interpreted include internal psychological factors such as the consumer's personality, needs, motives, expectations and experiences. These psychological inputs explain why people focus attention on some things and ignore others. Two people may perceive the same stimuli in very different ways because they select, attend and comprehend differently. An individual's perceptual processes usually focus on elements of the environment that are relevant to his or her needs and tune out irrelevant stimuli. Think about how much more attentive you are to advertising for smartphones, tyres or electronics when you are in the market for one of these products.

Interpreting the information

Once a consumer selects and attends to a stimulus, the perceptual process focuses on organising, categorising and interpreting the incoming information. This stage of the perceptual process is individualised and is influenced by internal psychological factors. The interpretation and meaning an individual assigns to an incoming stimulus also depends in part on the nature of the stimulus. For example, many ads are objective, and their message is clear and straightforward. Other ads are more ambiguous, and their meaning is strongly influenced by the consumer's individual interpretation.

Selectivity occurs throughout the various stages of the consumer's perceptual process. Perception may be viewed as a filtering process in which internal and external factors influence what is received and how it is processed and interpreted. The sheer number and complexity of the marketing stimuli to which a person is exposed on any given day require that this filtering occur. **Selective perception**   may occur at the exposure, attention, comprehension or retention stage of perception, as shown in Figure 4.5.

Figure 4.5 The selective perception process

Selective perception

Selective exposure occurs as consumers choose whether or not to make themselves available to information. For example, a viewer of a television show may change channels or leave the room during commercial breaks.

Selective attention occurs when the consumer chooses to focus attention on certain stimuli while excluding others. One study of selective attention estimated that the typical consumer is exposed to nearly 1500 ads per day yet perceives only 76 of these messages.[23] Other estimates are as high as 4000 exposures per day. This means advertisers must make considerable effort to get their messages noticed. Advertisers often use the creative aspects of their messages to gain consumers' attention. For example, some use colour distinctively. This creative tactic has been used for many products, among them Cadbury (purple), ING (orange) and Virgin (red).

Even if the consumer does notice the message, there is no guarantee it will be interpreted in the intended manner. Consumers may engage in **selective comprehension**, interpreting information on the basis of their own attitudes, beliefs, motives and experiences. They often construe information in a manner that supports their own position. For example, a message that reflects poorly on a consumer's favourite brand may be seen as biased or untruthful, and its claims may not be accepted.

The final screening process shown in Figure 4.5 is **selective retention**, which means consumers do not remember all of the information they see, hear or read even after attending to and comprehending it. Advertisers attempt to make sure information will be retained in the consumer's memory so that it will be available when it is time to make a purchase. **Mnemonics** such as symbols, rhymes, associations and images that assist the learning and memory process are helpful. Many advertisers use telephone numbers that spell out the company name and are easy to remember. Duracell puts pictures of its pink bunny on packages to remind consumers at the point of purchase of its creative advertising.

Attitudes

Attitudes are one of the most heavily studied concepts in consumer behaviour. According to Gordon Allport's classic definition, 'attitudes are learned predispositions to respond to an object'.[24] More recent perspectives view attitudes as a summary construct that represents an individual's overall feelings towards or evaluation of an object.[25] Consumers hold attitudes towards a variety of objects that are important to marketers, including individuals (celebrity endorsers such as Zhang Ziyi or Cate Blanchett), brands (Vegemite, Billabong), companies (Intel, Microsoft), product categories (lamb, chicken, tuna), retail stores (David Jones, Target) or even advertisements (Nike ads).

Attitudes are important to marketers because theoretically they summarise a consumer's evaluation of an object (or brand or company) and represent positive or negative feelings and behavioural tendencies. Marketers' keen interest in attitudes is based on the assumption that they are related to consumers' purchase behaviour. There is evidence that supports the basic assumption of a relationship between attitudes and behaviour.[26] The attitude–behaviour link does not always hold; many other factors can affect behaviour.[27] But attitudes are very important to marketers. Marketing communication activities are used to create favourable attitudes towards new products/services or brands, reinforce existing favourable attitudes and/or change negative attitudes. An approach to studying and measuring attitudes that is particularly relevant to marketing communication is the use of multiattribute attitude models.

Multiattribute attitude models

Consumer researchers and marketing practitioners have been using multiattribute attitude models to study consumer attitudes for many years.[28] A **multiattribute attitude model** views an attitude object, such as a product or brand, as possessing a number of attributes that provide the basis on which consumers form their attitudes. According to this model, consumers have beliefs about specific brand attributes and attach different levels of importance to these attributes. Using this approach, an attitude towards a particular brand can be represented as

$$A_B = \sum_{i=1} B_i \times E_i$$

where
A_B = attitude towards a brand
B_i = beliefs about the brand's performance on attribute i
E_i = importance attached to attribute i
n = number of attributes considered

For example, a consumer may have beliefs (B_i) about various brands of toothpaste on certain attributes. One brand may be perceived as having fluoride and thus preventing cavities, tasting good and helping control tartar build-up. Another brand may not be perceived as having these attributes, but consumers may believe it performs well on other attributes such as freshening breath and whitening teeth.

To predict attitudes, one must know how much importance consumers attach to each of these attributes (E_i). For example, parents purchasing toothpaste for their children may prefer a brand that performs well on cavity prevention, a preference that leads to a more favourable attitude towards the first brand. Teenagers and young adults may prefer a brand that freshens their breath and makes their teeth white and thus prefer the second brand.

Consumers may hold a number of different beliefs about brands in any product or service category. However, not all of these beliefs are activated in forming an attitude. Beliefs concerning specific attributes or consequences that are activated and form the basis of an attitude are referred to as **salient beliefs**. Marketers should identify and understand these salient beliefs. They must also recognise that the saliency of beliefs varies among different market segments, over time and across different consumption situations.

Attitude change strategies

Multiattribute models help marketers understand and diagnose the underlying basis of consumers' attitudes. By understanding the beliefs that underlie consumers' evaluations of a brand and the importance of various attributes or consequences, the marketer is better able to develop communication strategies for creating, changing or reinforcing brand attitudes. The multiattribute model provides insight into several ways in which marketers can influence consumer attitudes, including:

- *increasing or changing the strength or belief rating of a brand on an important attribute.* The first strategy is commonly used by advertisers. They identify an attribute or consequence that is important and remind consumers how well their brand performs on this attribute. In situations where consumers do not perceive the marketer's brand as possessing an important attribute or the belief strength is low, advertising strategies may be targeted at changing the belief rating. Even when belief strength is high, advertising may be used to increase the rating of a brand on an important attribute. In Exhibit 4.13 , Fiat promotes the comfort of its cars to change a consumer belief that compact cars are uncomfortable.

- *changing consumers' perceptions of the importance or value of an attribute.* Marketers often attempt to influence consumer attitudes by changing the relative importance of a particular attribute. This second strategy involves getting consumers to attach more importance to the attribute in forming their attitude towards the brand. Marketers using this strategy want to increase the importance of an attribute possessed by their particular brand. For example, demonstrating style rather than safety in Volvo ads.

- *adding a new attribute to the attitude formation process.* The third strategy for influencing consumer attitudes is to add or emphasise a new attribute that consumers can use in evaluating a brand. Marketers often do this by improving their products or focusing on additional benefits or consequences associated with using the brand.

- *changing perceptions of belief ratings for a competing brand.* A final strategy that marketers use is to change consumer beliefs about the attributes of competing brands or product categories. This strategy has become more common in comparative advertising, where marketers compare their brands to competitors' on specific product attributes. Or, they may reposition perceptions of another market player.
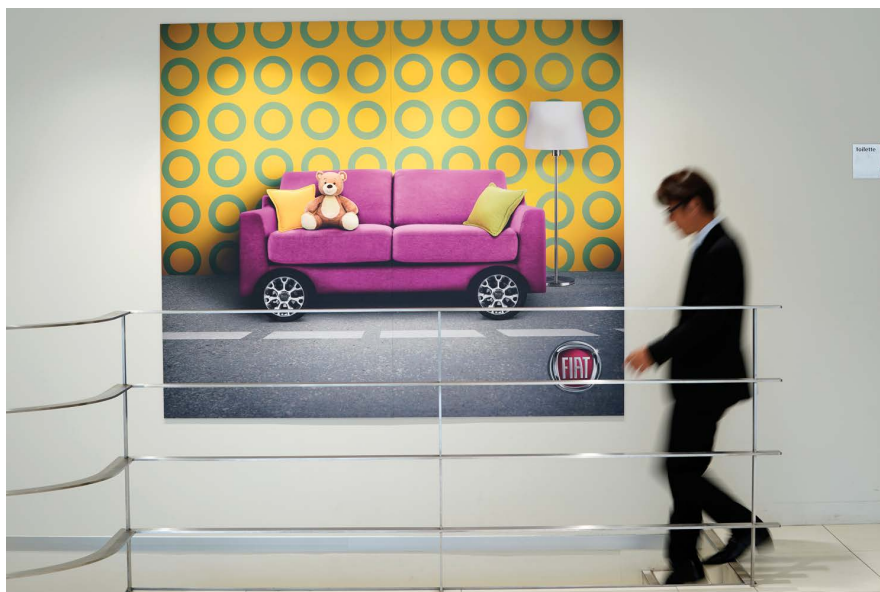
Integration processes and decision rules

Another important aspect of the alternative evaluation stage is the way consumers combine information about the characteristics of brands to arrive at a purchase decision. **Integration processes** are the ways in which product knowledge, meanings and beliefs are combined to evaluate two or more alternatives.[29] Analysis of the integration process focuses on the different types of *decision rules* or strategies consumers use to decide among purchase alternatives.

Consumers often make purchase selections by using formal integration strategies or decision rules that require examination and comparison of alternatives on specific attributes. This process involves a very deliberate evaluation of the alternatives, attribute by attribute. When consumers apply such formal decision rules, marketers need to know which attributes are being considered so as to provide the information the consumers require.

Sometimes consumers make their purchase decisions using more simplified decision rules known as **heuristics**. Peter and Olson note that heuristics are easy to use and are highly adaptive to specific environmental situations (such as a retail store).[30] For familiar products that are purchased frequently, consumers may use price-based heuristics (buy the least expensive brand) or promotion-based heuristics (choose the brand for which I can get a price reduction through a special deal or rebate).

One type of heuristic is the **affect referral decision rule**.[31] This is a rule in which consumers make a selection on the basis of an overall impression or summary evaluation of the various alternatives under consideration. This decision rule suggests that consumers have affective impressions of brands stored in the memory that can be accessed at the time of purchase. How many times have you gone into a store and made purchases based on your overall impressions of the brands rather than going through detailed comparisons of the alternatives' specific attributes?

Marketers selling familiar and popular brands may appeal to an affect referral rule by stressing overall affective feelings or impressions about their products. Market leaders, whose products enjoy strong overall brand images, often use ads that promote the brand as the best overall. Baker's Delight *bread* (see Exhibit 4.14) is an example of this strategy.
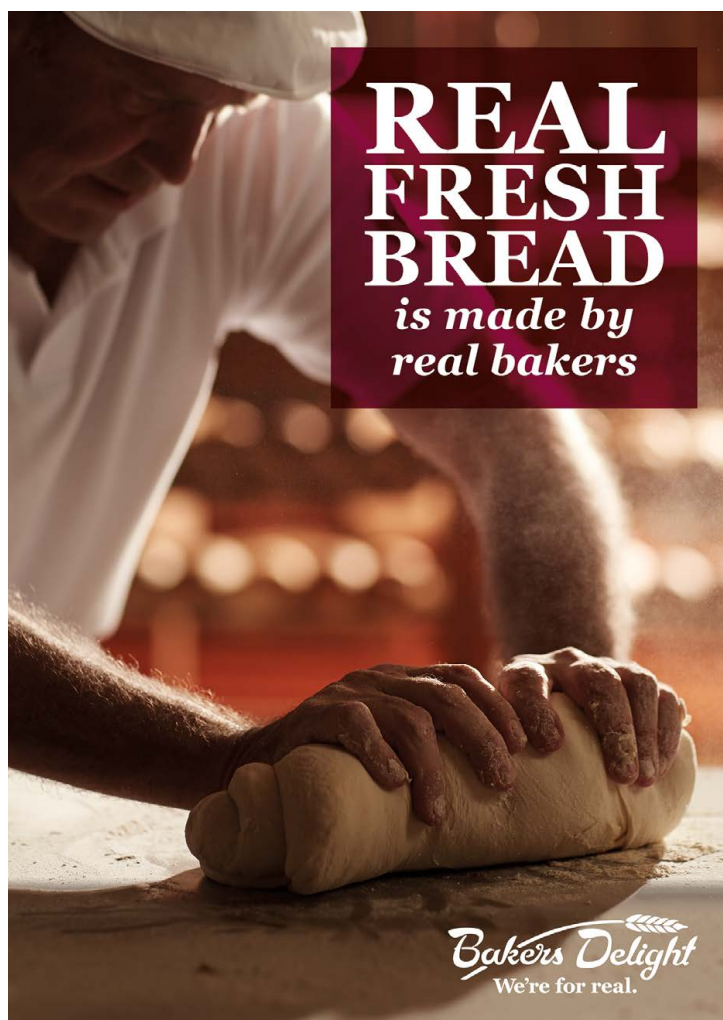
Exhibit 4.14 Market leaders such as Baker's Delight can appeal to consumer affect
Source: Baker's Delight

Variations in consumer decision making

The preceding sections have described a general model of consumer decision making and the corresponding internal psychological processes at work. But consumers do not always engage in all five steps of the purchase decision process or proceed in the sequence presented. They may minimise or even skip one or more stages if they have previous experience in purchasing the product or service, or if the decision is of low personal, social or economic significance—that is, of low involvement. To develop effective marketing communication strategies and programs, marketers need some understanding of the problem-solving processes their target consumers use to make purchase decisions.[32]

Many of the purchase decisions we make as consumers are based on a habitual or routine choice process. For many low-priced, frequently purchased products, the decision process consists of little more than recognising the problem, engaging in a quick internal search and making the purchase. The consumer spends little or no effort engaging in external search or alternative evaluation.

Marketers of products characterised by a routine response purchase process need to get and keep their brands in the consumer's evoked set and avoid anything that may result in their removal from consideration. Established brands that have strong market share position are likely to be in the evoked set of most consumers. Marketers of these brands want consumers to follow a routine choice process and continue to purchase their products. This means maintaining high levels of brand awareness through reminder advertising, periodic sales promotions and prominent shelf positions in retail stores.

Marketers of new brands or those with a low market share face a different challenge. They must find ways to disrupt consumers' routine choice process and get them to consider different alternatives. High levels of advertising may be used to encourage trial or brand switching, along with sales promotion efforts in the form of free samples, special price offers, cashback deals and the like.

A more complicated decision-making process may occur when consumers have limited experience in purchasing a particular product or service and little or no knowledge of the brands available or the criteria to use in making a purchase decision. They may have to learn what attributes or criteria should be used in making a purchase decision and how the various alternatives perform on these dimensions. For products or services characterised by problem solving, whether limited or extensive, marketers should make available information that will help consumers decide. Advertising that provides consumers with detailed information about a brand and how it can satisfy their purchase motives and goals is important. Marketers may also want to give consumers information at the point of purchase, through either displays or brochures. Distribution channels should have knowledgeable sales people available to explain the features and benefits of the company's product or service and convey why it is superior to competing products.

An ad by Michelin (see Exhibit 4.15) shows how it can appeal to consumers who are uncertain of how competitor brand offerings compare.

Exhibit 4.15 This Michelin ad stresses advantages over competitors' ads

MICRO INFLUENCES ON CONSUMER BEHAVIOUR

The discussion of the decision process shows that the way consumers make a purchase varies depending on a number of factors, including the nature of the product or service, the amount of experience they have with the product, and the importance of the purchase. One factor in the level of problem solving to be employed is the consumer's *involvement* with the product or brand. Chapter 5 examines the communication process, the meaning of involvement, the difference between low- and high-involvement decision making, and the implications of involvement for developing integrated marketing communication strategies.

Our examination of consumer behaviour thus far has looked at the decision-making process from a *cognitive orientation*. The five-stage decision process model views consumers as problem solvers and information processors who engage in a variety of mental processes to evaluate various alternatives and determine the degree to which they might satisfy needs or purchase motives. There are, however, other perspectives regarding how consumers acquire the knowledge and experience they use in making purchase decisions. To understand these perspectives, we examine various approaches to learning and their implications for integrated marketing communication.

Consumer learning has been defined as 'the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behaviour'.[33] Two basic approaches to learning are the behavioural approach and cognitive learning theory.

Behavioural learning theory

Behavioural learning theories emphasise the role of external environmental stimuli in causing behaviour; they minimise the significance of internal psychological processes. Behavioural learning theories are based on the *stimulus–response orientation* (*S–R*), the premise that learning takes place as the result of responses to external stimuli in the environment. Behavioural learning theorists believe learning occurs through the connection between a stimulus and a response. We will examine the basic principles of two behavioural learning theory approaches—classical conditioning and operant conditioning.

♻ IMC PERSPECTIVE 4.1

SUBLIMINAL ADVERTISING—MAYBE IT DOES WORK AFTER ALL!

It has been more than half a century since Vance Packard's famous book *The Hidden Persuaders* shocked the world. In his book, Packard accused advertisers of using research techniques such as 'depth interviews' and 'motivation research' to develop messages that appealed to consumers' subconscious. These appeals led consumers to be persuaded to make purchases without consciously being aware of why they made their choices. At about the same time, James Vicary, a motivational researcher, introduced the concept of subliminal advertising, reporting that he had increased the sales of popcorn and Coke by

subliminally flashing the messages 'eat popcorn' and 'drink Coca-Cola' across the screen (2012 marked the 50th anniversary of Vicary's confession that his research study was a hoax). Wilson Bryant Key further fuelled the fire with his books claiming that subliminal advertising was, indeed, manipulating consumer behaviours.

A rash of research studies, articles and books designed to explore motivation research and subliminal advertising soon followed in an attempt to determine the veracity of these techniques. In a series of extensive reviews on the topic, Timothy Moore concluded that there was no evidence to support the idea that subliminal messages can affect consumers' motivations, perceptions or attitudes. For a long period of time, subliminal advertising, motivation research and the application of psychoanalytic theory to consumer behaviours seemed to go away, with members of society and academia apparently losing interest. But while the studies went away, they never really disappeared.

In the 1990s, a number of studies surfaced arguing that subliminal advertising could work. Then, in the 2000 Bush–Gore presidential campaign in the USA, the Republicans were accused of subliminally implanting the word *RATS* into ads showing Al Gore to associate the word with the Democrat politician. They ran the ad about 4000 times before it was discovered and pulled due to protests. Eight years later, political scientist Joel Weinberger, inspired by the controversy surrounding the ad, ran an experiment in which he found that flashing the word *RATS* in a TV commercial could increase the negative evaluations of a politician. Once again, motivation research was back in the spotlight.

More recently, scientists at University College London in the UK claimed they had proved conclusively that people can perceive the emotional value of subliminal messages. Another researcher also claimed that his series of research studies proved that music, country of origin and even product weight have subliminal influences on consumers. Still another showed that in an experiment in which viewers had the words *Lipton Iced Tea* flashed subliminally before them, when offered a drink after the experiment, 85% selected that drink out of a choice of three drinks, while only 20% did so without the exposure. Studies reported in the *Journal of Experimental Social Psychology* and the *Journal of Consumer Psychology* have provided evidence that under certain conditions—if the ad is goal relevant (for example, priming a soft-drink brand when the receiver is thirsty) and the consumer has not been warned of the subliminal message—subliminal ads may have an impact.

This time, however, no one seems to be getting alarmed, though Leonard Mlodinow—a best-selling author who teaches at California Institute of Technology—thinks they ought to be. Mlodinow believes that one of the more effective ways of using subliminal messages may be through product placements. He cites examples of product placements by Dr Pepper in the movie *Spider-Man* and Pepsi in the movie *Home Alone* to support his position that subliminal placements work and are being used. After 50 years, consumers and researchers don't seem to be concerned that they need to worry about subliminal advertising. But they certainly haven't lost interest.

Sources: Thjs Verwijmeren, Stefan F Bernitter, Wolfgang Stroebe & Daniel H J Wgboldus, 'Warning: you are being primed! The effect of a warning on the impact of subliminal ads,' *Journal of Experimental Social Psychology*, 40(6), November 2013, pp. 1124–9; Thjs Verwijmeren, Stefan F Bernitter, Wolfgang Stroebe & Daniel H J Wgboldus, 'The workings and limits of subliminal advertising: the role of habits', *Journal of Consumer Psychology*, 21(2), April 2011, pp 206–13; Johan C Karremans & Martin Lindstrom, 'How subliminal

advertising works,' 4 January 2009, www.parade.com (accessed 29 January 2019); 'Hypnosis reveals ad effects', *Adweek Asia*, 29 January 1999, p. 4; 'Breaking French connection', *Advertising Age*, 22 March 1999, p. 52; Kathryn Theus, 'Subliminal advertising and the psychology of processing unconscious stimuli: a review of research', *Psychology & Marketing*, 11(3), 1994, pp. 271–90; Timothy Moore, 'Subliminal advertising: what you see is what you get', *Journal of Marketing*, 46(2), Spring 1982, pp. 38–47; Timothy Moore, 'The case against subliminal manipulation', *Psychology and Marketing*, 5(4) Winter 1988, pp. 297–316; Kalpana Srinivasan, 'FCC ends probe on Republican ad,' 12 March 2001, www.individual.com (accessed 29 January 2019); George E Condon Jr & Toby Eckert, 'Flap over "RATS" latest to plague Bush's drive', *San Diego Tribune*, 13 September 2000, p. A1; Richard Alleyne, 'Subliminal advertising really does work, claim scientists', September 2009, www.telegraph.co.uk (accessed 29 January 2019)

Classical conditioning

Classical conditioning assumes that learning is an *associative process* with an already existing relationship between a stimulus and a response. Probably the best-known example of this type of learning comes from the studies done with animals by the Russian psychologist Pavlov.[34] Pavlov noticed that at feeding times, his dogs would salivate at the sight of food. The connection between food and salivation is not taught; it is an innate reflex reaction. Because this relationship exists before the conditioning process, the food is referred to as an *unconditioned stimulus* and salivation is an *unconditioned response.* To see if salivation could be conditioned to occur in response to another neutral stimulus, Pavlov paired the ringing of a bell with the presentation of the food. After a number of trials, the dogs learned to salivate at the sound of the bell alone. Thus, the bell became a **conditioned stimulus** that elicited a **conditioned response** resembling the original unconditioned reaction.

Two factors are important for learning to occur through the associative process. The first is contiguity, which means the unconditioned stimulus and the conditioned stimulus must be close in time and space. In Pavlov's experiment, the dog learns to associate the ringing of the bell with food because of the contiguous presentation of the two stimuli. The other important principle is *repetition,* or the frequency of the association. The more often the unconditioned and conditioned stimuli occur together, the stronger the association between them will be.

Applying classical conditioning

Learning through classical conditioning plays an important role in marketing. Buyers can be conditioned to form favourable impressions and images of various brands through the associative process. Advertisers strive to associate their products and services with perceptions, images and emotions known to evoke positive reactions from consumers. Many products are promoted through image advertising, in which the brand is shown with an unconditioned stimulus that elicits pleasant feelings. When the brand is presented simultaneously with this unconditioned stimulus, the brand itself becomes a conditioned stimulus that elicits the same favourable response.

Figure 4.6 provides a diagram of this process, and the ad for the Lollipop Splash perfume in Exhibit 4.16 shows an application of this strategy. Notice how this ad associates the product with the look and sweetness of a lollipop. The brand's positioning plays off this association.
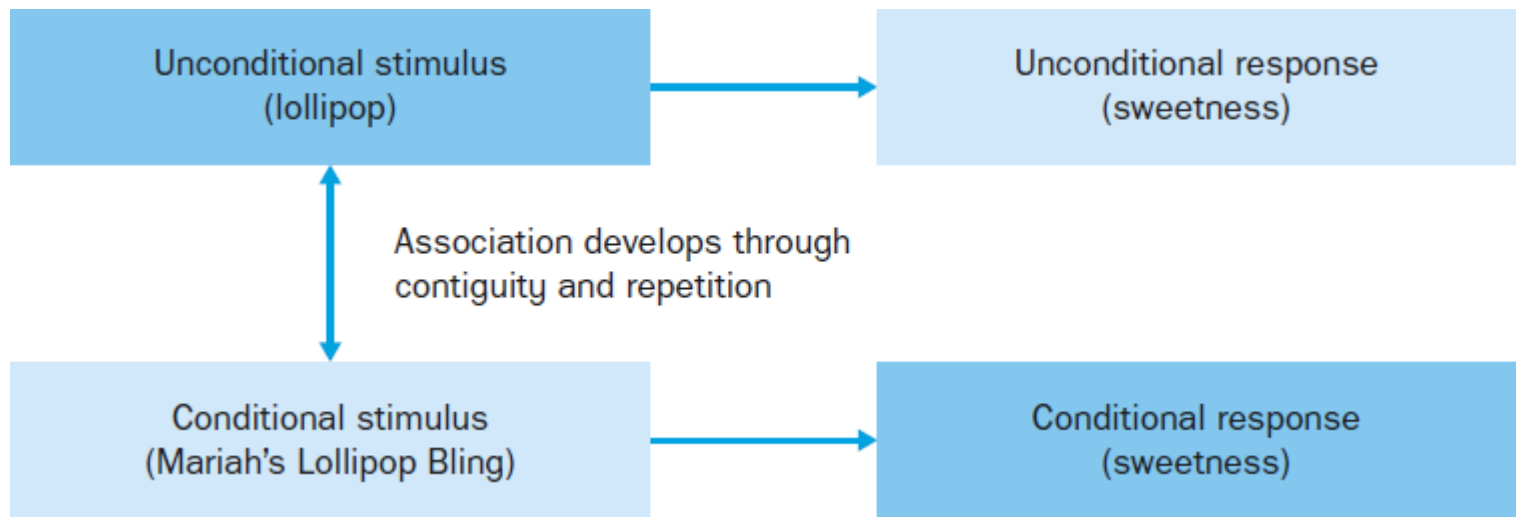
Figure 4.6 The classical conditioning process

Exhibit 4.16 Mariah Carey's new perfume associates its product with the looks and sweetness of lollipops
Source: Mariah Carey Beauty and EA Fragrances Co

Classical conditioning can also associate a product or service with a favourable emotional state. One study used this approach to examine how background music in retail stores reinforced brand position.[35] They found that subjects were more likely to patronise a store when the brand was presented against a background of music they believed 'fitted' with the brand. These results suggest the emotions generated by music are important

because they may become associated with the store through classical conditioning. Atmospheric variables such as music need to be considered as part of an integrated marketing communication strategy to ensure 'one voice, one look' for brand-related communications.

Another study also showed that music which was congruent with the message enhanced both ad recall and recognition, demonstrating that music can be used effectively as a mnemonic device to enhance the recall of advertising slogans.[36] Advertisers often attempt to pair a neutral product or service stimulus with an event or situation that arouses positive feelings such as humour, an exciting sports event or popular music.

Operant conditioning

Classical conditioning views the individual as a passive participant in the learning process who simply receives stimuli. Conditioning occurs as a result of exposure to a stimulus that occurs before the response. In the **operant conditioning** approach, the individual must actively *operate* or act on some aspect of the environment for learning to occur. Operant conditioning is sometimes referred to as *instrumental conditioning* because the individual's response is instrumental in getting a positive reinforcement (reward) or negative reinforcement (punishment).

Reinforcement, the reward or favourable consequence associated with a particular response, is an important element of instrumental conditioning. Behaviour that is reinforced strengthens the bond between a stimulus and a response. Thus, if a consumer buys a product in response to an ad and experiences a positive outcome, the likelihood that the consumer will use this product again increases. If the outcome is not favourable, the likelihood of buying the product again decreases.

The principles of operant conditioning can be applied to marketing, as shown in Figure 4.7. Companies attempt to provide their customers with products and services that satisfy their needs, and reward them to reinforce the probability of repeat purchase. Reinforcement can also be implied in advertising; many ads emphasise the benefits or rewards a consumer will receive from using a product or service. Reinforcement also occurs when an ad encourages consumers to use a particular product or brand to avoid unpleasant consequences. For example, the advertisement from Seagate in Exhibit 4.17 shows how buying a Replica external computer harddrive will help avoid negative consequences—that is, losing all your digital files if your computer crashes.
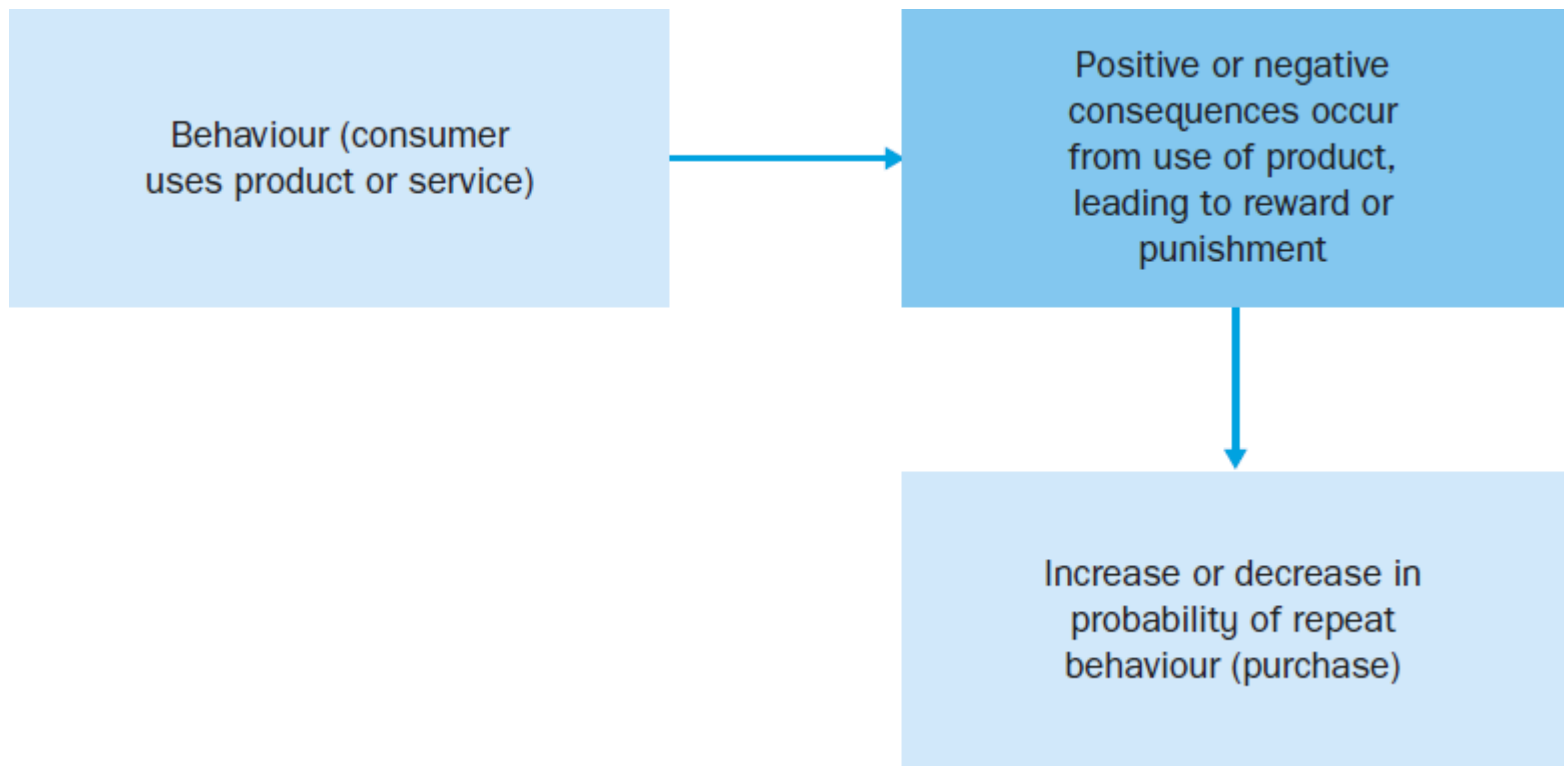
Figure 4.7 Instrumental conditioning in marketing

State 1   State 2   State 3   State 4

Exhibit 4.17 Seagate uses a mild fear appeal that alerts customers to a problem and offers a solution
Source: Seagate Technology LLC

Two concepts that are particularly relevant to marketers in their use of reinforcement through marketing communication strategies are schedules of reinforcement and shaping. Different **schedules of reinforcement** result in varying patterns of learning and behaviour. Learning occurs most rapidly under a *continuous reinforcement schedule,* in which every response is rewarded—but the behaviour is likely to cease when the reinforcement stops. Marketers must provide continuous reinforcement to consumers or risk them switching to brands that do.

Learning occurs more slowly but lasts longer when a *partial* or *intermittent reinforcement schedule* is used and only some of the individual's responses are rewarded. Sales promotion programs have partial reinforcement schedules. A company may offer consumers an incentive to use the company's product. The company does not want to offer the incentive every time (continuous reinforcement), because consumers might become dependent on it and stop buying the brand when the incentive is withdrawn. A study that examined the effect of reinforcement on bus use found that discount coupons given as rewards for riding the bus were as effective when

provided on a partial schedule as on a continuous schedule.   The cost of giving the discount coupons under the partial schedule, however, was considerably less.

Reinforcement schedules can also be used to influence consumer learning and behaviour through a process known as **shaping**   , the reinforcement of successive acts that lead to a desired behaviour pattern or response.

In a sales promotion context, shaping procedures are used as part of the introductory program for new products.   Figure 4.8   provides an example of how samples and discount coupons can be used to introduce a new product and take a consumer from trial to repeat purchase. Marketers must be careful in their use of shaping procedures—if they drop the incentives too soon, the consumer may not establish the desired behaviour; but if they overuse them, the consumer's purchase may become contingent on the incentive rather than the product or service.

Terminal goal: repeat purchase behaviour

Approximation sequence	Shaping procedure	Reinforcement applied
Induce product trial	Free samples distributed; large discount coupon	Product performance; coupon
Induce purchase with little financial obligation	Discount coupon prompts purchase with little cost; coupon good for small discount on next purchase enclosed	Product performance; coupon
Induce purchase with moderate financial obligation	Small discount coupon prompts purchase with moderate cost	Product performance
Induce purchase with full financial obligation	Purchase occurs without coupon assistance	Product performance

Figure 4.8 Application of shaping procedures in marketing

Cognitive learning theory

Behavioural learning theories have been criticised for assuming a mechanistic view of the consumer that puts too much emphasis on external stimulus factors. They ignore internal psychological processes such as motivation, thinking and perception; they assume that the external stimulus environment will elicit fairly predictable responses. Many consumer researchers and marketers disagree with the simplified explanations of behavioural learning theories and are more interested in the complex mental processes that underlie consumer decision

making. The cognitive approach to studying learning and decision making has dominated the field of consumer behaviour in recent years. Figure 4.9 shows how cognitive theorists view the learning process.

| Goal | → | Purposive behaviour | → | Insight | → | |
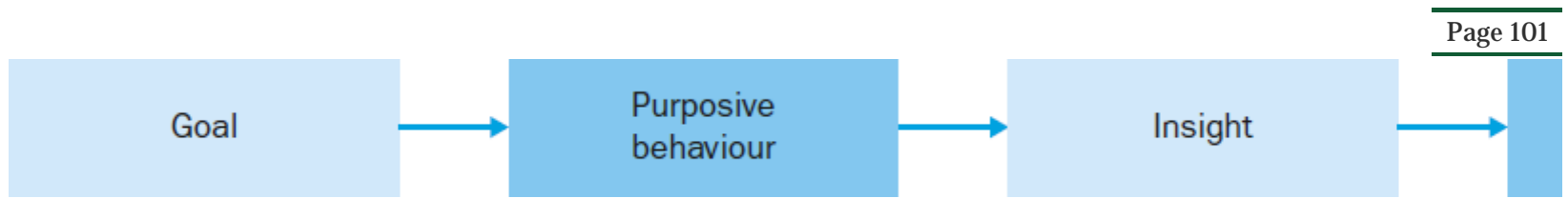
Figure 4.9 The cognitive learning process

Since consumer behaviour typically involves choices and decision making, the cognitive perspective has particular appeal to marketers, especially those whose product/service calls for important and involved purchase decisions. Cognitive processes such as perception, formation of beliefs about brands, attitude development and change, and integration are important to understanding the decision-making process for many types of purchases. The subprocesses examined during our discussion of the five-stage decision process model are all relevant to a cognitive learning approach to consumer behaviour.

SUMMARY

This chapter introduced you to the field of consumer behaviour and examined its relevance to marketing communication strategy. Consumer behaviour is best viewed as the process and activities that people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services to satisfy their needs and desires. A five-stage model of the consumer decision-making process consists of problem recognition, information search, alternative evaluation, purchase and postpurchase evaluation. Internal psychological processes that influence the consumer decision-making process include motivation, perception, attitude formation and change, and integration processes.

The decision process model views consumer behaviour primarily from a cognitive orientation. The chapter considered other perspectives by examining various approaches to consumer learning and their implications for integrated marketing communication. Behavioural learning theories such as classical conditioning and operant (instrumental) conditioning were discussed. Problems with behavioural learning theories were noted, and the alternative perspective of cognitive learning was discussed.

The chapter also examined relevant external factors that influence consumer decision making. Culture, subculture, social class, reference groups and situational determinants were discussed, along with their implications for the development of marketing communication strategies and programs. The chapter concluded with an introduction to alternative perspectives on the study of consumer behaviour in the future.

KEY TERMS

DISCUSSION QUESTIONS

1   The opening vignette discusses how people's online behaviour changes at different times of the day. Find examples of online campaigns that are clearly targeted at specific market segments.
2   What is meant by cognitive dissonance? Why is this concept important to marketers?
3   How can a consumer's lifestyle impact on his or her consumer behaviour. Give examples using fast-moving consumer goods (FMCG) and luxury goods.
4   Explain how the screening processes involved in selective perception might impact a viewer of television commercials.
5   Find four print or digital ads that illustrate the four attitude change strategies.
6   A number of factors may lead to problem recognition among consumers. Discuss the various causes of problem recognition, and give an example of each.
7   What is meant by the concept of an evoked set? Why is this concept important to marketers? Give examples of an evoked set and explain how marketers might attempt to influence consumers to gain consideration.
8   Contrast the differences between functional and psychosocial consequences with examples of advertising that focuses on either types.
9   Figure 4.10   details a number of external influences on consumer behaviour. Describe each of these influences, explaining how it might have an impact on consumer behaviour, and provide an example of each.
10 In the text it was indicated that different family members may influence the different stages of the consumer decision-making process. Identify how various family members may assume the different roles described in Table 4.2   . Also discuss how these roles might change depending upon the product under consideration.

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5

COMMUNICATION AND ENGAGEMENT WITH THE BRAND

LEARNING OBJECTIVES

LO 5.1 To understand the basic elements of the communication process and the role of communication in marketing.

LO 5.2 To analyse the receiver of the message, as key to understanding effective communication.

LO 5.3 To evaluate a range of traditional and evolving response models.

LO 5.4 To understand the theories of cognitive processing and persuasion.

LO 5.5 To analyse the concept of brands and branding.

LO 5.6 To evaluate how brands are measured using brand audits and brand equity.

LO 5.7 To explore the concept of engagement and the role of the database and IMC in brand relationship building.
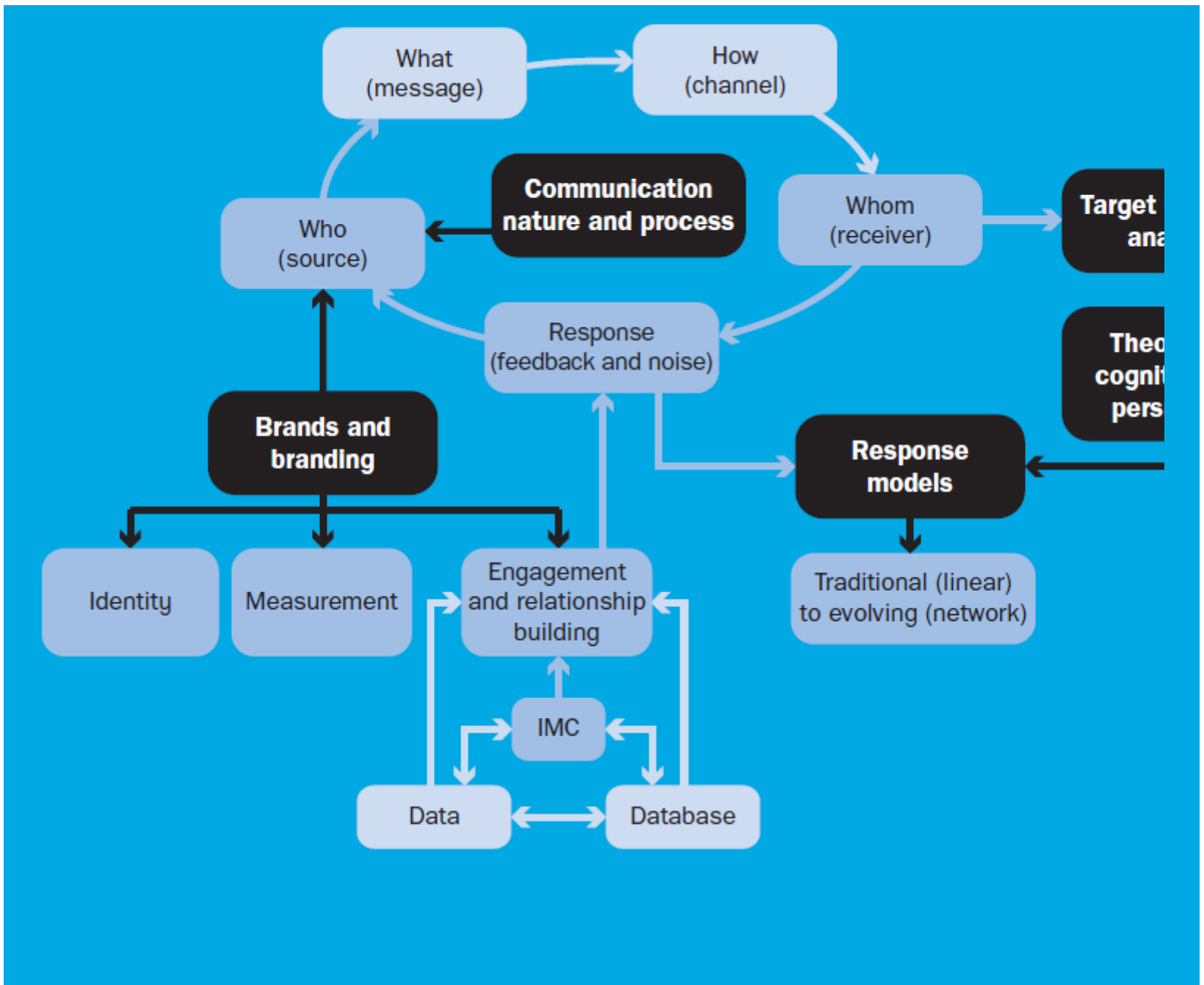
WORD OF MOUTH TODAY … LIKES, RATINGS, REVIEWS, HASHTAGS AND SHARES

Why do we believe what our friends tell us? Because we trust them! We think they have nothing to gain by giving us their opinions and feelings about the products, services and brands they use or the messages they've seen or what someone has told them. Word of mouth is communication at its most direct, one to another. It is certainly known to be the most effective communication tool and has been since the first person asked, 'So, what do you think?' and got an honest answer from a friend with no vested interest. Or perhaps we can't help but share our views because we can—thanks to social media.

Being noticed, and believable, is the reason brands want to be the topic of conversations that consumers have with each other. Of course, they want these conversations to be positive! In some instances, the conversation starts because the brand is sharing what seems like a carefully guarded secret that is revealed to only a knowing few. Every carefully cultivated recipient of the brand message becomes a powerful carrier, spreading the word to yet more people, who tell a few more, and so on. The aim of the marketer is to find the influential in each community and allow them to talk about their experience within their circle.

The use of word-of-mouth marketing is nothing new: marketers of beer and spirits have long understood the value of bartenders hyping their brands, while pharmaceutical companies have always encouraged doctors to prescribe their products. What is new is the number of companies that now use word of mouth and the creative ways they go about it. The practice includes a variety of techniques such as handing out product samples to give firsthand experience, providing products to influential people and encouraging them to talk about the brand, building online communities so that customers can chat about their own experiences or having online influencers blog about the brand. Or it may be the creation of an experience that can be shared online. Terms such as *viral*, *earned media* or ***experiential marketing*** are used to describe the process.

In a recent Nielsen study, 94% of consumers in the Asia–Pacific region ranked earned media—word-of-mouth recommendations and consumer reviews—as the most trusted form of advertising. Not surprisingly, this is higher than paid advertising, with only 55% of respondents stating that they trust television advertising.

Swann Insurance is a specialist motor cycle insurance company that made good use of experiential marketing in the following campaign (see Exhibit 5.1). Swann is well known in its market but it was concerned about the relevance of its brand to riders. As an insurer, Swann's core benefit is peace of mind—protecting riders' passion and their bikes. However, to differentiate itself from general insurers, Swann chose to do the opposite of what the generalists would do, which is reduce risk or compete on price. Instead, Swann encouraged riders to experience and enjoy their passion to the fullest and to talk about it to each other. Research showed that on average riders were getting on their bikes just twice a month and they were using them less as they grew older. Rita Ibrahim, marketing manager, says, 'We've found that many Aussies have the best intentions when it comes to riding, but life often gets in the way.' This insight solidified Swann's role beyond protection—to provide reasons to ride.

[Milk and toilet paper. Milk and toilet paper. Milk and toilet paper.]

Exhibit 5.1 Experiencing the joy of popping out for life's necessities... How Swann Insurance engaged with its audience

Source: CHE Proximity and Swann Insurance

As Ant White, CHE Proximity executive creative director of their agency, explains, 'We've all popped out to get the milk (or toilet paper or chocolate) at one time or another. It's a quick trip that typically lasts a matter of minutes. We turned this everyday errand into an epic adventure by opening Inconvenience Stores at the end of Australia's best rides. Stocked with specially created Swann Inconvenient brand products, getting the milk meant getting on your bike for hours (in some cases days).'

Thousands of units of Swann-branded milk, chocolate and toilet paper were produced, each offering a discount off a Swann Insurance policy. As Inconvenience Stores began opening in different states across the country, a TV ad announced them to the nation. With Google maps and outdoor showing the farthest routes, riders soon hit the road. From entire clubs to celebrities, enthusiasts and casual riders, all types on all kinds of bikes set out on epic trips to grab the milk (some even interstate). PR and social soon followed, ensuring the 'inconvenient' message reached bike owners.

The products were all gone in just over four weeks and more riders were getting their bikes out of the garage. Swann saw significant increases in social engagement, leads and revenue.

White says, 'It took a client with a great understanding of their customer to trust that creating milk and dunny paper, then stocking them on some of Australia's best ides, would get the attention of motorbike riders.' And of course, they couldn't stop talking about it and sharing the experience.

Sources: Ricki Green, 'Swann Insurance launches "Inconvenience Stores" in new campaign via CHE Proximity', *Campaign Brief*, 11 September 2017, www.campaignbrief.com (accessed 18 October 2018); www.cheproximity.com.au/work/inconvenience-stores (accessed 15 October 2018); Alexandra Roach, 'Word of mouth and consumer reviews most trusted by consumers', *Nielsen*, 18 April 2012.

♻ IMC PERSPECTIVE 5.1

SHOW AND TELL ONLINE: HOW TO ENGAGE YOUR AUDIENCE

We're all familiar with how *show and tell* is used in primary schools to encourage children to talk, to listen and to interact with each other. These early lessons in communication and audience engagement are worth remembering when we transfer this experiential and face-to-face communication style to the digital space and online word of mouth of IMC. There are many successes and some unfortunate blunders, just like primary school. Let's start with a positive experience from a brand that has used social networks to show and tell with great effect and has had enviable results to support it.

Metro Trains, the metropolitan rail service in Melbourne, harnessed online word of mouth as the initial stage in a campaign to encourage safe behaviour around trains. The first message it created became the topic of a global conversation, underpinning a well-integrated marketing communication strategy that has evolved over the years. Metro's aim was to find a way to encourage young people to care about safety around trains in a bid to prevent needless deaths and accidents. Its campaign strategy revolved around creating content people would choose to watch and share. Enter a three-minute, black-humour music video called *Dumb ways to die*. Seeded through the target audience's social networks of choice, the video became a global phenomenon, and quickly demonstrated a real impact on social behaviour. Within 24 hours of its release, the song was in the top 10 on the iTunes chart and a video released on YouTube was viewed 28 million times within a fortnight. Current views on what is now the 'Dumb Ways to Die' YouTube channel stand at over 200 million. YouTube success, pledges to be safe around trains, earned media impressions, and a significant reduction in rail-related accidents were the outcomes of the initial campaign.

Dumb ways to die and its 'safe behaviours' message continues to sustain interest not only in one Australian city but nationwide and internationally. This has been achieved by creating and releasing more shareable images, partnering with other socially focused organisations and developing highly involving digital resources, in particular mobile phone games. A third mobile phone game, *Dumb Ways to Die 3: World Tour*, launched in 2018, thus keeping the conversation fresh.

The game focuses on disaster-prone 'Beans' characters, with the aim of helping people care about the Beans so they think harder about the consequences of their risk-taking behaviours.

Leah Waymark, chief corporate relations officer for Metro Trains, said the game is a way of taking audiences deeper into the lives of the characters while promoting an important message about safety.

'*Dumb ways to die* has always been about drawing people to an important message with humour to get them to think about the consequences one careless moment can bring. We hope that by being put in the role of a caretaker, players will come to really care about their

cute little Beans, and this will change how they think about risky behaviour.'

The campaign has gone on to be one of the most awarded, integrated, discussed and evolved communication campaigns in Australia and globally. And this effective communication and engagement with the audience all began with show and tell via online word of mouth.

But word of mouth can go wrong. This was the case in a social media campaign when ALDI used the prompt 'I became an ALDI lover when I tasted _____ for the first time'. ALDI invited customers to complete this statement and then share it on social media by tagging @ALDIAustralia. No doubt ALDI wished and planned for positive insights and genuine recommendations that could be used in the rest of its communications. Instead it opened the door to the mischievous gremlin lurking inside some contributors. Inappropriate and offensive suggestions were shared, ones with which no brand would want to be connected. This made a mockery of the campaign and ALDI couldn't close down the conversation quickly enough.

Sources: Karl Bates, Adrian Mills & Danish Chan, 'V/Line Guilt Trips', Warc Prize, Longlisted, 2013; Asher Moses, 'Aussie viral video, "Dumb ways to die", lives on', 29 November 2012, www.smh.com.au (accessed 29 January 2019); Abigail Dawson, 'Dumb ways to die to return in 2018 with third mobile game', 22 December 2017, www.mumbrella.com.au (accessed 18 October 2018); www.dumbwaystodie.com (accessed 18 October 2018); Anon, 'Epic marketing fails: from the Coopers scandal and Ultra Tune's 'dumb blondes' to serial offender ALDI', 15 March 2017, www.news.com.au (accessed 18 October 2018).

The function of all elements of the integrated marketing communication program is to communicate persuasively. An organisation's IMC strategy is implemented through the various communications it sends to current or prospective customers and other relevant publics. Organisations send communication messages in a variety of ways, such as through advertisements, brand names, logos, websites, social networks, emails, media releases, package designs, promotions and visual images, and through their enthusiasm to engage in conversations. As you can see from the opening vignette, marketers know the power of word-of-mouth communication.

The way marketers communicate with their target audiences depends on many factors, including how much current and potential customers know and what they think about a company or brand and the image it hopes to create. Those involved in the planning and implementation of an IMC program need to understand the communication process and what it means in terms of how they create, deliver, engage in, manage and evaluate messages about a company or brand. Developing an effective marketing communication program is far more complicated than just choosing a product feature or attribute to emphasise. Marketers must understand how consumers will perceive, engage with and interpret their messages and how these reactions will shape consumers' responses to the company and its product or service.

This chapter focuses on the C in IMC—communication. It reviews the fundamentals of communication theory and examines various models regarding how consumers respond to marketing communication messages about the brand and its branding. Our goal is to demonstrate how valuable an understanding of both the communication process and branding can be as the basis for planning, implementing and evaluating an engaging and persuasive IMC program.

MACRO INFLUENCES ON CONSUMER BEHAVIOUR

The consumer does not make purchase decisions in isolation. A number of external factors have been identified that may influence consumer decision making. These are shown in Figure 4.10 and examined in more detail in the next sections.
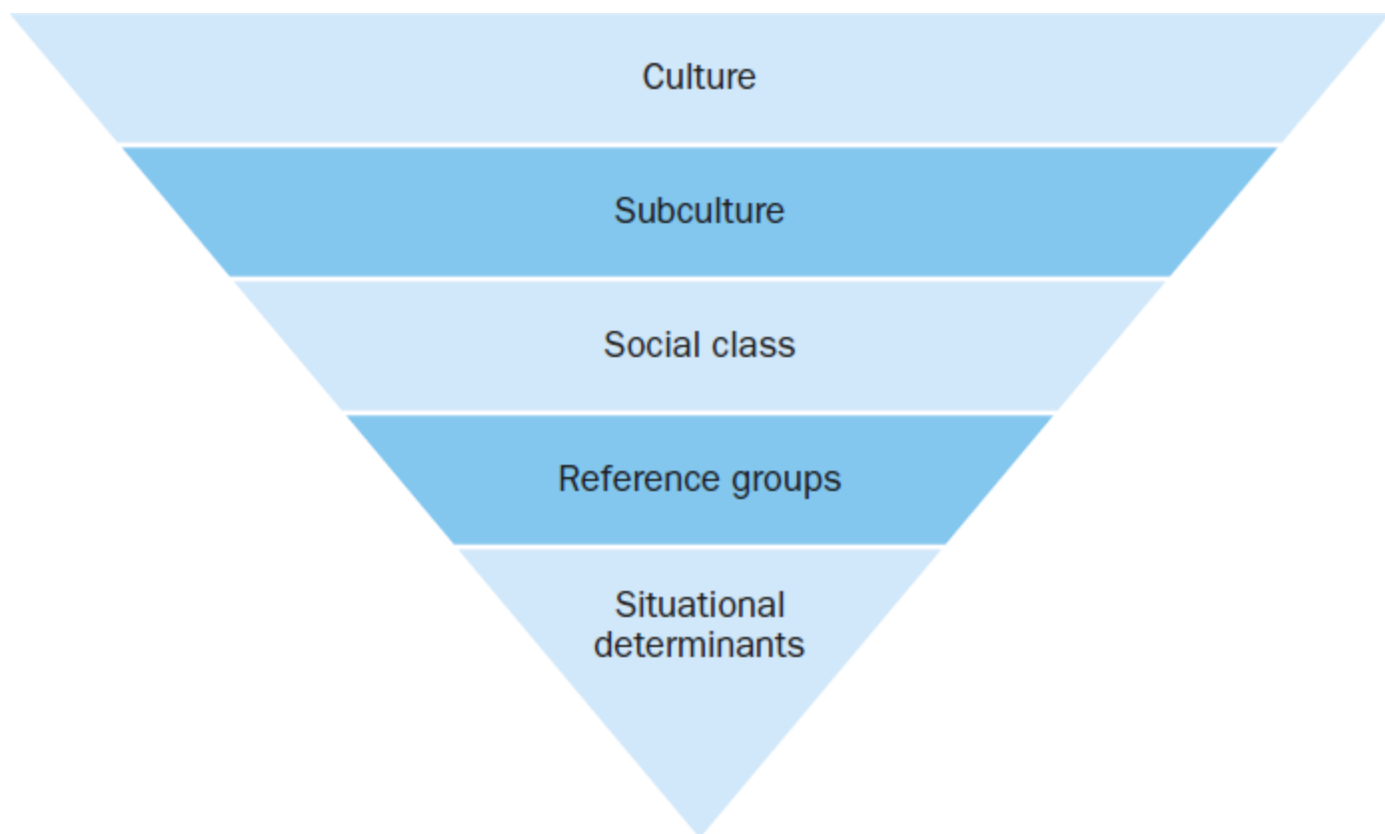
Figure 4.10 External influences on consumer behaviour

Culture

The broadest and most abstract of the external factors that influence consumer behaviour is **culture**, or the complexity of learned meanings, values, norms and customs shared by members of a society. Cultural norms and values offer direction and guidance to members of a society in all aspects of their lives, including their consumption behaviour. It is becoming increasingly important to study the impact of culture on consumer behaviour as marketers expand their marketing efforts in multicultural markets at home and in global markets. Each country has cultural traditions, customs and values that marketers must understand as they develop marketing programs.

Marketers must also be aware of changes that may be occurring in a particular culture and the implications of these changes for their integrated marketing communication strategies and programs. The Australian and New Zealand

cultures continually go through changes that have direct implications for marketing communication. Marketing researchers monitor these changes and their impact on the ways in which companies market their products and services.

While marketers recognise that culture exerts a demonstrable influence on consumers, they often find it difficult to respond to cultural differences in different markets. The subtleties of various cultures are often difficult to understand and appreciate, but marketers must understand the cultural context in which consumer purchase decisions are made and adapt their integrated marketing communication programs accordingly.

Subcultures and social class

Within a given culture are generally found smaller groups or segments whose beliefs, values, norms and patterns of behaviour set them apart from the larger cultural mainstream. These **subcultures** may be based on differences in age, geography, religion, ethnicity, educational attainment or income. Consumers in the different subcultures may vary in the degree to which they use various products and services and in their leisure activities, shopping patterns and media habits. Marketers respond to these differences through the positioning of their products and services, the media strategies they use to reach different segments and the types of message appeals they develop. For example, those with a Chinese background in Australia can 'come together' and receive news from a variety of Chinese Australian newspapers.

Virtually all societies exhibit some form of stratification whereby individuals can be assigned to a specific social category on the basis of criteria important to members of that society. **Social class** refers to relatively homogeneous divisions in a society into which people sharing similar lifestyles, values, norms, interests, and behaviours can be grouped. While a number of methods for determining social class exist, class structures in Australia are usually based on occupational status, income and education level.

Reference groups

Think about the last time you attended a party. As you dressed for the party, you probably asked yourself (or someone else) what others would be wearing. Your selection of clothes may have been influenced by those likely to be present. This simple example reflects one form of impact that groups may exert on your behaviour.

A group has been defined as 'two or more individuals who share a set of norms, values, or beliefs and have certain implicitly or explicitly defined relationships to one another such that their behaviour is interdependent'.[38] Groups are one of the primary factors influencing learning and socialisation, and group situations drive many of our purchase decisions.

A **reference group** is 'a group whose presumed perspectives or values are being used by an individual as the basis for his or her judgments, opinions, and actions'. Consumers use reference groups as a guide to specific behaviours, even when the groups are not present.[39] In the party example, your peers— although not present—provided a standard of dress that you referred to in your clothing selection. Likewise, your classmates, family and co-workers, or even a group to which you aspire, may serve as referents, and your consumption patterns will typically conform to the expectations of the groups that are most important to you.

Marketers use reference group influences in developing marketing communication strategies. Campaigns make use of *aspirational* reference groups (those to which people might like to belong) and *disassociative* groups (those to

which we do not wish to belong, for example, those responsible for violence against women in Exhibit 4.18).

Exhibit 4.18 This ad stresses a disassociative reference group
Sources: Our Watch and Marmalade Communications

Family decision making: an example of group influences

In some instances, the group may be involved more directly than just as a referent. Family members may serve as referents to each other, or they may actually be involved in the purchase decision process—acting as an individual buying unit. As shown in Table 4.2 , family members may assume a variety of roles in the decision-making process.[40] Each role has implications for marketers.

| The initiator | The person responsible for initiating the purchase decision process; for example, the parent who determines the family needs a new car. |

The information provider	The individual responsible for gathering information to be used in making the decision; for instance, the teenage car buff who knows where to find product information in specific magazines or who collects it from dealers.
The influencer	The person who exerts influence as to what criteria will be used in the selection process. All members of the family may be involved. The parent may have his or her criteria, whereas others may each have their own input. For example, in deciding if it is important to have automatic transmission for a learner driver.
The decision maker(s)	The person(s) who actually makes the decision. In our example, it may be one or both parents or involve contributions from other family members.
The purchasing agent	The individual who performs the physical act of making the purchase. In the case of a car, the parents may decide to choose it together and jointly sign the purchase agreement.
The consumer	The actual user of the product. In the case of a family car, all family members are consumers.

Table 4.2 Roles in the family decision-making process

First, the advertiser must determine who is responsible for the various roles in the decision-making process so that messages can be targeted at that person (or those people). These roles will also dictate media strategies, since the appropriate magazines, newspapers or TV or radio stations must be used. Second, understanding the decision-making process and the use of information by individual family members is critical to the design of messages and choice of marketing communication program elements. In sum, to create an effective marketing communication program, a marketer must have an overall understanding of how the decision process works and the role that each family member plays.

Situational determinants

The final external factor is the purchase and usage situation. The specific situation in which consumers plan to use the product or brand directly affects their perceptions, preferences and purchasing behaviours.[41] Three types of **situational determinants** may have an effect: the specific usage situation, the purchase situation and the communications situation.

Usage refers to the circumstance in which the product will be used. For example, purchases made for private consumption may be thought of differently from those that will be obvious to the public. The *purchase* situation more directly involves the environment operating at the time of the purchase. Time constraints, store environments and other factors may all have an impact. The *communication* situation is the condition in which an advertising exposure occurs (e.g. in a car listening to the radio, with friends). This may be most relevant to the development of marketing communication strategies, because the impact on the consumer will vary according to the particular situation. For example, a consumer may pay more attention to a viral ad that is heard alone at home

on the computer than to one heard in the presence of friends, at work, or any place where distractions may be present. If advertisers can isolate a particular time when the listener is likely to be attentive, they will probably earn his or her undivided attention.

In summary, situational determinants may either enhance or detract from the potential success of a message. To the degree that advertisers can assess situational influences that may be operating, they will increase the likelihood of successfully communicating with their target audiences.

NEW APPROACHES TO UNDERSTANDING CONSUMER BEHAVIOUR

In addition to the perspectives discussed, consumer researchers complement these psychological approaches with perspectives driven from other scientific disciplines, such as economics, sociology, anthropology, philosophy, semiotics, neuroscience and history. These cross-disciplinary perspectives have broadened the realm of methodologies used to study consumers and have provided additional insights into consumer decision processes. New technologies have also provided new means for exploring consumers' behaviours.

New methodologies

While psychologists often study consumer responses to marketing communication in controlled settings, where environmental variables can be kept constant, sociologists and anthropologists study behaviour in context. For this reason, they often employ qualitative methodologies such as individual interviews, participant observation studies and/or ethnographies. These methods help capture the social, cultural and environmental influences that may affect consumer behaviour. Increasingly, *netnographic studies* using online communities are providing rich insights.[42]

The humanities have also been a source of new methodologies for consumer research. Historians and semiotics experts focus their analyses on the messages and forms of communication themselves. These researchers examine the significance of communication from a linguistic or historical perspective. Research methods such as semiotic and structural analyses examine the symbolic meanings of marketing communication and different facets of consumption.

New insights

These alternative perspectives and methodologies provide additional insights and expand our knowledge of consumers, which can be particularly useful when providing new metrics or evidence-based analysis.[43] For example, the cultural significance of advertising messages in shaping cultures and triggering communities is now better understood. Likewise, marketers today have a better understanding of how campaigns such as *Share a Coke* or *Dove real beauty* become popular and help shape our culture. Thanks to the many interpretive analyses of advertisements over recent years, we are also more aware of the influence of advertising images on society.

Some consumer researchers believe that cross-disciplinary research is better suited to the study of consumers because it takes into account their complexity and multidimensionality. When considered along with psychological research, these alternative approaches help us better understand the impact of communications. Examples include works by Robert Heath and Daniel Kahneman.[44]
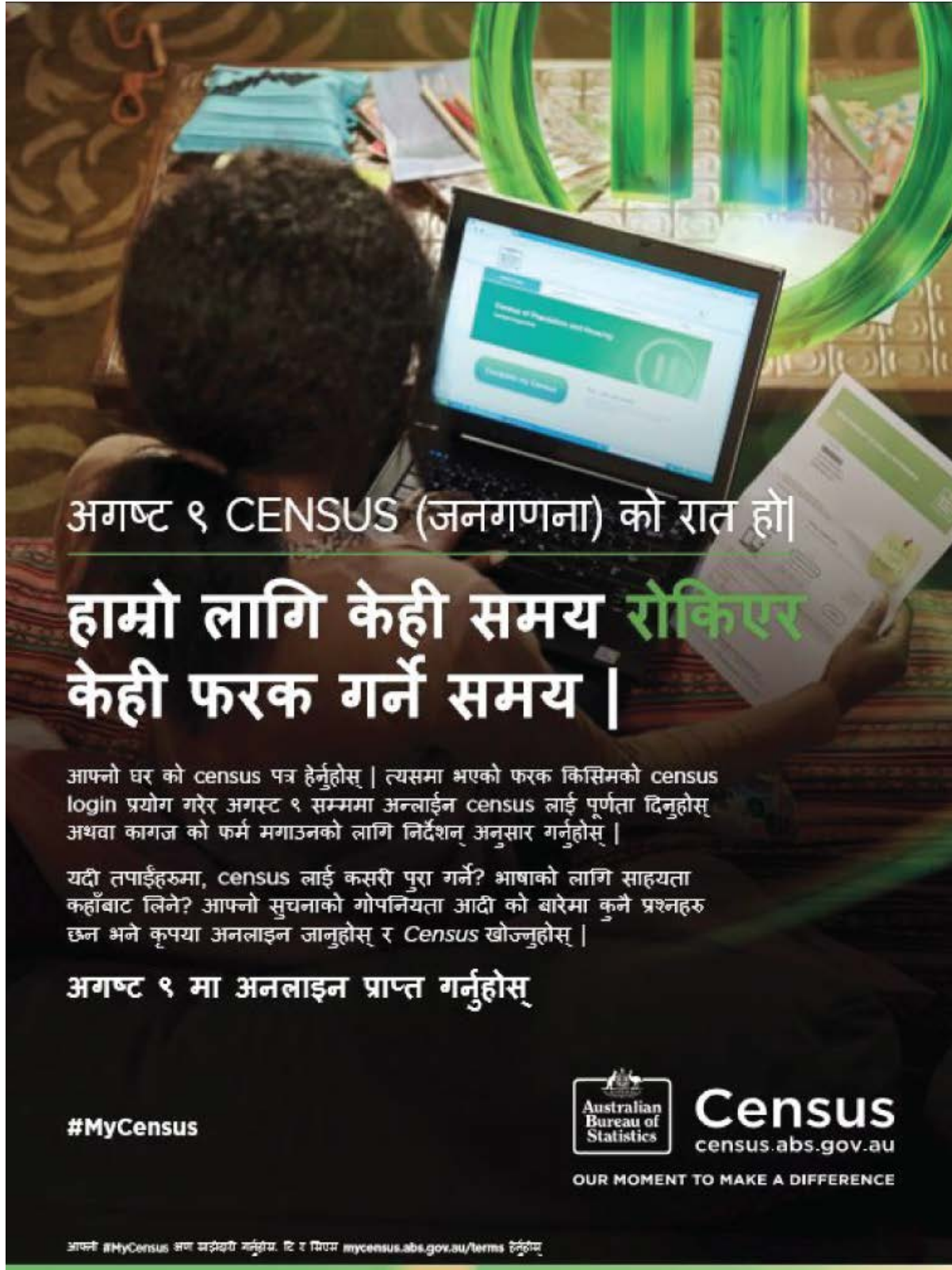
LO 5.1

THE NATURE OF COMMUNICATION

Communication has been variously defined as the passing of information, the exchange of ideas, or the process of establishing a commonness or oneness of thought between a sender and a receiver.[1] These definitions suggest that for communication to occur there must be some common thinking between two parties and information must be passed from one to another. As you will see in this chapter, establishing this commonality in thinking is not always as easy as it might seem; many attempts to communicate are unsuccessful.

The communication process can be complex. Success depends on the nature of the message, the audience's interpretation of it, and the environment in which it is received. The receiver's perception of the source and the medium used to transmit the message may also affect the ability to communicate. Words, pictures, sounds and colours may have different meanings to different audiences, and people's perceptions and interpretations of them vary. For example, you shop for an 'esky' to keep your drinks cold in Australia, whereas in New Zealand you would be looking for a 'chilly bin'. In Australia, 'thong' denotes a casual and relaxed lifestyle choice of footwear, but in New Zealand if you said you were wearing a 'thong', this would be a piece of underwear, and the word for your footwear is a 'jandal'. Marketers must understand the meanings that words and symbols take on and how they influence consumers' interpretation of products and messages.

Language is one of the major barriers to effective communication, as there are different languages in different countries, different languages or dialects within a single country, and more subtle problems of linguistic nuance and vernacular. This can be particularly challenging for companies marketing their products around the world in many different countries. The existence of bilingual, multicultural ethnic markets in Australia creates opportunities for marketers to connect more effectively with customers in these markets. The 2016 Census indicated that one in five Australians speaks a language other than English at home. While many marketers are recognising the importance of appealing to diverse markets, there are challenges in deciding which markets and what approach to take. For example, marketers have to decide whether to use ads with a culturally focused creative idea, or to dub or remake general market campaigns using languages other than English, or to run English-language ads and hope they will be picked up by bilingual Australians. The Australian Bureau of Statistics decided to use multiple advertisements in over 30 languages other than English. One such ad is shown in Exhibit 5.2 .

Exhibit 5.2 The Australian Bureau of Statistics uses many languages when communicating about the Census
Source: Australian Bureau of Statistics

A BASIC MODEL OF COMMUNICATION

A basic model of the communication process is shown in Figure 5.1 .[2] Two elements represent the major participants in the communication process: the sender and the receiver. Another two are the major communication tools, message and channel. Four others are the major communication functions and processes: encoding, decoding, response and feedback. The last element, noise, refers to any extraneous factors in the system that can interfere with the process and work against effective communication.
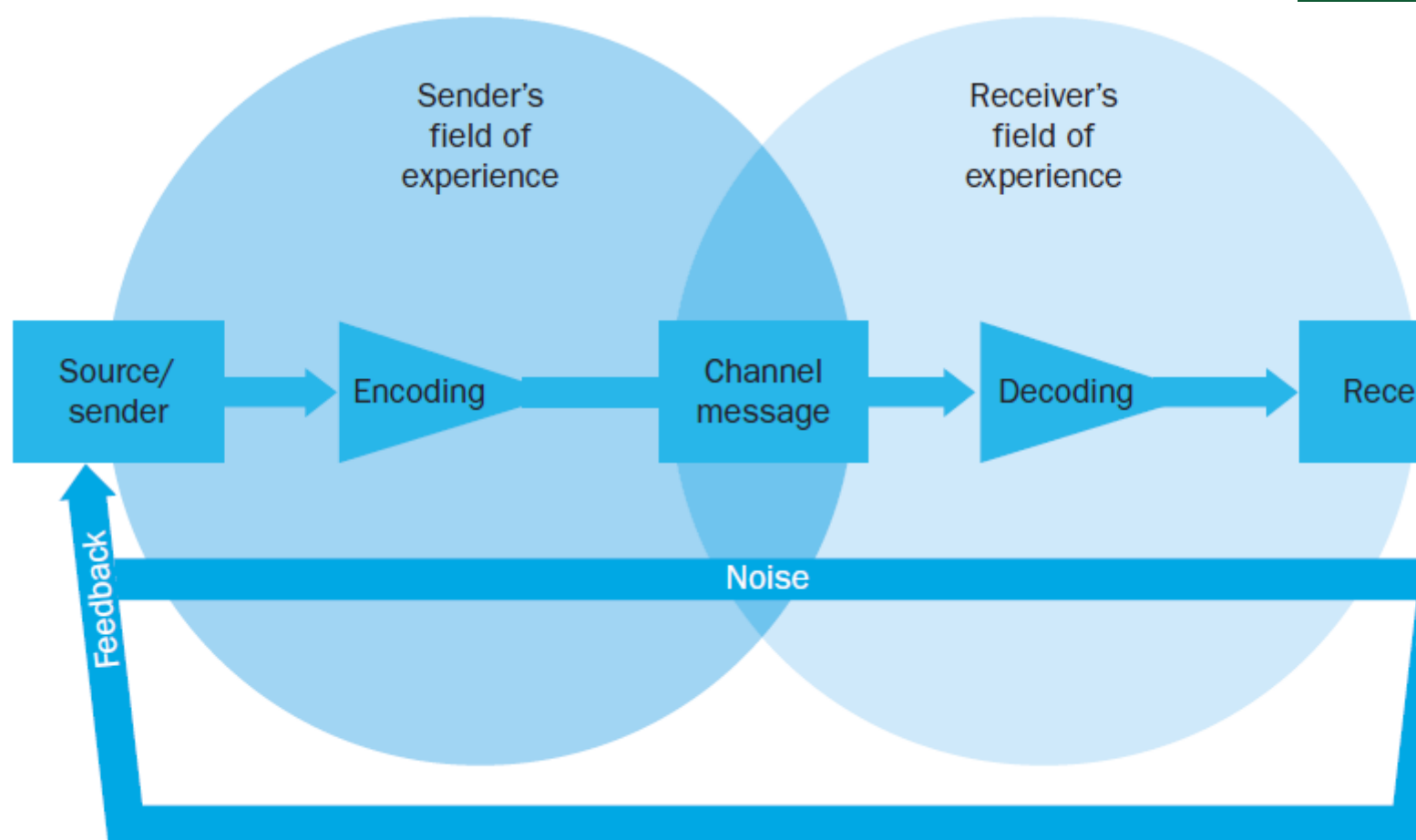
Figure 5.1 A model of the communication process

Source encoding

The sender, or **source** , of a communication is the person or organisation that has information to share with another person or group of people. The source may be an individual (say, a salesperson or hired spokesperson, such as a celebrity, who appears in the advertising) or a non-personal entity (such as the corporation or organisation itself). In the Van Heusen Menswear ad shown in Exhibit 5.3 , there are several well-known identities showcasing Van Heusen products and therefore endorsing the company. Van Heusen has chosen a variety of 'Ambassadors as Mentors' from different walks of life, backgrounds and experience to provide life, career and style advice for their consumers to create a blueprint for success. They include Curtis McGrath (army veteran, Paralympic gold medallist and Invictus Games ambassador), Nazeem Hussain (comedian and activist), Ben Chan (businessman) and Billy Slater (sports star).

Exhibit 5.3 Well-known celebrities act as spokesmen for Van Heusen
Source: The *Van Heusen Mentors* campaign, Courtesy of Van Heusen Australia. Photography credit: Harold David

Because the receiver's perceptions of the source influence how the communication is received, marketers must be careful to select a communicator whom the receiver believes is knowledgeable and trustworthy, or with whom the receiver can identify or relate to in some manner.

The communication process begins when the source selects words, symbols or pictures to represent the message that will be delivered to the receiver(s). This process, known as **encoding**, involves putting thoughts, ideas or information into a symbolic form. The sender's goal is to encode the message in such a way that it will be understood by the receiver. This means using words, signs or symbols that are familiar to the target audience. Many symbols have universal meaning, such as the familiar circle with a line through it to denote no parking, no smoking and so forth. Many companies also have highly recognisable symbols—such as McDonald's golden arches, Nike's swoosh or the Coca-Cola dynamic ribbon device—known to consumers around the world.

Message

The encoding process leads to the development of a **message** that contains the information or meaning the source hopes to convey. The message may be verbal or non-verbal, oral or written, or symbolic. Messages must be put into a transmittable form that is appropriate for the channel of communication being used. In advertising, this

may range from simply writing some words or copy that will be read as a radio message to producing an expensive video or television commercial. For many products, it is not the actual words of the message that determine its communication effectiveness but rather the impression or image the ad creates. Notice how the Coach ad shown in Exhibit 5.4 uses an image to deliver its message. The use of this image is an effective way to communicate Coach's intended message of aspirational heritage mixed with urban attitude.

Exhibit 5.4 The projected image in the ad communicates more than the words
Source: Coach, Inc.

To better understand the symbolic meaning that might be conveyed in a communication, advertising and marketing researchers sometimes focus attention on **semiotics**, which studies the nature of meaning and asks how our reality—words, gestures, myths, signs, symbols, products/services, theories—acquires meaning.[3] Semiotics is important in communication since products and brands acquire meaning through the way they are advertised, and consumers use products and brands to express their social identities. Consumer researcher Michael Solomon notes:

> From a semiotic perspective, every marketing message has three basic components: an object, a sign or symbol and an interpretant. The object is the product that is the focus of the message. The sign is the sensory imagery that represents the intended meanings of the object. The interpretant is the meaning derived.[4]

Marketers may use individuals trained in semiotics and related fields, such as cultural anthropology, to better understand the conscious and subconscious meanings that the non-verbal signs and symbols in their ads transmit to consumers.[5] For example, Exhibit 5.5 shows the Quilton's website, which uses a cherub, a cupid bow and fluffy clouds to convey caring and softness.

Exhibit 5.5 Semiotics underpins the Quilton website, with its many symbols of love, caring and softness
Source: Gorilla Communications

Some are sceptical about the value of semiotics. They question whether social scientists read too much into advertising messages and ask if they are overly intellectual in their interpretation of them. However, the true meaning lies not in the message but with the people who see or hear and interpret it. Moreover, consumers behave on the basis of meanings they ascribe to marketplace stimuli. Thus, marketers must consider the meanings consumers attach to the various signs and symbols. Semiotics may be helpful in analysing how various aspects of the marketing program—such as advertising messages, packaging, brand names, and even the non-verbal communications of salespeople (gestures, mode of dress)—are interpreted by receivers.[6]

Channel

The **channel** is the method by which the communication travels from the source or sender to the receiver. At the broadest level, channels of communication are of two types, personal and non-personal. *Personal channels* of communication are direct interpersonal (face-to-face) contact with target individuals or groups. Salespeople serve as personal channels of communication when they deliver their sales message to a buyer or potential customer. Social channels of communication such as friends, neighbours, associates, co-workers or family members are also personal face-to-face channels. Face-to-face social channels can be distinguished from online social channels or networks, which might include the same people, but in which the conversation occurs online through a social network site such as Snapchat or through a blogger's Twitter feed, with many followers. Personal channels, whether face-to-face or online, often generate **word-of-mouth communication**, a powerful source of information for consumers.[7]

As noted in the opening vignette to the chapter, many companies are working to generate positive word-of-mouth discussion for their companies or brands. Knowing that the average consumer often listens to what others say about a brand, marketers will target specific groups of influential consumers such as trendsetters or loyal customers. A study conducted by Smith and colleagues, on the relationship between consumer social networks and word-of-mouth effectiveness, found that most respondents were moderately connected online and were motivated

to be helpful in passing on messages and opinions to others.   The research found that people shared a common enjoyment in seeking out valuable information and sharing it. The findings contradicted the commonly accepted view that influence is restricted to a limited number of highly connected individuals, and marketers must seek out and court this elite. Instead, marketers can focus on providing unique and trustworthy information, which many more individuals will be more than happy to share with others through word of mouth. Further research suggests that viral messages exhibiting pleasant emotional tone are more likely to be passed on rather than negative or ambivalent emotional messages, challenging the common view that fear or shock would be most effective in motivating users to forward viral video messages.[9] Brands are more likely to feel comfortable creating pleasant and positive messages about themselves rather than threatening dire consequences if users do not use their brand. Similarly, if video clips are humorous, use multimedia effects and disguise their commercial intent, there is a greater likelihood that they will be passed on.[10] Of course, the extent to which they can and should disguise their intent and at what point they choose to make full disclosure is an important judgment call for which they will be called to account online.

Non-personal channels of communication are those that carry a message without interpersonal contact between sender and receiver. Non-personal channels are generally referred to as the **mass media**   or mass communications, since the message is sent to many individuals at one time. For example, a TV commercial broadcast on a prime-time show may be seen by two million households in a given evening. Non-personal channels of communication consist of two major types: print and broadcast. Print media include newspapers, magazines, direct mail and billboards; broadcast media include radio and television.

Receiver/decoding

The **receiver**   is the person with whom the sender shares thoughts or information. Generally, receivers are the consumers in the target market or audience who read, hear or see the marketer's message and decode it. **Decoding**   is the process of transforming the sender's message back into thought. This process is heavily influenced by the receiver's frame of reference or **field of experience**   , which refers to the experiences, perceptions, attitudes and values he or she brings to the communication situation.

For effective communication to occur, the message-decoding process of the receiver must match the encoding of the sender. Simply put, this means the receiver understands and correctly interprets what the source is trying to communicate. As Figure 5.1   showed, the source and the receiver each have a frame of reference (the circle around each) that they bring to the communication situation. Effective communication is more likely when there is some *common ground* between the two parties. (This is represented by the overlapping of the two circles.) The more knowledge the sender has about the receivers, the better the sender can understand their needs, empathise with them and communicate effectively.

While this notion of common ground between sender and receiver may sound basic, it often causes great difficulty in the marketing communication process. Marketing and agency people often have very different fields of experience from the consumers who constitute the markets with whom they communicate. Many marketing and agency people are under 45 years old, tertiary educated and work and reside in large urban areas such as Sydney or Melbourne, Wellington or Auckland, Manila, Mumbai, Kuala Lumpur or Johannesburg. Yet they are attempting to develop messages that will effectively communicate with millions of consumers who are in different age brackets, may never have attended university, who work in blue-collar occupations and live in rural areas or regional cities. A senior copywriter complains about how advertising executives become isolated from the cultural mainstream: 'We put them to work hard and they do. Then they begin moving in gourmet circles and lose touch with meat pies

11

and the people who eat them.'

Advertisers spend millions of dollars every year to understand the frames of reference of the target audiences who receive their messages. They also spend time and money pretesting messages to make sure consumers understand and decode them in the manner the advertiser intended.

Noise

Throughout the communication process, the message is subject to extraneous factors that can distort or interfere with its reception. This unplanned distortion or interference is known as **noise**. Errors or problems that occur in the encoding of the message, actual distortion in a radio or television signal, or distractions at the point of reception, are examples of noise. At its most obvious, when you are watching an ad break on TV and a problem occurs in the signal transmission, it will interfere with your reception, lessening the impact of the message. It is more likely that you are channel surfing or time shifting your viewing or streaming on Netflix or Stan, and so during any ads your attention is taken up with skipping content, texting, posting on social media, or having conversations with family or friends. These are all forms of noise.

Noise may also occur because the fields of experience of the sender and receiver don't overlap. Lack of common ground may result in improper encoding of the message—using a sign, symbol or words that are unfamiliar or have a different meaning to the receiver. The more common ground there is between the sender and the receiver, the less likely it is that this type of noise will occur.

Response/feedback

The receiver's set of reactions after seeing, hearing or reading the message is known as a **response**. Receivers' responses can range from non-observable actions, such as storing information in the memory, to immediate action such as ordering online a product that was advertised on television. Marketers are very interested in **feedback**, that part of the receiver's response that is communicated back to the sender. Feedback, which may take a variety of forms, closes the loop in the communication flow and lets the sender monitor how the intended message is being decoded and received.

In a personal-selling situation, customers may pose questions, comments or objections, or indicate their reactions through non-verbal responses, such as gestures and frowns.[12] The salesperson has the advantage of receiving instant feedback through the customer's reactions. But this is generally not the case when mass media are used. Because advertisers are not in direct contact with their customers, they must use other means to determine how their messages have been received. While the ultimate form of feedback occurs through sales, it is often hard to show a direct relationship between each element of a well-integrated marketing communication, its constituent parts and purchase behaviour. So marketers use other methods to obtain and measure feedback—among them are customer inquiries, store visits, coupon redemptions and online click-throughs. Research-based feedback analyses readership and recall of ads, message comprehension, attitude change and other forms of response. With this information, the advertiser can try to determine the reasons for the success or failure of the communication process and make adjustments.

Successful communication is accomplished when the marketer selects an appropriate source, develops an effective message or appeal that is encoded properly and selects the channels or media that will best reach the target audience, so that the message can be effectively decoded and delivered. Marketing communication planners work

with these controllable variables to develop effective communication strategies. How the target audience, the receiver, responds to these marketing communication decisions is the subject of the next section of this chapter.

SUMMARY

The function of all elements of the IMC program is to communicate, so marketing communication planners must understand the communication process. This process can be very complex. Successful marketing communication depends on a number of factors, including the nature of the message, the audience's interpretation of it, and the environment in which it is received. For effective communication to occur, the sender must encode a message in such a way that it will be decoded by the receiver in the intended manner. Feedback from the receiver helps the sender determine whether proper decoding has occurred or whether noise has interfered with the communication process. The source of the communication can also originate with the consumer. Consumer-initiated communication presents opportunities for organisations to encourage this channel of communication and engage consumers with mechanisms for response.

IMC planning begins with the receiver or target audience, as marketers must understand how the audience is likely to respond to various sources of communication or types of messages. For IMC planning, the receiver can be analysed with respect to both its composition (i.e. individual, group or mass audiences) and the response process it goes through. A number of response process models have been developed, from the simplistic AIDA, through linear hierarchy of effects variations (standard learning, dissonance/attribution and low-involvement), to evolving circular network-style models such as ELM.

Theories of cognitive response, persuasion and nudge examine the thoughts evoked by a message and how they shape the receiver's ultimate acceptance or rejection of the communication. The elaboration likelihood model of attitude formation and change recognises two forms of message processing, the central and peripheral routes to persuasion, which are a function of the receiver's motivation and ability to process a message. There are three critical intermediate effects between marketing communication and purchase, including cognition, affect and experience. Those responsible for planning the IMC program should learn as much as possible about their target audience and how it may respond to IMC and each form of marketing communication.

Brands are how businesses relate with consumers. A brand is defined as 'a name, symbol, logo, trademark and so forth that identifies and differentiates a product or service'. As such, brands transcend the physical product to have long-term financial importance or brand equity for the organisation. They involve both the tangible (physical product features) and intangible characteristics, such as our perceptions or attitudes. Brands are measured through brand audits, brand equity and through their relationships with customers.

Marketers create the brand identity, yet in reality a brand is what consumers say it is. Customers engage with brands through the way they think, the way they feel, the way they behave and the way they live the brand. The digital environment, through platforms such as

online brand communities, has been used to develop instant and interactive relationships with brands and has empowered consumers to be both credible critics and powerful advocates for the brand.

Much of our knowledge of how consumers think about brands and behave in the marketplace is captured or stored electronically. The database is a key driver of the IMC process. It is the technology that is enabling a shift from mass communication to data-driven communication. It facilitates the brand relationship.

Data is gathered through transactions and ongoing relationships, and the database is developed to facilitate decision making and IMC planning.

KEY TERMS

ad execution-related thoughts   131

AIDA model   122

attitude towards the ad   131

behavioural bonding   142

brand audit   138

brand equity   138

brand identity   137

brand name   137

brand symbol   137

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message   115

DISCUSSION QUESTIONS

1

The opening vignette to the chapter discusses Swann Insurance's *Inconvenience Stores* campaign. Apply the basic communication process model (as shown in Figure 5.1) to this campaign. Analyse in detail who the source is and who the receiver is in your applied model.

2

Select three alternative semiotic symbols that could be used in the communication strategy for Quilton toilet tissue (as shown in Exhibit 5.5). The symbols need to convey love, caring and softness. Explain why you think your alternatives will work.

3

Consider an occasion when you have had to contact an organisation or brand with a question, complaint or compliment. What channel did you use to contact it? How easy was it to get in touch? How responsive was it? How would you evaluate its feedback? Do you have any recommendations for how customer-initiated communication should be handled?

4

Explain the difference between the three traditional linear response hierarchies, as presented in Figure 5.5 —low involvement, learning (high involvement) and dissonance/attribution— by selecting a relevant advertising example of each.

5

Describe the theory of persuasion that underpins the elaboration likelihood model. Then select two advertising examples of persuasive communication, one based on central processing and the other on peripheral processing.

6

Exhibit 5.16 shows the Top 10 Global Brands according to Kantar Millward Brown. Find out which brands are currently ranked between 11 and 20 in the global list. Do you know any or all of these brands? Choose one brand with which you have a relationship from this list and analyse how IMC has contributed to this relationship.

7

In branding, what is the difference between being distinctive and being different? Which do you think is more important and why?

8

Choose a snack bar brand with which you are familiar. Create a 24-hour timeline of when, where and how intensely you are likely to engage with the brand. How can this timeline guide communication decisions?

9

Explain why the database has become a basic requirement for effective IMC. Think of brands that may hold your information in their database. How do they use the database to try to engage you? How effective are they? What recommendations do you have for them?

10

IMC perspective 5.1   describes two examples where online word of mouth was used to communicate with an audience—one with successful outcomes, the other less so. Find an example where positive online word of mouth has effectively contributed to building a good relationship between a brand and its users.

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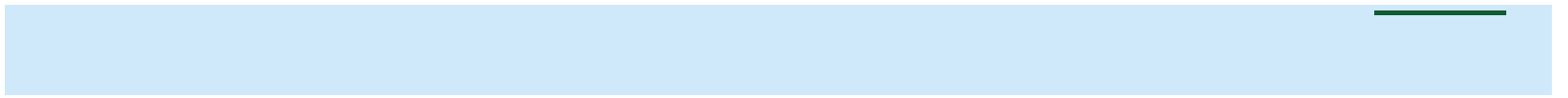
SOCIAL, ETHICAL AND REGULATORY ASPECTS

LEARNING OBJECTIVES

LO 6.1   To consider various perspectives concerning the social and ethical aspects of marketing communication.

LO 6.2   To evaluate the social criticisms of advertising.

LO 6.3   To examine how advertising is regulated, including the role and function of various regulatory agencies.

LO 6.4   To examine the self-regulation of advertising and evaluate its effectiveness.
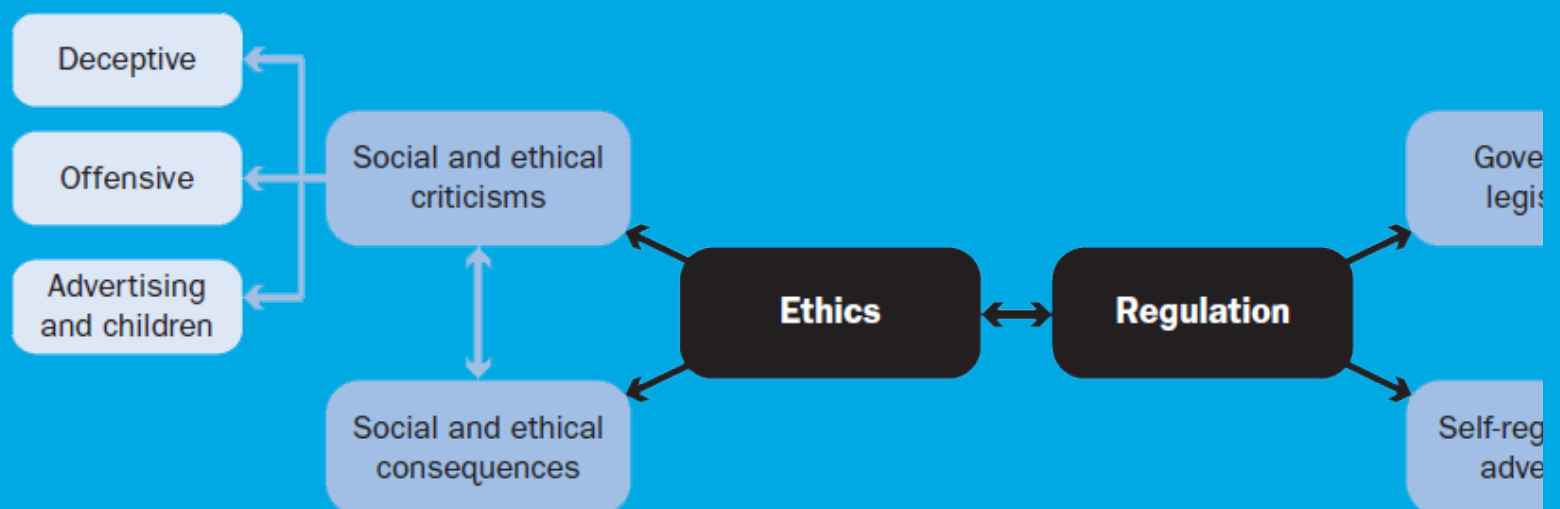
DO YOUNG PEOPLE SUPPORT ADVERTISING REGULATIONS?

In countries throughout the world, advertising shown to the public has some form of regulation to make sure the communicated message does not offend, mislead or deceive. The most widely used system for regulation in advertising is self-regulation—where the advertising industry regulates the communication and conduct of its members by imposing a code of ethics, sanctions for violation of this code, and enforcement procedures to ensure compliance.

In this system, a member of the general public who is offended by an advertisement can lodge a complaint, and the advertiser responds or complies, as the regulator liaises, formulates and, in most cases, enforces determinations. More commonly, however, the public takes no action despite concerns, and can act individually by ignoring the message, not purchasing or boycotting the product, or telling others. Complaints lodged through formal regulatory processes by the public represent a tiny percentage of the population.

Past studies have shown that complainants are generally older, educated, possess greater financial resources and are highly participatory with the capacity to take action. Relating to controversial campaigns, males and younger people have a greater level of acceptance, with advertisers overtly using sexual or violent images to attract younger people. It is therefore believed that those from Generation Y, who were generally born in the 1990s, tend to be more open in their views and not in favour of any form of advertising regulations.

One recent study[1] surveyed a sample of young people to discover their attitudes towards advertising regulation. A total of 202 respondents were sampled (87 male/115 female), ranging in age from 18–25 years old, with an average age of 19.9. The aim was to explore young peoples' views on whether certain types of media and images should be regulated, and the reasons for regulation.

The items used in this study were based on issues of complaint, with media taken from complained-about advertisements, as recorded in the Ad Standards annual report. The respondents were asked to indicate their level of agreement on whether the item was a reason for regulation on a seven-point scale, where 1 means 'Strongly Disagree' and 7 means 'Strongly Agree'.

All of the items received mean scores above the mid-point of '4'; therefore, the respondents felt that every item deserved to be regulated. In terms of attitudes towards advertising regulations, most felt that regulation was a good thing.

The top three images most deserving of regulation related to advertising showed:

1. Discrimination against a person's race
2. Discrimination against children
3. Discrimination against women

The top three media items that most deserved regulation were:

1. Transport (buses, trains, taxis, etc.)
2. Billboards (mobile)
3. Billboards (static)

Finally, in terms of the reasons for regulation, the most important were:

1. To protect consumers
2. To protect moral standards
3. To protect society as a whole

There was also an open-ended question that asked respondents about their overall feelings on advertising regulation. These were categorised, and examples are presented below:

No Regulation: 'I don't think advertising should at all be regulated, we live in a capitalist society, let the good advertisements float to the top and the bad ones sink to the bottom. Outrage culture and over-sensitive people are creating a nanny state and a generation of ignorant people.'

Not Regulated Enough: 'Advertising regulation should be a stricter law.'

Ad Regulation Is Good: 'I believe it is important to regulate advertising in order to avoid offensive messages being portrayed through media', 'Advertising should be regulated' and 'I think advertising regulations are good as it is'.

Do Not Regulate Too Far: 'All well and good to regulate things that children shouldn't have to see, but adults need reality', 'If it's in good taste or relevant or humorous, it should be allowed. Too much PC culture' and 'I think advertising should be reasonable, at the end of the day people should be smart enough to make decisions for themselves'.

Specific issues

A few more specific issues were mentioned, including:

ISSUE	QUOTE
Children	'I think regulations are important, and they need to particularly protect children.'
Women	'Advertising regulation needs to focus on the representation of women in our society. Women are over-sexualised and dumbed down in the media. This needs to change.'
Media	'I think online media should have as little regulation as possible.'
Misleading claims	'The content of the advertisements should be more closely investigated prior to their release.'

Figure 6.1 Advertising Standards Bureau
Source: Ad Standards

This study therefore found general agreement among the young people surveyed that there should be some form of advertising regulation on specific types of media (especially outdoor media) and advertising images (particularly if they showed discrimination), and the main reasons for advertising regulation included protecting consumers and moral standards.

The question now is: what do you think of advertising regulations?

Sources: Advertising Standards Board (2017), Review of Operations 2016, Available from https://adstandards.com. au/publications/review-operations; Volkov, Michael, Harker, Debra and Harker, Michael (2002), 'Complaint behaviour: A study of the differences between complainants about advertising in Australia and the population at large'. *Journal of Consumer Marketing*, 19 (4), 319–32; Waller, David S (2018), 'Attitudes of Gen Y to Advertising Regulation in Australia', *American Marketing Association (AMA) Summer Educators Conference*, Boston, USA, August; Wang, Zehua, Deshpande, Sameer, Waller, David S, and Erdogan, B Zafer (2017), Religion and Perceptions of the Regulation of Controversial Advertising. *Journal of International Consumer Marketing*, 1–16.

The primary focus of this text is on the role of advertising and other IMC variables as marketing activities used to convey information to, and influence the behaviour of, consumers. We are concerned with examining the marketing communication function in the context of a business and marketing environment and from a perspective which assumes that these activities are appropriate. However, not everyone shares this viewpoint. For example, economist Robert Heilbroner said, 'If I were to name the deadliest subversive force within capitalism, the single greatest source of its waning morality—I would without hesitation name advertising. How else should one identify a force that debases language, drains thought, and undoes dignity?'[2] Marketing communication is the most visible of all business activities and is liable to scrutiny by those who are concerned about the methods marketers use to sell their products and services.

Proponents of advertising argue that it is the lifeblood of business—it provides consumers with information about products and services and encourages them to improve their standard of living. They say advertising produces jobs and helps new companies enter the marketplace. Companies employ people who make the products and provide the services that advertising sells. Free market economic systems are based on competition, which revolves around information, and nothing delivers information better and at less cost than advertising.

Not everyone, however, is sold on the value of advertising. Critics argue that most advertising is more about propaganda than information; it creates needs and faults that consumers never knew they had. Ads suggest that children won't succeed at school without the latest mobile phone, that our bodies should be leaner, our faces look younger, and our houses cleaner. They point to the sultry, scantily clad bodies used in ads to sell everything from perfume to beer to power tools, and argue that advertising promotes materialism, insecurity and greed.

One of the reasons advertising and other forms of IMC are increasingly criticised is that they are so prevalent. Not only are there more TV, radio, newspaper, magazine, cinema, online and outdoor ads than ever, but more and

more public space is becoming commercialised. Professor David Helm remarks on advertising:

> Between the stickered bananas and the ads over the urinals and the ones on the floor of the supermarkets, we're exposed to 3000 commercial messages a day. That's one every 15 seconds, assuming we sleep for 8 hours, and I'd guess right now there's someone figuring out how to get us while our eyes are closed.[3]

As marketers intensify and become more aggressive in their efforts to get the attention of consumers, using mobile billboards and pop-up banner ads, resentment against their IMC efforts is likely to increase. Some groups, such as Parents' Voice, are concerned about the intrusion of advertising and other types of marketing messages into all aspects of our lives, particularly in relation to children. There is also concern that with product placement, some companies are obliterating the line between marketing communication and entertainment by creating and delivering ads and other messages that appear to be part of popular culture but have a persuasive intent.[4] Due to its high visibility and pervasiveness, advertising has been the subject of a great deal of criticism, as well as rules and regulations.

Regulatory concerns can play a major role in the advertising decision-making process. Advertisers operate in a complex environment of government rules and regulations. Additionally, a number of advertising and business-sponsored associations, consumer groups and organisations, and the media attempt to promote honest, truthful and tasteful advertising through their own self-regulatory programs and guidelines. Many parties are concerned about the ethical nature and content of advertising and its potential to offend, exploit, mislead and/or deceive consumers.

Advertising is a very powerful force, and so this text looks at the criticisms regarding its social and economic effects as well as some defences against these charges. We consider the various criticisms of advertising and marketing communication in general from an ethical and societal perspective, then observe the advertising self-regulatory system.

SUMMARY

Advertising is a very powerful institution and has been the target of considerable criticism regarding its social and economic impact. The criticism of advertising concerns the specific techniques and methods used, as well as its effect on societal values, tastes, lifestyles and behaviour. Critics argue that advertising is deceptive and untruthful; that it is often offensive, irritating or in poor taste; and that it exploits certain groups, such as children. Many people believe advertising should be informative only and advertisers should not use subjective claims, puffery, embellishment or persuasive techniques.

Advertising can offend consumers through the type of appeal or manner of presentation used: sexually suggestive ads and nudity receive the most criticism. Advertisers say their ads are consistent with contemporary values and lifestyles and are appropriate for the target audiences they are attempting to reach. Advertising to children is an area of particular concern, since critics argue that children lack the experience, knowledge and ability to process and evaluate persuasive advertising messages rationally.

The pervasiveness of the various forms of marketing communication and their prevalence in the mass media have led critics to argue that marketing communication plays a major role in influencing and transmitting social values. Advertising has been charged with encouraging materialism; manipulating consumers to buy things they do not really want or need; and perpetuating stereotypes through its portrayal of certain groups such as women, minorities and elderly people.

Regulation and control of advertising stem from internal regulation, or self-regulation, as well as from government regulatory agencies. For many years the advertising industry has promoted the use of voluntary self-regulation to regulate advertising and limit government interference with and control over advertising. Self-regulation of advertising emanates from all segments of the advertising industry, including advertisers and their agencies, business and advertising associations, and the media.

Traditionally, the government has been the most important source of external regulation, with the Australian Competition and Consumer Commission (ACCC) formed to administer the *Competition and Consumer Act.* The ACCC protects both consumers and businesses from unfair and deceptive practices and anti-competitive behaviour.

The advertising regulation systems in both Australia and New Zealand are self-regulatory. Self-regulation is more flexible and responsive to both industry needs and public opinion than formal government regulation. In Australia, the advertising self-regulation system is managed through Ad Standards and emanates from all segments of the advertising industry, including individual advertisers and their agencies, business and advertising associations, and the media. However, the self-regulation process has been criticised, for example, for the time

it takes the regulatory body to review a complaint and for it to be resolved. The view is that self-regulation is self-serving to the advertisers and advertising industry in general, and that in a voluntary system it lacks the power to enforce decisions.

KEY TERMS

DISCUSSION QUESTIONS

1   Should companies be concerned with advertising ethics? Justify your answer with examples.

2   'If it's legal, it's ethical.' What is the difference between an advertisement being legal and an ad being ethical?

3   What is shock advertising? Do you think shock ads are designed to create sales, or to bring attention to specific issues? Do you believe that they work?

4   Over the years, there have been calls to eliminate or severely restrict advertising to children. Discuss the social and ethical issues as to whether advertising to children should be permitted. Support your position.

5   Despite the many critics of advertising, it does serve a valuable purpose. Outline the key benefits of advertising for: (a) the economy and (b) the consumer.

6   In your opinion, do the recent rulings of the Advertising Standards Board (or ASA in New Zealand) accurately reflect prevailing community standards? Look at the rulings at www.adstandards.com.au or www.asa.co.nz.

7   Find examples of advertising claims or slogans that are based on puffery rather than substantiated claims. Discuss whether you feel these advertising claims can be defended on the basis of puffery.

8   Is advertising over-regulated or under-regulated in this country? Discuss, with reference to controversial campaigns.

9   What are the benefits of self-regulation? How do these differ from the benefits of government regulation? In your opinion, which of the two best protects the interests of: (a) consumers, (b) business and (c) the advertising industry?

10   Do you agree with the move by Ad Standards to regulate advertisers' communications online? How might this affect companies that use social media in their IMC programs?

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CASE STUDY 2A

BEE FIRM NRG: COMMUNICATING WITH CONSUMERS VIA LABELS

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Bee Firm NRG is a newly launched brand of natural honey drink in Western Australia, which offers a healthy alternative to the carbonated drinks on the market (Bee Firm NRG, 2018). By the end of 2018, the brand had been in the market for around one and a half years and had experienced strong market growth.

Source: Bee Firm NRG

The market

The global non-alcoholic beverage market is expected to grow at an average annual rate of 4.7% during the years between 2018 and 2023, with a total revenue of US$1189.10 billion in 2023 (Research and Markets, 2018). The Asia–Pacific region is currently having the highest growth of all regions. For example, the Australian non-alcoholic drink market has experienced strong growth totalling AU$7 billion, with $736 million coming from the health beverage market (such as fruit juices) and $3.8 billion from the soft drink market (ABC, 2018).

Alongside this growth, the non-alcoholic beverage market is also seeing a number of new consumption trends. These trends include avoiding unhealthy ingredients, increasing awareness of food sustainability and safety, stronger interest in knowing how a drink is made and rapidly evolving consumer lifestyles and habits (Mintel, 2018). Such trends have contributed to the strong growth of the health beverage market and have opened up strong opportunities for new market players such as Bee Firm NRG.

The challenge

Bee Firm NRG has entered the drinks market at the right time: consumer preferences are leaning towards healthier alternatives, there is space in the marketplace for local products, and pressure is growing for brands to be environmentally friendly (BDO, 2018). On the last point, while there is increasing concern for established brands to become more environmentally friendly, Bee Firm NRG has already incorporated the sustainability concept into its brand. Similarly, as many established brands are struggling with the possible imposition of sugar taxes, Bee Firm NRG already has a product with no added sugar—made instead with 100% natural honey. There is also an increasing preference to consume locally sourced products and brands—yet another advantage for Bee Firm NRG.

However, market competition in the beverage market is intense (Waddingham, 2017). Since Bee Firm NRG positions itself as a healthy energy drink, it faces potential competition from both the healthy drink and the energy drink sectors. From the former, direct competitors include well-established brands with a high level of brand loyalty, such as Ceres, Harvey Fresh and Ocean Spray. From the latter, there is direct competition from well-known brands such as Red Bull, Monster, Mother, Rockstar and V. There are also indirect competitors, such as Coca-Cola, Pepsi, etc. These brands are not only well-known in the market but also enjoy a high level of brand loyalty.

As a new brand, Bee Firm NRG also faces a number of key challenges, one of the most important of which is how to increase brand awareness. Compared to other brands, it has significantly lower consumer awareness and, subsequently, fewer consumer trials and repeated purchases. The following section looks in more detail at Bee Firm NRG's efforts to develop an effective labelling strategy in order to break through the clutter and generate market interest.

The labelling strategy

Labels are usually the first point of contact between the brand and its target market. Bee Firm NRG places a huge emphasis on its labelling strategy and its labels mainly serve three different functions:

1. Attracting consumers' initial attention

Bee Firm NRG's black-and-gold label design is not only eye-catching but also aesthetically pleasing. The gold colour represents honey, which is the main ingredient of the drink. Gold is also a symbolic colour for Australia. According to Mike Borowiec, Bee Firm NRG's brand manager, black and gold are the most contrasting colours, which helps Bee Firm NRG to break through the clutter in the soft drink section as well as gaining consumers' initial attention.

2. Informing key product attributes and benefits

Compared to other energy or health drinks, Bee Firm NRG offers more unique ingredients in its products than its competitors—another salient factor that helps it stand out. Its labels list the key ingredients—such as honey, Kakadu plum and ginseng—on the front (Bee Firm NRG, 2018). And the honey is not just any honey—it's 100% local Western Australian (Darling Range) honey. WA is well-known for its honey, which contains strong antimicrobial elements. Kakadu plum is also a local WA fruit, sourced from the Kimberley region. Most notably, it has the highest vitamin C content of any fruit in the world (e.g. 50 times more than the vitamin C of an orange). Ginseng has been used for centuries as a medicinal herb and has long been considered effective in increasing energy, improving memory and relieving stress.

According to a comparative study, Bee Firm NRG 'offers the lowest levels of sugar compared to the top 5 selling energy drinks, the lowest levels of sodium and least calories per can and bottle' (Bee Firm NRG, 2018). With all of these ingredients, its main selling point is that it is a unique honey energy drink, a healthy alternative that delivers strong energy. This is why 'Natural Buzz' is the brand's key positioning phrase. The phrase also reflects the use of guarana, a source of natural caffeine that comes from the seeds of a climbing plant.

3. Developing unique brand image associations

According to Borowiec, 'Bee Firm NRG is a company with a conscience.' One of the key brand image associations the firm wishes to develop is that it is environmentally and ethically conscious. Labels are an important point of contact that help consumers develop these associations.

The product comes in a recyclable bottle, with detailed instructions carefully printed on the label: 'Tear off the label, separate cap & bottle, drop in a recycling bin, and grin like a winner.' 'The tear-off function increases our label costs,' Borowiec said, 'but we believe it is worthwhile. It serves as a strong signal to our consumers that we care about the environment.' Besides the recycling sign, a Bee Firm NRG label also includes a 'Save the Bees' symbol, which further enhances the brand's environmentally friendly image.

'Being local' is another important brand image association that Bee Firm NRG wishes to establish among its target consumers. A number of 'place of origin' indicators appear on the label, such as 'Made in Australia from at least 99% Australian ingredients', 'Darling Range Honey', 'Kimberley Kakadu Plum' and 'Buy West Eat Best'.

These elements on the label also connect consumers with the brand. The company's website states that 'from the choice of natural ingredients in our energy drink to our association with vital organisations like Save the Bees and Keep Australia Beautiful, our relationships with Bee Firm NRG's Ambassadors and Suppliers, we like to act ethically, with integrity and from a concern for the future of our fragile earth' (Bee Firm NRG, 2018).

The future

Because of its innovative product, ethical and sustainable business practices, and effective marketing communications, Bee Firm NRG won the 2018 Western Australian Department of Primary

Industries and Regional Development Economic Development Award (Awards Australia, 2018). The firm also provides hundreds of jobs, directly and indirectly, through its business practices such as sourcing honey from the local Perth Hill regions to help small bee keepers in the area grow their businesses. Not only that, it supports Western Australian athletes who compete in a variety of adrenalin-pumping sports.

Bee Firm NRG is working on a number of new initiatives in 2019, one of which is to offer an alternative label design that will attract more female consumers to the brand. The current black and gold label may grab their attention initially, but it doesn't necessarily persuade them to try the drink. As such, Bee Firm NRG is adding a pink-toned label design to appeal to a more perceived feminine aesthetic. Another initiative is to introduce a new product line to the market: honey water. 'Honey water is expected to be used in a situation different from that of our current honey energy drinks,' Borowiec said. He is very confident these initiatives will further increase brand awareness and help them reach more potential consumers.

DISCUSSION QUESTIONS

1   Discuss Bee Firm NRG's current brand positioning strategies. Are these strategies sustainable?

Bee Firm NRG currently uses its unique selling proposition (USP) as its major brand positioning strategy (e.g. it is the only natural honey energy drink in the WA market). The USP can help the brand increase awareness in the introductory stage, but it may not be very sustainable. Other brands could copy and adopt a similar strategy. Currently, Bee Firm NRG also attempts to adopt a 'brand image' with a focus on symbolic benefits (e.g. strong brand personalities, etc.) that may be more sustainable in the long run. Functional benefits can easily be copied, while symbolic benefits are harder to emulate.

2   Currently, a Bee Firm NRG label includes place of origin cues (such as 'Darling Range Honey', 'Buy West Eat Best') and environmental cues (such as 'Bee Firm on Recycling' and 'Save the Bees'). Using yourself as an example, discuss the effectiveness of these labelling cues.

The 'origin' cues usually indicate quality. Consumers who care about product quality will be influenced by these cues. Further, the origin cues will also be attractive to local consumers with a high level of consumer ethnocentrism (i.e. preferring to buy locally made products in order to support local employment, etc.). The 'environmental' cues will be attractive to environmentally conscious consumers. These consumers will often be willing to pay a higher price for a brand if they believe the brand is environmentally friendly, which also sometimes implies that the brand is ethical and socially responsible. However, income or other personal factors may influence how consumers respond to origin or environmental cues.

3   Bee Firm NRG is planning to offer a more feminine-looking label design (using pink instead of black). Do you think this is a good strategy? Discuss.

Student can discuss this question based on market segmentation. If the target market is decided by psychographics (for example, a preference for sports, being active, being health-conscious, etc.), offering a more feminine-looking design probably won't significantly increase the market size. In other words, it doesn't matter if the consumer is male or female; as long as her or she shares those common psychographic characteristics, that person will respond similarly to a product label. However, if the target market is heavily decided by demographics, such as gender, then yes, offering a more feminine-looking label design will help attract more female consumers.

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CASE STUDY 2B

'PLACE YOUR BETS' ON GREATER GOVERNMENT REGULATION

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The fastest-growing category of advertising in Australia is also one of its most controversial—sports gambling. Sports betting is the only form of gambling that has seen participation rates increase during the past decade and, as sports betting has grown, so has community opposition.

In 2011, in response to these public concerns, the Australian Senate launched an inquiry into the advertising and promotion of gambling services in sport as many of the country's most beloved sporting brands had become increasingly reliant on revenue from the sector. Senator Richard Di Natale argued that the nation risked creating another generation of problem gamblers, and he expressed the views of many in society when he said that you 'can't watch a sporting event with your kids without being bombarded by betting odds and gambling ads'.

Source: 123RF/stockbroker

Advertising's role in normalising behaviour

Advertising has played an important role in stimulating the consumption of other products deemed socially undesirable. It has been heavily criticised for its perceived role in normalising alcohol and tobacco use and influencing the next generation of consumers, particularly children, who are

especially vulnerable to advertising appeals. For instance, Joe Camel was the advertising mascot for the Camel brand of cigarettes from 1987 to 1997, with the character being as recognisable to American children as Mickey Mouse, and it was heavily criticised by the American Medical Association for targeting children.

Government regulators in Australia were likewise concerned about the long-term effects of gambling advertising upon children and the growing concern of parents that gambling in sport for children was being normalised. Due to the promotion of live odds in televised broadcasts and other branding opportunities with sport teams, betting agencies were able to exploit a loophole that allowed gambling advertising and live odds during the game, even when children were likely to be watching. As a result, the Parliamentary Committee Inquiry heard very worrying stories of how, for children, the odds of winning 'are now embedded in conversations about sport' and that the long-term effects of exposure to gambling advertising are unknown.

Research estimates that three-quarters of young Australians participate in gambling before adulthood. Most parents and sports administrators believe the market is oversaturated and that greater regulation is needed. In some studies, as many as three-quarters of the children perceived gambling to be a normal part of sport and they could recall many sports-betting brands and the storylines used in their advertising, while youth problem gamblers said they were stimulated to gamble as a result of these advertisements. Some adolescents felt that it was fun and exciting and made them feel more connected to their sporting team.

Governments encourage self-regulation

In May 2011, Australian regulators decided to ban the promotion of live odds during match commentaries if the industry didn't agree to restrict the practice. The broadcasters reluctantly agreed and so live odds would not be shown during games nor discussed by commentators, although they were still allowed during breaks in play if clearly identified as a gambling promotion.

Despite these measures, broadcasters have occasionally fallen foul of regulators. For instance, early on in the Nine Network's broadcast of the 2013 National Rugby League (NRL) season, the lines became blurred when a prominent bookmaker appeared alongside the broadcast's commentary team. For effective communication to occur, viewers need to understand and correctly interpret what a source is trying to communicate. Tom Waterhouse belonged to a famous racing family and was recognisable to many Australians courtesy of his sports betting commercials in the preceding months and yet it was very difficult for viewers to tell whether he was part of the network's expert commentary team.

The bookmaker was a credible source who encoded his message by using words, signs or symbols with which viewers would be familiar when he featured as part of the commentary team and many viewers would have identified or related to him in some manner. When seated next to members of the commentary team, the NRL was concerned that viewers might struggle to decode the message. In subsequent broadcasts, the bookmaker appeared by himself, held a microphone with his company logo and talked about the betting odds rather than the football game. The integration of sports betting into the network's NRL broadcasts meant that the lines had again been blurred between what the viewer perceived to be commentary and the promotion of sports betting.

In the wake of a later inquiry into sports gambling that called for sports-betting advertising to be scaled back, the Australian Association of National Advertisers (AANA) launched a new self-regulatory code in 2016. Although it was designed to prevent bookmakers from creating advertising aimed at children, calls continued to be made for a national regulatory framework. It was argued that Australia needs its governments to develop comprehensive regulation, especially as 'we've seen with alcohol, tobacco and junk food advertising that it's very hard to enforce self-regulatory codes of practice'.

Governments intervene with legislative change

In a move that echoes the prohibition of tobacco advertising in 1976, politicians have called for a ban on sports gambling advertising, and sponsorship during sport. Although the Australian Communications and Media Authority (ACMA) already had strict guidelines for advertising targeted at children, the government has further tightened regulation around when gambling advertising can be shown during the broadcast of live sports. The new rules seek to limit the exposure of sports betting messages to children and continue the prohibition on the promotion of live odds. The regulation establishes a 'safe zone' for children, banning gambling advertisements from being shown during live sporting events on all television, radio and online platforms between 5 am and 8.30 pm.

While the debate rages over how advertising may normalise gambling for the nation's most vulnerable, especially as children are susceptible to advertising and hero worship, regulators and community groups continue to fear a new generation of problem gamblers. According to Senator Nick Xenophon, it's 'not the end of the story in terms of gambling reform'. It would therefore seem unwise to bet against governments taking an increasingly aggressive stance against sports betting and the link these brands have with Australia's most recognisable athletes.

DISCUSSION QUESTIONS

1   The lines had 'been blurred' between advertising and commentary during an early-season NRL television broadcast. Use the model shown in Figure 5.1   to explain the likely communication process viewers went through and why you believe there was so much concern shown by the public and the league after this broadcast?

   Waterhouse was the source/sender who used symbols associated with the commentary team to encode his message, i.e. use his company to bet on the NRL.

   The NRL broadcast was the channel, and the bookmaker's message was transmitted from source to end receiver, the television viewer. However, effective communication requires viewers to successfully decode the messages.

   Viewers had an existing field of reference whereby the NRL commentary team were known for their unbiased and knowledgeable analysis of the game. The backlash arose because the network had seamlessly integrated rugby league commentary and a promotion for the bookmaker's services, and the lines had been blurred.

2   Given that tobacco companies in Australia have been unable to advertise their product for more than 40 years and government regulators prohibited them from financially supporting sport in 1992, why do you think that alcohol, junk food and sports betting are still allowed to advertise and financially support Australian sport?

   The link between cigarette smoking and cancer had been widely accepted and governments thus banned advertising tobacco products.

   Excessive consumption of alcohol, sugar, fat and gambling is responsible for many societal problems yet the link between consumption, addiction and death is less clear.

   Gambling and passion for sport are also deeply embedded in Australian society and so would face stiff

opposition.

3 Self-regulation is always the preferred approach for an industry, and the AANA has introduced such guidelines regarding alcohol, food and beverages and sports betting, especially when advertising to children. Based on the evidence in this case, do you believe that the government needed to legislate—or would self-regulation have protected children from exposure to sports-betting advertising?

Despite a voluntary agreement in 2011, there was public outrage when the lines were blurred in the 2013 NRL season with Nine and Tom Waterhouse.

The AANA introduced a self-regulatory code in 2016, yet it was heavily criticised because, as has been found with industries in the past, it was very hard to enforce.

Tobacco advertising was banned and there are calls to do the same with alcohol. As community concern grows and problem gambling increases, it is probably inevitable that it will not be left to industry, so politicians will get involved.

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ANALYSING THE RECEIVER

To communicate effectively with their customers, marketers must understand who the target audience is, what (if anything) it knows or feels about the company's product or service, and how to communicate to influence its decision-making process. Marketers must also know how the market is likely to respond to various sources of communication and different types of messages. Before they make decisions regarding source, message and channel variables, marketing communication planners must understand the potential effects associated with each of these factors. This section focuses on the receiver of the marketing communication. It examines how the audience is identified.

Identifying the target audience

The target audience may consist of individuals, groups, niche markets, market segments, or a general or mass audience (see Figure 5.2). Marketers approach each of these audiences differently.
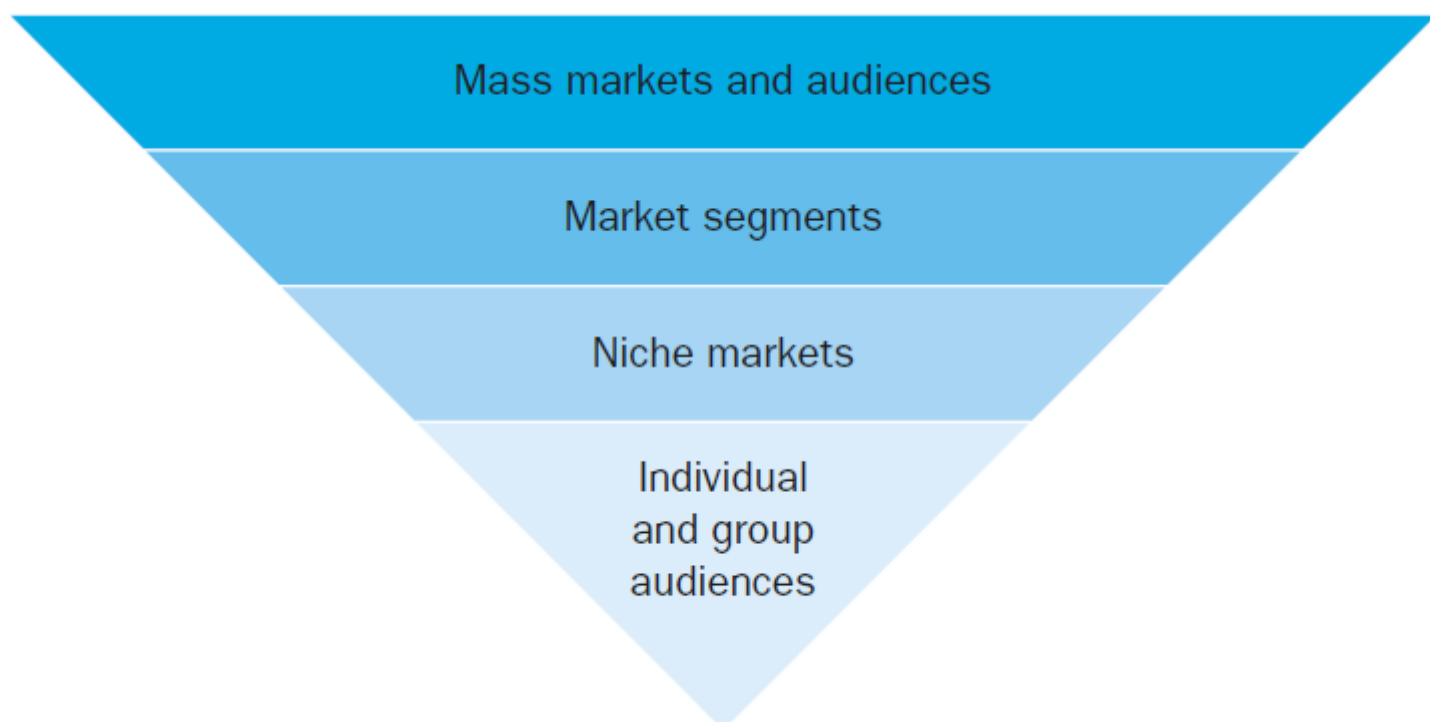
Figure 5.2 Levels of audience aggregation

The target market may consist of *individuals* who have specific needs and for whom the communication must be specifically tailored. This often requires person-to-person communication and may be accomplished through personal selling. Other forms of communication, such as advertising, may be used to attract the audience's attention to the company, but the detailed message is carried by a salesperson who can respond to the specific needs of the individual customer. Life insurance, financial services and real estate are examples of products and services that communicate in this way. It is also possible that an individual may reach out on a social media platform with a request or comment and the company must be ready to respond appropriately—possibly in

full view of many others on the same platform.

A second level of audience aggregation is represented by the *group.* Often, marketers must communicate with a group of people who make or influence the purchase decision. For example, organisational purchasing often involves buying centres or committees that vary in size and composition. Companies marketing their products and services to other organisations must understand who the decision-makers are, what aspect of the decision each individual influences, and the criteria each member uses to evaluate the offering. Advertising may be directed at each member of the buying centre, and multilevel personal selling may be necessary to reach those individuals who influence or actually make the decisions. Any organisations that depend on retail outlets to distribute to end users must know who makes up the group.

Marketers look for customers who have similar needs and wants and thus represent some type of market segment that can be reached with the same communication strategy. Very small, well-defined groups of customers are often referred to as *niche markets.* They may be reached through personal-selling efforts or highly targeted interactive media. The next level of audience aggregation is *market segments,* broader classes of buyers who have similar needs and can be reached with similar messages. There are various ways of segmenting markets and reaching the customers in these segments. As market segments get larger, marketers usually turn to broader-based media such as newspapers, magazines and TV to reach them.

Marketers of most consumer products attempt to attract the attention of large numbers of current or potential customers (*mass markets*) through mass communication such as advertising or publicity. Mass communication is a one-way flow of information from the marketer to the consumer. Feedback on the audience's reactions to the message is generally indirect and more difficult to measure.

TV advertising, for example, lets the marketer send a message to millions of consumers at the same time. But this does not mean effective communication has occurred. This may be only one of several hundred messages to which the consumer is exposed that day. There is no guarantee the information will be noticed. Even if the advertising message is processed, it may not interest consumers or may be misinterpreted by them.

Unlike personal or face-to-face communications, mass communications do not offer the marketer an opportunity to explain or clarify the message to make it more effective. The marketer must enter the communication situation with knowledge of the target audience and how it is likely to react to the message. This means the receiver's response process must be understood, along with its implications for marketing communication planning and strategy.

Increasingly, it is beneficial for our understanding of consumers today to interpret the basic communication model that has been described previously but in reverse, as shown in Figure 5.3 . By viewing the customer as the source of the communication, actively seeking to initiate an exchange with an organisation, we can more effectively engage in two-way communication and benefit from the message the customer is giving us. The organisation in this instance is the receiver. The channels chosen by customers for their own initiated messages could be email, text or click-through, or they could post to the organisation's blog on its web page, or make a phone call to an inquiry line. The communication may be a complaint, a compliment, a question or other feedback. The value of encouraging, monitoring and measuring this two-way communication comes through the insights it can provide about customers and, increasingly, the opportunity to sell directly.
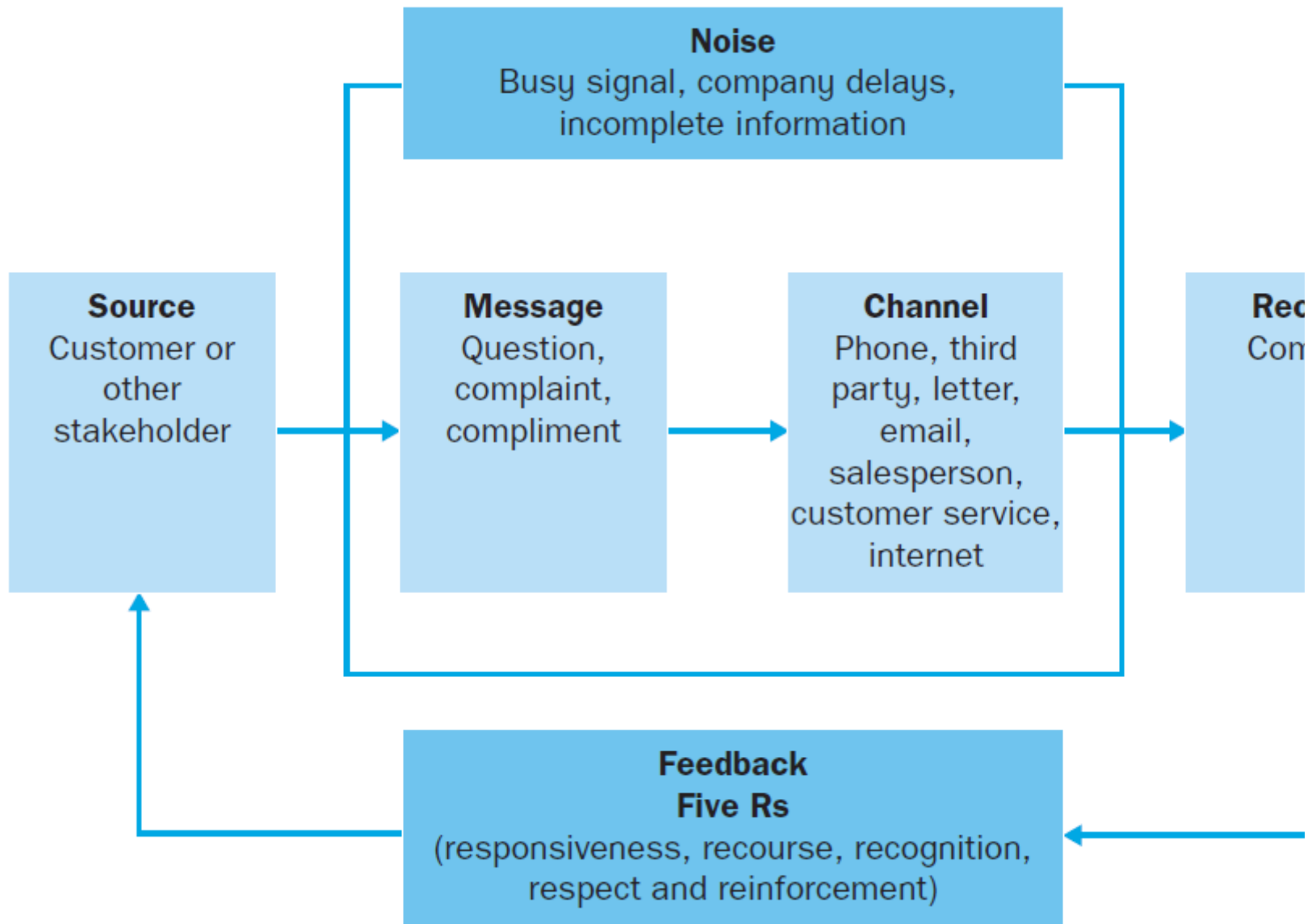
Figure 5.3 The customer-initiated marketing communication model

When it is accepted that customers and potential customers have questions, opinions to share, messages or orders to pass on to brand owners—that is, they are the initiators of the communication—this becomes an ideal opportunity for the brand to respond appropriately.

Active listening begins before responding

There is an old saying: 'We were given two ears but only one mouth, because listening is twice as hard as talking.' This is true of brands too. The internet provides the perfect platform for listening in. Through blogs, forums, social networks, Twitter and web communities, consumers talk to other consumers and smart marketers listen to this rich and unfiltered conversation.

Listening has been deemed to be so important that the Advertising Research Foundation (ARF) published Stephen Rappaport's *Listening Playbook* and summarised his work in its academic journal.[13] Listening is defined as 'the study of naturally occurring conversations, behaviours and signals—information that may or may not be guided—that brings the voice of people's lives to a brand'.

Listening should be a vital part of overall brand strategy whether related to innovations, improvements or insights to guide communication strategies. It may also drive outcomes such as the cultivation of new customers, new product developments or best practice to manage a public issue.

While brands listen both offline (through service interactions or customer feedback lines) and online, automated tracking through bots, agents or spiders makes it easy to identify when a conversation is taking place in the online environment. Typically, these conversations occur in the brand backyard (brand-controlled sources such as customer and private communities, blogs, discussion forums, email, customer service logs, corporate Twitter or corporate presence on social networking sites) or in the consumer backyard (consumer blogs, forums, ratings and review sites, Twitter, social networks or media-sharing sites such as YouTube or Instagram).

Brands listen to customers, prospects, business partners and those with influence and a voice. To make sense of the conversations, they will try to segment the vocal participants using terms such as *category users*, *brand users*, *loyal users*, *former users*, *brand non-users*, *switchers*, *brand intenders*, *brand advocates* and *brand detractors*, depending on what they are saying. Some of these segments are of more interest than others. And this interest may differ across time, according to the objectives of the listening initiative.

Brands need to evaluate who is actually speaking. Those with a voice and who choose to express an opinion may not necessarily be representative of the typical consumer, especially in a forum that might be open to anyone. How do brands know they are listening to the right people—and not just a vocal minority? Or even someone planted by a competitor?

Listening brands must be mindful that many in society are concerned about consumer privacy. Reassurance is therefore needed that the harvesting of conversation data is conducted ethically and knowingly and only publicly available material is subject to listening activities.

When brands have listened and acted upon what they have heard, it may make sense to use this in their communication with consumers. In Exhibit 5.6 this is exactly what Weber has done in its Facebook post announcing the availability of a special-edition colour of barbecue.

Exhibit 5.6 Weber offered a new colour as a result of listening to its customers and letting them know it was

listening

A Chinese proverb (written long before the internet) says, 'To listen well is as powerful a means of influence as to talk well, and is as essential to all true conversation.' While listening may be harder than speaking because it demands the consideration of another viewpoint (sometimes one we don't want to hear), the interpretation of others' emotions and the surrender of our own egos, it is a demonstration of wisdom that will hopefully inform brand and communication strategy.

RESPONSE MODELS

Perhaps the most important aspect of developing effective communication programs involves understanding the response process the receiver may go through in moving towards a specific behaviour (such as purchasing) and how the communication efforts of the marketer influence consumer responses. In some instances, the marketer's objective may be to create awareness of the company or brand name, which may trigger interest in the product. In other situations, the marketer may want to convey detailed information to change consumers' knowledge of and attitudes towards the brand and ultimately change their behaviour. But where do we start?

Traditional linear learning response hierarchy models

A number of models have been developed to depict the stages a consumer may pass through in moving from a state of not being aware of a company, product or brand to actual purchase behaviour. Figure 5.4 shows four of the best-known response hierarchy models. While these response models may appear similar, they were developed for different reasons.

	Models		
Stages	**AIDA model**	**Hierarchy of effects model**	**Innovation adoption model**
Cognitive stage	Attention	Awareness Knowledge	Awareness
Affective stage	Interest Desire	Liking Preference Conviction	Interest Evaluation
Behavioural stage	Action	Purchase	Trial Adoption

Figure 5.4 Models of the response process

The **AIDA model** was developed to represent the stages a salesperson must take a customer through in the personal-selling process.[14] This model depicts the buyer as passing successively through attention, interest, desire and action. The salesperson must first get the customer's attention and then arouse some interest in the company's product or service. Strong levels of interest should create the desire to own or use the product. The action stage in the AIDA model involves getting the customer to make a purchase commitment and close the sale. To the marketer, this is the most important stage in the selling process, but it can also be the most difficult. Companies train their sales representatives in closing techniques to help them complete the selling process. However, the AIDA model is simplistic and has been retired in favour of the use of more robust and insightful models.

Perhaps the best-known response hierarchy is the model developed by Robert Lavidge and Gary Steiner as a paradigm for setting and measuring advertising objectives.[15] Their **hierarchy of effects model** shows the process by which they believe advertising works; it assumes a consumer passes through a series of steps in sequential order from initial awareness of a product or service to actual purchase. A basic premise of this model is that advertising effects occur over a period of time. Advertising communication may not lead to immediate behavioural response or purchase; rather, a series of effects must occur, with each step fulfilled before the consumer can move to the next stage in the hierarchy. The hierarchy of effects model has become the foundation for objective setting and the measurement of advertising effects in many complex purchasing decisions.

The **innovation adoption model** evolved from work on the diffusion of innovations.[16] This model represents the stages a consumer passes through in adopting a new product or service. Like the other models, it claims that

potential adopters must be moved through a series of steps before taking some action (in this case, deciding to adopt a new product). The steps preceding adoption are awareness, interest, evaluation and trial. The challenge facing companies introducing new products or targeting new markets is to create awareness and interest among consumers, then get them to evaluate the product favourably. The best way to evaluate a new product is through actual use so that performance can be judged. Marketers often encourage trial by using demonstration or sampling programs or allowing consumers to use a product with a money-back commitment or compensation scheme. In this instance, paint colours are difficult to evaluate when purchasing online or in store. Marketers provide colour samples to trial in the form of paint swatches and small sample pots, allowing consumers to use a product with minimal commitment.

Exhibit 5.7 Sample pots and swatches encourage trial of paint brands and colours
Source: Getty/Juice Images Ltd

The final hierarchy model shown in Figure 5.4 is the **information processing model** of advertising effects, developed by William McGuire.[17] This model assumes that the receiver in a persuasive communication situation such as advertising is an information processor or problem solver. McGuire suggests the series of steps a receiver goes through in being persuaded constitutes a response hierarchy. The stages of this model are similar to the hierarchy of effects sequence; attention and comprehension are similar to awareness and knowledge, and yielding is synonymous with liking. McGuire's model includes a stage not found in the other models—retention, or the receiver's ability to retain that portion of the comprehended information that they accept as valid or relevant. This stage is important since most marketing communication campaigns are designed not to motivate consumers

to take immediate action but rather to provide information they will use later when making a purchasing decision.

Each stage of the response hierarchy is a dependent variable that must be attained and which may serve as an objective of the communication process. Each stage can be measured, providing the advertiser with feedback regarding the effectiveness of various strategies designed to move the consumer to purchase. The information processing model may be an effective framework for planning and evaluating the effects of a marketing communication campaign.

Usefulness of traditional linear learning response hierarchy models

The hierarchy models of communication response are useful to marketing communication planners from several perspectives. First, they delineate a series of steps potential purchasers might take to move them from unawareness of a product or service to readiness to purchase it. Second, potential buyers may be at different stages in the hierarchy, so the advertiser will face different sets of communication problems. For example, a brand well known for one type of product that introduces an unusual variation may need to devote considerable effort to making people aware of the new and unexpected offering. Mercedes-Benz is a luxury car company known as a super-premium brand associated with sleek sophistication, pride, prestige and quality. With the introduction of a hybrid model, the brand needed to position the offering in a new way to compete in the market and appeal to the right audience—one that is environmentally-conscious (see Exhibit 5.8   ). Marketers of a mature brand that enjoys customer loyalty may need supportive or reminder advertising to reinforce positive perceptions and maintain the awareness level for the brand, whereas unfamiliar offerings demand a more innovative communication approach.

Exhibit 5.8 Mercedez-Benz promoted its hybrid car by positioning it in an unexpected setting
Source: Mercedes-Benz USA

The hierarchy models can also be useful as intermediate measures of communication effectiveness. The marketer needs to know where audience members are on the response hierarchy. For example, research may reveal that one target segment has low awareness of the advertiser's brand, whereas another is aware of the brand and its various attributes, but has a low level of liking or brand preference.

For the first segment of the market, the communication task involves increasing the awareness level for the brand. The number of ads may be increased, or a product-sampling program may be used. For the second segment, where awareness is already high but liking and preference are low, the advertiser must determine the reason for the negative feelings and then attempt to address this problem in future communication.

When research or other evidence reveals that a company is perceived favourably on a salient attribute or performance criterion, the company may want to take advantage of this in its communication.

Issues with traditional linear learning response hierarchy models

As you saw in Figure 5.4 , the four models presented all view the response process as consisting of movement through a sequence of three basic stages. The cognitive stage represents what the receiver knows or perceives about the particular product or brand. This stage includes awareness that the brand exists and knowledge, information or comprehension about its attributes, characteristics or benefits. The affective stage refers to the receiver's feelings or affect level (like or dislike) for the particular brand. This stage also includes stronger levels of affect such as desire, preference or conviction. The conative or behavioural stage refers to the consumer's action towards the brand: trial, purchase, adoption or rejection.

All four models assume a similar ordering of these three stages. Cognitive development precedes affective reactions, which precede behaviour. One might assume that consumers become aware of and knowledgeable about a brand, develop feelings towards it, form a desire or preference, and then make a purchase. While this logical progression is often accurate, the response sequence does not always operate in this way.

Over the past three decades, considerable research in marketing, social psychology and communications has led to questioning of the traditional cognitive–affective–behavioural sequence of response. Several other configurations of the response hierarchy have been theorised.

Evolving response hierarchies

Michael Ray developed a model of information processing that identifies three alternative orderings of the three stages based on perceived product differentiation and product involvement.[18] These alternative response hierarchies are the standard learning, dissonance/attribution and low-involvement models (see Figure 5.5).
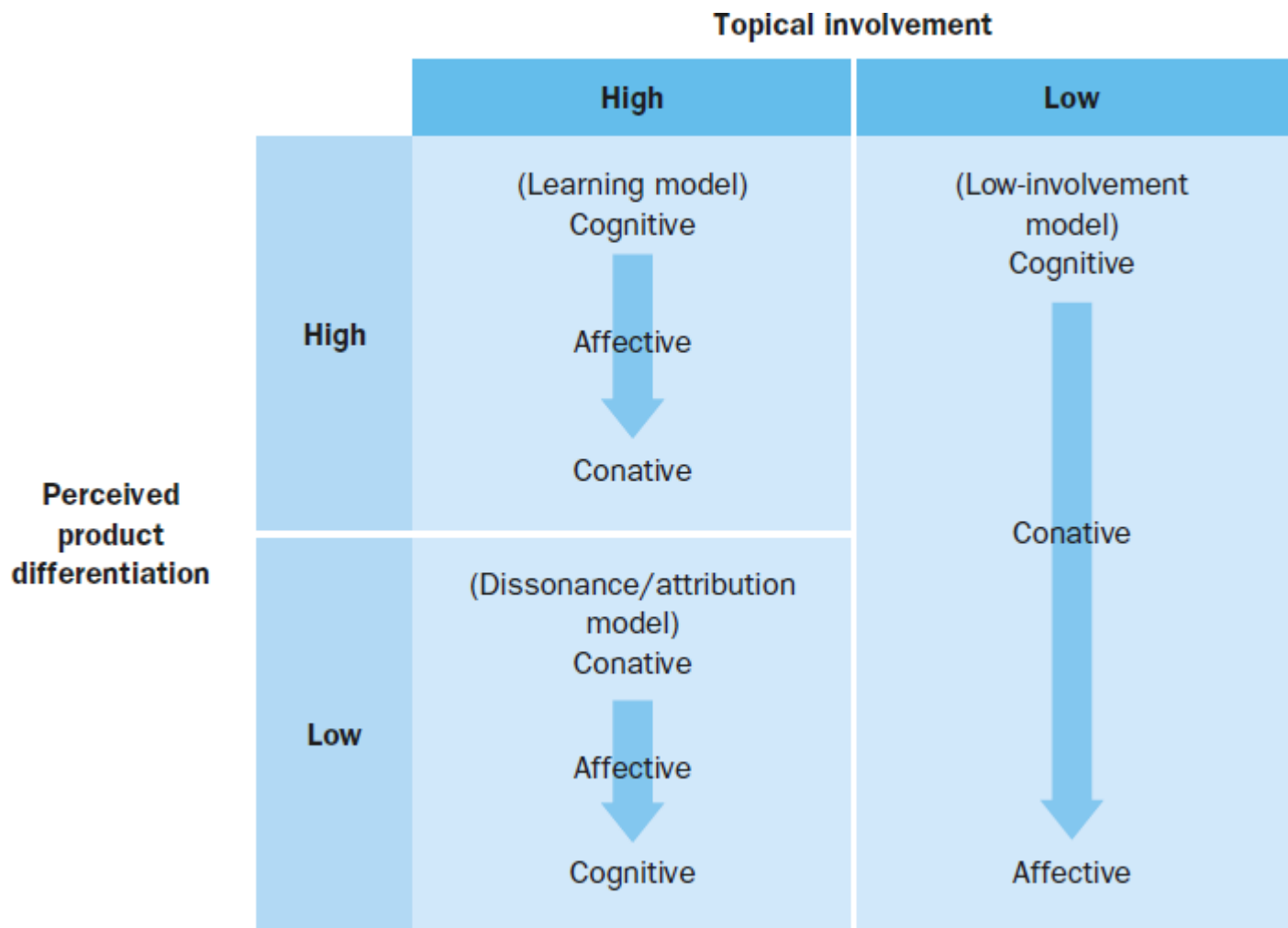
Figure 5.5 Alternative response hierarchies: the three-orders model of information processing

The standard learning hierarchy

In many purchase situations, the consumer will go through the response process in the sequence depicted by the traditional communication models. Ray terms this a **standard learning model**, which consists of a learn–feel–do sequence. Information and knowledge acquired or *learned* about the various brands are the basis for developing affect, or *feelings,* that guide what the consumer will *do* (for instance, actual trial or purchase). In this hierarchy, the consumer is viewed as an active participant in the communication process who gathers information through active learning.

The standard learning hierarchy is likely when the consumer is highly involved in the purchase process and there is much differentiation among competing brands. High-involvement purchase decisions—such as those for industrial products and services, and consumer durables, for example, personal computers, printers, cameras, appliances and cars—are areas where a standard learning hierarchy response process is likely. Ads for products and services in these areas are usually detailed and provide customers with information that can be used to evaluate brands and help them make a purchase decision. In the case of taking out car insurance for the first time, the consumer evaluates each provider's offerings to find the best deal, as in Exhibit 5.9. Both the providers' and comparison websites must provide information to appeal to the cognitive and affective steps in the standard learning hierarchy.

Exhibit 5.9 Websites provide the necessary information to address the various stages in the standard learning hierarchy
Source: Shutterstock/Andrey_Popov

The dissonance/attribution hierarchy

A second response hierarchy proposed by Ray involves situations where consumers first behave, then develop attitudes or feelings as a result of that behaviour, and then learn or process information that supports the behaviour. This **dissonance/attribution model**, or do–feel–learn, occurs in situations where consumers must choose between two alternatives that are similar in quality but are complex, and may have hidden or unknown attributes. The consumer may purchase the product on the basis of a recommendation by some non-media source and then attempt to support the decision by developing a positive attitude towards the brand and perhaps even developing negative feelings towards the rejected alternative(s). This reduces any *postpurchase dissonance* or anxiety the consumer may experience resulting from doubt over the purchase. Dissonance reduction involves **selective learning**, whereby the consumer seeks information that supports the choice made and avoids information that would raise doubts about the decision.

According to this model, marketers need to recognise that in some situations, attitudes develop *after* purchase, as does learning from the mass media. In these situations, the main effect of the communication is not the promotion of original choice behaviour and attitude change but rather the reduction of dissonance by reinforcing the wisdom of the purchase or providing supportive information. As with the standard learning model, this response hierarchy is likely to occur when the consumer is involved in the purchase situation; it is particularly relevant for postpurchase situations. For example, a consumer may purchase tyres recommended by a friend and then develop a favourable attitude towards the company and pay close attention to its advertising only to reduce dissonance.

Some marketers resist this view of the response hierarchy because they can't accept the notion that the mainstream media have no effect on the consumer's initial purchase decision. But the model doesn't claim this—just that the media's major impact occurs after the purchase has been made. Marketing communication planners must be

aware of the need for marketing communication efforts not just to encourage brand selection but to reinforce choices and ensure that a purchase pattern will continue.

The low-involvement hierarchy

Perhaps the most intriguing of the three response hierarchies proposed by Ray is the **low-involvement hierarchy**, in which the receiver is viewed as passing from cognition to behaviour to attitude change. This learn–do–feel sequence is thought to characterise situations of low consumer involvement in the purchase process. This hierarchy tends to occur when involvement in the purchase decision is low, there are minimal differences among brand alternatives and mass-media (especially broadcast) advertising is important.

The notion of a low-involvement hierarchy is based in large part on Herbert Krugman's theory explaining the effects of television advertising.[19] Krugman wanted to find out why TV advertising produced a strong effect on brand awareness and recall but little change in consumers' attitudes towards the product. He hypothesised that TV is basically a low-involvement medium and the viewer's perceptual defences are reduced or even absent during commercials. In a low-involvement situation, the consumer does not compare the message with previously acquired beliefs, needs or past experiences. The commercial results in subtle changes in the consumer's knowledge structure, particularly with repeated exposure. This change in the consumer's knowledge does not lead to attitude change but is related to learning something about the advertised brand, such as a brand name, ad theme or slogan. According to Krugman, when the consumer enters a purchase situation, this information may be sufficient to trigger a purchase. The consumer will then form an attitude towards the purchased brand as a result of experience with it.

In the low-involvement hierarchy, the consumer engages in *passive learning* and *random information catching* rather than active information seeking. The advertiser must recognise that a passive, uninterested consumer may focus more on non-message elements such as music, characters, symbols and slogans or jingles than actual message content. The advertiser might capitalise on this situation by developing a catchy jingle that is stored in the consumer's mind without any active cognitive processing and becomes salient when he or she enters the actual purchase situation.

Advertisers of low-involvement products also repeat simple product claims such as a key copy point or distinctive product benefit. A study by Scott Hawkins and Stephen Hoch found that under low-involvement conditions, repetition of simple product claims increased consumers' memory of and belief in those claims.[20] They concluded that advertisers of low-involvement products might find it more profitable to pursue a heavy repetition strategy than to reach larger audiences with lengthy, more detailed messages. For example, Heinz has dominated the baked bean market for over 20 years by repeatedly telling consumers that its brand is the only one to consider. Heinz has used a variety of campaigns over the years. However, they have all communicated the same basic message that 'Beanz meanz Heinz', that is, it is the best and most preferred brand of beans.

Low-involvement advertising appeals prevail in much of the advertising we see for frequently purchased consumer products: Kit Kat suggests 'Have a break, have a Kit Kat', Wrigley's Doublemint gum invites consumers to 'Double your pleasure'. Schweppes confides in consumers that 'Schh ... the secret is Schweppervescence'. Each of these appeals is designed to help consumers make an association without really attempting to formulate or change an attitude.

Another popular creative strategy used by advertisers of low-involvement products is what advertising analyst Harry McMahan calls *VIP,* or *visual image personality*.[21] Advertisers often use symbols such as the

charming Aleksandr Orlov, better known as the meerkat in Compare the Market's advertising, or the dodo for the internet services provided called Dodo. These characters develop visual images that will lead consumers to identify and retain ads. Duracell began using the pink bunny in ads for its batteries in 1989, and it has helped sales of the brand keep going and going for 30 years (see Exhibit 5.10).

Exhibit 5.10 The Duracell bunny is a popular long-serving personality symbol for the brand
Source: Getty/Apic/Contributor

Evolving response models: networks not hierarchies

Communication researchers recognise that not all response is explained adequately by the response hierarchies. Marketing communication is just one source of information consumers use in learning about products, forming attitudes and making a purchase decision. Consumers are likely to integrate information from all forms of marketing communication as well as direct experience in forming judgments about a brand. For example, a study by Robert Smith found that advertising can lessen the negative effects of an unfavourable trial experience on brand evaluations when the ad is processed before the trial. However, when a negative trial experience precedes exposure to an ad, cognitive evaluations of the ad are more negative.[22] Other research has also shown that advertising can affect consumers' objective sensory interpretation of their experiences with a brand and what they remember about it.[23]

Low-involvement processing may be more common than we think. We need to consider the work of behavioural economists such as Dan Ariely[24] or Richard Thaler and Cass Sunsteinn,[25] who have popularised a theory of influencing behaviour by presenting choices in such a way as to **nudge** consumers to the 'nudger's' preferred

outcome.

Nudging works because people generally have many choices and are prepared to take shortcuts to arrive at decisions if there is little perceived risk involved in a wrong decision and they are overwhelmed by decision making or it's simply not important to them and they have better things to do with their mind space. The thinking therefore is that advertisers can help consumers make decisions more easily, without extensive thinking—almost subconsciously—by giving them a little nudge in the 'right' direction. This suggests a response model more in keeping with a network of different stepping stones rather than a predictable and consistent hierarchy.

Nudge theory might seem new, but Richard Shotton,[26] of agency Manning Gottlieb OMD, recounts the origins of antacid brand Alka-Seltzer's original 1976 television ad jingle 'Plop plop fizz fizz'. The jingle was sung as two tablets were dropped into a glass, which bubbled up. It was written at the bidding of a psychologist, who suggested that sales would double if the social norm was to show the use of two tablets in the ad rather than one. The image of the two tablets 'framed' the behaviour for the consumer without them having to think. While today we would view this as both illegal and unethical, it is an early practice that has now been explained by theory.

The various response models offer different perspectives on the ways consumers respond to marketing communication. They also provide an insight into marketing communication strategies that marketers might pursue in different situations.

Situations to consider that we have discussed above include involvement levels and product/service differentiation as well as consumers' use of various information sources and their levels of experience with the product or service in terms of actual or potential **brand touchpoints**. Once the manager has determined which response network the intended audience might follow, an IMC program can be designed to influence in favour of the company's product or service.

Richard Vaughn and his associates at the FCB agency developed an advertising model in the form of a matrix. This model incorporates levels of involvement and the theory of brain specialisation. The right/left brain theory suggests the left side of the brain is more capable of rational, cognitive thinking, while the right side is more visual and emotional and engages more in the affective (feeling) functions. The resultant grid shows four communication strategies—informative, affective, habit formation and self-satisfaction—aligned with four response hierarchies (see Figure 5.6).

	Thinking	**Feeling**
High involvement	**1. Informative (thinker)** Car–house–furnishings– new products model: Learn–feel–do (economic?)	**2. Affective (feeler)** Jewellery–cosmetics– fashion apparel– motorcycles model: Feel–learn–do (psychological?)
Low involvement	**3. Habit formation (doer)** Food–household items model: Do–learn–feel (responsive?)	**4. Self-satisfaction (reactor)** Alcohol–confectionery model: Do–feel–learn (social?)

Figure 5.6 Simplified FCB grid

The *informative strategy* is for highly involving products and services where rational thinking and economic considerations prevail and the standard learning hierarchy is the appropriate response model. The *affective strategy* is for highly involving/feeling purchases. For these types of products, communication should stress psychological and emotional motives such as building self-esteem or enhancing one's ego or self-image. The *habit formation strategy* is for low-involvement/thinking products with such routine behaviour patterns where learning occurs most often after a trial purchase. The response process for these products is consistent with a behaviouristic learning-by-doing model (also called 'operant conditioning', as covered in Chapter 4   ). The *self-satisfaction strategy* is for low-involvement/feeling products where appeals to sensory pleasures and social motives are important. Again, the do–feel or do–learn pattern is operating, since product experience is an important part of the process. This is consistent with the low-involvement approach discussed earlier (learn–do–feel).[27]

So how does communication influence the receiver?

As you have seen from our analysis of the receiver, the process consumers go through in responding to marketing communication can be viewed from a number of perspectives. Vakratsas and Ambler reviewed more than 250 journal articles and books in an effort to better understand how advertising works and affects the consumer.[28] On the basis of their review of these studies, they concluded that although effects hierarchies have been actively employed for nearly 100 years, there is little support for the concept of a hierarchy of effects in the sense of temporal sequence. However, they noted that in trying to understand the response process and the manner in which advertising works, there are three critical intermediate effects between advertising and purchase (see Figure 5.7   ). These include *cognition,* the 'thinking' dimension of a person's response; *affect,* the 'feeling' dimension; and *experience,* which is a feedback dimension based on the outcomes of product purchase and usage. They concluded that individual responses to advertising are mediated or filtered by factors such as motivation and ability to process information, which can radically alter the individual's response to advertising. They suggest that the effects of communication should be evaluated using these three dimensions, with some intermediate variables being more important than others, depending on factors such as the product category, stage of the product life cycle, target audience, competition and impact of other marketing-mix components.
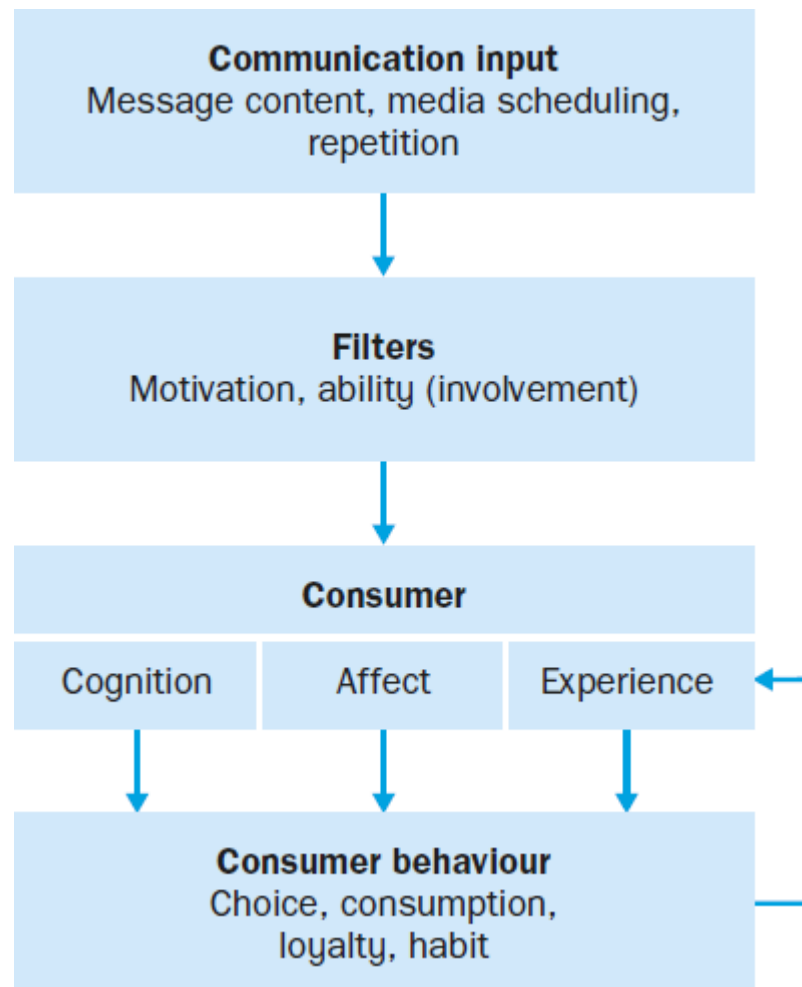
Figure 5.7 A framework for studying how communication works

Hall also argues that advertisers need to move away from explicit and implicit reliance on hierarchical models and develop models that place the three critical variables of cognition, affect and experience at the centre of the process.[29] Communication may focus on any one or more of the three variables—or perhaps all three in an integrated and networked model.

The various models discussed in this section provide different frameworks and insights into how consumers process and respond to IMC. What we know is based on an understanding of human behaviour and theories that have been developed in the realms of psychology and sociology.

COGNITIVE PROCESSING OF COMMUNICATION AND PERSUASION

Hierarchical response models have been the primary focus of approaches for studying the receivers' responses to marketing communication. As we have seen, this approach has been criticised on a number of fronts, including its black-box nature, since it can't explain what is causing these reactions.[30] In response to these concerns, researchers began trying to understand the nature of cognitive reactions to persuasive messages. Several approaches have been developed to examine the nature of consumers' cognitive processing of marketing communication messages. First we will look at the cognitive response approach, then at the elaboration likelihood model.

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Theory of cognition: the cognitive response approach

One of the most widely used methods for examining consumers' cognitive processing of marketing communication messages is assessment of their **cognitive responses**, the thoughts that occur to them while reading, viewing and/or hearing a communication.[31] These thoughts are generally measured by having consumers write down or verbally report their reactions to a message. The assumption is that these thoughts reflect the recipient's cognitive processes or reactions and help shape the ultimate acceptance or rejection of the message.

The cognitive response approach has been widely used in research by both academics and practitioners. Its focus has been on determining the types of responses evoked by a message and how these responses relate to attitudes towards the message, brand attitudes and purchase intentions. Figure 5.8 depicts the three basic categories of cognitive responses researchers have identified—product/message thoughts, source-orientated thoughts and ad execution thoughts—and how they may relate to attitudes and intentions.

Figure 5.8 A model of cognitive response

Product/message thoughts

The first category of thoughts comprises those directed at the product or service and the claims being made in the communication. Much attention has focused on two particular types of responses: counterarguments and support arguments.

Counterarguments are thoughts the recipient has that are opposed to the position taken in the message. While **support arguments** are thoughts that affirm the claims made in the message and reinforce a positive response to the brand. For example, in the ad for fashion brand Cue shown in Exhibit 5.11 , the message is designed to reinforce the quality and heritage of the brand by reassuring readers that it has been at the forefront of fashion for many years, but, unlike competitive brands, it is still manufactured in Australia. Many other well-known brands either have not been around for as long and/or are manufactured elsewhere.

Exhibit 5.11 Consumers often generate support arguments in response to information… Cue is reminding us that the brand has been fashionable for years and is still 'Made in Australia'
Source: Cue Clothing Co.

The likelihood of counter-arguing is greater when the message makes claims that oppose the receiver's beliefs. For example, a consumer viewing a commercial that attacks a favourite brand is likely to engage in counter-arguing. Counterarguments relate negatively to message acceptance; the more the receiver counter-argues, the less likely he or she is to accept the position advocated in the message.[32] Support arguments, on the other hand, relate positively to message acceptance. Thus, the marketer should develop messages that minimise counter-arguing and encourage support arguments.

Source-orientated thoughts

A second category of cognitive responses is directed at the source of the communication. One of the most important types of responses in this category is **source derogations**, or negative thoughts about the spokesperson or organisation making the claims. Such thoughts generally lead to a reduction in message acceptance. If consumers find a particular spokesperson annoying or untrustworthy, they are less likely to accept what this source has to say.

Conversely, receivers who react favourably to the source generate favourable thoughts, or **source bolsters**. As you would expect, most advertisers attempt to associate with spokespeople or symbols liked by their target audience, so as to carry this effect over to the message. Exhibit 5.12 shows how the Carman's brand uses both

the Monash Low-FODMAP certification symbol and the government Health Star Rating symbol to endorse the health properties of the brand. Carman's believes that the **credibility** gained from these endorsements is a source bolster for its products.

Exhibit 5.12 Carman's use of certification from relevant organisations as a source of credibility

Source: Carman's Kitchen

Ad execution thoughts

The third category of cognitive responses shown in Figure 5.8 consists of the individual's thoughts about the ad itself. Many of the thoughts receivers have when reading or viewing an ad do not concern the product or message claims directly. Rather, they are affective reactions representing the consumer's feelings towards the ad. These thoughts may include reactions to ad execution factors such as the creativity of the ad, the quality of the visual effects, colours and voice tones. **Ad execution-related thoughts** can be either favourable or unfavourable. They are important because of their effect on attitudes towards the advertisement as well as the brand.

In recent years, much attention has focused on consumers' affective reactions to ads, especially TV commercials.[33] **Attitude towards the ad** (A → ad) represents the receivers' feelings of favour or disfavour towards the ad. Advertisers are interested in consumers' reactions to the ad because they know that affective reactions are an important determinant of advertising effectiveness, since these reactions may be transferred to the brand itself or may directly influence purchase intentions. One study found that people who enjoy a commercial are twice as likely as those who are neutral towards it to be convinced that the brand is the best.[34]

Consumers' feelings about the ad may be just as important as their attitudes towards the brand (if not more so) in determining an ad's effectiveness.[35] The importance of affective reactions and feelings generated by the ad depends on several factors, among them the nature of the ad and the type of processing engaged in by the receiver.[36] Many advertisers now use emotional ads designed to evoke feelings and affective reactions as the basis of their creative strategy. The success of this strategy depends in part on the consumers'

involvement with the brand and their likelihood of attending to and processing the message.

Cialdini's Principles of Persuasion ®

In the section above we have been looking at the cognitive processing of persuasive messages, but perhaps we need to take a step back and consider what we know about the psychology of **persuasion** —the ability to make someone do or believe something by giving them a reason. If we can understand how persuasion works, we will be in a stronger position to communicate effectively.

According to Dr Robert Cialdini, acclaimed behavioural scientist, there are six universal principles of persuasion.[37] These principles underpin the reasons why people, say, respond positively. They are: reciprocity, scarcity, authority, consistency, liking and consensus (see Figure 5.9).

Cialdini's Principles of Persuasion ®

Reciprocity	Scarcity
Authority	Consistency
Liking	Consensus
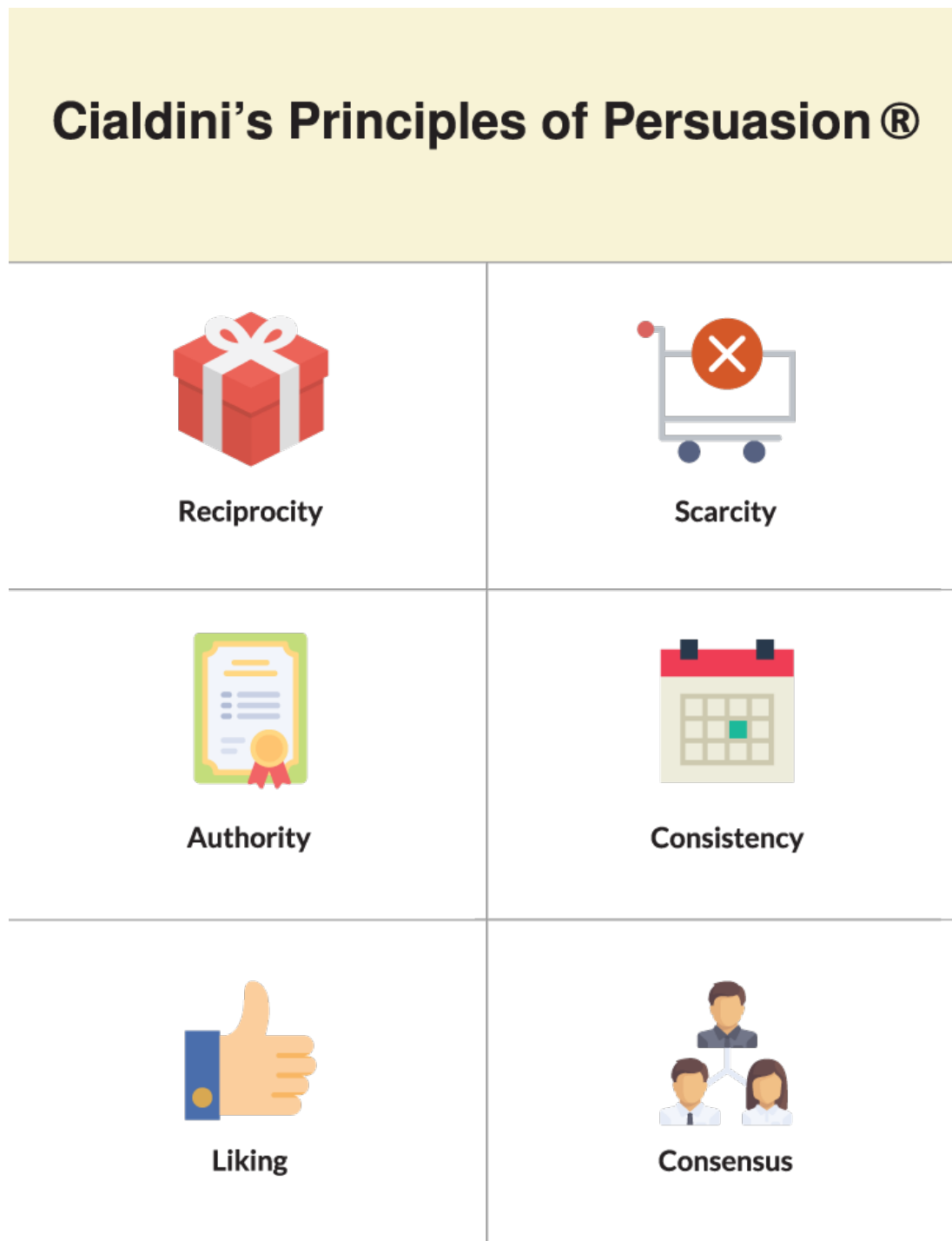
Figure 5.9 Cialdini's Principles of Persuasion®

Source: Courtesy of Robert Cialdini, www.influenceatwork.com

The principle of *reciprocity* is best expressed by obligation—giving something first as a precursor to asking for

something later in return. For example, a marketer may allow access to free content on a website, an e-book or report, or provide a gift and follow this by an invitation to subscribe to receive more content or to buy what the marketer has to offer. The person is persuaded to act because of the feeling of obligation to reciprocate.

Scarcity is based on the fear of missing out, which persuades us to act now. 'Only three rooms left' might pop up as you scroll through holiday accommodation options … 'Book now or they'll be gone' … you're being encouraged to act now.

Expert opinion carries more *authority* to persuade than other opinions. Even perceived expertise, power or status, however conveyed, has persuasive power—for example, a white-coated laboratory assistant or the inclusion of qualifications exert influence.

Consistency works because there is a pull for humans to be consistent with what they have previously done or said. If you can observe a person's actions, or discover a prior commitment of theirs, be sure to relate your request to this existing commitment, if possible. This principle requires some detective work, but pointing out that the request is in keeping with an existing value, goal or commitment is not just powerful but—if it's honest—also ethical.

If you can persuade someone to act once in a certain way, you can persuade them to act again when you ask something else that is related. For example, if you invite commitment by asking potential customers to follow you on Instagram, and they do, having persuaded them to carry out that one action, your chance of success next time you invite them to do something else increases—perhaps share with their friends or buy from you online.

It is easier to persuade someone to your way of thinking or doing if they like you and feel you have something in common. This is the basis of *liking.* For instance, when we were discussing the choice of celebrity earlier in this chapter, it was noted that it is important to make sure they are liked by your audience because they will have more persuasive power.

Finally, we can be persuasive if we are able to show that others have already been persuaded. This is using *consensus* to reinforce a decision. For example, showing how many happy customers, Twitter followers or number of items you've already sold will reassure and persuade your audience to join the others. Or listing what books others have looked at or bought on Amazon, for instance, might prompt consensus that these should be ordered too.

Paths to persuasion: the elaboration likelihood model

Differences in the ways consumers process and respond to messages are addressed in the **elaboration likelihood model (ELM)** of persuasion, shown in Figure 5.10 .[38] The ELM was devised by Richard Petty and John Cacioppo to explain the process by which communication leads to persuasion by influencing *attitudes.* According to this model, the attitude formation or change process depends on the amount and nature of *elaboration,* or processing, of relevant information that occurs in response to a persuasive message. High elaboration means the receiver engages in careful consideration, thinking and evaluation of the information or arguments contained in the message. Low elaboration occurs when the receiver does not engage in active information processing or thinking but rather makes inferences about the position being advocated in the message on the basis of simple positive or negative cues.
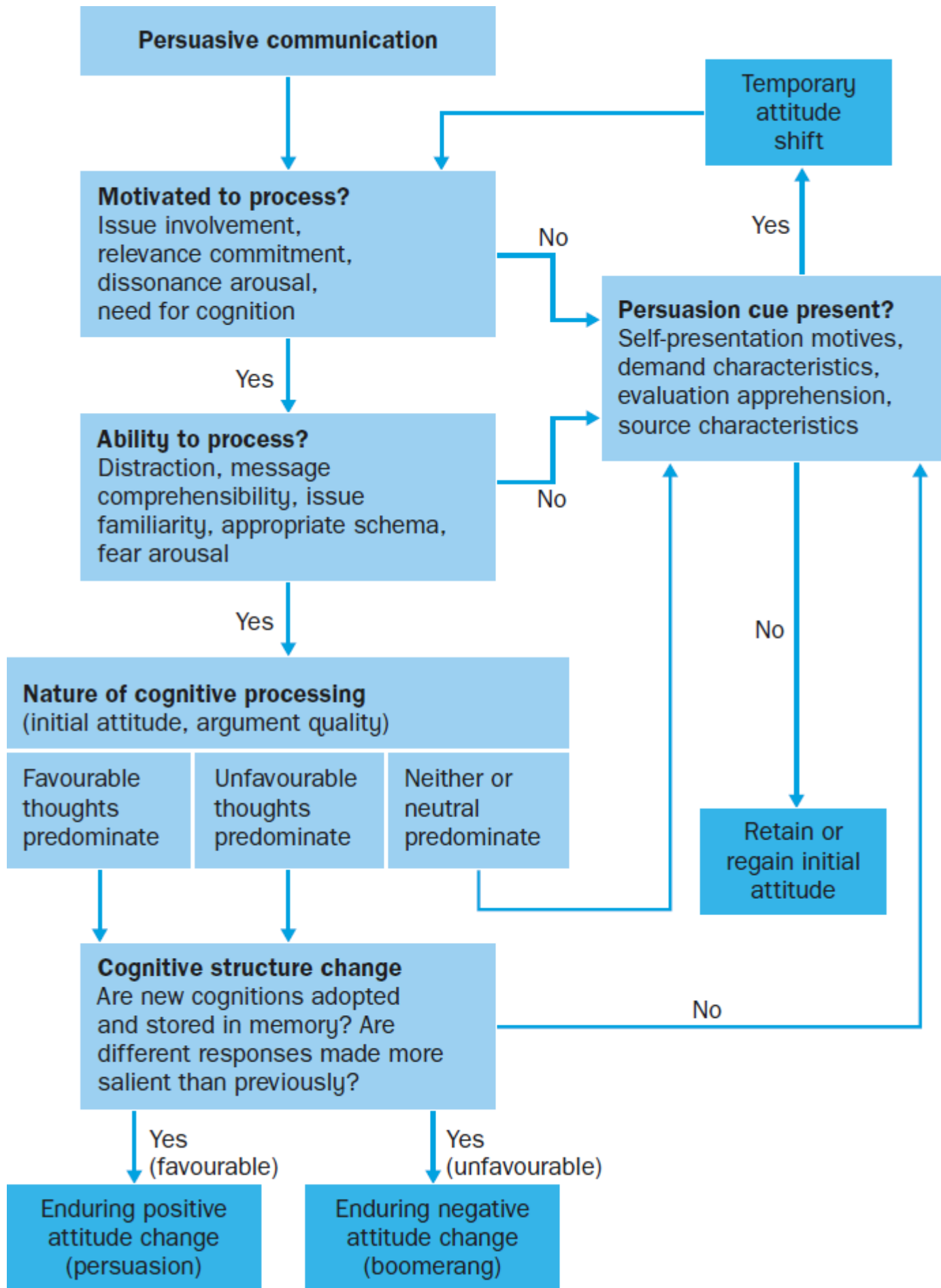
Figure 5.10 The elaboration likelihood model of persuasion

The ELM shows that elaboration likelihood is a function of two elements: motivation and ability to process the message. *Motivation* to process the message depends on such factors as involvement, personal relevance and individuals' needs and arousal levels. *Ability* depends on the individual's knowledge, intellectual capacity and opportunity to process the message. For example, an individual viewing a humorous message or one containing an attractive model may be distracted from processing the information about the

product. Some believe that *opportunity* should be included as an additional third element to denote that distraction may arise because it is not physically possible to process the message, for example, a message is presented too fast or the sound is inaudible.

According to the ELM, there are two basic routes to persuasion or attitude change. Under the **central route to persuasion**, the receiver is viewed as a very active, involved participant in the communication process whose ability and motivation to attend, comprehend and evaluate messages are high. When central processing of a marketing communication message occurs, the consumer pays close attention to the message content and scrutinises the message arguments. A high level of cognitive response activity or processing occurs, and the message's ability to persuade the receiver depends primarily on the receiver's evaluation of the quality of the arguments presented. Predominantly favourable cognitive responses (support arguments and source bolsters) lead to favourable changes in cognitive structure, which lead to positive attitude change, or persuasion.

Conversely, if the cognitive processing is predominantly unfavourable and results in counterarguments and/or source derogations, the changes in cognitive structure are unfavourable and *boomerang,* or result in negative attitude change. Attitude change that occurs through central processing is relatively enduring and should resist subsequent efforts to change it.

Under the **peripheral route to persuasion**, shown on the right side of Figure 5.10, the receiver is viewed as lacking the motivation or ability to process information and is not likely to engage in detailed cognitive processing. Rather than evaluating the information presented in the message, the receiver relies on peripheral cues that may be incidental to the main arguments. The receiver's reaction to the message depends on how he or she evaluates these peripheral cues.

The consumer may use several types of peripheral cues or cognitive shortcuts rather than carefully evaluating the message arguments presented in an advertisement.[39] Favourable attitudes may be formed if the endorser in the ad is viewed as an expert or is attractive or likeable, or if the consumer likes certain executional aspects of the ad such as the way it is made, the music or the imagery. Notice how the ad for KFC's Fish Zinger in Exhibit 5.13 contains several peripheral cues and strong visual imagery to show that it is a very spicy fish burger. These cues might help consumers form a positive attitude towards the brand without needing specific details of what the burger looks like.
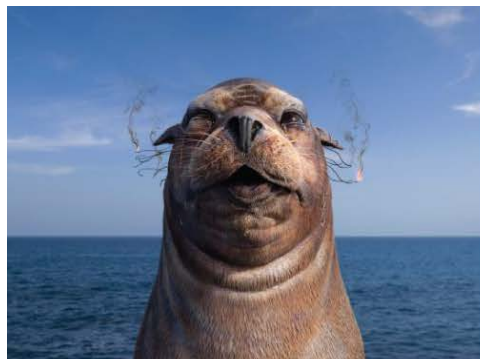
KFC
Seal

KFC
Pelican

KFC
Penguin

Exhibit 5.13 These ads for KFC's Fish Zinger contain peripheral cues, most notably steam rising from each of the fish-loving creatures

Source: KFC and Ogilvy Sydney. The KFC name, logo and related marks are trademarks of KFC Corporation and/or its related companies and are used with permission.

Peripheral cues can also lead to rejection of a message. For example, ads that advocate extreme positions, use endorsers who are not well liked or have credibility problems, or that are not executed well (such as low-budget ads for local retailers), may be rejected without any consideration of their information or message arguments. As shown in Figure 5.10 , the ELM views attitudes resulting from peripheral processing as temporary. Therefore, favourable attitudes must be maintained by continual exposure to the peripheral cues, such as through repetitive advertising.

Implications of the ELM

The elaboration likelihood model has important implications for marketing communications, particularly with respect to involvement. For example, if the involvement level of consumers in the target audience is high, the message carried by an ad, sales presentation or other communication vehicle should contain strong arguments that are difficult for the message recipient to refute or counter-argue. If the involvement level of the target audience is low, peripheral cues may be more important than detailed message arguments.

An interesting test of the ELM showed that the effectiveness of a celebrity endorser in an ad depends on the receiver's involvement level.[40] When involvement was low, a celebrity endorser had a significant effect on attitudes. When the receiver's involvement was high, however, the use of a celebrity had no effect on brand attitudes; the quality of the arguments used in the ad was more important.

The explanation given for these findings was that a celebrity may serve as a peripheral cue in the low-involvement situation, allowing the receiver to develop favourable attitudes based on feelings towards the source rather than engaging in extensive processing of the message. A highly involved consumer, however, engages in more detailed central processing of the message content. The quality of the message claims becomes more important than the identity of the endorser.

The ELM suggests that the most effective type of message depends on the route to persuasion the consumer follows. Many marketers recognise that involvement levels are low for their product categories and consumers are not motivated to process messages in any detail. That's why marketers of low-involvement products often rely on creative tactics that emphasise peripheral cues and use repetitive and integrated communication to create and maintain favourable attitudes towards their brand.

In circumstances where there is a combination of central and peripheral processes operating, that is, a moderate level of elaboration, it could be said that a **dual route to persuasion** is being followed. Indeed, it is suggested by Petty, Brinol and Priester, when reviewing their work on ELM, that the dual route is a common situation and processing happens on a continuum from central to peripheral.[41]

For a clear and entertaining explanation of dual-system theory, it is worth reading Daniel Kahneman's *Thinking, Fast and Slow*. In this book he popularised his academic research and made it accessible to a much wider audience than most Nobel Prize winners in Economic Science would hope or expect to do.[42]

BRANDS, BRANDING AND ENGAGEMENT

In the basic communication model we discuss earlier in this chapter, we look at the sender of the message as the starting point. We define the sender or the *source* of the communication as a person, group, brand or organisation that has something it wishes to communicate to its audience. It is now time to be more specific about how we define what a brand is, and why a person, group or organisation can be more successful in its communication if it utilises branding and relationship building to engage those in its audience to respond.

What is a brand?

Brands are something we buy, something we avoid, something we aspire to or something we outgrow. Duncan describes a brand as 'a perception resulting from experiences with, and information about, a company or a line of products'.[43] Keller says, 'A brand can be defined as a name, symbol, logo, trademark and so forth that identifies and differentiates a product or service'.[44] And you have only to open your wardrobe to see an array of brand names. While two pairs of jeans in your wardrobe may look quite similar, and share many common, functional characteristics in terms of quality, materials, colour and style, you may have paid twice the price for one of them. The reason was probably nothing tangible about the product itself, but rather which logo was sewn on the back of the jeans. This logo, which represents a brand, says something about who you are, your lifestyle, what is important to you and how much you will pay for the product.

A brand is more than just the product, service or organisation, or country or person. It is what differentiates it from its competitors. Brands have both tangible and intangible qualities. The tangible qualities are those we can see, feel, taste and judge: elements such as the design of the product, what it is made of, how well it works and how much it costs. The intangible attributes, however, usually involve our perception: what we think of the brand or the stores where it is sold, what kind of people use the brand, and what image the product projects. Ambler (1992) says that a brand is 'the promise of the bundles of attributes that someone buys to provide satisfaction. They may be real or illusory, rational or emotional, tangible or invisible'.[45] These tangible and intangible characteristics are summarised in Table 5.1   .

Brand characteristics	
Tangible attributes	**Intangible attributes**
Design	Value
Performance	Brand image
Ingredients/components	Image of where it is available
Size/shape	Perceptions of users of the brand

Price
Marketing communication

Table 5.1 Brands have both tangible and intangible characteristics
Source: T Duncan, *Principles of Advertising and IMC,* 2nd edn, McGraw-Hill/Irwin, Boston, 2005, p. 72

If only tangible attributes are being compared by potential users, it can be difficult for brands to differentiate themselves from one another. Tangible attributes such as price, ingredients or design are easiest to evaluate by consumers or emulate by competitors. Brands competing only on tangibles simply need to provide an equal or superior offering. However, they will quickly find their competitors are offering the same, and their point of difference is eroded. On the other hand, intangible attributes provide better opportunities for sustained differentiation and, when chosen effectively, have the potential for greater engagement and relationship building.

Gillette provides intangible benefits to engage users on its website. It not only has product information but it also has shaving tips and styling advice. It adds value and relevance for the brand's users by aligning with their lives.
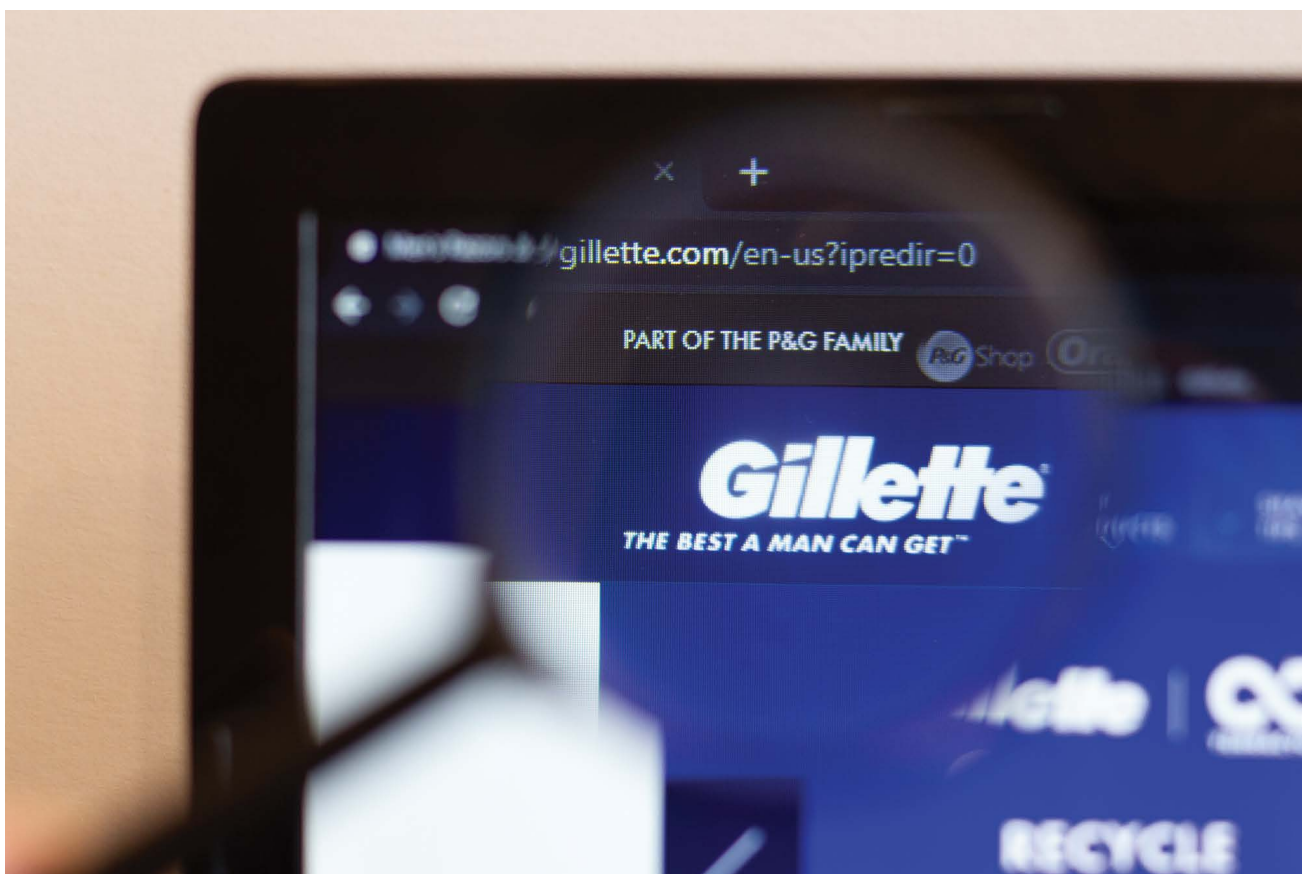
Exhibit 5.14 Gillette's website provides helpful advice to build its relationship with users
Source: Shutterstock/Epov Dmitry

Brand identity

Brand identity is created by marketers, as a combination of many factors, including the name, logo, symbols, design, packaging and performance of a product, service or organisation as well as the image and type of associations that come to mind when consumers think about a brand. It encompasses the entire spectrum of consumers' awareness, knowledge and image of the brand as well as the company behind it. It is the sum of all points of encounter or contact that consumers have with the brand, and it extends beyond the experience or outcome of using it.

These contacts can also result from various forms of integrated marketing communication activities used by an organisation, including advertising, sales promotion, sponsorship, public relations, interactive and social media. Consumers can also have contact with or receive information about a brand in stores at the point of sale; through articles or stories they see, hear or read in any media; or through interactions with a company representative such as a salesperson.

Brand name

Choosing a **brand name** for a product is important from a positioning and an IMC perspective because the name communicates attributes and meaning. Marketers search for brand names that can communicate product concepts and help position the product in customers' minds. Names such as WeChat (a Chinese multipurpose messaging and social media app), Pampers (disposable nappies) and Head & Shoulders (anti-dandruff shampoo) all clearly communicate the benefits of using these products and at the same time create images extending beyond the names themselves. But what does Tiger beer tell us? Clearly, it is not what the beer is made from, but perhaps it reflects the cultural heritage of the product or even the way it makes us feel after a few drinks.

Brand symbol

Today's communication is not just about words or names. It is telegraphic, iconic, unmistakably global and often instant. That's why having a strong **brand symbol** can often say more than words. Some call these trademarks, or 'the mark of a trade', which represent the company or product as an element, word or design. You've probably seen the designation 'registered trademark' on packaging, which shows how commercially important these symbols are.

A logo is a kind of trademark that symbolises the brand and appears in all brand communication. Well-designed logos share some common characteristics. They are distinctive, simple and fit the desired image and positioning of the brand. The stylised apple with a bite out of the side for ... Apple ... is instantly recognisable all around the world.

Packaging

Packaging is another aspect of branding that is important. Traditionally, the package provided functional benefits such as economy, protection and storage. However, the role and function of the package has changed because of self-service retail, online shopping and click and collect. It is difficult to estimate the percentage of unplanned retail purchases. According to one source, as many as three-quarters of all purchases made in the supermarket are unplanned.[46] This means that the package is often the consumer's first exposure to the product, so it must make a favourable impression. A typical supermarket has more than 30 000 items competing for attention. Not only must a package attract and hold the consumer's attention, but it must also communicate information on how to use the product, divulge its composition and content, and satisfy any legal requirements regarding disclosure and maybe also a sales-promotion message such as a contest, sweepstake or premium offer.

Many companies view the package as a significant way to communicate with consumers and create an impression of the brand in their minds. Design factors such as size, shape, colour and lettering all contribute to the appeal of a package and can be as important as an advertisement in determining what goes from the store shelf to the checkout. Many products use packaging to create a distinctive brand image and identity or to add value to the product.

Packaging can also serve more functional purposes. For example, Miss Dior's Blooming Bouquet perfume packaging emphasises the floral, feminine product and reinforces the brand's luxury and sophisticated image (see Exhibit 5.15).

Exhibit 5.15 This Dior perfume packaging creates product image
Source: ©Alamy/Keith Jackson

Measuring the brand

Brand audit

Audits are commonly used as a starting point in any planning activity. A **brand audit** is no different. It helps us determine what a brand means to its different stakeholders—such as its customers, employees, the government or retailers. Schultz and Schultz propose the process they call 'getting to the heart of a brand', described in Figure 5.11 . This process identifies the stakeholders required for consultation and explores the key marketing and **branding** issues to be assessed with them. In doing so, it helps define what each stakeholder group believes to be the core values, the core competencies and the brand aspirations. These are brought together in a statement of identity, personality and brand voice, articulated as the brand promise.

Input
- ✓ Customers
- ✓ Potential customers
- ✓ Partners
- ✓ Employees
- ✓ Other stakeholders

Assess
- ✓ Pricing
- ✓ Delivery
- ✓ Market landscape (customer needs, competitors)
- ✓ Branding

Define
- ✓ What are the core values and goals?

Determine
- ✓ What is the brand?

Articulate
- ✓ What is our brand offering and promising?

Figure 5.11 Getting to the heart of a brand

Brand equity

Brand equity is an intangible asset of added value or goodwill that results from the favourable image, impressions of differentiation and strength of consumer attachment to a company name, brand name or trademark. Brand equity allows a brand to earn greater sales volume and higher margins than it could without the name, by providing the company with a competitive advantage.

One of the leading writers in the area of branding, Kevin Keller, defines customer-based brand equity as 'the differential effect that brand knowledge has on consumer response to the marketing of the brand'.[47] Schultz and Schultz put it more simply—'Brand equity encompasses both the perceptual values attached to a brand (i.e. what people think or feel about it) as well as the financial values that result from positive consumer brand behaviours (i.e. what they do that helps us make money).'[48] They believe that marketers use branding to forge positive brand associations in consumers' minds, which will be repaid in marketplace behaviour, typically sales or brand advocacy. Therefore, brand equity involves attitudinal, behavioural and financial aspects.

These three aspects are explored by another key writer in the area of branding, David Aaker. He identified five elements of brand equity[49]—brand-name awareness, brand associations, perceived brand quality, proprietary brand assets (such as trademarks and patents) and brand loyalty. As shown in Figure 5.12, the first four elements directly influence the ultimate brand loyalty that a customer has for a product or service. Looking again at the figure, we can see that IMC has a direct impact on three of these four elements. It can directly influence brand-name awareness, brand associations and perceived quality.
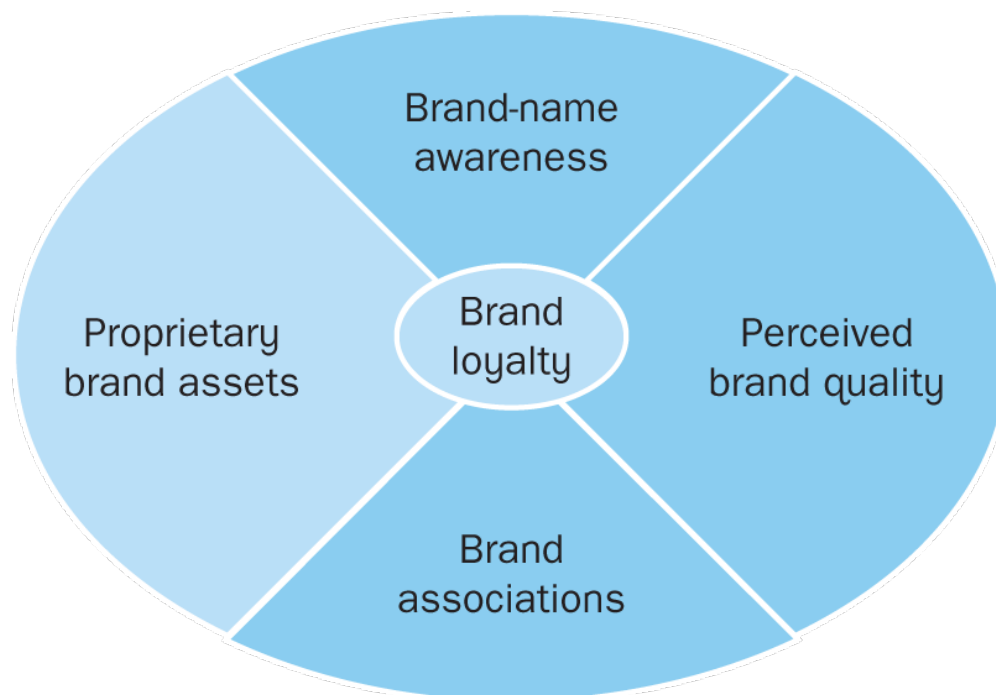
Figure 5.12 Five elements of brand equity
Source: *T Duncan, Principles of Advertising and IMC*, 2nd edn, McGraw-Hill/Irwin, Boston, 2005, p. 94

However, not all brand equity is positive. Unless the consumer is aware of the brand and holds some strong, favourable, unique brand associations in his or her memory, the marketplace response may be unfavourable. On occasions, unplanned communication, such as newspaper stories or rumours on social media, can be detrimental to consumer attitude, behaviour and ultimately the financial success of the brand.

A brand is also something of economic importance. Leading research company Kantar Millward Brown combines

brand equity data with brand valuation analyses to rank the BrandZ Top 100 Most Valuable Global Brands.[50] The report tracks the value of the world's most valuable brands and provides insights on the potential of strong brands. The total brand value of the 2018 BrandZ Top 100 was $4.4 trillion. China has made its presence felt on the world stage with both Tencent and Alibaba ranking in the Top 10. Technology-related brands such as Google, Apple and Amazon take the top three positions in the Top 10 global brands. shows the Top 10 global brands.

	Brand	Category	Brand Value 2019 $Mil.	Brand Contribution	Brand Value % Change 2019 vs. 2018	Rank Change	Country of Origin
1	amazon	Retail	315,505	4	+52%	2	🇺🇸
2	Apple	Technology	309,527	4	+3%	0	🇺🇸
3	Google	Technology	309,000	4	+2%	-2	🇺🇸
4	Microsoft	Technology	251,244	4	+25%	0	🇺🇸
5	VISA	Payments	177,918	5	+22%	2	🇺🇸
6	facebook	Technology	158,968	4	-2%	0	🇺🇸
7	Alibaba Group	Retail	131,246	3	+16%	2	🇨🇳
8	Tencent 腾讯	Technology	130,862	4	-27%	-3	🇨🇳
9	McDonald's	Fast Food	130,368	4	+3%	-1	🇺🇸
10	AT&T	Telecom Providers	108,375	3	+2%	0	🇺🇸

Exhibit 5.16 The world's most valuable global brands, 2019
Source: Kantar Australia

If we now look at BrandZ Top 40 Most Valuable Australian Brands,[51] banks are highly concentrated in the Top 20, accounting for over half of the total value in the ranking. Telecom Providers (Telstra, Optus, Foxtel), Retail (Woolworths, Coles, Westfield, Bunnings and BWS) and Energy (Origin and AGL) complete the Top 20 with just one brand each representing Airlines (Qantas), Alcohol (Foster's) and Insurance (NRMA) categories. (See).

#1 Banks CommonwealthBank $16,412M Brand Contribution Index 3	#2 Banks ANZ $11,907M Brand Contribution Index 3	#3 Telecom Providers Telstra $10,774M Brand Contribution Index 4	#4 Banks Westpac $9,306M Brand Contribution Index 3	#5 Banks nab $8,781M Brand Contribution Index 3	#6 Retail Woolworths $7,105M Brand Contribution Index 3	#7 Retail coles $5,207M Brand Contribution Index 4	#8 Telecom Providers OPTUS $3,503M Brand Contribution Index 3	#9 Banks st.george $2,658M Brand Contribution Index 3
#11 Energy agl $2,188M Brand Contribution Index 1	#12 Retail Westfield $2,107M Brand Contribution Index 2	#13 Telecom Providers foxtel $1,912M Brand Contribution Index 3	#14 Retail Bunnings warehouse $1,878M Brand Contribution Index 2	#15 Airlines QANTAS $1,637M Brand Contribution Index 2	#16 Banks bankwest $1,338M Brand Contribution Index 4	#17 Banks SUNCORP $1,250M Brand Contribution Index 2	#18 Insurance NRMA INSURANCE $1,222M Brand Contribution Index 2	#19 Alcohol F $748M Brand Contribution Index 2

Exhibit 5.17 Australia's top 20 most valuable brands, 2018
Source: Kantar Australia

Brand utility

While brands hold economic importance for business, they also create value for consumers. Often this is called '**brand utility**' and is described as 'the overall utility that the consumer associates with the use and consumption of the brand; including associations expressing both functional and symbolic utilities'.[52] Benjamin Palmer, CEO of The Barbarian Group, puts it more simply, '[Brand utility] is where the brand creates a commitment to a relationship. It's where the brand creates something useful to you, something that's a utility in your life. The consumer will feel more confident with the relationship if the brand will continue to be part of your life'.[53] The brand, then, is a promise of performance, consistency in terms of quality, or exclusivity or prestige. And as a result, consideration of the brand as a purchase decision has increased 20% since 2006.[54] In return for brand utility, consumers provide value to marketers by advocating the brand, proudly wearing its logo or demonstrating loyalty every time they purchase. Brands are shared values and both customer and marketer benefit from the reciprocal relationship.

A brand that has created utility for its customers is Westpac in New Zealand with its CashNav app (see Exhibit 5.18).

Exhibit 5.18 The hottest seller at the app store
Source: Westpac New Zealand

How consumers engage with brands

Marketers can carefully control their brand identity through the brand name, the logo and the packaging. They can measure the qualities of the brand through an audit or its financial worth through brand equity. However, marketers cannot control what a consumer thinks about a brand, what their friends tell them of their brand experience or even what they read online. This is the consumer's perspective of a brand. It is *their* brand image.

A seminal article by Dobni and Zinkhan (1990) analysed 28 studies across a 35-year time period to divine the essential nature of brand image.[55] They concluded:

> Brand image is the concept of a brand that is held by the consumer. It is largely a subjective and perceptual phenomenon that is formed through consumer interpretation, whether reasoned or emotional. Brand image is not inherent in the technical, functional or physical concerns of the product. Rather, it is affected and moulded by marketing activities, by context variables, and by the characteristics of the perceiver. Where brand image is concerned, the perception of reality is more important than the reality itself.

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This definition of brand image concurs with Du Plessis's suggestion in his book, *The Advertised Mind,* that people's perceptions are their reality.[56] He proposes a paradigm shift from the old thinking, where emotions interfere in our rationality, to a new belief that we are rational because we are emotional. Your emotions determine how you think about something and therefore your perceptions shape your reality. So in this sense, and in agreement with the academic definition of Dobni and Zinkhan, a brand is a consumer's perception, their 'gut feeling' about a product, service or organisation. It is emotional, intuitive and often informed by experience or eWOM. A brand is what the consumer, not the marketer, says it is.

Emotional bonding with brands

Like Du Plessis, many other advertising researchers and agencies have given considerable thought to the relationship between rational and emotional motives in consumer decision making and to how marketing communication influences both. McCann-Erickson Worldwide, in conjunction with advertising professor Michael Ray, developed a proprietary research technique known as **emotional bonding**. This technique evaluates how consumers feel about brands and the nature of any emotional rapport they have with a brand compared to the ideal emotional state they associate with the product category.[57]

The basic concept of emotional bonding is that consumers develop three levels of relationships with brands, as shown in Figure 5.13. The most basic relationship indicates how consumers *think* about brands in respect of product benefits. This occurs, for the most part, through a rational learning process and can be measured by how well the marketing communication delivers product information. Consumers at this stage are not very brand loyal,

and brand switching is common.
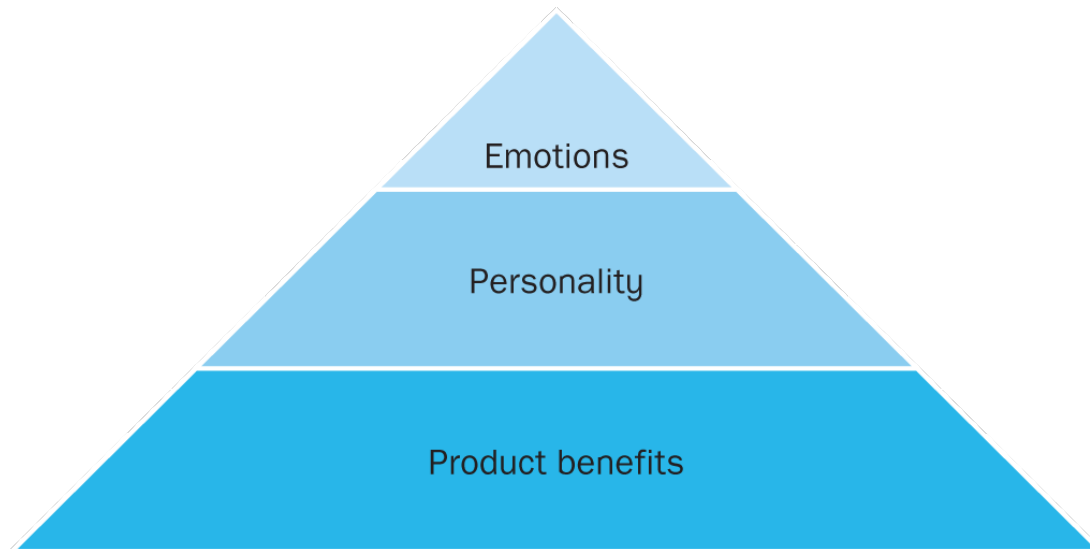
Figure 5.13 Emotional bonding with brands

At the next stage, the consumer assigns a *personality* to a brand. For example, a brand may be thought of as self-assured, aggressive and adventurous, as opposed to compliant and timid. The consumer's judgment of the brand has moved beyond its attributes or delivery of product or service benefits. In most instances, consumers judge the personality of a brand on the basis of an assessment of overt or covert cues found in its advertising.

McCann-Erickson researchers believe the strongest relationship that develops between a brand and the consumer is based on feelings or emotional attachments to the brand. Consumers develop *emotional bonds* with certain brands, which result in positive psychological movement towards them. The marketer's goal is to develop the greatest emotional linkage between its brand and the consumer. McCann-Erickson believes advertising can develop and enrich emotional bonding between consumers and brands. McCann and its subsidiary agencies use emotional bonding research to provide strategic input into the creative process and determine how well advertising is communicating with consumers.

McCann-Erickson used emotional bonding research as the basis for the *Priceless* campaign for Mastercard International, which has been extremely successful. When the agency took over the account in the late 1990s, Mastercard had become the third card in the consumer's wallet behind Visa and American Express. The challenge was to reposition the brand and create an emotional bond between consumers and Mastercard while retaining the brand's functional appeal. The idea behind the campaign is that good spenders use credit cards to acquire things that are important to them and enrich their daily lives. The creative execution involves showing a shopping list of items that could be purchased for a certain dollar amount and one key item that could not and thus was deemed 'priceless'. The tagline, 'There are some things money can't buy. For everything else there's Mastercard', positions the card as the way to pay for everything that matters. An entire integrated marketing campaign has been built around the *Priceless* theme that includes sports sponsorships such as the New Zealand All Blacks and the Australian Open Tennis, as well as contests and sweepstakes. The campaign ran in 112 countries in 53 languages and has won numerous creative awards.[58]

Mastercard continues to keep the emotional bond to the *Priceless* theme but allows it to evolve. One result is *Priceless cities,* which provides consumers with a priceless reservoir of experiences in locations around the world that are specially curated for Mastercard members. Mastercard is following two key tenets of strong branding: consistency—being true to the brand—and salience—being relevant to consumers; in doing so it has added to its brand value, with Mastercard moving from 99 on the BrandZ chart in 2008 to 15 in 2018, with a brand value of

$70.8 billion.[59] Kantar Millward Brown's research supports the idea of emotional bonding.[60] They provide five action points for building and sustaining valuable brands as shown in Table 5.2 .

Action points	
1 **Invest in long-term brand growth**	Strong brands grow faster in value, provide greater return to shareholders, and are better able to navigate the inevitable marketplace disruptions.
2 **Look East for inspiration**	Stress-test products in cities such as Shanghai where consumer expectations are high because brand ecosystems are well developed. Consumers expect to shop, pay bills, order taxis, view entertainment and engage in myriad other activities, seamlessly and with minimal friction, using their smartphones.
3 **Broaden communication**	Brand building spans every consumer touchpoint, from initial awareness to engagement, transaction, and ongoing conversation. Integrated marketing communication must therefore be a critical part of this consumer–brand relationship.
4 **Develop the brand ecosystem**	A brand ecosystem is the network in which a brand connects with multiple aspects of people's lives. Each interaction adds data that informs subsequent interactions with and insight into the brand's understanding of its individual customers.
5 **Build meaningful difference**	Consumers require reasons to proactively consider and choose a brand. The brand needs to be distinctive and salient. It has to have a purpose that meets consumer needs in relevant ways that go beyond a functional benefit to form an emotional connection.

Table 5.2 Five action points for building and sustaining valuable brands

Behavioural bonding with brands

When great campaigns bond with their consumers, the outcome is often a behavioural response. That is, they like the brand and so they buy the brand. A study by Cross and Smith proposed a number of **behavioural bonding** links that connect a company to a customer.[61] These links involve the four key behaviours of consistency, accessibility, responsiveness and commitment. The first of these, consistency, is also a key concept in IMC, whereby the company delivers consistent positioning, messages and service to customers. The second link is accessibility, where customers can easily and quickly contact the company if they have a question or a problem. This involves a feedback loop. Another IMC concept—responsiveness—requires good customer service, which not only responds to the problem or request, but also creates a feeling of trust. A database provides a transactional memory of the customer. The final link is commitment, where consumers feel a company is committed to helping them and concerned about a long-term relationship, rather than a quick sale. This IMC approach to building customer relationships should involve the use of the database. Linked by these four behaviours, it builds trust, liking and customer satisfaction. This is shown in Figure 5.14 .

Links that connect a company to a customer

Consistency   *Accessibility*   *Responsiveness*   *Commitment*

Company's brand communication

Brand relationship

Customers' responses

Satisfaction   *Liking*   *Trust*
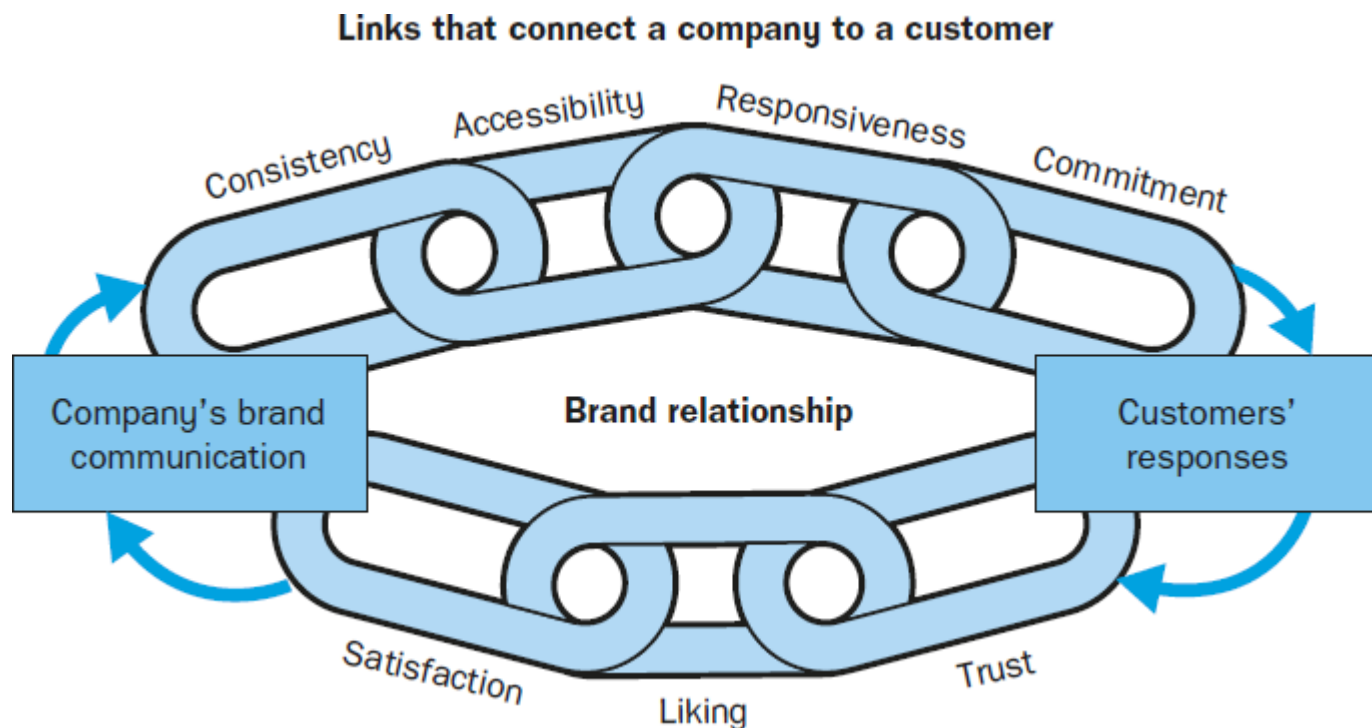
Figure 5.14 Behavioural links to customer satisfaction

Source: 'Behavioural links to customer satisfaction', adapted from Richard Cross & Janet Smith, *Bonding: Pathway to Lasting Customer Loyalty*, Lincolnwood, IL: NTC, 1994, pp. 54–5

The ultimate behavioural bond is brand loyalty. For companies, brand loyalty enhances brand equity by decreasing vulnerability to competitive campaigns, increasing margins, raising IMC effectiveness and generating brand extension opportunities (Keller 1998).[62] For customers, brand loyalty is a belief that the brand will deliver their expectations. This involves both psychological and behavioural commitments and is perhaps best encapsulated in the model proposed by Kim, Morris and Swait (2008).[63] In Figure 5.15 , we see that brand credibility can lead to conviction in our thinking (cognitive conviction) and our feelings (affective conviction). The authors found, like Du Plessis, that consumers typically rely on their feelings first, and this shapes how they think about the brand. This conviction then influences the strength of the attitude, which in turn develops brand commitment and brand loyalty. The strength of the consumer's attitude plays a critical role in turning conviction into brand commitment. They also observed a close relationship between brand commitment and true brand loyalty.
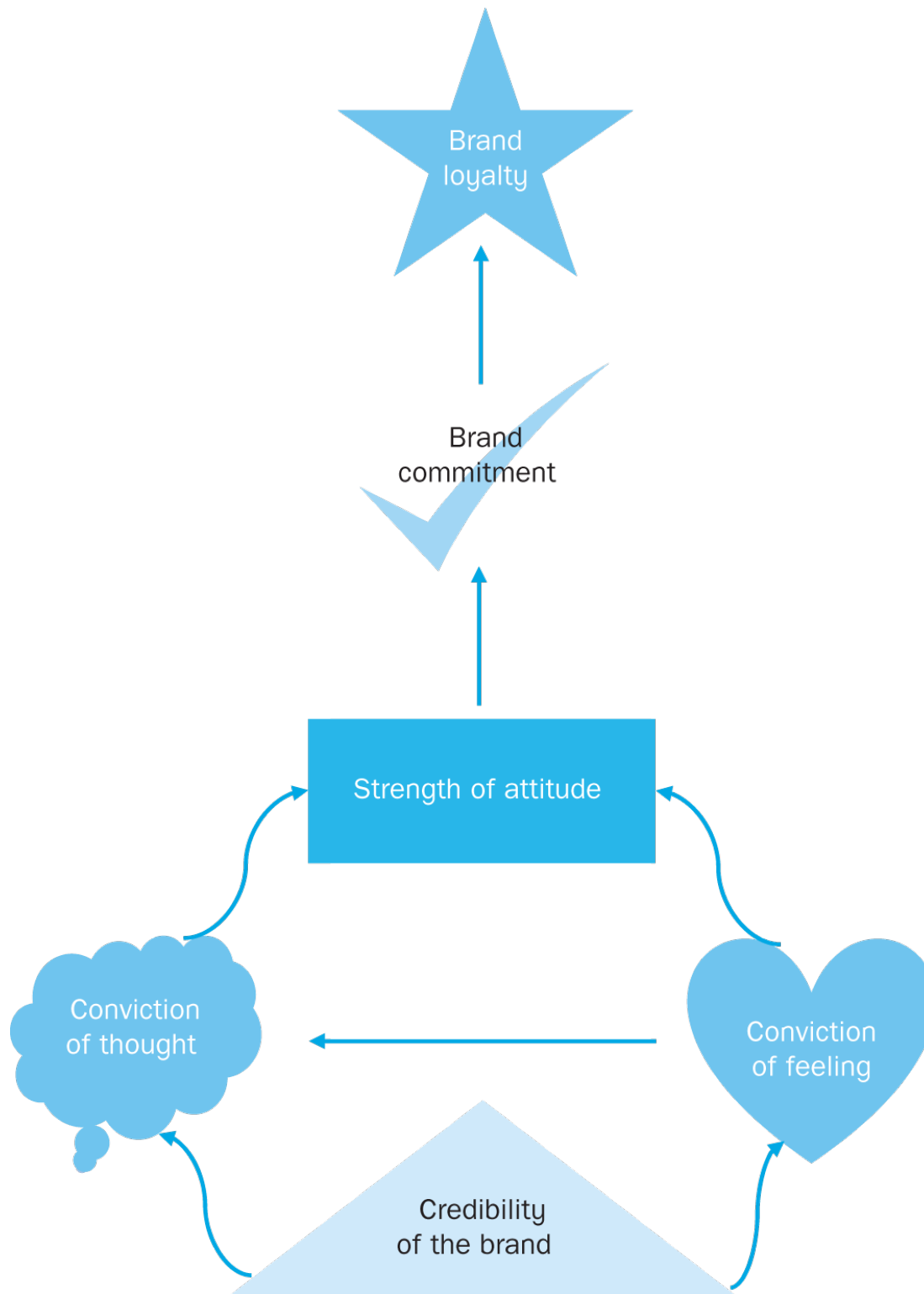
Figure 5.15 Building brand-loyal customers
Source: Adapted from J Kim, J Morris & J Swait, 'Antecedents of true brand loyalty', *Journal of Advertising*, 37(2), 2008, p. 111

This model supports Keller's idea of consumer-based brand equity, which he defines as 'the differential effect that brand knowledge has on consumer response to the marketing of that brand'.[64] So if the brand had stronger, more positive consumer brand equity, its customers would likely be less price sensitive, more willing to try brand extensions or even advocate for the brand on social media.

Digital bonding with brands

People bond with brands both offline and online. One of the best ways to understand how consumers might engage with brands digitally is to plot their likely online behaviour, as seen in the example in Figure 5.16 ,[64] and then consider opportunities for engagement.
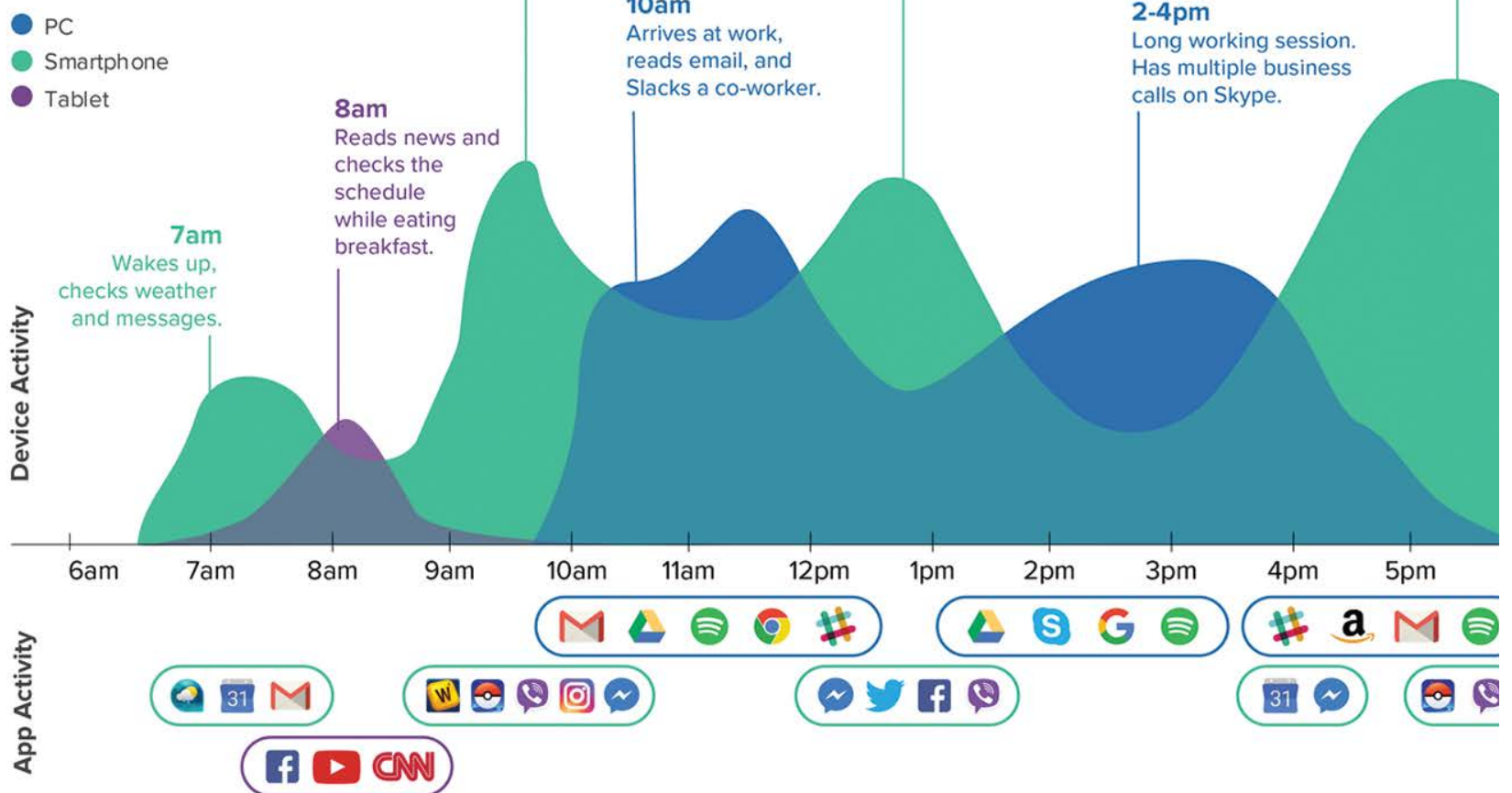
Figure 5.16 Mapping consumers' digital lives
Source: Verto Analytics

In research by Martin and Todorov, they suggest that consumers bond with brands differently at different times of the day, through different digital platforms and at different levels of engagement. In all, Martin and Todorov propose five levels of engagement with the brand, from attention-getting to brand-living. The first of these levels is designed to demand attention, disrupt activity and make the consumer laugh. The second level of engagement provides 'utility'. It is task-orientated and provides value to the consumer, such as through a calculator, recommendation engine or price finder. The third level allows consumers to socialise with the brand. 'Social connectivity' converts consumers into brand ambassadors, providing tools to spread the word and influence community opinions through **social networks**. The fourth level of engagement is 'brand customisation'. Here, consumers take personal ownership of the brand by customising the content and expressing their individuality to build stronger brand affinity and loyalty. The highest level of engagement is 'brand lifestyle', where customers 'live' the brand. By providing everyday services, utilities, customisation and social ecosystems, the brand creates a movement that unifies a group of consumers around a common goal or feeling.[65]

For example, Under Armour is a sporting apparel brand that has devised a fitness system for its customers. By developing its online community of users, it is in a better position to challenge the supremacy of major brands such as Nike and Adidas.[66] The fitness system comprises several interconnected apps that track users' fitness, health, activity history and food consumption. Through Under Armour, users can connect online with friends, share their goals and stay focused on all aspects of their fitness and health-oriented lifestyle

powered by *their* brand. These people are living the brand; like others engaged with the brand, they are members of an online brand community (OBC).

Online brand communities

So what makes a brand community? Muñiz Jr and O'Guinn (2001) conducted some important research to highlight the common characteristics of brand communities both offline and online. They suggested that brand communities had (1) consciousness of kind or a collective sense of belonging; (2) shared rituals and traditions; and (3) a sense of moral responsibility or duty to the community and its members.[67] The difference then between face-to-face communities and their online counterparts is geography. In the online environment, brand lovers from all over the world can aggregate together.

In the online brand community, the brand is actually managed by its members, although in brand-established communities there is still an editor. Despite this, the roles of the members are crucial to the life and function of the brand community. In exploring these roles, Kozinets observed four different member roles—tourists, minglers, devotees and insiders. These roles are based on two important constructs. The first is the relationship members have with the brand and the consumption activity. The second construct is the intensity of social relationships between members. Tourists, for example, are low on both of these constructs and have only a passing interest in the brand and weak social ties within the community. In contrast, minglers have strong social ties, but do not know much about the brand or the consumption activity. In reverse, devotees are very involved in the consumption activity and the brand, but not so well connected socially. Insiders are strong on both the consumption activity and the social ties.[68]

Kerr, Zhang and Drennan have provided evidence that these roles change as either proficiency in the brand consumption activity increases or their social relationships intensify. And as the roles change, so does a member's power in the community. A tourist is a visitor and has no real power in the community, but an insider has a high level of control over the community and its members and the power to advocate for the brand. In addition, the kind of online power strategies used by each of these roles is different. A mingler uses aggregation strategies to achieve social outcomes. An insider might use all five power strategies. These are: information; aggregation; participation; controlling the relationship with the brand and within the community and with its members; and all of this may lead to the fifth strategy: self-liberation.[69]

One of the online brand communities used in this study was the Chinese World of Warcraft site (see Exhibit 5.19). The world's most subscribed massively multiplayer online role-playing game (MMORPG) has between five and six million subscribers worldwide and has a very active and competitive online brand community.[70] It was thought that perhaps the size affected both the sense of belonging and moral responsibility in the community, as suggested by Muñiz and O'Guinn. Members thought it was not necessary to reply to others' posts since there would always be someone else to do it, maybe someone more knowledgeable or at a higher level, but normally they would respond if they knew the answers. There were rituals and traditions used in the communities, mainly words and actions that came from the game itself.

Exhibit 5.19 There are more members of the World of Warcraft online brand community than there are people living in Sydney
Source: Shutterstock/Pe3k

A very different online brand community is Lego Life. Designed for kids who love Lego, this is the social network for kids too young for Instagram. They are able to create their own avatars, share their favourite creations, gaining 'likes' from both fans and Lego characters, and can generally 'play Lego' in a safe area with other lovers of Lego (see Exhibit 5.20).

Exhibit 5.20 A community for kids of every age ... Lego Life
Source: Photos used with permission. ©2019 The LEGO Group. All information is collected and interpreted by its authors and does not represent the opinion of the LEGO Group

Although it might seem intuitive that participation in online brand communities would enhance brand loyalty,

there is also research to support this. Online brand communities are a platform for consumers to share information about the brand, to learn from other users' experience and to seek help or assist others. This interaction within the community is a large part of the consumer's brand experience. And participation in the online brand community increases positive attitudes towards the brand. In addition, community members' identification with the brand both influences their identification with the community and leads to greater trust among members, greater brand loyalty and positive eWOM intention.[71]

Bonding, involvement and engagement

Building brand relationships with consumers will always be an evolutionary process, as brands, consumers and technology continue to change. Increasingly, it is important to ensure that the combination of offline and online[72] is clearly planned and seamlessly integrated.

Consumers not only have social relationships with each other in the social media environment, they also have social relationships with brands. This relationship can be as shallow as a consumer's desire for a discount voucher or as sustained as being an advocate in an online brand community. Once we used to speak of this as consumer *involvement* with the brand, the message or the medium. Involvement is a key construct in advertising theory.

However, maybe a better term is **engagement**. Chief executive officer of the Interactive Advertising Bureau (IAB), Paul Fisher, commented that, 'Engagement is the new black. Everyone is touting it. Research companies are doing a roaring trade trying to prove it, measurement companies are eagerly testing various methodologies and metrics, and publishers are selling their content and audiences as the most engaging and engaged.'[73]

Early marketing literature constructed engagement as a context-dependent psychological process, which was of two types—thinking or feeling. With the rise of relationship marketing, a third type was added—relationship or interactive or behaviour—the doing component. This accommodated online behaviour as well and made engagement more measurable.[74]

Another definition of engagement comes from the Advertising Research Foundation (ARF). As part of a landmark research project in 2006, the ARF defined engagement as 'turning on a prospect to a brand idea enhanced by the surrounding content'.[75] The key words here, of course, are 'turning on'. How do you turn on a prospect? Most likely, a consumer is turned on when a meaningful frame of reference is activated in a way that is personally relevant. To do this, two important antecedents must be in place—personal relevance and context. The communication must be personally relevant to the consumer's self-identity, goals, values and outcome expectations. Likewise, the context, such as the situation (for instance, close to Christmas), and the decision factor (for example, just got paid), have to be right.

Consumers can be engaged with the brand, the product, the *message* or the medium. As we see in the ARF model of engagement in Figure 5.17, engagement in the marketplace encourages consumer loyalty and advocacy.
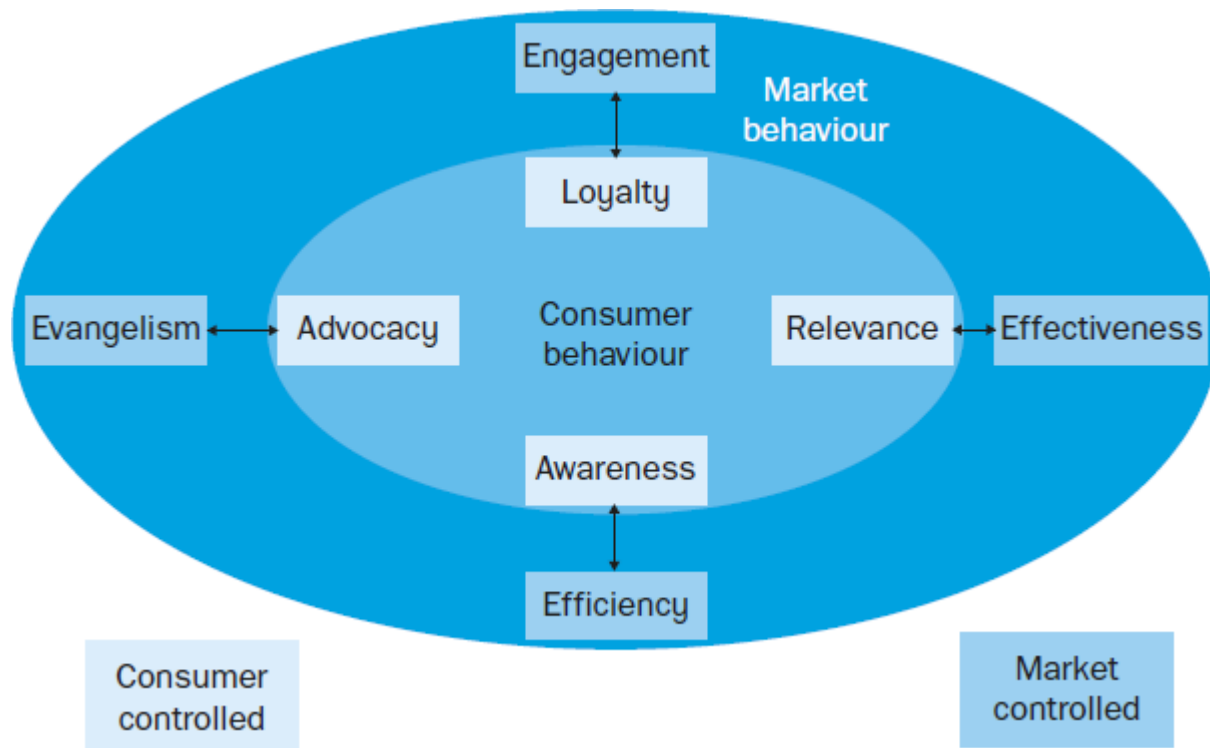
Figure 5.17 Adapted from the Advertising Research Foundation (ARF) model of engagement

Another explanation of engagement, from the Japanese advertising agency Hakuhodo, also affirms the importance of personal relevance. The agency says:

> Engagement refers to the state in which *sei-katsu-sha* (consumers with a heartbeat) view a company's activities as personally relevant. Stimulating feelings of personal relevancy in the Sei-katsu-sha Driven Society requires a broad range of expertise, so that multiple types of communication activities can be distributed across the optimum touchpoints at the right intensity and in the most advantageous order. This is the role of the Engagement Ring™: it is a blueprint for the design of personal relevancy as a marketing communication strategy.[76]

This strategy revolves around four rings of engagement, as shown in Figure 5.18 . At its centre is emotion, with the feeling ring encircled by choosing, sharing and committing. This is very different from the one-way linear response models in traditional media. This cyclic model is more in keeping with the nature of an integrated approach to marketing communication.

Circles of engagement
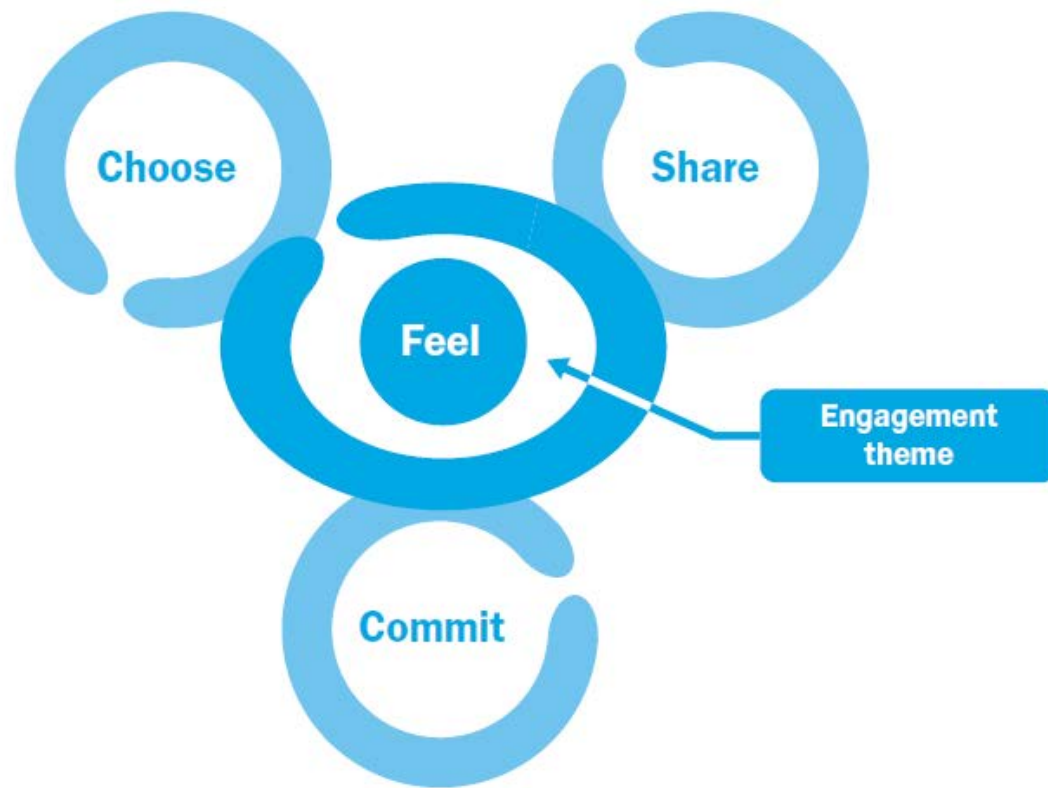
Figure 5.18 Circles of engagement

IMC turns consumer data into brand relationships

As we have seen in Chapter 1, many of the key writers on IMC have identified the existence of a **database** as a major contributor to developing strong brand relationships. The data we gather informs and enhances the decisions we make. It helps us turn the notion of marketing as an exchange or transaction into the relationship and reciprocity of IMC. Using interactive technology, exchange is individualised and ongoing, as customers choose the way they interact with brands and organisations. As a result, data can be captured from many information sources—for example, at the point of transaction through scanner data, payment options and membership cards. **Transactional data** is also available as demographic and geographic information, purchase history, response lists, magazine subscriptions and association lists.

From transactions to relationships

Buy a pair of sports shoes and you make a transaction. Hop on the Adidas Originals Instagram page, add a photo and hashtag and receive a response, and you have a relationship. According to Christian Groenroos, transactions imply price and a short-term focus, while relationships are about value and the long term. Transactions are easily duplicated, but relationships less so. Transactions require continuous marketing support, while relationships require the whole of an organisation's support.[77]

To move from transaction to relationship, there needs to be some added value or utility on top of the physical products and core services. Factors such as security, a feeling of comfort or control or minimised risk. These messages come not only from the marketing communication, but from the product and service experience and from other customers. Planned communication may initiate contact, but connectedness with consumers requires a relationship. This means a dialogue with the market, knowing when and how to speak and, importantly, when to listen to create mutual understanding and better value for each other, and sometimes knowing when to be quiet. It's about being responsive and proactive.

The most valuable database is a collection of **relational data** that is stored and organised for easy access and analysis. It is a record of all customer information, including personal information, interactions and transactional details. The database has allowed businesses to get to know their customers again and to form relationships with them. Just as consumers' brand experiences and perceptions are recorded in their memories, businesses can keep a memory of customer interactions through the database. The database is the organisational memory. This memory or information can be quickly retrieved when a customer appears and it can be mined to find patterns in order to successfully attract new customers.

Relational data is described by Peltier and colleagues (2003) as 'interactive psychographics ... a combination of interrelated psychosocial customer-specific information including values, motivations, beliefs, attitudes and lifestyles, captured via database technology for the purpose of nurturing individualised buyer–seller

relationships'.[78] These data are gathered through buyer–seller interactions via all touchpoints. Social network sites are huge repositories of consumer sentiment and behaviour data that provide enormous benefit for marketers who have the skills and permission to use it. Such relational information can enhance the nature and scope of a desired relationship. It also provides greater customer insights and generates opportunities for effective adaptive selling techniques.

In gathering data, often the problem is not acquisition. Organisations are generally good at that. However, they are not as accustomed to sharing data across operational areas. If marketing knew what sales knew, then the benefit would be organisation-wide. Zahay et al. consider the lack of cross-functional information sharing as a barrier to genuine IMC.[79] Once we have the right data in the right database, we need to store, organise, mine and share it.

IMC plays a key role in developing the kind of database that will build and sustain strong brand relationships. With more and more products and services competing for consideration by customers who have less inclination or time to make choices, brands that are well-known and which have well-organised data have a major competitive advantage in today's marketplace.

In the case of Bank Australia, a customer-owned, former credit union recently granted a new bank licence, the challenge was to find more customers just like its existing customers and build the same kind of relationships with these new customers. Bank Australia had changed its name, but its positioning and customer appeal were still the same: the responsible, ethical, sustainable bank that makes a difference, for the socially aware customer—a positioning that was clearly differentiated from the other big four banks whose reputations were under increasing scrutiny.

Bank Australia's own database was analysed and overlaid with a third-party data set, Roy Morgan *Helix Personas*, a system that classifies the Australian population using psychographic, attitudinal and behavioural data. The insights gained from combining this data were used to direct Bank Australia's IMC objective setting, strategy and tactics, from creative decisions to media choices, all targeted at its socially aware target audience. (See Exhibit 5.21 .)

Exhibit 5.21 Bank Australia: the bank Australia needs—guided by data

Source: Bank Australia

Aggregated data can be analysed so that a brand can learn about its customers—who they are, their values and lifestyle, and what and how they buy. These insights help a brand understand its customers. They also help uncover changes in the marketplace by observing changing tastes, interests and styles, or the way that consumers connect through any and all touchpoints. By monitoring the response to IMC campaigns, the brand can determine which approaches work best individually and together.

For organisations, the database epitomises the drive for effectiveness, providing more control, better targeting and more reliable measurement. It supports the organisation's concerns for customer retention and loyalty. Without a database, we would not be able to achieve the most effective communication outcomes, know our customers, measure their responses and craft better-targeted campaigns. The database provides the organisational memory that nourishes the customer and brand relationship.

LO 6.1

IMC ETHICS

While many laws and regulations determine what advertisers can and cannot do, which will be discussed later in the chapter, not every issue is covered by a rule. Marketers must often make decisions regarding appropriate and responsible actions on the basis of ethical considerations rather than on what is legal or within industry guidelines. **Ethics** are moral principles and values that govern the actions and decisions of an individual or group.[5]

A particular action may be within the law and still not be ethical. A good example of this involves target marketing. No laws restrict 'junk food' companies from targeting advertising and other IMC activities for new brands to children. However, given the high levels of obesity among young people, many would consider this an unethical business practice. The same holds true for ads targeting particular ethnic groups with stereotyped images. Such situations have seen a rise in self-regulatory activities by industries and businesses, including codes of practices, which will also be discussed later.

Throughout this text we present a number of ethical perspectives to show how various aspects of marketing communication often involve ethical considerations. Ethical issues must be considered in IMC decisions. Advertising and other marketing communication are areas where a lapse in ethical standards or judgment can result in actions that are highly visible and potentially very damaging to a company.

The role of advertising in society is controversial and has sometimes resulted in attempts to restrict or ban advertising and other forms of IMC to certain groups, or for certain products. Children are one such group. Advertising towards children has been a topic of much debate, with concerns relating to the age at which children can differentiate between programming and television commercials; children's ability to understand advertising intent; and the effects of advertising on children.[6] A lot of attention is being focused on the issue of fast-food companies, such as McDonald's and KFC, and unhealthy food products, for instance, Kellogg's LCM bars, targeted at children. Many people believe that fast food is a major cause of childhood obesity, and networks such as Parents' Voice have named and shamed companies aggressively targeting children, and have lobbied to ban food advertisements during children's television watching time (see Exhibit 6.1).[7]
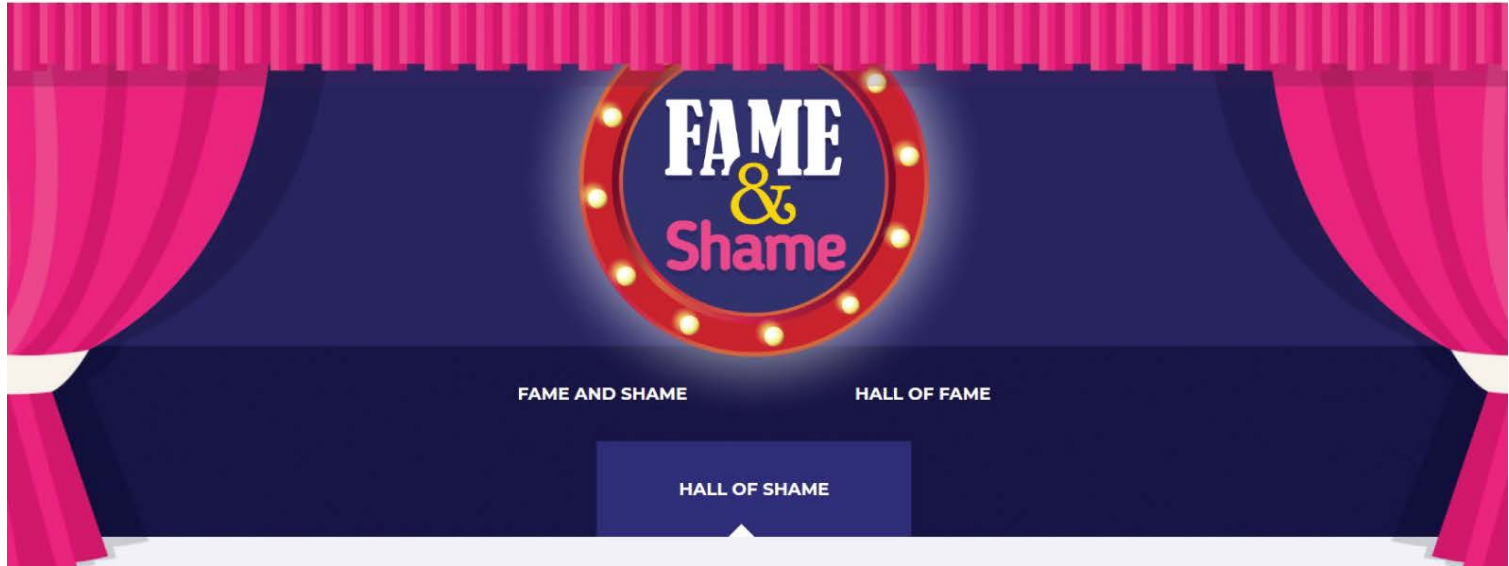
Exhibit 6.1   The Parents' Voice campaigns against junk food advertising during children's TV programs
Source: Parents' Voice

Companies marketing alcoholic beverages such as beer, wine and spirits recognise the need to reduce alcohol abuse and problems with drink-driving, particularly among young people, as do government agencies. Many of these companies have developed programs and ads designed to address this problem. For example, Carlton & United Breweries, in association with AB InBev, has joined the Global Smart Drinking Goals campaign, a set of programs and initiatives that aims to 'help reduce and prevent the harmful use of alcohol throughout the world'.[8]

As you read this chapter, remember that the various perspectives presented reflect judgments of people with different backgrounds, values and interests. You may see nothing wrong with the ads for junk food or beer, or with sexually suggestive ads. Other students, however, may oppose these actions on moral, ethical or religious grounds. While we attempt to present the arguments on both sides of these controversial issues, you will have to draw your own conclusions as to who is right or wrong.

SOCIAL AND ETHICAL CRITICISMS OF ADVERTISING

Much of the controversy over advertising stems from the ways many companies use it as a selling tool and from its impact on society's tastes, values and lifestyles. Specific techniques used by advertisers are criticised as deceptive or untruthful, offensive or in bad taste, and exploitative of certain groups, such as women or children. We discuss each of these criticisms, along with advertisers' responses. We then turn our attention to criticisms concerning the influence of advertising on values and lifestyles, as well as charges that it perpetuates stereotyping and that advertisers exert control over the media.

Advertising as untruthful or deceptive

One of the major complaints against advertising is that many ads are misleading or untruthful and deceive consumers. A number of studies have shown a general mistrust of advertising among consumers,[9] including one which found that consumers felt that less than one-quarter of TV commercials are honest and believable.[10] Another study found that consumers mistrust ads for most types of products and rely on word of mouth from friends and family as the most trusted source of information.[11]

Attempts by industry and the government to regulate and control deceptive advertising will be discussed later in the chapter. We note that advertisers should have a reasonable basis for making a claim about product performance and may be required to provide evidence to support their claims. However, **deception** can occur more subtly as a result of how consumers perceive the ad and its impact on their beliefs.[12] The difficulty of determining just what constitutes deception, along with the fact that advertisers have the right to use **puffery** and make subjective claims about their products, tends to complicate the issue.[13] But a concern of many critics is the extent to which advertisers are *deliberately* untruthful or misleading.

Sometimes advertisers have made overtly false or misleading claims or failed to award prizes promoted in a contest or sweepstake. However, these cases usually involve smaller companies and a tiny portion of the millions of dollars spent on marketing communication each year. Most advertisers do not design their messages with the intention of misleading or deceiving consumers, or run sweepstakes with no intention of awarding prizes. Not only are such practices unethical, but the culprits would damage their reputation and risk prosecution by regulatory groups or government agencies. National advertisers, in particular, invest large sums of money in developing loyalty to, and enhancing the image of, their brands. These companies are not likely to risk hard-won consumer trust and confidence by intentionally deceiving consumers.

The problem of untruthful or fraudulent marketing communication exists more at the local level and in specific areas such as internet fraud, telemarketing and other forms of direct marketing. Yet there have been many cases where large companies were accused of misleading consumers with their ads or promotions. For example, after years of Ribena claiming in its advertising that its product range 'contained four times the vitamin C of oranges', GlaxoSmithKline, Ribena's manufacturer, admitted misleading consumers regarding the vitamin C content of its ready-to-drink products. In another case, Reckitt Benckiser (Australia) admitted engaging in misleading conduct in contravention of the Australian Consumer Law by representing its Nurofen Specific Pain products (such as Nurofen Back Pain, Nurofen Period Pain, Nurofen Migraine Pain and Nurofen Tension Headache) as each being formulated to treat a specific type of pain, when the products in fact contained the same active ingredient.[14]

While many critics of advertising would probably agree that most advertisers are not out to deceive consumers deliberately, they are still concerned that consumers may not be receiving enough information to make an informed choice. They say advertisers usually present information that is favourable to their position only and do not always tell consumers the whole truth about a product or service.

Some believe advertising should be primarily informative in nature and should not be permitted to use puffery or embellished messages. Others argue that advertisers have the right to present the most favourable case for their products and services and should not be restricted solely to objective, verifiable information.[15] They note that consumers can protect themselves from being persuaded against their will, and that the various industry and government regulations suffice to keep advertisers from misleading consumers.

Figures 6.2 and 6.3 show the AANA (Australian Association of National Advertisers) Advertiser Code of Ethics and the Advertising Standards Authority Code of Ethics in New Zealand, which many advertisers use as guidelines in preparing and evaluating their ads.

AANA Advertiser Code of Ethics

This Code has been adopted by the AANA to be used as part of advertising and marketing self-regulation in Australia.

The object of this Code is to ensure that advertisements and other forms of marketing communications are legal, decent, honest and truthful and that they have been prepared with a sense of obligation to the consumer and society and a sense of fairness and responsibility to competitors.

In this Code, 'advertising or marketing communication' shall mean 'any material which is published or broadcast using any medium or any activity which is undertaken by, or on behalf of an advertiser or marketer, over which the advertiser or marketer has a reasonable degree of control, and that draws the attention of the public in a manner calculated to promote or oppose directly or indirectly a product, service, person, organisation or line of conduct'.

Section 1: Competitor complaints

1.1 Advertising or Marketing Communications shall comply with Commonwealth law and the law of the relevant State or Territory.

1.2 Advertising or Marketing Communications shall not be misleading or deceptive or be likely to mislead or deceive.

1.3 Advertising or Marketing Communications shall not contain a misrepresentation, which is likely to cause damage to the business or goodwill of a competitor.

1.4 Advertising or Marketing Communications shall not exploit community concerns in relation to protecting the environment by presenting or portraying distinctions in products or services advertised in a misleading way or in a way that implies a benefit to the environment which the product or services do not have.

1.5 Advertising or Marketing Communications shall not make claims about the Australian origin or content of products advertised in a manner that is misleading.

Section 2: Consumer complaints

2.1 Advertising or Marketing Communication shall not portray people or depict material in a way which discriminates against or vilifies a person or section of the community on account of race, ethnicity, nationality, gender, age, sexual preference, religion, disability, mental illness or political belief.

2.2 Advertising or Marketing Communication shall not employ sexual appeal: (a) where images of Minors, or people who appear to be Minors, are used; or (b) in a manner which is exploitative or degrading of any individual or group of people.

2.3 Advertising or Marketing Communications shall not present or portray violence unless it is justifiable in the context of the product or service advertised.

2.4 Advertising or Marketing Communications shall treat sex, sexuality and nudity with sensitivity to the relevant audience.

2.5 Advertising or Marketing Communications shall only use language that is appropriate in the circumstances (including appropriate for the relevant audience and medium). Strong or obscene language shall be avoided.

2.6 Advertising or Marketing Communications shall not depict material contrary to Prevailing Community Standards on health and safety.

2.7 Advertising or Marketing Communication shall be clearly distinguishable as such to the relevant audience.

Section 3: Other codes

The Code of Ethics is the overarching code setting out standards that apply to Advertising or Marketing

Communication across any medium. Depending on the nature of the product or service being advertised, these other AANA codes may also apply:

• Food & Beverages Advertising Code

• Environmental Claims Code

• Wagering Advertising Code

If the Advertising or Marketing Communication is directed primarily at children, the Children's Advertising Code may also apply.

Figure 6.2 AANA Advertiser Code of Ethics
Source: Australian Association of National Advertisers (AANA)

ASA Advertising Code of Ethics, New Zealand

Basic principles

1. All advertisements must comply with the laws of New Zealand.
2. No advertisement should impair public confidence in advertising.
3. No advertisement should be misleading or deceptive or likely to mislead or deceive the consumer.
4. All advertisements should be prepared with a due sense of social responsibility to consumers and to society.
5. All advertisements should respect the principles of free and fair competition generally accepted in business.

Rules

Identification. Advertisements should be clearly distinguishable as such, whatever their form and whatever the medium used; when an advertisement appears in a medium which contains news or editorial matter, it must be presented so that it is readily recognised as an advertisement.

Truthful presentation. Advertisements should not contain any statement or visual presentation or create an overall impression which directly or by implication, omission, ambiguity or exaggerated claim is misleading or deceptive, is likely to deceive or mislead the consumer, makes false and misleading representation, abuses the trust of the consumer or exploits his/her lack of experience or knowledge. (Obvious hyperbole, identifiable as such, is not considered to be misleading.)

Research, tests and surveys. Advertisements should not use tests and surveys, research results or quotations from technical and scientific literature, in a manner that is misleading or deceptive.

Decency. Advertisements should not contain anything that clearly offends against generally prevailing community standards taking into account the context, medium, audience and product (including services).

Offensiveness. Advertisements should not contain anything that in the light of generally prevailing community standards is likely to cause serious or widespread offence taking into account the context, medium, audience and product (including services).

Fear. Advertisements should not exploit the superstitious, nor without justifiable reason, play on fear.

Violence. Advertisements should not contain anything that lends support to unacceptable violent behaviour.

Denigration. Advertisements should not denigrate identifiable products or competitors.

Testimonials. Advertisements should not contain or refer to any personal testimonial unless it is genuine, current, related to the experience of the person giving it and representative of typical and not exceptional

cases. The claims in the testimonial should be verifiable.

Privacy. Unless prior permission has been obtained an advertisement should not portray or refer to any persons, whether in a private or public capacity, or refer to any person's property, in a way likely to convey the impression of a genuine endorsement.

Advocacy advertising. Expression of opinion in advocacy advertising is an essential and desirable part of the functioning of a democratic society. Therefore such opinions may be robust. However, opinion should be clearly distinguishable from factual information. The identity of an advertiser in matters of public interest or political issue should be clear.

Safety. Advertisements should not, unless justifiable on educational or social grounds, contain any visual presentation or any description of dangerous or illegal practices or situations that encourage a disregard for safety.

Figure 6.3 New Zealand's Advertising Standards Code
Source: Advertising Standards Authority New Zealand

Advertising as offensive or in bad taste

Another common criticism of advertising, particularly by consumers, is that ads are offensive, tasteless, irritating, boring, obnoxious and so on. A number of other studies have found that consumers feel that advertising insults their intelligence and that they have, at some time, felt offended by advertising.[16]

Sources of distaste

Consumers can be offended or irritated by advertising in a number of ways. Some people, for example, object when certain products or services—such as alcohol, gambling, contraceptives or personal hygiene products—are advertised at all.

A study of prime-time TV commercials found a strong product class effect with respect to the types of ads consumers perceived as distasteful or irritating. The most irritating commercials were for feminine hygiene products, followed by ads for women's undergarments and haemorrhoid products.[17] Another study found that consumers are more likely to dislike ads for products they do not use and for brands they would not buy.[18] Ads for personal products have become more common on television and in print, and the public is more accepting of them.[19] However, advertisers must still be careful of how these products are presented and the images, language and terminology used. There are still many rules, regulations and taboos advertisers must deal with to have their advertisements approved.[20]

Even advertisements for a relatively uncontroversial product can receive complaints. For example, a TV ad for iSelect, which promoted health insurance policies, showed a woman violently smashing a bunny-shaped piñata at a children's party after receiving bad news about rising insurance premiums. The ad received over 700 complaints to the advertising regulation body, Ad Standards. It was found that the violence in the ad was unjustifiable in the context of health insurance and price comparison, leading to iSelect withdrawing the ad from broadcast.[21] Another example was an emotional McDonald's advertisement in which a boy asks his mother about his departed father, which ends with them reminiscing over a burger. This was perceived by some as being exploitative and in bad taste.[22]

Exhibit 6.2 McDonald's was criticised for being distasteful when it aired an ad suggesting that a child could get over a father's death by eating a burger. What do you think?
Source: Shutterstock/Abd. Halim Hadi

Advertising can also offend consumers through the type of appeal or the manner of presentation. For example, many people object to ads that exploit consumer anxieties. Fear appeal ads, especially for products such as deodorants, mouthwash and dandruff shampoos, are often criticised for attempting to create anxiety and using a fear of social rejection to sell these products. These are different from shock ads, discussed below, which may use startling or gruesome images to get attention.

Sexual appeals

The advertising appeals that have received the most criticism for being in poor taste are those featuring sexual appeals or nudity. Such techniques are often used to gain consumers' attention and may not even be appropriate to the product being advertised. In a longitudinal study of TV viewers in Australia, it was found that the issue resulting in the most complaints to the country's advertising regulatory body involved sex, sexuality and/or nudity—almost three times more than any other issue.[23]

One example is an advertisement for Ultra Tune that showed two women in tight-fitting outfits and had the tagline 'We're into Rubber', which received over 400 complaints.[24] Even if the sexual appeal relates to the product, consumers may be offended by it. Many people object both to nudity in advertising and to sexually suggestive ads in general.

A common criticism of sexual appeals is that they can demean women (or men) by depicting them as sex objects (see Exhibit 6.3   ). Ads for cosmetics and lingerie are among the most criticised for their portrayal of women as sex objects. Some ads have even been criticised for being implicitly suggestive. For example, an advertisement for Virgin that had flight crew walking through an airport and being ogled by male passengers received a number of complaints, but while it was ruled that viewers 'may find the representation of the women and men in the ad distasteful', it was not deemed sexist.[25]

Exhibit 6.3 Sexual images: advertisers for all types of products have used sexy models to gain attention for their brands and to reinforce a particular brand image. Ultra Tune car mechanical servicing ran a 'sexy' ad with the tagline 'We're into rubber'.
Source: Shutterstock/FlexDreams

Critics have been particularly concerned about the use of sexual appeals in the advertising of products such as alcohol. Sexual appeals and risqué images have long been used in advertising alcoholic beverages. For example, brewer James Boag has been the target of a number of complaints for its *Who is James Boag?* campaign, which includes images of women in suggestive poses. While the Alcohol Beverages Advertising Code (ABAC) states that advertisements 'must not depict the consumption of alcohol beverages as a cause of or contributing factor to the achievement of personal, business, social, sporting, sexual or other success', one Australian study suggests that alcohol companies, such as James Boag, are disregarding these rules.[26]

The use of sex in advertising is a polarising issue as opinions regarding its use vary depending on the individual's values and religious orientation, as well as across various demographic groups including age, education and gender. An Australian study found significant differences between men and women in their attitudes towards sexist images and nudity in advertising.[27]

Shock advertising

With the increasing clutter in the advertising environment, advertisers continue to use sexual appeals and other techniques that offend some people but catch the attention of consumers and may even generate publicity for their companies. In recent years, there has been an increase in what is often referred to as **shock advertising**, in which marketers use nudity, violence or other startling images to get consumers' attention. Shock advertising is nothing new; companies such as Benetton and Calvin Klein have been using this tactic in their ads since the 1980s, with highly sexual, political and controversial images. A number of non-profit organisations have also used shock advertising in their social marketing campaigns. For example, Quit has used such techniques to show graphically the effects of smoking, while the Victorian Transport Accident Commission (TAC) and the Roads and Traffic Authority (RTA) have used it to encourage safe driving (see Exhibit 6.4   ). However, a number of other marketers have been criticised for using shock techniques in their ads and promotional materials.[28]

Exhibit 6.4 The Roads and Traffic Authority has run a number of hard-hitting campaigns to get people to drive safely. This ad encouraged working to change the annual road toll to 'Towards Zero'
Source: Transport Accident Commission (TAC) Melbourne

Many advertising experts argue that what underlies the increase in the use of shock advertising is the pressure on marketers and their agencies to do whatever it takes to get their ads noticed. However, critics argue that the more advertisers use the tactic, the more shocking the ads have to be to get consumers' attention. How far advertisers can go with these appeals will probably depend on the public's reaction. When consumers think advertisers have gone too far, they are likely to pressure the advertisers to change their ads and the media to stop accepting them. For example, the Coalition For the Protection of Racehorses ran a billboard showing a picture of a horse lying on its side with the headline 'Is the Party Really Worth It?' and the line HorseRacingKills.com, which got a lot of publicity and complaints until it was taken down.[29]

Since 1989, TAC has produced a number of award-winning 'reality' road safety advertisements depicting the effects of drink-driving, speeding and driver fatigue; yet these have also been criticised for being too graphic on the one hand, and for wearing out the value of 'reality' tactics on the other. However, the road safety ads—such as *If you drink, then drive, you're a bloody idiot* and *Don't fool yourself, speed kills* campaigns—have been successful in getting the message across to young drivers.[30]

While marketers and ad agencies often acknowledge that their ads push the limits with regard to taste, they also complain about a double standard that exists for advertising versus editorial television program content. They argue that even the most suggestive commercials are bland compared with the content of many television programs, including the news.

Advertising and children

One of the most controversial topics advertisers must deal with is the issue of advertising to children. Television and the internet are two vehicles through which advertisers can reach children easily. It is estimated that by the age of 12–13, Australian children spend an average of three hours per weekday and almost four hours per weekend day using screens, including television, video games and internet websites. Another study claims the typical child is exposed to more than 40 000 commercials a year[31]—and research shows that children view television as an important source of information about products.[32] Concern has also been expressed about marketers' use of other promotional vehicles and techniques, such as radio ads, point-of-purchase displays, premiums in packages, product placements, and the use of commercial characters as the basis for TV shows.

Critics argue that children, particularly young children, are especially vulnerable to advertising because they lack the experience and knowledge to understand and critically evaluate the purpose of persuasive advertising appeals. Research has shown that preschool children cannot differentiate between commercials and programs, do not perceive the selling intent of commercials, and cannot distinguish between reality and fantasy.[33] Research has also shown that children need more than a sceptical attitude towards advertising; they must understand how advertising works in order to use their cognitive defences against it effectively.[34] Because of children's limited ability to interpret the selling intent of a message or identify a commercial, critics charge that advertising to them is inherently **unfair** and deceptive and should be banned or severely restricted.

At the other extreme are those who argue that advertising is a part of life and children must learn to deal with it in the **consumer socialisation process** of acquiring the skills needed to function in the marketplace.[35] They say existing restrictions are adequate for controlling children's advertising. One study found that adolescents developed sceptical attitudes towards advertising that were learned through interactions with socialisation agents such as parents, peers and

television. They also found that marketplace knowledge plays an important role in adolescents' scepticism towards advertising. Greater knowledge of the marketplace appears to give teens a basis by which to evaluate ads and makes them more likely to recognise the persuasion techniques used by advertisers.[36]

Children are also protected from the potential influences of commercials by industry self-regulatory groups, such as the Australian Association of National Advertisers (AANA). The AANA has strict self-regulatory guidelines regarding factual presentation, safety, social values, parental authority, price, competitions, premiums, alcohol, food and beverages. The AANA guidelines for advertising addressed to children are presented in Figure 6.4   .

AANA Code for Advertising to Children

This Code has been adopted by the AANA as part of advertising self-regulation. The object of the Code is to ensure that advertisers develop and maintain a high sense of social responsibility in advertising to children in Australia.

1. Definitions

In this Code, unless the context otherwise requires:

Advertising or Marketing Communication means: any material which is published or broadcast using any Medium or any activity which is undertaken by, or on behalf of an advertiser or marketer, and
- over which the advertiser or marketer has a reasonable degree of control*, and
- that draws the attention of the public in a manner calculated to promote or oppose directly or indirectly the product, service, person, organisation or line of conduct, but does not include Excluded Advertising or Marketing Communications.

Advertising or Marketing Communications to Children means Advertising or Marketing Communications which, having regard to the theme, visuals and language used, are directed primarily to Children and are for Product. The Board shall have regard to the Practice Note to this Code in determining whether Advertising or Marketing Communications are to children under this definition.

The Board means the board appointed by the Advertising Standards Bureau (Ad Standards) from time to time, the members of which are representative of the community, to administer a public complaints system in relation to Advertising or Marketing Communications.

Alcohol Products means products which have some association with alcohol including alcoholic beverages, food products that contain alcohol or other products that are associated in some way with alcohol including in the sense of being branded in that way.

Children means persons 14 years old or younger and **Child** means a person 14 years old or younger.

Excluded Advertising or Marketing Communications means labels or packaging for Products, public relations communications (corporate or consumer) and related activities and, in the case of broadcast media, any material which promotes a program or programs to be broadcast on that same channel or station.

Medium means any medium whatsoever including without limitation cinema, internet, outdoor media, print, radio, television, telecommunications, or other direct-to-consumer media including new and emerging technologies.

Premium means anything offered either free, at a reduced price, or with an additional cost and which is conditional upon the purchase of an advertised product.

Prevailing Community Standards means the community standards determined by the Board as those prevailing at the relevant time in relation to Advertising or Marketing Communications to Children. Prevailing Community Standards apply to Section 2 below. The determination by the Board shall have regard to Practice Notes published by AANA and any research conducted by the Advertising Standards Bureau.

Product means goods, services and/or facilities which are targeted towards and have principal appeal to Children.

2. Code of practice

2.1 Prevailing community standards

Advertising or Marketing Communications to Children must not contravene Prevailing Community Standards.

2.2 Factual presentation

Advertising or Marketing Communications to Children:

(a) must not mislead or deceive Children;

(b) must not be ambiguous; and

(c) must accurately represent, in a manner that is clearly understood by Children:

  (i) the advertised Product;

  (ii) any features (including the size and performance of the product) which are described or depicted or demonstrated in the Advertising or Marketing Communication;

  (iii) the need for and the price of any accessory parts; and

  (iv) that the Advertising or Marketing Communication is in fact a commercial communication rather than program content, editorial comment or other non commercial communication.

(d) Price

  (i) Prices, if mentioned in Advertising or Marketing Communications to Children, must be accurately presented in a way which can be clearly understood by Children and must not be minimised by words such as 'only' or 'just';

  (ii) Advertising or Marketing Communications to Children must not imply that the Product being promoted is immediately within the reach of every family budget.

2.3 Placement

Advertising or Marketing Communications to Children must not be placed in Media where editorial comment or program content, in close proximity to that communication, or directly accessible by Children as a result of the communication, is unsuitable for Children according to Prevailing Community Standards.

2.4 Sexualisation

Advertising or Marketing Communications to Children:

(a) must not employ sexual appeal;

(b) must not include sexual imagery in contravention of Prevailing Community Standards; and

(c) must not state or imply that Children are sexual beings and that ownership or enjoyment of a Product will enhance their sexuality.

2.5 Safety

Advertising or Marketing Communications to Children:

(a) must not portray images or events that depict unsafe uses of a Product or unsafe situations that may encourage Children to engage in dangerous activities or create an unrealistic impression in the minds of Children or their parents or carers about safety; and

(b) must not advertise Products that have been officially declared unsafe or dangerous by an authorised Australian government authority.

2.6 Social values

Advertising or Marketing Communications to Children:

(a) must not portray images or events in a way that is unduly frightening or distressing to Children; and

(b) must not demean any person or group on the basis of ethnicity, nationality, race, gender, age, sexual preference, religion or mental or physical disability.

2.7 Parental authority

Advertising or Marketing Communications to Children:

(a) must not undermine the authority, responsibility or judgment of parents or carers;

(b) must not contain an appeal to Children to urge their parents or carers to buy a Product for them;

(c) must not state or imply that a Product makes Children who own or enjoy it superior to their peers; and

(d) must not state or imply that persons who buy the Product are more generous than those who do not.

2.8 Qualifying statements

Any disclaimers, qualifiers or asterisked or footnoted information used in Advertising or Marketing Communications to Children must be conspicuously displayed and clearly explained to Children.

2.9 Competitions

An Advertising or Marketing Communication to Children that includes a competition must:
(a) contain a summary of the basic rules for the competition;
(b) clearly include the closing date for entries; and
(c) make any statements about the chance of winning clear, fair and accurate.

2.10 Popular personalities

Advertising or Marketing Communications to Children must not use popular personalities or celebrities (live or animated) to endorse, recommend, promote or advertise or market Products or Premiums in a manner that obscures the distinction between commercial promotions and program or editorial content.

2.11 Premiums

Advertising or Marketing Communications to Children, which include or refer to or involve an offer of a Premium:
(a) must not create a false or misleading impression in the minds of Children about the content of the Product;
(b) must be presented conspicuously;
(c) must not create a false or misleading impression in the minds of Children that the product being advertised or marketed is the Premium rather than the Product;
(d) must not refer to the premium in more than an incidental manner to the advertised product;
(e) must make the terms of the offer clear as well as any conditions or limitations; and
(f) must not use Premiums in a way that promotes irresponsible use or excessive consumption of the Product.

2.12 Alcohol

Advertising or Marketing Communications to Children must not be for, or relate in any way to, Alcohol Products or draw any association with companies that supply Alcohol Products.

2.13 Privacy

If an Advertising or Marketing Communications indicates that personal information in relation to a Child will be collected, or, if as a result of an Advertising and Marketing Communication, personal information of a Child will or is likely to be collected, then the Advertising or Marketing Communication must include a statement that the Child must obtain a parent or guardian's express consent prior to engaging in any activity that will result in the collection or disclosure of such personal information.
Personal information is information that identifies the child or could identify the child.

2.14 Food and beverages

(a) Advertising or Marketing Communications to Children for food or beverages must neither encourage nor promote an inactive lifestyle or unhealthy eating or drinking habits.
(b) Advertising or Marketing Communications to Children must comply with the AANA Food & Beverages Advertising & Marketing Communications Code.

2.15 AANA Code of Ethics

Advertising or Marketing Communications to Children must comply with the AANA Code of Ethics.

*Reasonable control is defined in the AANA 2012 Code of Ethics Practice Note, as amended from time to time.

The Australian Communications and Media Authority (ACMA) also has strict guidelines for ads targeted at children.[37] For example, advertising is banned in preschool programs and advertising of alcohol is banned during children's programs. There are also restrictions on the presentation of prizes, competitions, the host selling of products, and the number of times a commercial can be broadcast during children's programs.

Concerns over advertising and other forms of IMC directed at children diminished somewhat during the late 1990s and the early part of the next decade. However, the issue has once again begun receiving a considerable amount of attention as various groups are calling for restrictions on advertising targeted at children, particularly advertisements for junk food, sugary drinks, and advertising that can be seen by children, such as ads for gambling during sporting events.[38]

In addition to concerns over the increasing amount of advertising targeted at children, there are a number of other issues that consumer groups and regulatory agencies have raised with respect to young people. These include the number of ads encouraging viewers to call 1800 numbers or register at certain websites, ads to purchase games online, the use of toy-based premiums, and general concerns over the content of children's programming, particularly with regard to violence. The marketing of violent entertainment to minors in film, music and electronic games, and the associated advertising, are also being monitored with calls for a stronger ratings system.

There is also growing concern over how marketers are using the internet and social media to communicate with and sell to children. It has been claimed that advertisers avoid many of the regulations designed to protect children by advertising on the internet and mobile instead of through traditional media. Noting that the internet is less regulated, one study claims that advertising regulators are failing to protect children who are the targets of aggressive marketing in ads as well as in internet video games.[39]

Another issue that has received a great deal of attention recently is the role of advertising and other IMC practices in contributing to the obesity problem among children, as well as adults. Some groups feel that the government is responsible for protecting children from the potentially harmful effects of marketing communication, while others argue that parents are ultimately responsible for doing so. Various consumer groups have also urged the media, particularly television broadcasters, as well as marketers to assume responsibility for the programs and marketing communication messages they offer to children.[40] A study comparing the attitudes of business executives and consumers regarding children's advertising found that marketers of products targeted at children believe advertising to them provides useful information on new products and does not disrupt the parent–child relationship. However, the general public did not have such a favourable opinion, with older consumers and those from households with children having particularly negative attitudes towards children's advertising.[41]

It is important to many companies to communicate directly with children. However, only by being sensitive to the naivety of children as consumers will they be able to do so freely and avoid potential conflict with those who believe children should be protected from advertising and other forms of marketing communication.

Social and cultural consequences

Concern is often expressed over the impact of advertising on society, particularly on values and lifestyles. While a number of factors influence the cultural values, lifestyles and behaviour of a society, the overwhelming amount of marketing communication and its prevalence in the mass media lead many critics to argue that advertising plays a major role in influencing and transmitting social values.

While there is general agreement that advertising is an important social influence agent, opinions as to the value of its contribution are often negative. Advertising is criticised for encouraging materialism, manipulating consumers to buy things they do not really need, perpetuating stereotypes and controlling the media.

Advertising encourages materialism

Many critics claim that advertising has an adverse effect on consumer values by encouraging **materialism**, a preoccupation with material things rather than intellectual or spiritual concerns. In a materialistic society, many critics attribute this to advertising because it:

- seeks to create needs rather than merely showing how a product or service fulfils them,

- surrounds consumers with images of the good life and suggests the acquisition of material possessions leads to contentment and happiness and adds to the joy of living
- suggests that material possessions are symbols of status, success and accomplishment, and will lead to greater social acceptance, popularity, sex appeal and so on.

Advertising for products such as expensive cars and luxury goods such as clothing, jewellery and premium alcoholic beverages is often criticised for promoting materialistic values.

This criticism of advertising assumes that materialism is undesirable and is sought at the expense of other goals. But many believe materialism is an acceptable part of the idea that hard work and individual effort and initiative should be rewarded with the accumulation of material possessions as evidence of success. Others argue that the acquisition of material possessions has positive economic impact by encouraging consumers to keep consuming after their basic needs are met. Many people believe economic growth is essential and materialism is both a necessity and an inevitable part of this progress.

It has also been argued that an emphasis on material possessions does not rule out interest in intellectual, spiritual or cultural values. Defenders of advertising say consumers can be more interested in higher-order goals when basic needs have been met. It has been argued that consumers may purchase material things in the pursuit of non-material goals.[42] For example, a person may buy an expensive sound system to enjoy music rather than simply to impress someone or acquire a material possession.

Even if we assume that materialism is undesirable, there is still the question of whether advertising is responsible for creating and encouraging it. While many critics argue that advertising is a major contributing force to materialistic values, others say that advertising merely reflects the values of society rather than shaping them.[43] They argue that consumers' values are defined by the society in which they live and are the results of extensive, long-term socialisation or acculturation.

Advertising can contribute to our materialism by portraying products and services as symbols of status, success and achievement, and by encouraging consumption. However, individuals from a variety of backgrounds are concerned over the values they see driving our society. They believe that materialism, greed and selfishness increasingly dominate modern life, and that advertising is a major reason for these undesirable values. The extent to which advertising is responsible for, or reflective of, materialism and the desirability of such values are deep philosophical issues that will continue to be part of the debate over the societal value and consequences of advertising.

Advertising makes people buy things they don't need

A common criticism of advertising is that it manipulates consumers into buying things they do not need. Many critics say advertising should just provide information useful in making purchase decisions and should not persuade. They view information advertising (which reports price, performance and other objective criteria) as desirable but persuasive advertising (which plays on consumers' emotions, anxieties, and psychological needs and desires such as status, self-esteem and attractiveness) as unacceptable. Persuasive advertising is criticised for fostering discontent among consumers and encouraging them to purchase products and services to solve deeper problems. This form of advertising thereby exploits consumers and persuades them to buy things they don't need.

Defenders of advertising offer a number of rebuttals to these criticisms. First, they point out that a substantial amount of advertising is essentially informational in nature.[44] Also, it is difficult to separate desirable informational advertising from undesirable persuasive advertising; in examining the information–persuasion dichotomy, even advertising that most observers would categorise as very informative is often very persuasive.[45]

Defenders of advertising also take issue with the argument that it should be limited to dealing with basic functional needs. In our society, most lower-level needs recognised in Maslow's hierarchy (discussed in Chapter 4)—such as the need for food, clothing and shelter—are satisfied for most people. It is natural to move from basic to higher-order needs, such as self-esteem and status or self-actualisation. Consumers are free to choose the degree to which they attempt to satisfy their desires, and wise advertisers associate their products and services with the satisfaction of higher-order needs.

Proponents of advertising offer two other defences against the charge that advertising makes people buy things they do not really need. First, this criticism attributes too much power to advertising and assumes consumers have no ability to defend themselves against it. Second, it ignores the fact that consumers have the freedom to make their own choices when confronted with persuasive advertising. While they readily admit the persuasive intent of their business, advertisers are quick to note that it is extremely difficult to make consumers purchase a product they do not want, or for which they do not see a personal benefit. If

advertising were as powerful as the critics claim, we would not see products with multimillion-dollar advertising budgets failing in the marketplace. The reality is that consumers do have a choice and they are not being forced to buy. Consumers ignore ads for products and services they do not really need or that fail to interest them.

Advertising and stereotyping

Advertising is often accused of creating and perpetuating **stereotypes** through its portrayal of women, ethnic minorities and other groups such as elderly people.

Women

How women are portrayed in advertising is an issue that has received a great deal of attention through the years.[46] Advertising has received much criticism for sexualising and stereotyping women, and failing to recognise the changing role of women in our society (see Exhibit 6.5). Critics have argued that advertising often depicts women as preoccupied with beauty, household duties and motherhood, or shows them as decorative objects or sexually provocative figures. The various research studies conducted over the years show a consistent picture of gender stereotyping that has varied little over time. Portrayals of adult women in television and print advertising have emphasised passivity, deference, lack of intelligence and credibility, and punishment for achieving. In contrast, men have been portrayed as constructive, powerful, autonomous and achieving.[47]

Exhibit 6.5 Advertisements are often criticised for portraying a stereotype such as gender or ethnicity. The feminine-hygiene brand Always ran a campaign against the stereotype of doing something 'like a girl'
Source: Procter & Gamble

Research on gender stereotyping in advertising targeted at children has found a pattern of results similar to that reported for adults. One study found sex-role stereotyping in television advertising targeted at children in Australia and the USA.[48] Boys are generally shown as being more knowledgeable, active, aggressive and instrumental than girls. Non-verbal behaviours involving dominance and control are associated more with boys than girls. Advertising directed towards children has also been shown to feature more boys than girls, to position boys in more dominant, active roles, and to use male voiceovers more frequently than female ones.[49]

Some feminist groups argue that advertising which portrays women as sex objects contributes to violence against women. These groups have also been critical of advertisers for the way they portray women in advertising for clothing, cosmetics and other products. It is felt that many of these ads contribute to the epidemic of eating disorders and smoking among women by encouraging girls to hope that such means will help them control their weight.[50]

Also, the use of 'excessive Photoshopping' in print advertisements has drawn concern that it encourages an unrealistic standard which may have a negative effect on women and girls as they compare themselves to the advertising images. This can result in body image issues, low self-esteem, depression, eating disorders and exercises addictions and, in extreme cases, lead to suicide.[51]

While sexism and stereotyping still exist, advertising's portrayal of women is improving in many areas. Many advertisers have

begun to recognise the importance of portraying women realistically. The increase in the number of working women has resulted not only in women having more influence in family decision making but also in there being more single-female households, which means more independent purchasers.

Many advertisers are now depicting women in a diversity of roles that reflect their changing place in society. In many ads, the stereotypical character traits attributed to women have shifted from 'weak and dependent' to 'strong and autonomous'. One reason for these changes is the emergence of women in key agency roles. Female advertising executives are likely to be more sensitive to portrayals of their own gender and to strengthen the role of women beyond stereotypical housewives or in a position of subservience to men.[52]

Ethnic minorities

Minorities have also been the target of stereotyping in advertising, although this issue has not been as controversial as it is in the USA.[53] For many years, advertisers virtually ignored all people of non-'British' ethnic background as if they were not identifiable subcultures and viable markets. Ads were rarely targeted to these ethnic groups, and the use of ethnic people as spokespeople, models or actors in ads was very limited, except for stereotypical roles such as Italians in pasta ads.

There is little question that advertising has been guilty of stereotyping women and ethnic groups in the past and, in some cases, it still does so. But as the role of women changes, advertisers are changing their portrayals to remain accurate and appeal to their target audience. Advertisers are also trying to improve the diversity of the people in their communications by increasing the incidence of minority groups in ads while avoiding stereotypes and negative role portrayals.[54] As well as being careful to avoid ethnic stereotyping, they are also striving to develop advertising that has specific appeal to various ethnic groups, in addition to the wider community. Increases in the size and purchasing power of ethnic minorities are leading companies to pay more attention to multicultural marketing.

Other groups

Groups such as elderly and disabled people and the LGBTI community, also feel they are victims of stereotyping by advertisers. Many groups in our society are battling against stereotyping and discrimination in everyday life, and companies must consider whether their ads might offend them. Creative personnel in agencies sometimes feel restricted as their ideas are squelched out of concern that they might offend someone or be misinterpreted. However, advertisers must be sensitive to the portrayal of specific types of people in their ads, for both ethical and commercial reasons.

One area where significant changes have taken place recently is in advertising targeted at LGBTI consumers. More advertisers are turning to gay images in their mainstream commercials, albeit often subtly. However, not everyone approves. For example, an ad by Medibank Private that included images of same-sex and mixed-race families became one of the most complained about ads of its year—as well as one of most celebrated.[55]

Controlling the media

The fact that advertising plays such an important role in financing the media has led to concern that advertisers may influence or even control the media. It is well documented that economic censorship occurs, whereby the media avoid certain topics or even present biased news coverage, in acquiescence to advertiser demands.[56]

Advertising is the primary source of revenue for nearly all of the news and entertainment media. Some critics charge that the media's dependence on advertisers' support makes them susceptible to various forms of influence, including exerting control over the editorial content of magazines and newspapers; biasing editorial opinions to favour the position of an advertiser; limiting coverage of a controversial story that might reflect negatively on a company; and influencing the news and program content of television. Advertisers have also been accused of pressuring networks to change their programming. Many advertisers have withdrawn commercials from programs that contain too much sex or violence, often in response to threatened boycotts of their products by consumers if they advertise on these shows.

It should be remembered that it is not just traditional advertising that has a financial connection with the media. There are other forms of promotion to consider, such as program segment sponsorship, product placement and branded entertainment, which will be discussed in more detail in Chapter 11 . There are also the specific issues of gambling advertising during sports programs, product placement in reality TV programs and 'cash-for-comment' by radio personalities. These can blur the lines between entertainment and advertising, particularly if there is not clear disclosure of financial benefit to the media, raising questions on the influence this may have on program content.

However, media executives offer several reasons why advertisers do not exert undue influence over the media. They point out

that it is in the best interests of the media not to be influenced too much by advertisers. To retain public confidence, they must report the news fairly and accurately without showing bias or attempting to avoid controversial issues. Media executives also note that advertisers need the media more than they need any individual advertiser, particularly when the medium has a large audience or does a good job of reaching a specific market segment. Many publications and stations have a broad base of advertising support and can afford to lose an advertiser that attempts to exert too much influence. Finally, most news media insist they do not allow advertiser pressure to influence their editorial content as they have long regarded the formal separation of their news and business departments as essential to their independence and credibility.

REGULATION

We have examined a number of issues related to advertising and have attempted to analyse the arguments for and against them. Many people have reservations about the impact of marketing communication on society. The numerous rules, regulations, policies and guidelines that marketers comply with do not cover every marketing communication situation. Moreover, what one individual views as distasteful or unethical may be acceptable to another. However, if a company runs a controversial advertising campaign that may offend people, there is a process to protect the community and to consider complaints.

While only government agencies have the force of law, most advertisers also abide by the guidelines and decisions of internal regulatory bodies. In fact, internal regulation from such groups as the media and the AANA probably has more influence on advertisers' day-to-day operations and decision making than government rules and regulations.

Decision makers on both the client and agency sides must be knowledgeable about these regulatory groups, including the intent of their efforts, how they operate, and how they influence and affect advertising and other IMC elements. In the next section, we examine the major sources of advertising regulation, including efforts by government agencies and the industry via voluntary self-regulation.

Government regulation of advertising

Advertising is controlled and regulated through laws and regulations enforced by various government agencies. The federal government is the most important source of external **government regulation** since many advertising practices, particularly those relating to the need to be truthful and honest in all forms of marketing communication, come under the jurisdiction of the key provisions of the *Competition and Consumer Act 2010* (formerly the *Trade Practices Act 1974*) in Australia[57] and the *Fair Trading Act 1986* in New Zealand.[58] In addition, depending on the advertiser's industry and product or service, they may be covered by more specific legislation, such as for the health and financial sectors. We will begin our discussion of regulation of advertising by considering the main government Acts.

The purpose of the ***Competition and Consumer Act 2010*** is 'to enhance the welfare of Australians Page 174 through the promotion of competition and fair trading and provision for consumer protection' (section 2). Within the Act there are numerous sections that deal with almost all aspects of the marketplace, including the relationships between suppliers, wholesalers, retailers, competitors and customers. In relation to advertising, the most important sections are section 18, which pertains to misleading or deceptive conduct, and section 29, which focuses on false or misleading representations. These sections are found in Figure 6.5 .

Competition and Consumer Act 2010

Section 18

Misleading or deceptive conduct

(1) A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

(2) Nothing in Part 3-1 (which is about unfair practices) limits by implication subsection (1).

Section 29

False or misleading representations about goods or services

A person must not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services:

(a)   make a false or misleading representation that goods are of a particular standard, quality, value, grade, composition, style or model or have had a particular history or particular previous use; or

(b)   make a false or misleading representation that services are of a particular standard, quality, value or grade; or

(c)   make a false or misleading representation that goods are new; or

(d)   make a false or misleading representation that a particular person has agreed to acquire goods or services; or

(e)   make a false or misleading representation that purports to be a testimonial by any person relating to goods or services; or

(f)   make a false or misleading representation concerning:

(i) a testimonial by any person; or

(ii) a representation that purports to be such a testimonial; relating to goods or services; or

(g)   make a false or misleading representation that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits; or

(h)   make a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation; or

(i)   make a false or misleading representation with respect to the price of goods or services; or

(j)   make a false or misleading representation concerning the availability of facilities for the repair of goods or of spare parts for goods; or

(k)   make a false or misleading representation concerning the place of origin of goods; or

(l)   make a false or misleading representation concerning the need for any goods or services; or

(m)   make a false or misleading representation concerning the existence, exclusion or effect of any condition, warranty, guarantee, right or remedy; or

(n)   make a false or misleading representation concerning a requirement to pay for a contractual right that:

(i) is wholly or partly equivalent to any condition, warranty, guarantee, right or remedy; and

(ii) a person has under a law of the Commonwealth, a State or a Territory (other than

Figure 6.5 *Competition and Consumer Act 2010*
Source: Australian Competition and Consumer Commission © Commonwealth of Australia; CC by 3.0 AU

The *Fair Trading Act 1986* is a cornerstone of consumer protection law in New Zealand. It aims to encourage competition as well as protect consumers by prohibiting 'misleading or deceptive conduct, false representations and unfair practices'. The Act sets out when information about certain products must be disclosed to consumers, and helps ensure products are safe. It applies to all aspects of the promotion and sale of goods and services, from advertising and pricing to sales techniques and finance agreements.

In 1995 the Australian Competition and Consumer Commission (ACCC),[59] an independent Commonwealth statutory authority, was formed to administer the *Trade Practices Act* and other Acts. The ACCC is the only national agency dealing generally with competition matters and the only agency with responsibility for enforcing the *Competition and Consumer Act.* Its primary responsibility is to ensure that individuals and businesses comply with the Commonwealth competition, fair trading and consumer protection laws, and its role complements that of the state and territory consumer affairs agencies that administer the mirror legislation of their jurisdictions, and the Competition and Consumer Policy Division of the Commonwealth Treasury. The ACCC can recommend dispute resolution when possible as an alternative to litigation, but will also take legal action when necessary against anti-competitive action.

The *Competition and Consumer Act 2010* is quite explicit in stating that businesses should not only not mislead or deceive but also not act in a way that is 'likely to mislead or deceive'. According to the ACCC, misleading conduct is defined as including: lying, leading to a wrong conclusion, creating a false impression, leaving out (or hiding) important information and making false or inaccurate claims.[60]

Self-regulation

While there is government legislation to protect consumers from dishonest and misleading advertising, for many years the advertising industry has practised and promoted voluntary **self-regulation**. Most advertisers, their agencies and the media recognise the importance of maintaining consumer trust and confidence. Self-regulation forms the basis of the advertising regulation system in both Australia and New Zealand, although it is underpinned by the key provisions of the government regulations mentioned above. The benefit of self-regulation is that it is more flexible and responsive to both industry needs and public opinion than formal regulation. Advertisers also see self-regulation as a way to limit government interference, which, they believe, results in more stringent and troublesome regulations.

In Australia, the advertising industry self-regulation system[61] was established by the Australian Association of National Advertisers (AANA), and the complaint resolution process is managed by Ad Standards (formerly Advertising Standards Bureau) (AS; see Exhibit 6.6) and funded through a voluntary levy collected from participating advertisers, with no government funding. Complaints about advertising are accepted and determined by the Ad Standards Community Panel and the Ad Standards Industry Jury. These two independent bodies rule on consumer and competitive complaints relating to the advertising self-regulatory codes. Ad Standards considers complaints about any form of published, broadcast or online advertising in relation to issues including the use of language, the discriminatory portrayal of people, concern for children, portrayal of sex, sexuality and nudity, and health and safety.

Ad Standards: administers Australia's national system of advertising self-regulation in relation to both public and competitor complaints. There are eight staff at Ad Standards.

Corporate

Regulation

Education & Advice

Ad Standards Board: provides governance working within the objectives set out in its constitution to develop and monitor delivery of the strategic directions of Ad Standards. There are five Board members.

Ad Standards Community Panel: decides whether advertisements meet the requirements of various AANA and other industry Codes. There are 20 community members of the Panel.

Ad Standards Industry Jury: a panel of lawyers which resolve competitor complaints.

Ad Standards Education and Advice: education and expert advice on the Codes regulating advertising content.

AANA
The Australian Association of National Advertisers (AANA) is responsible for the *AANA Advertiser Codes* which are administered by Ad Standards.

AFGC
The Australian Food and Grocery Council (AFGC) is responsible for the *Responsible Children's Marketing Initiative* and the *Quick Service Restaurant Initiative for Responsible Advertising and Marketing to Children*. Complaints for both initiatives are administered by Ad Standards.

ABAC
The *Alcohol Beverages Advertising Code (ABAC)* is the code for alcohol advertising self-regulation by the ABAC Complaints Panel. All complaints about alcohol are received by Ad Standards and forwarded to ABAC. Both Ad Standards and ABAC may consider complaints about alcohol advertising.

FCAI
The Federal Chamber of Automotive Industries (FCAI) is responsible for the *FCAI Voluntary Code of Practice for Motor Vehicle Advertising* which is administered by Ad Standards.

Exhibit 6.6 Ad Standards is the main self-regulatory body for the Australian advertising industry
Source: Ad Standards

While these bodies can make determinations, their authority rests on the industry's voluntary adherence to industry-determined standards in the AANA Advertiser Code of Ethics. This system of industry regulation came into operation in 1998 following extensive consultation with industry, consumer and government representatives.

The process of self-regulation in New Zealand is similar to that in Australia. The Advertising Standards Authority (ASA) is responsible for the regulation of advertising in New Zealand.[62] Its membership consists of representatives from relevant industry groups including the Association of New Zealand Advertisers, Communication Agencies Association of New Zealand, Interactive Advertising Bureau of New Zealand, Magazine Publishers' Association, Newspaper Publishers' Association of New Zealand, New Zealand Cinema, Outdoor Media Advertising Association (NZ) and Radio Broadcasters Association. The ASA aims to ensure that advertising not only complies with the law but is also truthful, not misleading or deceptive, and is socially responsible. In conjunction with the advertising industry, it has developed and administers the Advertising Codes of Ethics to which organisations, broadcasters and publishers within the industry voluntarily comply. The code appears in Figure 6.3   .

Self-regulation and control of advertising emanate from all segments of the advertising industry, including individual advertisers and their agencies, business and advertising associations and the media.

Self-regulation by advertisers and agencies

Self-regulation actually begins with the interaction of client and agency when creative ideas are generated and submitted for consideration. Most companies have specific guidelines, standards and policies to which their ads must adhere. Recognising that their ads reflect on the company, advertisers carefully scrutinise all messages to ensure they are consistent with the image the company wishes to project. Companies also review their ads to be sure any claims made are reasonable and verifiable and do not mislead or deceive consumers. Ads are usually examined by lawyers to avoid potential legal problems and the accompanying time, expense, negative publicity and embarrassment.

Internal control and regulation also come from advertising agencies. Most have standards regarding the type of advertising they either want or are willing to produce, and they try to avoid ads that might be offensive or misleading. Most agencies will ask their clients to provide verification or support for claims the clients might want to make in their marketing communication and will make sure that adequate documentation or substantiation is available. However, agencies will also take formal steps to protect themselves from legal and ethical perils through agency–client contracts. For example, many liability issues are handled in these contracts. Agencies generally use information provided by clients for advertising claims, and in standard contracts the agency is protected from suits involving the accuracy of those claims. Contracts will also absolve the agency of responsibility if something goes wrong with the advertised product and consumers suffer damages or injury, or other product liability claims arise.[63] However, in the USA, agencies have been held legally responsible for fraudulent or deceptive claims and in some cases have been fined when their clients were found guilty of engaging in deceptive advertising.[64] Many agencies have a creative review board or panel composed of experienced personnel who examine ads for content and execution as well as for their potential to be perceived as offensive, misleading, and/or deceptive. Most agencies also employ or retain lawyers who review the ads for potential legal problems.

Self-regulation by trade associations

Like advertisers and their agencies, many industries have also developed self-regulatory programs. This is particularly true in industries whose advertising is prone to controversy, such as liquor and alcoholic beverages, pharmaceuticals, and various products marketed to children. Many trade and industry associations develop their own advertising guidelines or a code of conduct by which member companies are expected to abide.

For example, three major alcoholic beverage industry associations—Brewers Association of Australia, Spirits & Cocktails Australia and the Winemakers' Federation of Australia—have established the Alcohol Beverages Advertising Code (ABAC) scheme. This is the self-regulating advertising code of the Australian alcoholic beverages industry, and is part of the AANA umbrella system. In New Zealand, complaints about liquor promotions under the jurisdiction of the NZ Advertising Standards Authority Code will be considered by the Liquor Promotions Complaints Board.[65]

Although industry associations are concerned with the impact and consequences of members' advertising, they have no legal way to enforce their guidelines. They can rely only on peer pressure from members or other non-binding sanctions to get advertisers to comply.

Self-regulation by businesses

A number of self-regulatory mechanisms have been established by the business community in an effort to control advertising practices.[66] The largest and best known is the Australian Association of National Advertisers (AANA), which is the peak advertising industry body representing the rights and responsibilities of Australia's major advertisers and their industry partners. The AANA was formed in 1928 by a group of 12 concerned advertisers, whose shared aim and objective was 'To promote and safeguard the advertising interests of its members and to ensure that ethical standards are upheld through the management of the industry's self-regulation system'.[67] The AANA membership has grown to include marketing service providers and advertisers, and represents the interests of companies responsible for 85% of Australia's annual expenditure on national mainstream media advertising. The AANA Advertiser Code of Ethics (Figure 6.2) is generally recognised as the industry standard for ethical behaviour. New Zealand's main body is the Association of New Zealand Advertisers (ANZA), which is responsible for the creation and maintenance of the Advertising Codes of Practice of New Zealand.

Advertising associations

Various groups in the advertising industry also favour self-regulation. The peak national organisation, The Communications Council, brings together the Advertising Federation of Australia (AFA), the AWARD School and the Account Planning Group; it represents companies in advertising and marketing communication to industry, government, media and the public. The Communications Council has four main pillars: 'Develop careers—attract and develop creative professionals; Champion creativity—showcase the most influential commercial creativity; Demonstrate value—promote the commercial impact of creativity; and Lead the industry—guide and take action on key issues'.[68] In New Zealand, the Commercial Communications Council is the industry association representing the interests of marketing communication agencies.[69]

Self-regulation by media

The media provide another important self-regulatory mechanism in the advertising industry. Most media maintain some form of advertising review process and may reject any ads that they regard as objectionable. Some media exclude advertising for an entire product class, such as cigarettes; others ban individual ads they think offensive or objectionable. Newspapers and magazines have their own advertising requirements and restrictions, which often vary depending on the size and nature of the publication. For example, Bauer Media Group has its own set of standards for advertising in any of its magazines, including that any advertisement:

- does not infringe copyright, trademark, obligations of confidentiality or other legal rights of any person;
- is not false or misleading and is true in substance and in fact;

- does not infringe the *Competition and Consumer Act 2010* or the *Fair Trading Act 1986* (NZ) or the *Therapeutic Goods Act 1989,* the Therapeutic Goods Regulations, the Therapeutic Goods Advertising Code or similar laws, regulations and codes operating in Australia or New Zealand.[70]

A television commercial may be submitted for review in the form of a script, storyboard, animatic or finished commercial (when the advertiser believes there is little chance of objection). A very frustrating, and often expensive, scenario for both an agency and its client occurs when a commercial is approved at the storyboard stage but is then rejected after it is produced. Commercials are rejected for a variety of reasons, including violence, morbid humour, sex, politics and religion. Network reviewers also consider whether the proposed commercial meets acceptable standards and is appropriate for certain audiences. For example, different standards are used for ads designated for prime-time versus late-night spots or for children's versus adults' programs.

Outdoor advertising

Outdoor advertising covers the full range of promotional material displayed outdoors, including neon signs, posters on bus shelters and billboards. Outside material (particularly larger billboards) displayed in suburban streets and along highways is often a cause for public discussion and criticism. Some community members believe that its use is 'visual pollution' and disfigures the neighbourhood; others are offended by some of the material displayed on them, such as lingerie advertising (Exhibit 6.7   ); while the vast majority have no particular feelings one way or the other.

Exhibit 6.7 Some outdoor ads, such as on billboards, may be seen as offensive, even though they are within the

regulations. In this case, the public can take matters into their own hands
Source: Shutterstock/Christian Barrett

The Outdoor Media Association (OMA) is the peak industry body for outdoor advertisers and takes an active part in promoting and negotiating the self-regulation of the industry.[71] Like other such bodies, the OMA has developed a code of practice designed to avoid lengthy and expensive litigation and develop a sense of community responsibility within its membership ranks. In terms of outdoor advertising, each state, territory and individual council has certain regulations with which advertisers need to comply. As a general rule, these deal with the more tangible side of advertising rather than the creative side.

Direct marketing

The Association for Data-driven Marketing and Advertising (ADMA) is the body representing the direct marketing industry in Australia.[72] With the increase in data-based direct marketing and the greater use of this medium to purchase by the general public, the association has been developed to facilitate appropriate handling of disputes between this industry and its clients. Emphasis is placed on the need to build consumer confidence and trust in a situation where there is no personal face-to-face contact between buyer and seller. If the direct marketing industry is to develop and prosper, there is a clear need to produce a code of ethics that will assist both groups involved in the transaction. The industry body has produced a Code of Practice with seven principles: use data responsibly, provide choice, promote fairness, encourage transparency, be honest, value safety, and be accountable.[73]

The ADMA has taken a responsible approach in providing members with up-to-date information to allow them to provide services that are legal, ethical and of value to their clients—while not annoying potential customers.

Advertising on the internet

The need or desire for governments to regulate and control advertising on the internet is currently subject to a great deal of debate. The internet provides immediate access to international and global trade, crossing significant cultural and legal barriers. However, there are concerns relating to issues such as honesty of claims, deception, libel, privacy, consent, confidentiality and transparency, particularly on social media and blog sites.

Three significant issues confront legislation covering internet-based marketing. First, how do you successfully legislate across international borders? The global nature of the internet means that what is legal in one jurisdiction may not be legal in another, and yet all users can equally access sites and data. Related to this access issue are regulations about the timing and placement of 'unsuitable' advertisements by advertisers or even bloggers.[74] It is more difficult to protect vulnerable groups such as children from being exposed to inappropriate and unwanted advertising or spam in this unregulated environment.[75] For example, an advertisement banned in a particular country may still be available for everyone to view on web-sharing sites such as YouTube. Ad Standards reviews what advertisers place online in the same way that it would regulate 'any advertising or marketing communications over which the advertiser has a degree of control'.[76] This would include banner ads, Facebook and Twitter, although this would be more difficult on sites such as YouTube.

A second point relating to the global reach of the internet is misrepresentation by domain name. Within marketing and advertising, the 'country of origin' effect is strong. Certain characteristics are associated with different nationalities and products from different countries. Buying and promoting a domain name with a relevant country descriptor can significantly misrepresent the nature and quality of the products on sale. For example, France is often associated with fine wine and high-quality perfumes. Advertising either of these products based on a '.fr' domain name will raise certain expectations in the minds of the potential purchaser.

Finally, the culture of the internet, particularly from the perspective of long-term users, is that it is, and should be, a free medium. The question for many is whether you should legislate and restrict use of the internet at all. The use of censorship in the medium is a hotly debated issue, and the use of advertising restrictions, apart from those agreed upon in a voluntary code of conduct, is anathema to supporters of the freedom of the net.

Appraising self-regulation

The three major participants in the advertising process—advertisers, agencies and the media—work individually and collectively to encourage truthful, ethical and responsible advertising. The advertising industry views self-regulation as an effective mechanism for controlling advertising abuses and avoiding the use of offensive, misleading or deceptive practices, and it prefers this form of regulation to government intervention. Self-regulation of advertising has been effective and in many instances has probably led to the development of more stringent standards and practices than those that might have been imposed by legislation.

There are, however, limitations to self-regulation, and the process has been criticised in a number of areas. One example is the time it takes Ad Standards to review and resolve a complaint, during which time a company may have stopped screening the commercial. Some critics believe that self-regulation is self-serving to the advertisers and advertising industry and lacks the power or authority to be a viable alternative to government regulation.

Many do not believe advertising can or should be controlled solely by self-regulation. They argue that regulation by government agencies is necessary to ensure that consumers get accurate information and are not misled or deceived. Moreover, since advertisers do not have to comply with the decisions and recommendations of self-regulatory groups, it is sometimes necessary to turn to government regulations.

Corporate social responsibility

While there are a number of ways in which companies can mislead or offend with their advertising and IMC activities, and while they will try to self-regulate to keep within ad regulations, many organisations are being proactive and taking responsibility for their actions. Particularly after some embarrassing corporate ethical and financial disasters, organisations are taking steps to improve their corporate governance, ethical practice and social responsibility. In particular, there has been a growing attention to **corporate social responsibility (CSR)** in which there is a 'concern for the impact of all of the corporation's activities on the total welfare of society'.[77]

Organisations have undertaken different CSR activities that relate to their work output, human resources activities, social/community commitment and environmental initiatives, as well as their communicated messages. These CSR activities can also help counter criticism for other issues that may affect the company. For example, fast-food giant McDonald's is consistently criticised for marketing to children, but it regularly runs McHappy Days to raise money and build its image as an organisation that cares for the community. Advertising organisations such as WPP Group and Publicis organise hundreds of pro bono campaigns each year for hundreds of charities and non-profit organisations around the world.[78] By being more proactive in its ethical and civic responsibilities, rather than just keeping within government or industry regulations, an organisation can build a reputation as a good corporate citizen.

PLANNING AND DECISION MAKING

Part 3 takes us through the campaign process. It moves from consumer insights and strategy in Chapter 7 to measuring consumer behaviour through analytics in Chapter 8. Chapter 9 is all about search—paid, SEO and a blended approach. We then make some creative decisions in Chapter 10, followed by media decisions in Chapter 11, before learning about how to measure the outcomes in Chapter 12.

GRADUATE SPOTLIGHT

Name • Isabella Rigg
Degree studied • BA Communications / Advertising
University • Charles Sturt University, Bathurst
Current position • Account Executive
Employer • Traffik Group

What interested you about studying or working in advertising?

The pace and personality of the industry. Both are big, bold and constantly evolving.

What did you learn in your degree that has been most useful to prepare you for a career in advertising?

CSU put a huge focus on getting us ready for the industry and not just making us 'experts' on paper. While studying, we were forever in front of the class presenting our assignments, working in teams and acting in different agency roles.

At the time, you begrudge group assignments (we've all seen the memes!) but now, so much of what I do hinges on clear and confident communication. With all that practice, I was able to recognise my strengths and work past my nervous twitches early on.

What have you been up to since graduation?

After graduating I travelled and studied a few short courses before taking the plunge and moving to Sydney. Having interned with Traffik and BBDO during my degree, the stars aligned and I was able to move straight into a position with the team – where I've been since.

What does your current job involve?

Moving quickly! Working across the experiential and shopper fields means every day differs – we might be liaising with suppliers for a branded build, or coordinating creative for print in store. It's a juggling act to ensure the individual elements of the job align, so we deliver on brief and on time.

What do you enjoy most about your job?

The people. It's a mixing pot of personalities and opinions, so you're never short of an interesting conversation or new angle to consider.

What is the most interesting campaign you have worked on?

Putting The Captain (Captain Morgan, that is) on Tinder!

What are your thoughts on the future of the advertising industry?

We're in a time of huge cultural and social change, paving a way for a new standard of acceptability in the industry. As the language around these issues evolves, I'm more and more excited by the increased diversity in our content, equality in our boardrooms and power in our messages.

What advice would you give students who want to work in advertising?

Intern! Get as much experience as you can, from anyone who's willing to help! Every office operates differently and every manager takes a different approach – so soak up these nuances while you have the luxury of inexperience.

7

CONSUMER INSIGHT AND STRATEGY

LEARNING OBJECTIVES

LO 7.1 To understand the role of planning in an organisation's IMC program.

LO 7.2 To understand the role of target marketing, segmentation and positioning in planning for an IMC program.

LO 7.3 To explore the concepts and models of IMC planning.

LO 7.4 To explore account planning, understanding its strategic importance and digital impacts on gathering insights.

LO 7.5 To understand the role of IMC objectives for campaign decision making and measurement.
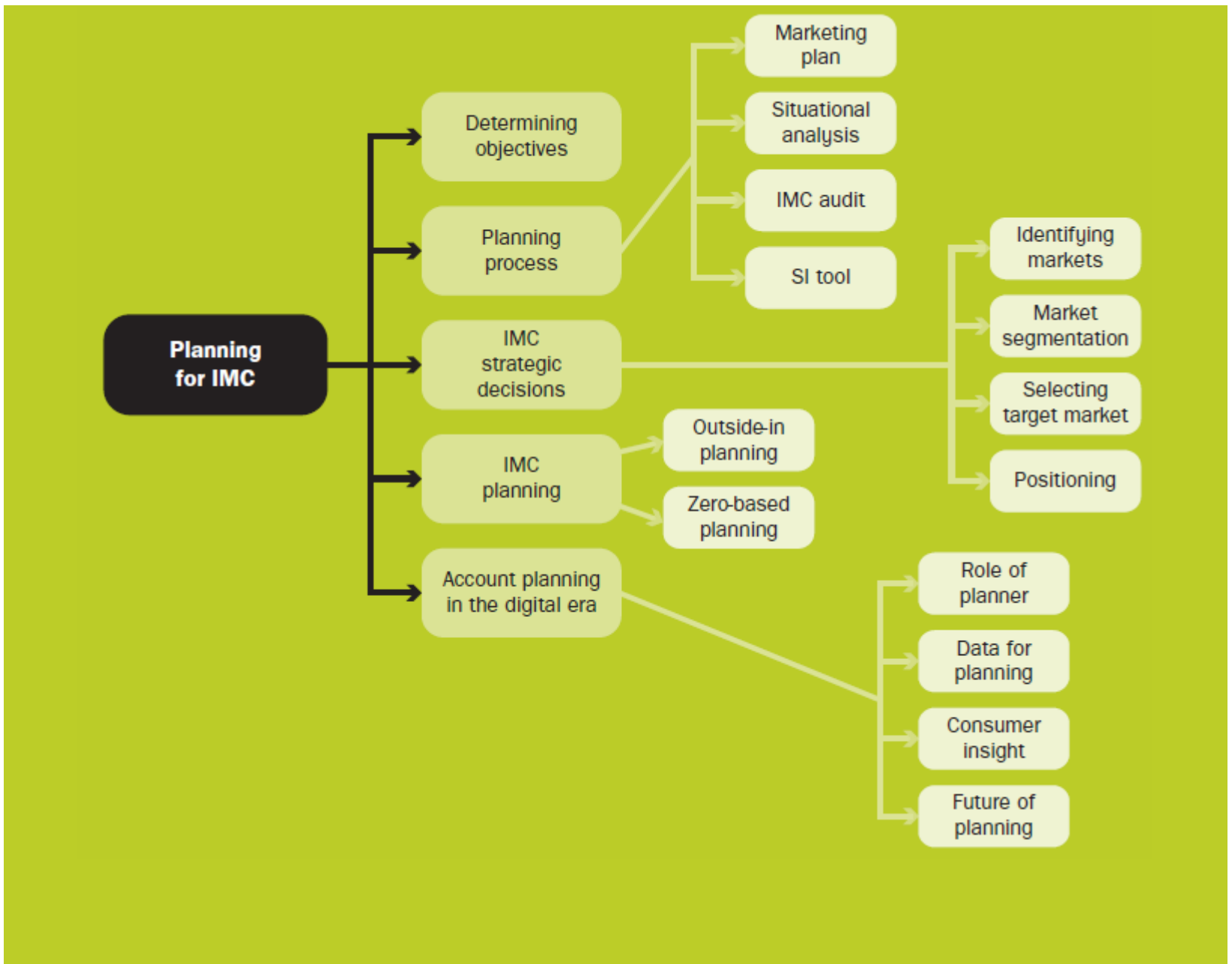
LOOKING BEYOND THE DATA TO UNDERSTAND PEOPLE

BY DARREN 'DAZ' MCCOLL
MARKETING CONSULTANT AND AUTHOR

A brand's viewpoint matters only when it meshes closely with what matters to the people it wishes to attract. The way to mesh is to collaborate and coexist with people and one of the greatest (and downright enjoyable) ways to do so is to connect them with a meaningful *experience*. Create an environment where people can participate with a brand and have that participation revolve around something that matters; a shared purpose within a shared experience creates a shared story—and we all know what the power of an emotionally charged story can bring.

Here are a few thoughts to consider:

- When a brand thinks, acts and shares from a real purpose, it will connect with consumers through their emotional desires—leading to the establishment of shared values.
- When a brand delivers a solution for a need, a connection is created between a thing, or form of utility, and a person doing something with it—becoming a shared experience.
- When a brand offers a story that connects people on an emotional level, and proves an ability to deliver great products while building environments or the means for participatory experiences—this ultimately creates shared stories.

Since it is people who create content, expect interaction and desire involvement, let's create brand worlds where they can jump in with us to do the things that are important to them.

To do this, we must first authentically understand people—not just what they do, but why they do what they do; their behaviours and motivations. No amount of exploration is too much when it comes to truly understanding people's desires. Direct exploration of consumers provides the richest ecosystem of perceptions, attitudes, expectations, beliefs, interactions, habits and things. And, without those truths, it's very challenging to meet people in an emotional space—which is where the real connection happens. Data alone will not do this for us either.

To help brands create worlds where people participate in an authentic experience, there are certain perspectives we should consider and questions we should ask. Here are some examples we built into our Storyscaping approach to be sure we stay focused on the business goals:

1. Can we create instrumented ecosystems by deploying sensors into contexts of everyday life? The data gathered here can be observed over an extended period to assist the longterm development and evaluation of products, services and communications.
2. How can we adapt a set of experiences to more efficiently yield a behaviour, such as 'get more people to share content'? How can we adapt a set of experiences to make a more memorable experience? Or how can we make experiences feel frictionless? When Storyscaping, we need to do all of this effectively, even though these dimensions are sometimes at odds.
3. How can we explore marketing mix intelligence and avoid too much focus on media mix alone? The goal is to answer questions such as: 'How do social and non-traditional connections amplify other channels? What marketing efficiencies spread across portfolio channels and initiatives? What is the return on investment (or value) driven from non-traditional marketing?' We should always seek a holistic view of performance for more effective and efficient decision making.
4. What new ways can we use to measure experience effectiveness? We've identified five experience dimensions (control, access, fit, sense and continuity) that are used to assess how well a particular campaign, design, interaction or environment performs in terms of experience, which gives us our return on Storyscape. The goal is to mine these realities, use them to fuel creative execution, and inform the dynamic application of systems thinking.

Finally, it's important always to remember that we are dealing with people and there is no

> perfect technology or data as people change and are influenced by many factors, each and every day.

Planning today has to recognise the different time horizons that clients have embedded in their business models. They have to balance long-term value creation with influencing behaviour 'now'. With advances in technology, more brands are using real-time planning to better deliver 'experience', as well as testing and improving campaigns, and impacting immediate behaviour. Planners have always used information to adjust campaigns and strategies according to real-time information. And advertisers have always done this in a sense, tweaking campaigns post-launch because of an unexpected sales spike or customer complaints via the switchboard, or in response to media publicity. However, if planners had to rely on market research or even sales for that real-time information, often the campaign would be over before the feedback was in. Technology is ubiquitous, and so too is data.[1]

What planning does is develop big ideas that are informed by using technology to better understand humanity, creativity and value for different segments. Without an overarching strategy, brands engaged in real-time marketing can be at risk of being more reactive, focusing on influencing behaviour 'now', rather than a longer view based on adding value through good planning.[2]

Real-time marketing sees a focus not only on the long-term marketing plan, but on decision making based on synchronous information such as breaking news and events, as well as consumer behaviours and actions that may be trending on digital platforms.

What has changed our ability to plan in real time is the deluge of data from online sources. Digital display and search techniques have used this data in optimisation strategies for years. But now we are applying it to more traditional IMC campaigns, to tweak tactics or change the campaign direction while the campaign is still running. Planning in response to real-time information, rather than evaluating the campaign at the end, provides a more fluid alternative to the traditional plan–execute–measure structure.

Planners have a better idea of what is happening in real time because of the growing sophistication and adoption of Google analytics and consumer-sentiment tracking tools. They can measure behaviour through website traffic, such as click-through or bounce-back rates. They can find out what people think about the campaign by using social listening software to aggregate conversations across the social web, and responding accordingly to people's comments. (see Exhibit 7.1)

Exhibit 7.1 Listening to millions of conversations across the social web using technology such as Social Studio
Source: Curtin Business School

In early 2018, Tourism Malaysia unveiled its new logo design at the ASEAN Tourism Forum in Thailand. The logo, which was produced inhouse, was modelled on a postage stamp and, despite its bright and colourful design, received much criticism through online media. The images of a monkey and turtle wearing sunglasses were frowned upon in social conversations, which suggested they were reminiscent of free clip art. The controversial logo is now getting a makeover, this time using a co-created approach, inviting Malaysians to give their perspective.[3]

Exhibit 7.2 Tourism Malaysia's in-house logo design is being reconceived after receiving negative feedback
Source: Shutterstock/Witaya Proadtayakogool

The chapter opener introduced an interesting concept. Real-time **planning** is about using information that may be changing from one moment to the next, so that your strategy is relevant and responds to immediate feedback.

Traditionally, planners have used qualitative research such as consumer panels and focus groups to gather insight that informs effective strategies. In today's digital world, planners have an opportunity to make decisions using real-time, live information. Technology such as WhatsApp, Instagram and social media listening software enable agile planning. Whether it be through in-depth interviews or ethnography, research underpins good campaign development.

The role of planning is changing, but its importance is not. Planners need to balance the 'now' with longer-term value. Planning is what separates strategic marketing communication from tactics. It is what inspires the big idea and builds great campaigns, such as Snicker's *Hungerithm* campaign. In this chapter, we take a closer look at how marketing strategies influence the role and planning of integrated marketing communication and how IMC decisions must be coordinated with other areas of marketing and organisational management. Today's fragmented media behaviour and audience multiplicity, together with the avalanche of data to which brands have access, can bring many opportunities, but also pose risks. Without good planning, a brand can end up using an expanding number of communication tools, which may not be brand building but may in fact be diluting the brand because there isn't synergy. Good planning is the basis of IMC decision making where the right tools are used to engage an audience and together achieve a **multiplier effect**. All elements of these functional decision-making areas must be consistent with strategy to create a standout IMC program.

ACCOUNT PLANNING IN THE DIGITAL ERA

Described as 'probably the major innovation in advertising in the last 35 years', account planning or strategic planning has encouraged people to think differently about advertising.[31] Account planners take a more strategic focus and use qualitative research to inspire consumer insights and trigger outstanding creative, rather than just using research to test concepts and perhaps kill good ideas. In the era of synchronous digital data, account planning is changing. Big data provides another opportunity for impact.

The importance of planning is underpinned by changes in how brands are created. Traditionally, a brand has been viewed as a knowledge structure that is controlled by a brand manager. Today, consumer culturists[32] view the marketplace as less controllable, and question the 'control' that brands have over their identity, because this assumes passivity on the part of the consumers. Consumer culturists view consumers as empowered, and see the construction of brands as collected and co-creational. It makes sense then that in the 2018 *Future of Strategy* report by WARC, the influence of planning is growing.[33] In a survey of 500 planners and strategists, there is optimism about the future of planning; however, technology is shifting how insight is used and delivered. Brands risk using insight to react, rather than for broader strategic development.

Account planning is a hybrid discipline in which research helps bridge the gap between account management and creative, using research and intuition to inspire creativity. Crosier and Pickton define account planning as 'the marketing services agency discipline that researches and defines the client's offering in the marketplace; applies strategic thinking, grounded in intelligence and insights, to campaign planning; briefs account-handling, creative and media specialists; collaborates with them in a team to produce pretested, creatively distinct and accurately targeted marketing communications campaigns, integrated across all appropriate media; assesses, quantitatively and qualitatively, the effectiveness of the outcome'.[34]

Account planning began in the UK during the 1960s, when London agency executive Stanley Pollitt sought to act as 'the account manager's conscience' and introduce the consumers' voice into campaign development.[35] At the same time and under the guidance of Stephen King, J Walter Thompson opened the first account planning department in 1968. Although both Pollitt and King were pioneers of account planning, they held slightly different views. King was all about strategy, focusing on marketing and strategy and what shaped a consumer's response to a brand. Pollitt used research to refine and enhance communication. Both sought to improve the quality of advertising. These twin threads of strategy and optimisation still drive planning today and have spawned a generation of planners that form a scale, described by King as 'from Grand Strategists to Ad Tweakers'.[36] The resultant increase in creativity and effectiveness encouraged US agency people to take notice and ultimately adopt the planning concept.

In 1981, Jay Chiat introduced account planning into Chiat Day (now TBWA) and it has since been adopted by many successful agencies such as Goodby, Silverstein & Partners, who developed the popular 'Got milk?' advertisements for the California Milk Processor Board. At the same time in Australia, former

chairman Reg Bryson introduced account planning into the Campaign Palace, producing award-winning campaigns for clients and challenging creative standards in Australia. Campaigns such as *Up there Cazaly* for the AFL and *Swan Lake* for Smith's Chips resonated with Australians because the advertising was inspired by who we are and what we value as Australians. One of the most famous campaigns for Holeproof underwear perhaps echoed our deepest fears, telling us in many comical executions, 'One day you're going to get caught with your pants down' (see Exhibit 7.15   ). These campaigns were not only creative, they were highly effective. Bryson said, 'We are seen as creative and are the most highly awarded agency for effectiveness: our cornerstone is effectiveness.' Good planning makes creative effective.
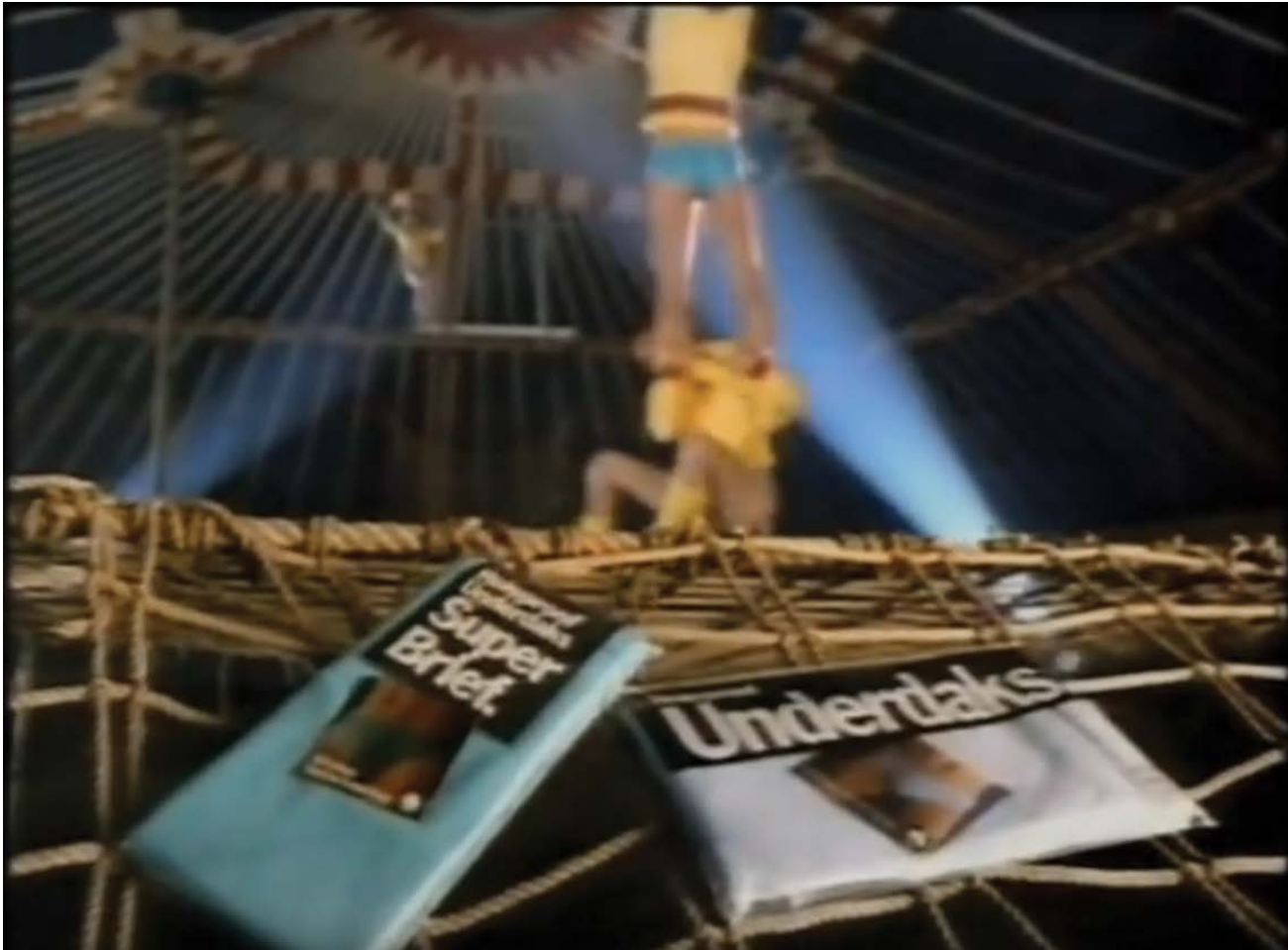

Exhibit 7.15 The Campaign Palace, where creativity and effectiveness are king
Source: Hanesbrands Inc.

Role of the account planner

Jon Steel, a former vice-president and director of account planning at Goodby, Silverstein & Partners' San Francisco office, has written an excellent book on the process titled *Truth, Lies & Advertising: The Art of Account Planning*.[37] He notes that the account planner's job is to provide the key decision makers with all of the information they require to make a well-informed decision. According to Steel, 'Planners may have to work very hard to influence the way that the advertising turns out, carefully laying out a strategic foundation with the client, handing over tidbits of information to creative people when, in their judgment, that information will have the greatest impact, giving feedback on ideas, and hopefully adding some ideas of their own.' Steel espouses his belief that the role of planning is to bring common sense to the advertising process.

Three decades after Bryson introduced account planning into Australia, the role of the account planner seems to have been shaped by three unique factors—the size of the market, the cultural orientation and the relationship of the account planner in the agency team. In Australia, the small size of the advertising industry, and the few large

agencies and many small shops that populate it, makes a full-time planner often unaffordable. This has seen the development of a strong set of freelance researchers or planners. It has also spawned what Butcher and McCulloch described as the 'Vegemite factor', where account planners are spread very thinly over a wide range of accounts or shared across agency branches or divisions.[38]

A subsequent study by Kerr, Rose and Segev found differences in the role of account planners in Australia and the USA.[39] In the USA, account planners were significantly more likely to assume a larger role in directing the campaign. They are idea generators, agency influencers and informants to key decision makers. Their Australian counterparts, on the other hand, tend to be the facilitators, rather than the directors of the campaign process. They lead the strategy development, work with account executives, help facilitate creative ideas and are more likely to influence the client than the agency. Almost three-quarters of Australian respondents believe their agency is using account planning, which they conceptualise as strategy development, consumer insights and the link between account service staff and creative. Their understanding of account planning is almost a textbook definition.

In 2003, account planners in Australia achieved formal recognition when the Account Planning Group (APG) was formed. Although this was some 26 years after its UK counterpart, the APG's objectives, of encouraging best practice, finding a home for planners, enlarging the talent pool and raising the profile of account planning in the business community, have attracted more than 180 members from over 40 advertising agencies.[40]

The 2018 WARC Future of Strategy report notes that strategy continues to have a strong future globally, with planners in the Asia–Pacific region being the most positive regarding their influence among clients. The report notes that budget pressures remain an obstacle globally, and cautions that a mindset which views planning as an expense rather than an investment will limit outcomes from the craft. Short-term thinking poses a risk to the role of account planners.

While insight is valued, there is a shift towards insight being delivered from outside an agency. Technology and media firms or in-house teams develop insight. Brands such as Netflix, Kia, Reebok, Gatorade and National Australia Bank (NAB) are examples of brands that use social listening software in-house to develop insight (see Exhibit 7.16   ). They are able to listen to millions of conversations across the social web including Facebook, Twitter, Instagram, blogs, forums and news media.

Exhibit 7.16 Many brands have implemented in-house social listening software to develop insight from conversations across the web
Source: © 123RF/dotshock

When Netflix launched in Australia, it monitored conversations during its key event, with its social team monitoring and growing conversations online through hashtags and creation of content.[41] Real-time information is valuable, providing insights into issues, events, people and places, and with the ability to break down that information by geographic and demographic variables such as age and gender. Brands are able to contrast sentiment and engage in thematic analysis of conversations.

Data for planning

Background research

A planner acquires important background information in numerous ways, including the use of informal fact-finding techniques suggested by key IMC researcher and writer Sandra Moriarty:[42]

- Reading anything related to the product or market—books, trade publications, general interest articles, research reports, social media reports and the like.
- Asking everyone involved with the product for information—designers, engineers, sales people and consumers.
- Listening to what people are talking about. Visits to stores, malls, restaurants and even the agency cafeteria can be informative. Listening to clients can be particularly valuable, since they often know the product and market best. Brands can listen through social media listening software, such as Salesforce's Social Studio, or other tools such as Hootsuite, HowSociable, Twazzup and Iconosquare.
- Using the product or service and becoming familiar with it. The more you use a product, the more you know and

can say about it.

- Working in and learning about the client's business to understand better the people you're trying to reach.

Preplanning input can include books, periodicals, trade publications, scholarly journals, pictures and clipping services (which gather and organise magazine and newspaper articles on the product, the market and the competition, including the latter's advertisements). It can also include technology-driven inputs from digital data sources available to the organisation. This input can come from research studies conducted by the client, the agency, the media or other sources.

Another useful general preplanning input concerns trends, developments and happenings in the marketplace. Information is available from a variety of sources, including local, state and federal governments, secondary research suppliers and various industry trade associations, as well as advertising and media organisations. For example, advertising industry groups such as the Communications Council and the Australian Association of National Advertisers and media organisations like the Media Federation of Australia and Free TV Australia publish research reports and newsletters that provide information on market trends and developments and how they might affect consumers. Relevant and timely information can also be gained by reading publications such as *AdNews, B&T,* the media section in *The Australian* and *Mumbrella.*

In addition to sourcing information, planners can also listen for information. Consumers express their views through digital and social media such as Twitter, LinkedIn, Instagram and social network sites and in the blogosphere.

Product- or service-specific research

To provide insight that is more specific to the advertising problem, **product- or service-specific preplanning input** such as attitude studies, market structure and positioning studies (for example, perceptual mapping and lifestyle research, focus group interviews, and demographic and psychographic profiles of users of a particular product, service or brand) are also useful.

Qualitative research input

The above examples demonstrate the excellent sources of secondary information available to planners. However, once these have been exhausted, information gaps may still exist. That's where primary research comes in. A study by Morrison and Haley rated the most common kinds of primary research used by account planners on a scale from 1 to 5. The most effective research techniques were in-depth interviews (4.37), ethnographies (4.18), visual cues such as pictures or photos (4.12) and interviews with product category experts (3.9).[43]

Of these, ethnographic research has become the trademark of the account planner. Ethnographic research occurs when researchers immerse themselves in the consumers' environment, observing them where they live, work or interact in their natural environment.[44] Some agencies send anthropologists or trained researchers into the field to study and observe consumers in their homes, at work or at play.

German brand Miele undertook ethnographic research by observing people cleaning their homes and, from its observations regarding family members suffering from allergies, went on to develop a vacuum cleaner with a hygiene sensor and a washing machine with a 'pillow wash' setting.[45] Ethnography has been central to the revitalisation of the Lego brand. Lego invests significant resources in studying children—spending time observing children and families in their own environment—which it refers to as 'camping with consumers'. From

these observations, it discovered the importance of mastery, and the emotional satisfaction a child receives from mastering something. Lego went on design products in ways that enable a feeling of mastery.[46]

Technology is, of course, changing how ethnography is conducted. Lifelogging, for example, uses technology to deliver insights. Through wearable technology and mobile devices, brands can capture daily life.

Another way to understand how consumers think is to use metaphors. Gerald Zaltman, in his book *How Customers Think,* proposes that thought is based on neural images, not words, and the best way to understand consumers' thinking is in terms of images or metaphors. Metaphors are the engine of imagination and the currency of our speech, as we use up to six metaphors per minute of spoken language. By inviting customers to use metaphors as they describe their relationships with brands, unconscious thoughts and feelings often enter the discussion.[47]

Developing consumer insight

For the account planner, research is just the start of the process. In her book *Hitting the Sweet Spot,* Lisa Fortini-Campbell describes this process well, observing that *data,* analysed, simplified and reported, becomes *information,* which, creatively interpreted using intuition and judgment, becomes *insight,* simple and clear and powerful enough to generate *inspiration.*[48]

By interrogating the data, an insight should emerge. This insight should be a penetrating, discerning understanding that unlocks an opportunity. It is also called the consumer's hot button, because it is the trigger that should fire the consumer into action.

A well-researched and intuitively interpreted **consumer insight** builds strong advertising strategy and incites great creative (see IMC Perspective 7.1). Because, as Fortini-Campbell suggests, insight should generate inspiration. One way to evaluate the strength of an insight is to consider the following four questions:

1   Is the consumer insight fresh? Is it new? Innovative?
2   Is it relevant? Does it resonate with consumers?
3   Is it enduring? Is it built on a deep understanding of consumers' beliefs and needs, so that it will last across time?
4   Is it inspiring? Does it excite the team and inspire different but consistent applications?

♻ IMC PERSPECTIVE 7.1

INSIGHT: THE INS AND OUTS

Focus groups were once the 'in' way to generate consumer insight. In fact, they are still one of the most widely used research techniques by marketers as well as their advertising agencies. The process of having a group, which usually consists of 6–12 people, interacting with one another and discussing their thoughts and feelings is widely used to gain more insight into a problem or issue as well as to probe attitudes and reasons for purchase behaviour. Focus groups are also often used to evaluate consumers' opinions and reactions to advertising concepts as well as to the advertisements themselves.

Technology is having a significant impact on research and how insight is developed. The vast amount of structured and unstructured data available from our everyday lives provides a lot of information about our behaviour. As we go about our daily lives using our phones, credit cards and computers, volumes of data are created. To understand our behaviour and generate insight, organisations engage in, for example, text, audio, video, social media and predictive analytics—to help them both understand and predict our behaviour.

Biometric data is a particularly interesting advance in information gathering. Wearable technologies such as fitness trackers and smartwatches have revolutionised how biometric data is collected. On a personal level, your biometric data is of interest to you because it tells you how far you walked, how well you slept and how many calories you burned, as well as locating where you are and where you've been. However, for planners, these devices provide data that gives them insight on whom to target, and when to communicate with the individual. The Internet of Things means that sensors in the many products we buy create data that brands can use to predict customer needs and provide personalised product recommendations.

Sports drink company Gatorade is harnessing biometric data with two technologies. Its smart-cap bottle monitors hydration, while its 'smart' sweat patch monitors sweat. Information about how much the user has sweated and had to drink syncs with the Gatorade app, which goes on to not only inform the individual about how much more they need to drink during their fitness session, but it also recommends which Gatorade product best meets their needs based on their sweat type. (see Exhibit 7.17)[49]

Exhibit 7.17 Gatorade is harnessing biometric data with their smart cap and smart sweat patch technology
Source: Glow Images/Sam Edwards

Interest in new ways of gathering information are driven by organisations seeking methods

aligned with a more connected view of the consumer. Malcolm Gladwell, best-selling author of the books *The Tipping Point* and *Blink: The Power of Thinking Without Thinking*, suggests that 'asking someone to explain their behaviour and intent is not only a psychological impossibility … but it biases them in favour of the conservative, in favour of the known over the unknown'. He notes that we live in a society dedicated to the idea that we're always better off when we gather as much information as possible and spend as much time as possible in deliberation.

Consumer psychologist Adam Ferrier, author of *The Advertising Effect: How to Change Behaviour*, also notes that while consumer insight is valuable, asking them questions that they consciously answer can lead brands to a position that isn't feasible.[50] Consumers are often not conscious of what motivates a behaviour, and are unlikely to be able to predict how they will respond to a new offering. He cites Arnott's decision to rebrand Shapes as one example. Arnott's launched its new Shapes flavours after research trials indicated there was a demand for bigger flavours. This led to a backlash from thousands of consumers and a Change.org petition that received more than 10 000 signatures. Arnott's reverted back to its original recipe.[51]

While focus groups were once the staple of planners, social media has revolutionised how insight is gathered (see Exhibit 7.18   ). In our connected society, those brands that use data to predict behaviour will be able to develop unique insights. An example of data that informs future behaviour is Unilever's use of real-time data to identify styling tends, using a tool that allowed it to analyse Google searches related to hair styling. Through its analysis of around a billion searches per month, Unilever was able to predict the 'next trend' and create a content strategy that set it apart from its competitors. Its YouTube channel, 'All Things Hair', was successful because the content was ahead of trend and demonstrated relevance to the target.[52]

Exhibit 7.18 Salesforce's Social Studio software provides consumer insight that informs planning decisions
Source: © 2019 Salesforce.com, inc. Used with permission.

Ethnography is another popular option, and many marketers are receiving permission from consumers to enter their homes to observe them going about their daily routines or even watch them remotely with cameras. Gladwell supports the use of observational, ethnographic research as an alternative to the highly artificial, formulaic efforts that thwart creativity and the better judgment of marketers and advertisers. Of course, many agency creative personnel agree with him. One agency executive notes, 'Creatives largely agree they don't want more focus testing, some because they agree it's not the most valid way of assessing work and some because they don't like what they hear.' Another notes that 'Creativity is very intangible and to the extent that we try to make it science we destroy it in some manner... Twenty years ago there was a lot of intuition that went into this business and since then we've needed more and more proof for our clients of our ideas.'

Researchers in Australia believe that agencies are justified in complaining about the type of research used to guide concept development and evaluation. Ian Woolcott, managing director of Woolcott Research, says, 'A lot of the advertising research that is still being conducted today is based on completely outmoded ways of thinking—on "models" of how advertising works that were developed in the 1950s or even earlier, and which have rolled on as mainstream "conventional wisdom" ever since. More has been learnt about how the human mind operates in the past 10 years than in the whole previous history of psychology. We now have a great deal of understanding of how advertising really works, which challenges a lot of that "conventional" research wisdom.'

Not everyone in the advertising and marketing world agrees with the position that focus groups and other forms of market research fail to verify anything but the status quo. For example, Roger Adams, executive director of advertising and marketing and a customer relationship manager at General Motors, is still a believer in focus groups, but cautions that their success does depend on how you use them. Many marketers note that companies have improved how they conduct focus groups and control for factors that may sway group members a certain way. Proponents of focus groups argue that they still have a role to play if they are used wisely, because to involve consumers in collecting ideas, brainstorming and learning what they think is still a good idea. Just don't try telling this to the creatives.

Sources: Amir Gandomi & Murtaza Haider, 'Beyond the hype: big concepts, methods and analytics', *International Journal of Information Management*, 35(2), 2015; Adam Ferrier, 'Why brands shouldn't listen to consumers if they want to evolve', *Mumbrella*, 6 May 2016, https://mumbrella.com.au/why-brands-shouldnt-listen-to-consumers-if-they-want-to-evolve-365594; Malcolm Gladwell, *The Tipping Point*, Little, Brown & Company, New York, 2002; Nina Lees, 'Mouth off', *AdNews*, 6 October 2006, p. 6; Sarah Ellison, 'P&G chief's turnaround recipe: find out what women want', *The Wall Street Journal*, 1 June 2005, pp. A1, 16; Stephanie Thompson, '"Tipping Point" guru takes on focus groups', *Advertising Age*, 24 January 2005, pp. 4, 54; Malcolm Gladwell, *Blink: The Power of Thinking Without Thinking*, Little, Brown & Company, New York, 2004

Future of planning

Two of the first researchers in the area of account planning, Morrison and Haley, suggest 'It is now accepted that, account planning recognises the complexity of humans and their emotional attachment to products and that this

understanding can be translated into effective campaigns extending far beyond advertising'.[53] Another of the leading proponents of planning, Jon Steel, suggests that the benefit of planning is greatest when it provides not just advertising, but broader business solutions.[54]

The earlier case of the Australian Defence Force Recruitment campaign is an example of planning inspiring business, as well as leading to advertising solutions. Not only did the planning result in creative strategies focused on making the brand a more relevant twenty-first-century employer through creative campaigns such as *Army brand* and *Do what you love,* but it also remapped and transformed the whole recruitment experience. It delivered a better experience by moving towards digital applications, with a website that provided simplified access to information. One of the biggest hurdles in the recruitment process is the Physical Fitness Assessment (PFA), where failure was high, particularly for women. Technique, as opposed to fitness, was commonly the point of failure. Rigour underpins the ADF recruitment process, however, and Host/Havas insight regarding failure being linked to technique rather than fitness per se saw the creation of the ADF Active app to respond to the issue (see Exhibit 7.19   ). The app provided personalised training, teaching candidates the correct techniques.

Exhibit 7.19 ADF Fitness App was created to support a transformed recruitment process
Source: Department of Defence

Given the many challenges facing the ADF in achieving its recruitment targets, the solution was never going to be about just an advertising campaign. While it was important to rebrand by communicating in channels used by millennials, in isolation this would not have achieved the outcomes sought by the client. The creation of a modern application process, and retaining candidates through improved website navigation and supportive apps such as

the ADF Active app, together created a business solution based on strategic insight.

What this case shows is that there are opportunities to extend the boundaries of planning within the marketing communication partnership. Planning has traditionally worked with creatives to improve the quality of the advertising, yet as Pat Rose, executive director of the American Academy of Advertising, indicates, 'Planning and media aren't as aligned as they should be, could be, need to be or, indeed as they want to be. Both are mining data, insights, research, direct experience or even just inspired flights of "what if" thinking. And they're both continually evaluating a conversation around an end audience'.[55] Rose presents a model of how this strategic partnership might work in Figure 7.6 . *Ad Age* suggests that this partnership might evolve into a whole new kind of planner, called a super planner: 'Media strategists and account planners working together under the same roof could constitute a new breed of super planners who could provide the unified brand vision and messages required by advertisers to communicate across traditional and an increasing number of non-traditional and new marketing platforms. Advertising might regain its role as a strategic partner to clients rather than just another vendor.'[56]
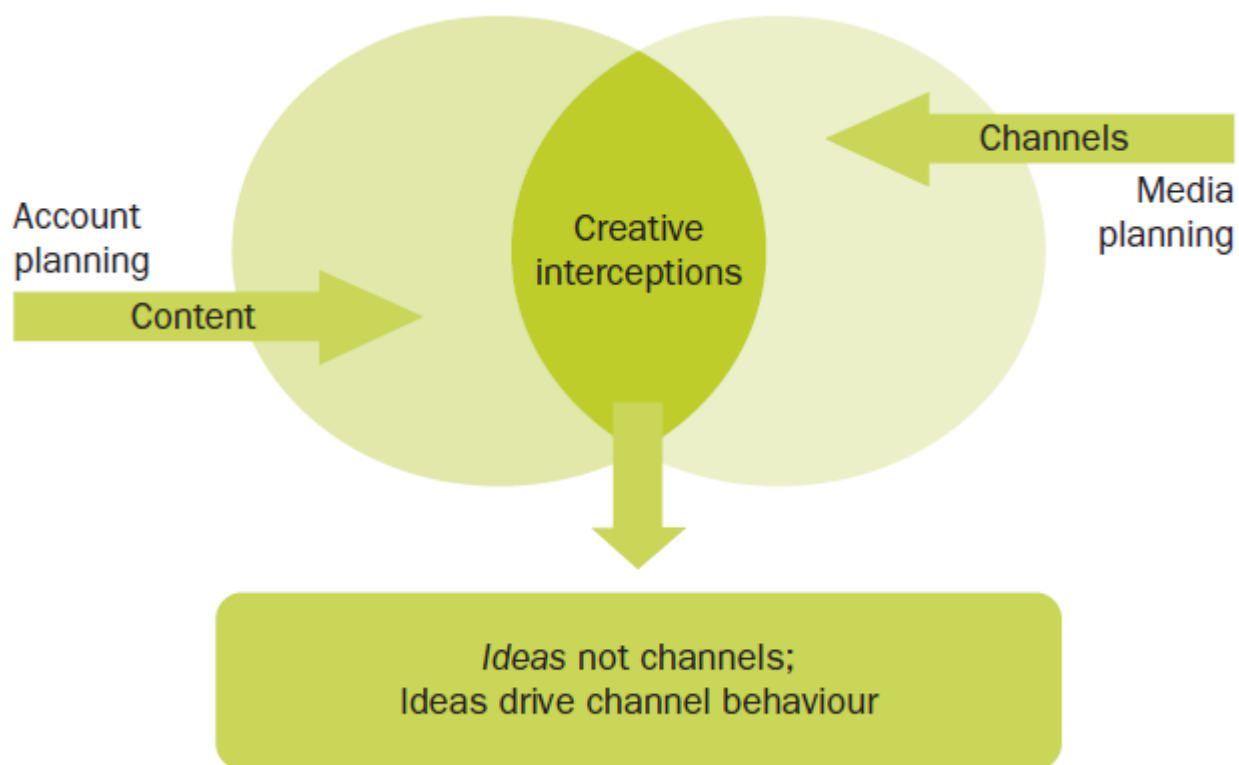
Figure 7.6 Planning for a creative relationship
Source: Patricia Rose, 'The State of the Industry: Account Planning, Media, Strategy (or whatever they are, these days)', *Journal of Advertising Education,* 2006, 10(2), 8–12

The sentiment is shared in Australia. Executive planning director of BWM, Jamie Mackay, observes:

> Ironically, having its origins in advertising is a flawed and limiting DNA and one that for too long has influenced many planners' over-obsession with 'selling' advertising solutions. Today's multichannel, interactive world provides a rich landscape for planners to practise their skills of intelligent messaging, consumer insights, brand strategy, ideation and effectiveness to achieve outcomes far beyond the potential influence of advertising. This is where the discipline has the greatest opportunity for development and key to this will be attracting and developing talent with broader skills than the traditional pure research or marketing-based fields.[57]

So perhaps we have been premature in putting account planning and IMC planning in separate sections of this textbook. It is conceivable and probably already inevitable that the planning function developed in advertising agencies will spawn IMC solutions and creative answers to broader business problems.

SUMMARY

Planning is where great IMC campaigns begin. They start with a review of the marketing plan and conduct a situation analysis or IMC or strategic integration audit. One of the key strategic planning decisions involves the target marketing process, which includes identifying, segmenting, targeting and positioning in relation to the target markets. There are several bases for segmenting the market and various ways to position a product.

From this strategic platform, the IMC planning process adopts Schultz's outside-in planning model or Duncan's zero-based planning to lead the planners through the process of creating an integrated campaign.

In a similar way, advertising uses account planning to provide a strategic way forward in the development of advertising campaigns. Using qualitative research to develop consumer insight and guide strategy, planning has become a prerequisite for effective and creative advertising. While planning is used in both advertising and IMC, the importance of strong research and focused strategic thinking is akin to all types of planning and can benefit all kinds of business decisions.

Objectives evolve from planning and insight around the problems and issues an IMC campaign will resolve. Setting objectives is important because it documents what the campaign is going to achieve, and enables measurement. Good objectives provide a benchmark against which performance can be measured and evaluated.

KEY TERMS

DISCUSSION QUESTIONS

1. The text describes a number of different positioning strategies. Give examples of products or brands that utilise each of these different strategies.

2. It has been said that benefit segmentation should be the starting point for determining which market segments to target and that other segmentation strategies may just be descriptors of the segment. Discuss whether you agree or disagree with this position, citing specific examples to support your case.

3. A number of companies have tried to reposition themselves in the marketplace. Some have been successful; others have not. Cite examples of both. What are the factors that you think led to their success or failure?

4. Changing lifestyles can create both opportunities and threats for the marketer. Provide an example of a change in lifestyle that poses a threat to marketers, and one that provides an opportunity. Give an example of a product or brand that has been affected in both of these ways.

5. Duncan proposes an IMC audit as an essential planning tool. Part of this audit is an evaluation of all the marketing communication produced by a company. Choose a company that you have some knowledge of, such as a family business or where you work, and make a list of the potential marketing communication pieces that would need to be evaluated for the audit. Then place an asterisk beside the ones that are the most critical in spreading the IMC message.

6. Schultz suggests that companies should start their planning outside the company (with the consumer), instead of inside (with what the company wants). What potential conflicts could you see between what the consumer wants and what the company wants?

7. What are the zero points that Duncan refers to in his zero-based planning? Provide some examples.

8. Can you think of your own examples of brands that are using biometric data to provide planning insights? What are the potential implications?

9. One of the outcomes of account planning is the development of consumer insight. Think of a campaign with which you are familiar and try to identify the consumer insight behind the creative idea.

10. Think about an advertising campaign you have viewed on television or a banner advert you spotted while surfing the net. Working backwards from the creative execution you saw, what do you think was the objective?

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8

ANALYTICS

LEARNING OBJECTIVES

LO 8.1   To explore the role of analytics in an organisation's IMC program and wider business.

LO 8.2   To understand the role and types of data in the planning and execution of IMC programs.

LO 8.3   To investigate the technology behind analytics.

LO 8.4   To explore how data can empower creativity.
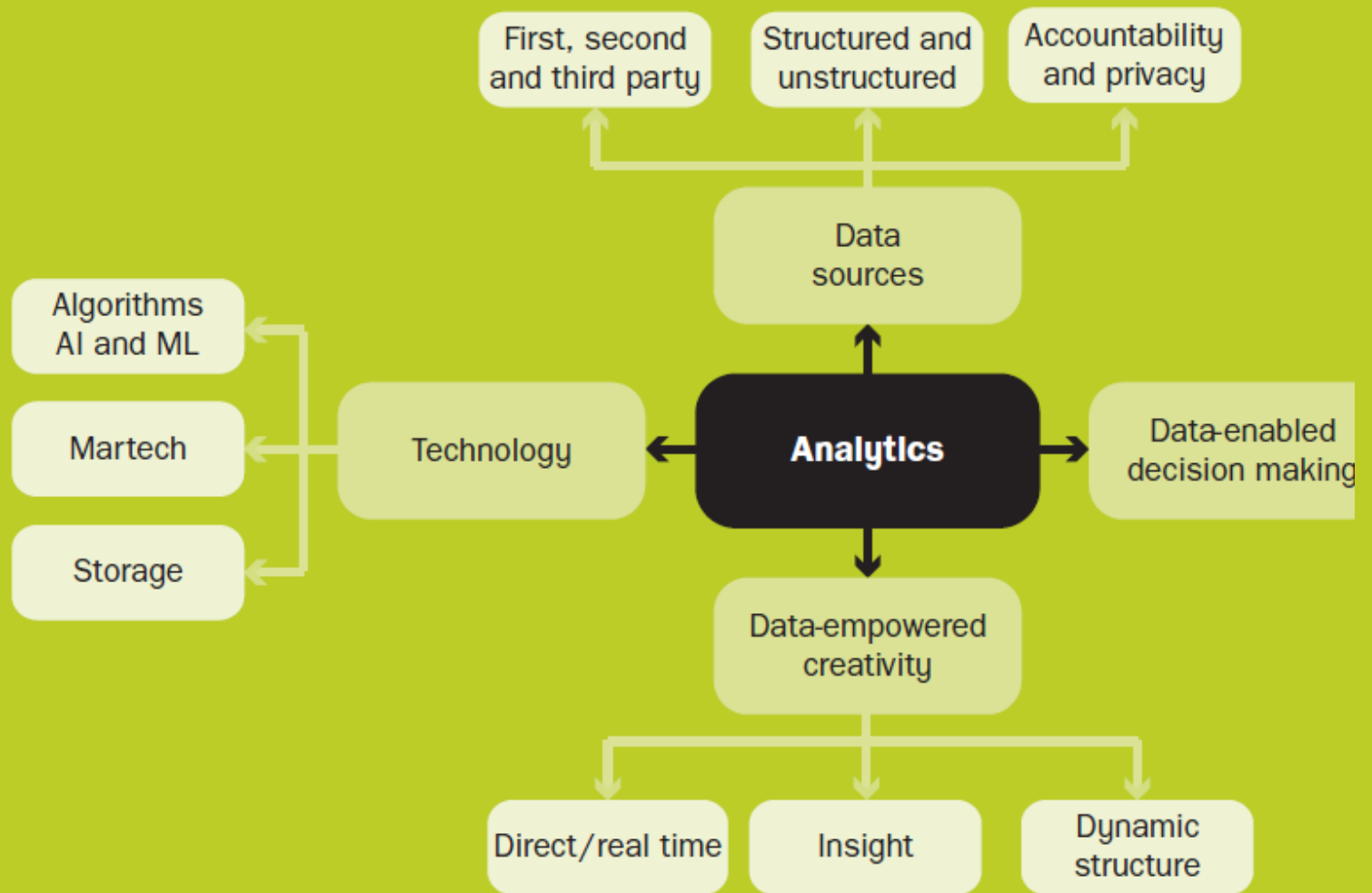
ANALYTICS FOR MARKETING, THE MOST IMPORTANT CHAPTER IN THE BOOK—PERIOD

In 2017, the chocolate bar category in Australia was worth $484 million and had a growth expectation of 6% year-on-year. Despite these gains, category penetration among millennials (18—34-year-olds) has declined at 6% since 2007 as they opt for bite-sized chocolate or other alternatives. This category of food is one of the most commonly promoted items in a convenience store. The market is driven by NPD (new product development), with limited editions commonplace along with sales promotions and multideals, which now account for over 50% of sales in the sector.

It was with this in mind that Mars Chocolate Australia—Snickers engaged Clemenger BBDO, Melbourne to ensure Snickers was noticed by an increasingly hard-to-reach target.

Snickers has a long-running brand platform of 'You're not you when you're hungry', originally launched during the 2010 Super Bowl starring Betty White. The brand platform was so successful that a version of the ad had run in over 80 countries by 2013.

In 2017, Snickers wanted to find a new way to tell its long-running brand story, rising above the noise and leveraging the 'discount-hunting' behaviour of consumers. The goals of the campaign were stated as:

1. Drive reach of Snickers brand communications to over two million millennials beyond TV
2. Increase sales of Snickers in a key retailer by 10%.

Clemenger BBDO devised 'The Snickers Hungerithm': an algorithmic monitoring system that analysed online mood and priced Snickers at 7-Eleven stores accordingly. The greater the number of 'angry' terms used on the internet, the cheaper the Snickers became in store.

The system used a 3000-word lexicon, analysing over 14 000 social posts a day and updating prices more than 144 times daily. Each analysed post was reinterpreted as a data point that captured the polarity, subjectivity and intensity of the language used.

Updates from the system were promoted via social in response to real events occurring on the internet. A combined data set was then analysed every 10 minutes and assigned one of 10 different 'moods', which in turn related to a predefined price for the Snickers. So, whenever the internet was feeling 'pretty chilled', Snickers was $1.75. But when it was 'losing it', prices could drop to as low as $0.50 (see Exhibit 8.1   ).

Exhibit 8.1 Real-time data analysed the mood and priced the Snickers
Source: Clemenger BBDO; Mars

People could monitor online (www.snickers.com.au) and claim a Snickers coupon, which was sent directly to their phone to redeem at a nearby 7-Eleven (see Exhibit 8.2   ). The lack of a

dedicated mobile application and the use of a mobile-friendly website removed a barrier to engage. This case study demonstrates that marketers need to understand the customer journey and the amount of time a person is willing to commit. By keeping the interaction simple and single-minded, Clemenger BBDO ensured maximum participation. The simple use of a retail barcode for in-store redemption also ensured there was no complicated technical solution required by the retailer or customer. Often concepts for this kind of redemption-based promotion put too much expectation on the customer or supply chain, frequently resulting in a negative perception or simply a lack of engagement.

Exhibit 8.2 Angry internet, cheaper Snickers

Source: Clemenger BBDO; Mars

The campaign was promoted via:

- 50+ millennial-read publishers, including tech, pop culture, current affairs and other interests, which were informed about the campaign
- a 30-second video explaining how *Hungerithm* worked on Facebook, along with a banner display and radio ads on Spotify
- in-store signage and display at 7-Eleven offering $2.00 Snickers for those who didn't have a coupon at the time.

Hungerithm was in the market 24/7 for a period of five weeks, changing the price of a Snickers more than 5000 times.

Over the campaign aperiod and beyond, *Hungerithm* delivered for Snickers:

- More than 150 articles published globally, in the likes of Gizmodo, Mashable and ETC, and over $1.4 million in earned PR value.

- Snickers mentions increased by 120% and over 70 000 people visited the website to download a coupon.
- A short-form film to help drive site visitation, broadcast integration on *The Morning Show* and *The Daily Show.*
- 7-Eleven promoting its own posts and film to drive more people in store.

Many campaigns of this type have two real objectives. One is to create awareness, often reported in the equivalent 'dollar value for media impressions'. In this case, the campaign was reported to have an equivalent media impression of $30 million. The method of calculating such a figure is not standardised within the marketing community and is open for interpretation. In this case, a more meaningful metric is sales. While media impressions could be described as a vanity metric, sales is the cornerstone of any promotion for retail. In the case of *Hungerithm*, sales were stated as a 15% increase year-on-year; at over twice the expected growth for the sector, this was an outstanding result.

Since its debut, *Hungerithm* has picked up dozens of awards locally and globally, including 21 at the Cannes Lions, and is set to be rolled out across the US and Europe.

Without **analytics** we are not marketing. Yes, it's possible to build a great brand, produce great ads from meaningful insights and maybe even sell some products or change some minds. But without analytics, such insights are unfounded and you'll never really know if it was the marketing that drove the increase in sales or the value created by the brand. And without that connection, without the evidence, marketing budgets will be forever at risk. In looking at analytics and understanding that it relates not just to reporting but is increasingly woven into the fabric of thinking and execution of great marketing and businesses, we can begin to ensure marketing isn't just an output of an organisation but is central to its input.

Brands have long desired a means of understanding what aspects of their marketing have been most Page 234 effective. At the turn of the twentieth century, marketing pioneer John Wanamaker (1838–1922) was reported to have said: 'Half the money I spend on advertising is wasted; the trouble is I don't know which half.' A simple statement, it has been quoted by many advertising and marketing practitioners ever since and holds a great deal of truth. This desire has never faded and now marketers have a wealth of knowledge, skill, services and systems to optimise expenditure and deliver greater results. This is marketing analytics. But the use of **real-time data**, originally sourced and processed for post-campaign reporting, has taken on a more active role in communication design in recent years. In the case of Snickers' *Hungerithm* campaign, analytic systems were central to the creative concept, technical delivery and overall success.

Campaigns such as this use an effective blend of data, technology, channel and creativity—so blended within the concept that they are hard to distinguish from each other. It's not possible to discuss the idea without defining the use of technology and the integration into channels.

Data has always empowered businesses and creativity. Not that long ago, data was generated solely through direct means. It was collected by asking consumers their opinions or observing their actions, then studying the commercial output, such as sales, and assigning causation while trying hard to avoid correlation. This is not an easy task, as any statistician will attest.

The digital age of marketing promised an end to the 'guesswork'. As the digital ecosystem becomes more and more complicated, so does the ability to deliver this promise, but we are still a great deal closer than ever before. As more media platforms digitise, our ability to undertake a single customer journey view increases accordingly. And as such, analytics takes centre stage in a marketer's daily activity.

THE PLANNING PROCESS

We make plans all the time. Plans to study, plans to meet up with friends, plans to get the assignment in on time. While we're quite practised in the art of planning, we've probably never defined it. One of the clearest definitions of planning comes from a planning workbook by Australian academic David Waller, who suggests, 'Planning is the process of deciding now what we are going to do later, including when and how we are going to do it'.[4]

Applying the definition to IMC, **integrated marketing communications management** involves the process of planning, executing, evaluating and controlling the use of the various IMC tools to communicate effectively with target audiences or stakeholders. At the centre of decision making is insight into the behaviour of the audience. The marketer must consider which marketing communication tools to use and remain focused on audience behaviour, when deciding on how to distribute the total marketing communications budget across the various IMC tools. At the centre of decision making is deciding how to engage the audience through a mix of tools. Like any budget, you need to pick the things that will help you to achieve the outcome you are seeking. To do so, you need to have a bird's eye view of your audience—by understanding how an audience wants to engage with a brand, you can create an IMC ecosystem that will achieve objectives. Planners start with a neutral solution, using data about the brand, the audience, technology and humanity to determine the 'tools of influence'. Think about how you interact within the IMC ecosystem. Do you watch television and use a smart device simultaneously? How will your behaviour change in the future with artificial intelligence and machine learning? We must always ask what tools in the IMC toolkit will be valuable? What will be the role of paid media such as advertising, sales promotion, the internet, social networking platforms, sponsorships and personal selling? The answers for today will no doubt be different in the coming years.

As with any business function, planning plays an important role in achieving objectives. IMC planning Page 197 may be described as a structured process that links the key organisational direction (such as mission statement, organisational strategy and business strategy) and function business areas (such as marketing and human resources) to IMC decisions and tactics. This process is guided by an **integrated marketing communication plan** that provides the framework for developing, implementing and controlling the organisation's IMC program. The starting point for this plan is the organisation's **marketing plan**.

Review of the marketing plan

The first step in the IMC planning process is to review the marketing plan and objectives. Before developing an IMC plan, marketers must understand where the company (or the brand) has been, its current position in the market, where it intends to go and how it plans to get there. Most of this information should be contained in the marketing plan, a written document that describes the overall marketing strategy and programs developed for an organisation, a particular product line, or a brand. Marketing plans can take several forms but generally include five basic elements:

1   A detailed situation analysis that consists of an internal marketing audit and review, and an external analysis of the market competition and environmental factors.
2   Specific marketing objectives that provide direction, a timeframe for marketing activities and a mechanism for measuring performance.
3   A marketing strategy and program that include the selection of target market(s) and decisions and plans for the four elements of the marketing mix.
4   A program for implementing the marketing strategy, including determining specific tasks to be performed and responsibilities.
5   A process for monitoring and evaluating performance and providing feedback so that proper control can be maintained and any necessary changes can be made in the overall marketing strategy or tactics.

For most companies, the IMC plan is an integral part of the marketing strategy. Thus, planners must know the roles that advertising and other IMC tools will play in the overall marketing program. The IMC plan is developed similarly to the marketing plan and likewise begins with the situation analysis.

IMC situation analysis

In the IMC program, the situation analysis focuses on the factors that influence or are relevant to the development of an IMC strategy and includes both an internal and an external analysis, as shown in Table 7.1   .

Internal factors	External factors
Assessment of company's IMC organisation and capabilities	**Customer analysis**
Organisation of IMC department	Who buys our product or service?
Capability of company to develop and execute IMC programs	Who makes the decision to buy the product?
Determination of role and function of advertising agency and other IMC facilitators	Who influences the decision to buy the product?
Review of company's previous IMC programs and results	How is the purchase decision made? Who assumes what role?
Review previous IMC objectives	What does the customer buy? What needs must be satisfied?
Review previous IMC budgets and allocations	Why do customers buy a particular brand?
Assessment of company or brand image and implications for IMC	Where do they go or look to buy the product or service?
Assessment of relative strengths and weaknesses of the product or service	When do they buy? Any seasonality factors?
What are the strengths and weaknesses of the product	What are customers' attitudes towards our product or

or service?	service?
What are its key benefits?	Is the sustainability of the company a factor in this purchase?
Does it have any unique selling points?	What social factors might influence the purchase decision?
Assessment of packaging, labelling and brand image	Do the customers' lifestyles influence their decisions?
How does our product or service compare with the competition?	How is our product or service perceived by customers?
	How do demographic factors influence the purchase decision?
	Competitive analysis
	Who are our direct and indirect competitors?
	What key benefits and positioning are used by our competitors?
	What is our position relative to the competition?
	How big are competitors' advertising budgets?
	What message and media strategies are competitors using?
	Environmental analysis
	Are there any current trends or developments that might affect the IMC program?
	Is sustainability an issue?

Table 7.1 Areas covered in a situation analysis

Internal analysis

The **internal analysis** assesses relevant areas involving the company, the product and the brand image. The capabilities of the company and its ability to develop and implement a successful IMC program, the organisation of the cross-functional teams, and the successes and failures of past programs should be reviewed. The analysis should study the relative advantages and disadvantages of performing the IMC functions in-house as opposed to hiring an external agency (or agencies). If the organisation is already using an advertising agency, the focus will be on the quality of the agency's work and the results achieved by past and current campaigns.

Next, the relative strengths and weaknesses of the product or service are evaluated, including its advantages and

disadvantages; any unique selling points or benefits it may have; its packaging, price and design; and so on. This information is particularly important to the creative personnel who must develop the message for the brand.

Finally, the company and brand image are examined, as often these will have a significant impact on the way the company can advertise and promote itself, as well as its various products and services. Companies or brands that are new to the market or those for whom perceptions are negative may have to concentrate on their image, not just the benefits or attributes of the specific product or service. On the other hand, a company with a strong reputation or image is already a step ahead when it comes to marketing its products or services.

Exhibit 7.3 shows an ad from the campaign for the General Electric Company's ecomagination sustainability initiative, which is a companywide commitment to address global challenges such as the need for cleaner, more efficient sources of energy, reduced emissions and abundant sources of clean water. It is an effective campaign that aims to combat corporate cynicism and negative perceptions of electricity companies.

Exhibit 7.3 This ad, part of General Electric's ecomagination initiative, shows its commitment to clean water
Source: General Electric

External analysis

The **external analysis** focuses on factors external to the company such as the characteristics of the company's customers (demographics and psychographics), market segments, positioning strategies and competitors, as shown in Table 7.1 . An important part of the external analysis is a detailed consideration of customers' characteristics and buying patterns, their decision-making processes and factors influencing their purchase decisions. Attention must also be given to consumers' perceptions and attitudes, their lifestyles, and their criteria for making purchase decisions. Often, marketing research studies are needed to answer some of these questions.

A key element of the external analysis is an assessment of the market. The attractiveness of various market

segments must be evaluated and the segments to target must be identified. Once the target markets are chosen, the emphasis will be on determining how the product should be positioned. What image or place should it have in consumers' minds?

This part of the situation analysis also includes an in-depth examination of both direct and indirect competitors. A direct competitor of Reading Cinemas, for example, may be Hoyts Cinema, as they both offer a similar service at a similar price. An indirect competitor of Reading Cinema may be other entertainment options within the leisure industry, such as Netflix or a comedy festival. While a comedy show is clearly a different service, it could be a substitute evening out, and therefore it competes indirectly. While competitors were analysed in the overall marketing situation analysis, even more attention is devoted to IMC aspects at this phase. The focus is on the company's primary competitors: their specific strengths and weaknesses; their segmentation, targeting and positioning strategies; and the IMC strategies they employ. The size and allocation of their marketing communication budgets, their media or contact strategies, and the messages they are sending to the marketplace should all be considered.

The external phase also includes an analysis of the marketing environment and current trends or developments that might affect the IMC program. For example, the pet food brand Pedigree recognised that the more dog owners that exist, the more its business can grow. It also had a desire to make the world a better place for dogs. It realised that dog adoption was an opportunity to grow dog ownership and improve the world for dogs. The company's New Zealand campaign, *Pedigree Child Replacement Programme* (see Exhibit 7.4   ), was a response to an external demographic environment trend. The growing number of empty nesters (parents of children who have moved out) was an opportunity for fun, and to grow the brand through salience. Empty nesters were encouraged to find a perfect replacement for their 'old child' in their 'new child', which caused less upheaval to their lifestyle (WARC, 2018).
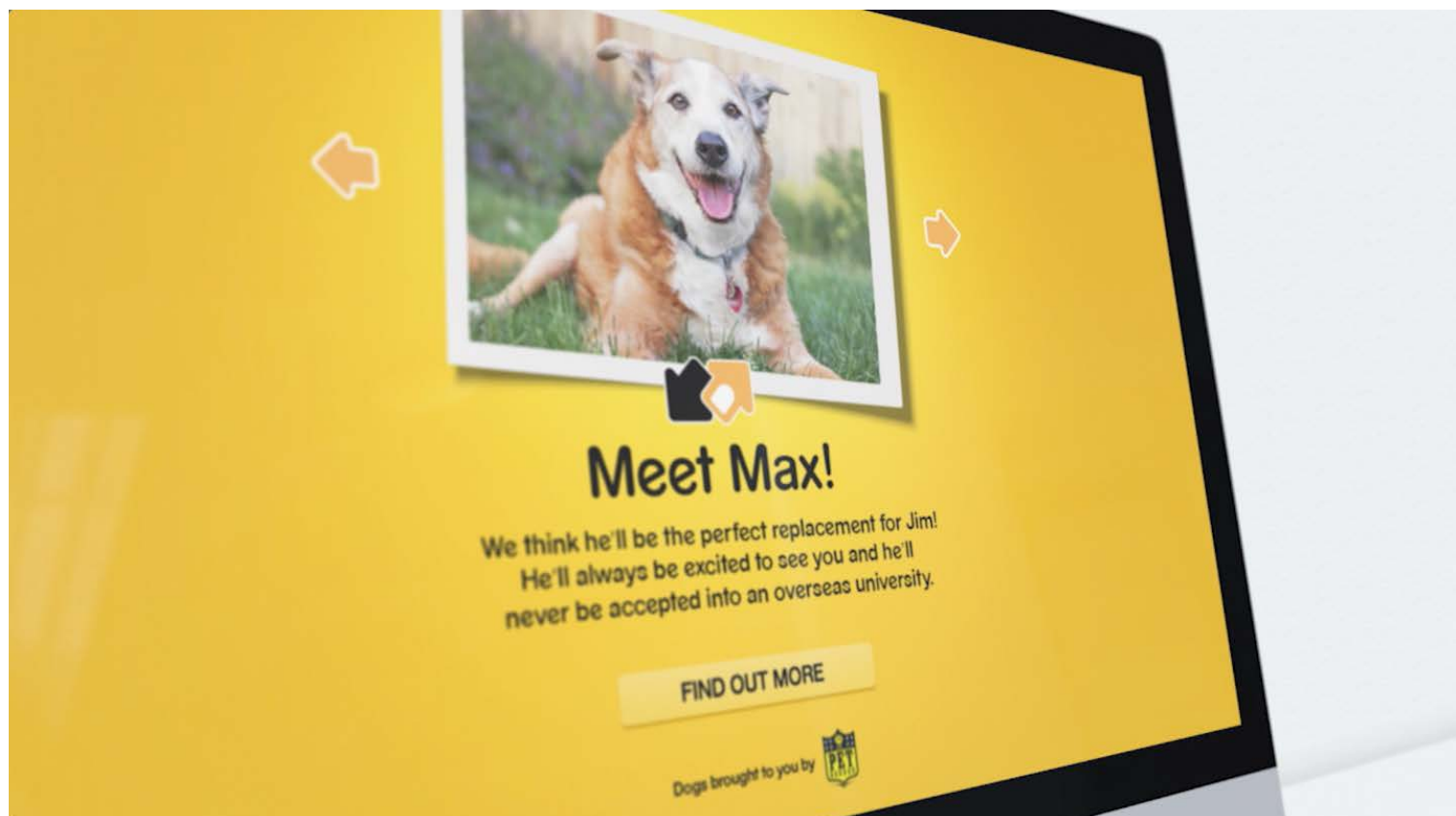
Exhibit 7.4 Pedigree's NZ *Child Replacement Programme* targeting empty nesters
Source: Colenso BBDO and Mars

Many companies have also responded to global trends in the natural environment with sustainable

strategies such as changing the raw material used in product manufacturing, and in the packaging of products. Nike released its MAKING app (see Exhibit 7.5) to help designers make sustainable decisions and 'invent better'. The app is free on iTunes, and available to the public, enabling everyone to be better informed about the materials used to manufacture products and their environmental impact, thus aiding decision making.
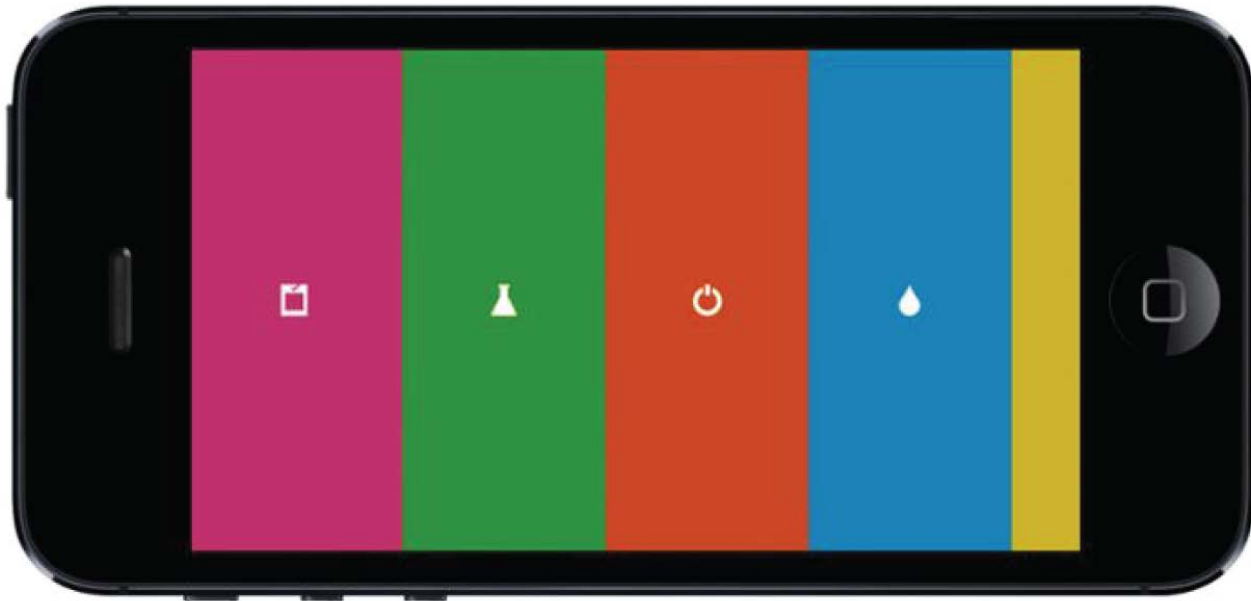

Exhibit 7.5 Nike's MAKING app helps designers to make sustainable decisions
Source: © 2019 Nike, Inc.

Another example is computer company Dell, which integrates alternative, recycled and recyclable materials into its product manufacturing and packaging. Dell is pioneering the use of bamboo as a sustainable packaging solution and is committed to recyclable and compostable alternatives too. Dell is even testing the viability of mushrooms for cushioned packaging! But it isn't just the tech sector that is responding to this key environmental trend. Jurlique is aiming to reduce 20% of its emissions. Reusing water and producing its own solar power is helping the company to achieve this target. American personal care product company Burt's Bees is committed to reversing the decline in bee numbers with its #BringBackTheBees campaign (see Exhibit 7.6). The ultimate goal is to plant two billion wildflowers by donating funds from every purchase of the limited-edition lip balm and each selfie shared with the hashtag #SelflessSelfies.

Exhibit 7.6 Burt's Bees is championing the survival of bees by planting wildflower seeds
Source: Clorox

IMC audit

Duncan and Moriarty developed the IMC mini-audit as an in-depth research method to help organisations understand their relationship-building practices.[5] The audit evaluates and monitors key IMC processes to see whether they are being effectively managed. It determines whether there is a gap between what managers say is being done and what is actually being managed. This is very important as the difference between management perception and actual performance could have huge financial consequences for the organisation.

The process analysis identifies organisational structure, the extent of understanding of marketing communication objectives and strategies within the company, the extent to which people agree with those objectives and strategies, the level of coordination between communication units, which units need to increase their competency in marketing communication, and whether planned messages contain a consistent strategy. The audit may also provide a basis for reallocating resources, strengthening the gaps and demonstrating the effectiveness of cross-functional teams.

There are three stages in conducting an **IMC audit**. The first stage is researching the organisational background. This is similar to the situation analysis, providing an overview of the company and its products, the marketplace and its competitors. It also looks at organisational structure, to identify the role of the CEO, structure, silos and integration. The audit evaluates the image of the organisation and the positioning of the products or services and reports on corporate and marketing objectives.

Stage two is a content analysis of the organisation's marketing communication. This requires a systematic, objective and thematic tally of advertising, publicity, sales promotion, direct marketing, signage, packaging, product instructions, corporate headquarters, company reports, sales approach, customer service and the website.

Stage three is the tabulation and analysis of the data and reporting of any recommendations this analysis uncovers. Although this is the final stage in the audit, it is just the start of the planning process. It should be pointed out that the very implementation of the audit demonstrates management's commitment to planning and integrating marketing communication. The Duncan–Moriarty IMC mini-audit is shown in Figure 7.1 .

IMC mini-audit

This 20-question mini-audit is a quick and easy way for an organisation to test its level of integration.

Circle the number that best describes how your organisation operates regarding each of the following statements. If you don't know how well your organisation is doing for a given item, circle DK (don't know). If a question does not apply to your organisation, leave it blank.

Organisational infrastructure	**Never**				**Always**	
1. In our company, the process of managing brand/company reputation and building stakeholder relationships is a cross-functional responsibility that includes departments such as production, operations, sales, finance and human resources, as well as marketing.	1	2	3	4	5	DK
2. The people managing our communication programs demonstrate a good understanding of the strengths and weaknesses of all major marketing communication tools, such as direct response, public relations, sales promotion, advertising and packaging, when putting marketing communication plans together.	1	2	3	4	5	DK
3. We do a good job of internal marketing, informing all areas of the organisation about our objectives and marketing programs.	1	2	3	4	5	DK
4. Our major communication agencies have at least monthly contact with each other regarding our communication programs and activities.	1	2	3	4	5	DK
Interactivity						
5. Our media plan is a strategic balance between mass media and one-to-one media.	1	2	3	4	5	DK
6. Special programs are in place to facilitate customer inquiries and complaints.	1	2	3	4	5	DK
7. We use customer databases that capture customer inquiries, complaints and compliments, as well as sales behaviour (e.g. trial, repeat, frequency of purchase, type of purchase).	1	2	3	4	5	DK
8. Our customer databases are easily accessible (internally) and user-friendly.	1	2	3	4	5	DK
Mission marketing						

9. Our organisation's mission is a key consideration and is evident in our marketing communication plans.	1	2	3	4	5	DK
10. Our mission provides an additional reason for customers and other key stakeholders to believe our messages and support our company.	1	2	3	4	5	DK
11. Our corporate philanthropic efforts are concentrated in one specific area or program.	1	2	3	4	5	DK

Strategic consistency

12. All of our company-created brand messages (e.g. advertising, sales promotion, PR, packaging) are strategically consistent.	1	2	3	4	5	DK
13. We periodically review all our brand messages to determine to what extent they are consistent.	1	2	3	4	5	DK
14. We consciously think about what brand messages are being sent by our pricing, distribution, product performance and customer-service operations, and by persons and organisations outside the control of the company.	1	2	3	4	5	DK

Planning and evaluating

15. When doing our marketing communication planning, we use a SWOT analysis to determine the strengths and opportunities we can leverage, and the weaknesses and threats we need to address.	1	2	3	4	5	DK
16. We use a zero-based approach in marketing communication planning.	1	2	3	4	5	DK
17. When doing annual marketing communication planning, we make sure intrinsic brand-contact points are sending positive brand messages and that these contacts are being fully leveraged before we invest in creating new brand-contact points.	1	2	3	4	5	DK
18. Our company uses some type of tracking study to evaluate the strength of our relationships with customers and other key stakeholder groups.	1	2	3	4	5	DK
19. Our marketing strategies maximise the unique strengths of the various marketing communication functions (e.g. public relations, direct response, advertising, event sponsorships, trade promotions, packaging).	1	2	3	4	5	DK
20. The overall objective of our marketing communication program is to create and nourish profitable relationships with customers and other stakeholders by strategically controlling or	1	2	3	4	5	DK

influencing all messages sent to these groups, and encouraging purposeful dialogue with them.

Add scores (minus blank items and DKs) and divide by 20.   Score _____

Figure 7.1 The Duncan–Moriarty IMC mini-audit

Australian academic Mike Reid used a modified version of the Duncan–Moriarty audit to explore the relationship between the IMC process and brand outcomes.[6] He found that the IMC process accounted for about 16% of variation in brand measures such as customer satisfaction, brand advantage and sales performance and concluded a strong and positive relationship between the two. Reid also confirmed the importance of the audit as a process measure, highlighting three key IMC constructs of interactivity, mission marketing and cross-functional strategic planning.

Strategic integration tool

Another important process measure is the strategic integration tool (SIT). Strategic integration (SI), the key construct that separates IMC from marketing communication, is often assumed and rarely measured. Hence, this new weighted evaluation tool, developed by Kerr and Patti, adds power to IMC planning.[7] Introducing concepts from the strategic management literature, it takes an organisational approach to defining and measuring SI. Developed using the Delphi method and involving the expert opinion of a panel of leading IMC practitioners and academics, 20 factors were identified and verified as drivers of strategic integration and incorporated into a weighted evaluation model (see Figure 7.2   ). This new management tool is both a measure of organisational efficiency and a diagnosis of where integration could be strengthened.

Strategic alignment
Integration of strategic plan into business unit plans
Integration of corporate and brand communications
Monitoring marketplace changes and adapting strategy

Customer focus
Identification of target audiences
Identification of customer needs
Identification of customer touchpoints
Customer service and support within company
Monitoring customer experience data

Organisational structure, culture and communication
Organisation-wide leadership
Vertical and horizontal integration
Cross-functional planning
Performance standards and rewards for highlight motivated climate
Culture of collaboration, teamwork and shared learning

IMC capabilities
Presence of an IMC manager
Expertise in IMC planning, management and implementation
Ability to resource, create and support marketing communication strategy
Shared budgets, measure and outcomes across marketing communication
Multiple communication disciplines
Targeting multiple audiences
Multiple contact points

Score × Weight

Figure 7.2 Strategic integration tool: a weighted evaluation model for IMC (Kerr & Patti, 2013)
Source: Adapted from Gayle Kerr and Charles Patti, 'Strategic IMC: from abstract concept to marketing management tool', *Journal of Marketing Communication*, 21 (5), 317–339

The situation analysis and tools such as the IMC audit and the strategic integration tool provide a detailed assessment of the current marketing conditions facing the company, its product lines or its individual brands, and even its potential for IMC. From this analysis, a company develops an understanding of the market and the various opportunities it offers, the competition, and the market segments or target markets the company wishes to pursue. Based on this information and before IMC planning begins, basic decisions must be made to identify the potential target markets, the most viable market segment and how the product should be positioned in relation to the competition and to its target market's lives. In the next section, we consider these three major decisions—target market, segmentation and positioning.

IMC STRATEGIC DECISIONS

Because few, if any, products can satisfy the needs of all consumers, companies often develop different marketing strategies to segment and satisfy different consumer needs. The process by which marketers make these strategic decisions (presented in Figure 7.3) is referred to as **target marketing** and involves four basic steps: identifying markets with unfulfilled needs, segmenting the market, targeting specific segments, and positioning one's product or service through marketing strategies.

| Identifying markets with unfulfilled needs | → | Determining market segmentation | → | Selecting a market to target | → | Positioning through marke strategies |
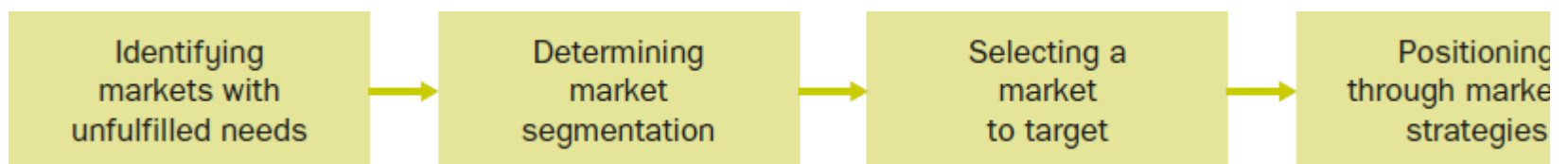
Figure 7.3 The target marketing process

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Identifying markets

When employing a target marketing strategy, the marketer identifies the specific needs of groups of people (or segments), selects one or more of these segments as a target, and develops marketing programs directed at each. This approach has found increased applicability in marketing for a number of reasons, including changes in the market (consumers are becoming much more diverse in their needs, attitudes and lifestyles); increased use of segmentation by competitors; and the fact that more managers are trained in segmentation and realise the advantages associated with this strategy. Perhaps the best explanation, however, comes back to the basic premise that you must understand as much as possible about consumers to design IMC programs that meet their needs most effectively and convincingly.

Target market identification isolates consumers with similar lifestyles, needs and values, and increases our knowledge of their specific requirements. The more marketers can establish this common ground with consumers, the more effective they will be in addressing these requirements in their communication programs and informing or persuading potential consumers that the product or service offering will meet their needs.

Let's refresh our understanding with an example from the beer industry. Years ago, beer was just beer, with little differentiation, and brands were localised in certain states or regions. The industry began consolidating and building national brands, such as Foster's and XXXX. As the number of competitors decreased, competition between the major brewers increased. To compete more effectively, brewers began to look at the different tastes, lifestyles, genders and so on of beer drinkers and used this information in their marketing strategies. This process resulted in the identification of many market segments, each of which corresponds to different customers' needs, lifestyles and other characteristics.

As a result, the beer market has become quite segmented, offering premiums, populars (low price), imported, low calorie, low alcohol, craft beers and malts—and even generically labelled beers. Each appeals to a different set of needs. Taste is certainly one; others include image, cost, concerns about drink-driving and the size of one's waistline. A variety of other reasons for purchasing are also operating, including the consumer's gender, social class, lifestyle and economic status. In 2017, a nine-year trend in declining alcohol consumption in Australia turned around. The basis for the turnaround was beer, but not just any beer—it was thanks to craft beer. Consumers are seeking variety and quality.[8] What's interesting is that there are almost 400 craft beers brewers in Australia, yet 50% of them are owned by just two companies, Lion Nathan and SAB. Through skilful segmentation, they are highly successful in differentiating beers to each of their target segments. Such understanding of the target market is more important than ever if you want to better satisfy your customers' or prospective customers' needs. While Lion markets brands such as XXXX, Tooheys and Hahn, it also markets leading craft beers such as James Squire, Little Creatures, White Rabbit and Kosciuszko (see Exhibit 7.7   ).

Exhibit 7.7 Segmentation in the beer market, the case of craft beers
Source: Lion Beer Australia

Market segmentation

Segmentation has evolved due to technology. Technology has allowed it to become incredibly sophisticated. Decades ago, a marketer may have segmented a market based on one or two macro-segmentation variables. For example, a beer company may have targeted men aged 35–45. Fast forward to today, and data has revolutionised segmentation and targeting. Macro-segmentation remains important, but today, data has removed the need for broad generalised thinking when it comes to customers. Data supports **micro-segmentation**   Micro-segmentation means that a marketer can target products and services as well as communication to narrow segments that buy in a similar way, or that live their lives in a similar way. Information from online activities, purchases, mobile data and social network service profiles, as well as who you follow on Facebook or Twitter, are helpful to marketers when engaging in micro-segmentation (Million, ND). Artificial intelligence will advance the ability of marketers to identify patterns that will help them segment and target on a meaningful basis. By segmenting and targeting identified niches, organisations are able to enhance the customer experience, shifting marketing thinking away from a single 'big idea' to repurposing and reformatting content to attract and provide

benefit to micro-segments.[9]

Macro-segmentation is a good starting point for thinking about broad classes of buyers who have the same needs and will respond similarly to marketing actions. Marketers group buyers because it is anticipated that due to common needs they will be likely to respond in a similar way.

The more marketers segment the market, the more precise their understanding of it is and the better they can serve their customers' needs. But the more the market becomes divided, the fewer consumers there are in each segment—and it must reach a point of financial viability. Thus, a key decision is how far one should go in the segmentation process. Where does the process stop? How many different kinds of beer drinkers are there in Australia and New Zealand?

In planning for IMC, managers consider whether the target segment is substantial enough to support individualised strategies. More specifically, they consider whether this group is accessible. Can it be reached with a communication program? For example, you will see in Chapter 11 that in some instances there are no media that can efficiently be used to reach some targeted groups. Or the IMC manager may identify a number of segments but be unable to develop the required programs to reach them. The company may have insufficient funds to develop the campaign, inadequate sales staff to cover all areas, or other marketing deficiencies. After determining that a segmentation strategy is in order, the marketer must establish the basis on which it will address the market, that is, its key premise or core point of difference. The following section discusses some of the bases for segmenting markets and demonstrates advertising and promotions applications.

Bases for segmentation

As shown in Table 7.2, several methods are available for segmenting markets. Marketers may use one of the segmentation variables or a combination of approaches.

Main dimension	Segmentation variables	Typical breakdowns
Customer characteristics		
Geographic	State	New South Wales, Victoria, Queensland, South Australia, Western Australia, Tasmania, Northern Territory, Australian Capital Territory
	Urbanisation	Metropolitan, non-metropolitan, other urban, rural
Demographic	Gender	Male, female
	Age	0–14; 15–65; 65–84; 85+
	Country of birth	Australia, New Zealand, Indonesia, Malaysia etc.
	Indigenous	Aboriginal, Torres Strait Islander
	Life stage	Baby Boomer (1946–64), Generation X (1965–76), Generation Y (1977–1990), Generation Z (1991–2009), Generation Alpha (2010–present)
	Household size	1; 2; 3–4; 5 or more

	Residence tenure	Own home; rent home
	Marital status	Never married; married; separated; divorced, widowed
Socio-economic	Income	← $15 000 ; $15 000–24 999 ; $25 000–34 999 ; $35 000–49 999 ; $50 000–74 999 ; $75 000–99 999 ; $100 000+
	Education	Some high school or less; high school graduate; vocational qualifications; bachelor degree; postgraduate degree
	Occupation	Managers and administrators; professionals; associate professionals; tradespersons; advanced clerical and service workers; intermediate clerical and service workers; intermediate production and transport workers; elementary clerical, sales and service workers; labourers and related workers
Psychographic	Personality	Gregarious; compulsive; introverted; aggressive; ambitious
	Values (VALS)	Actualisers; fulfilleds; achievers; experiencers; believers; strivers; makers; strugglers
	Lifestyle	Activities; interests and opinions
Buying situations		
Outlet	In-store	Department; specialty; outlet; convenience; supermarket
	Direct	Mail order/catalogue; telemarketing; door to door; direct response; internet
Benefits sought	Product features	Situation-specific; general
	Needs	Quality; service; price/value; financing; warranty
Usage	Usage rate	Light; medium; heavy user
	User status	Non-user; ex-user; prospect; first-time user; regular user
Awareness and intentions	Product knowledge	Unaware; aware; informed; interested; intending to buy; purchaser; rejection
Behaviour	Involvement	Minimum effort; active search; comparison; special effort

Table 7.2 Some bases for market segmentation

Geographic segmentation

In the **geographic segmentation** approach, markets are divided into different geographic units. These units may include nations, states, counties or even suburbs. Consumers often have different buying habits depending on where they reside. For example, people in the north of Tasmania drink Boag, while Cascade is the drink of choice in the south. Ski equipment would be popular in Victoria, New South Wales and Tasmania; however, one would question the viability of marketing ski equipment in the Northern Territory. Also consider your local shopping precinct. How do you think the mix of shops in your suburb varies from other suburbs? Those suburbs that have a higher socio-economic population may include more speciality designer stores, museums, theatres and golf courses. Lower socio-economic suburbs may include more 'no frills' food outlets, DIY stores and discount stores.

Demographic segmentation

Dividing the market on the basis of **demographic variables** such as age, gender, family size, education, income and social class is called demographic segmentation. Although **market segmentation** based on demographics may seem obvious, companies discover that they need to focus more attention on a specific demographic group. For example, Under Armour was traditionally focused on men, and sought to build awareness and engagement among women. Under Armour's *I will what I want* campaign (see Exhibit 7.8) featuring ballet performer Misty Copeland achieved what it set out to do, attracting women to the brand.[10] Beer brand Heineken 3 saw a big opportunity to target women in Australia with its low-calorie, low-carbohydrate beer.[11] Other products that have successfully employed demographic segmentation include Bundaberg Rum (gender), The Wiggles (age), Mercedes-Benz and BMW cars (income) and McCains prepackaged dinners (family size). The Wiggles target preschoolers who like to dance, wear skivvies and are looking for an interactive and educational adventure.

Exhibit 7.8 Under Armour's I will what I want campaign to attract women to the brand
Source: Under Armour Inc.

Psychographic segmentation

Dividing the market on the basis of personality or lifestyle is referred to as **psychographic segmentation** . While there is some disagreement as to whether personality is a useful basis for segmentation, lifestyle factors have been used effectively. Many consider lifestyle to be the most effective criterion for segmentation. The determination of lifestyles is usually based on an analysis of the activities, interests and opinions of consumers. These lifestyles are then correlated with the consumers' product, brand and media usage. For example, the advertising for Vodafone is not about age or gender, it's about lifestyle. It's about wanting it 'now'. Psychographic segmentation has been increasingly accepted with the advent of the values and lifestyles (VALS) program.

Behaviouristic segmentation

Dividing consumers into groups according to their usage, loyalties or buying responses to a product is **behaviouristic segmentation** . For example, product or brand usage, degree of use (heavy versus light) and brand loyalty are combined with demographic or psychographic criteria to develop profiles of market segments. In the case of usage, the marketer assumes that non-purchasers of a brand or product who have the same

characteristics as purchasers hold greater potential for adoption than non-users with different characteristics. A profile (demographic or psychographic) of the user is developed, which serves as the basis for promotional strategies designed to attract new users. Behavioural segmentation was combined with app technology to deliver a campaign targeting young drivers who were learning to drive.[12] Behavioural segmentation is used by the highly successful Australian online gift retailer, Red Balloon. They understand behavioural differences across their target markets; when customers go to their online store, they have purchase experiences that align with their behaviours: 'adventurous', 'wellness', 'outdoor' and 'gourmet' experiences, just to name a few. Within each of these categories are listed offerings matched to the type of behaviour the buyer is likely to engage in.

Exhibit 7.9 Red Balloon curates a targeted selection of gifts for purchase that align with customer behaviours, such as travel, gourmet and wellness experiences.
Source: 123RF/wavebreakmediamicro

Degree of use relates to the fact that a few consumers may buy a disproportionate amount of many products or brands. Industrial marketers refer to this as the 80/20 rule, meaning that 20% of buyers account for 80% of sales volume. Again, when the characteristics of these users are identified, targeting them allows for a much greater concentration of efforts and less wasted time and money. The same heavy-half strategy is possible in the consumer market as well. The majority of purchases of many products (e.g. soaps and detergents, shampoos, cake mixes, beer, dog food, colas, bourbon and toilet paper—yes, toilet paper!) are accounted for by a small proportion of the population.

Benefit segmentation

In purchasing products, consumers are generally trying to satisfy specific needs or wants. They are looking for products that provide specific benefits to satisfy these needs. The grouping of consumers on the basis of attributes sought in a product is known as **benefit segmentation** and is widely used.

Exhibit 7.10 Mountain and Moon promoting symbolic brand benefits
Source: Mountain and Moon

Consider the purchase of jewellery. While you may buy some jewellery for particular benefits, such as a smart watch for fitness tracking, others may seek different benefits. Jewellery is commonly given as a gift for birthdays, Christmas, an anniversary or even a graduation. Certainly some of the same benefits are considered in the purchase of a gift, but the benefits the purchaser derives (such as pride or celebrating life's milestones) are different from the user of the gift, who will obtain benefits relating to image. Western Australia's jewellery designer Mountain and Moon is a label focused on promoting themselves as a lifestyle brand with designs and an image that resonate with the audience around being 'distinct', 'strong', 'sexy' and 'forward'. A key benefit for the user is the image they are buying.

The process of segmenting a market

In this stage, marketers attempt to determine as much as they can about the market: what needs are not being fulfilled? What benefits are being sought? What characteristics distinguish the various groups seeking these products and services? A number of alternative segmentation strategies may be used. Each time a specific segment is identified, additional information is gathered to help the marketer understand this group. For example, once a specific segment is identified on the basis of benefits sought, the marketer will examine lifestyle characteristics and demographics to help characterise this group and to further its understanding of this market. Behaviouristic segmentation criteria will also be examined to build a user profile.

The outcome of the segmentation analysis will reveal the **market opportunities** available. The next phase in the target marketing process involves two steps: (1) determining how many segments to enter; and (2) determining which segments offer the most potential.

Determining how many segments to enter

There are three market coverage alternatives to consider. **Undifferentiated marketing** involves ignoring segment differences and offering just one product or service to the entire market. For example, when Henry Ford brought out the first assembly-line motor car, all potential consumers were offered the same basic product: a black Ford. For many years, Coca-Cola offered only one product version to everyone. Today, with the ability to customise a product and the acknowledgement that consumers are not always a mass market, this undifferentiated marketing approach is not very popular. While standardisation certainly saves the company money, it does not allow the opportunity to offer different versions of the product to different markets.

Differentiated marketing involves marketing in a number of segments, developing separate marketing strategies for each. Through **differentiation**, products—or advertising appeals—may be developed for the various segments, increasing the opportunity to satisfy the needs and wants of various groups. Coke, for example, has extended its range to quench the thirst of the more health-conscious, introducing Coca-Cola No Sugar, Coca-Cola with Stevia and Diet Coke for females and Coke Zero targeted at calorie-counting males.

The third alternative, **concentrated marketing**, is used when the company selects one segment and attempts to capture a large share of this market. For example, *The Australian* newspaper has concentrated its focus on national business readers. Its buyer graphics describe these people as 'Business decision makers, people who have achieved in their professional career, and are more likely to be socially aware. This is an exclusive audience, discerning in their media consumption and active consumers. These readers are socially significant.' This would suggest that *The Australian* uses a concentrated market coverage.[13]

Determining which segments offer potential

The second step in selecting a market involves determining the most attractive segment(s). The company must examine the sales potential of the segment, the opportunities for growth, the competition and its own ability to compete. Then it must decide whether it can market to this group(s). Once the market has been segmented and a group targeted, the product or service must be positioned in the target's mind with respect to its competition.

Positioning

Positioning has been defined as 'the art and science of fitting the product or service to one or more segments of the broad market in such a way as to set it meaningfully apart from competition'.[14] As you can see, the position of the product, service or even store is the image that comes to mind and the attributes consumers perceive are related to it. Positioning strategies generally focus on both the consumer and the competition, associating product benefits with consumer needs and distinguishing this from the competition. This is communicated through the product itself, the benefit-laden message, as well as the media or contact strategy employed to reach the target group.

Many IMC practitioners consider positioning the most important factor in establishing a brand in the marketplace. David Aaker and John Myers note that the term *position* has been used to indicate the brand's or product's image in the marketplace.[15] Jack Trout and Al Ries suggest that this brand image must contrast with competitors'. They say, 'In today's marketplace, the competitors' image is just as important as your own. Sometimes more important.'[16] Trout notes that a good branding strategy cannot exist without positioning. Trout further states that branding is about the process of building a brand, while positioning is about putting that brand in the mind of the consumer.[17] Thus, *positioning*, as used in this text, relates to the image of the product and/or brand in the consumer's mind, relative to competing products or brands. The position of the product or brand is the key factor in communicating the benefits it offers and differentiating it from the competition. There are a number of strategies that marketers use to position a product.

Developing a positioning strategy

To create a position for a product or service, Trout and Ries suggest that managers ask themselves six basic questions:[18]

1. What position, if any, do we already have in the prospect's mind? (This information must come from the marketplace, not the managers' perceptions.)
2. What position do we want to own?
3. What companies must be outgunned if we are to establish that position?
4. Do we have enough marketing money to occupy and hold the position?
5. Do we have the guts to stick with one consistent positioning strategy?
6. Does our creative approach match our positioning strategy?

A number of positioning strategies might be employed in developing an IMC program. David Aaker and J Gary Shansby discuss six such strategies: positioning by product attributes, price/quality, use, product class, users and competitor.[19] Aaker and Myers add one more approach, positioning by cultural symbols.[20]

Positioning by product attributes and benefits

A common approach to positioning is setting the brand apart from its competitors on the basis of the specific characteristics or benefits or salient attributes offered. Sometimes a product may be positioned on more than one product benefit. For example, Hahn Super Dry is positioned by its low carbohydrates and great taste. In contrast, Singapore Airlines is positioned by one product benefit alone—its outstanding service.

Positioning by price/quality

Marketers often use price/quality characteristics to position their brands. One way they do this is with advertisements that reflect the image of a high-quality brand where cost, while not irrelevant, is certainly secondary to the quality benefits derived from using the brand. Premium brands, such as Mercedes-Benz, are positioned at the high end of the market, while others, such as Jetstar, focus on the quality or value offered by the brand at a very competitive price.

Positioning by use or application

Another way to communicate a specific image or position for a brand is to associate it with a specific use or application. This strategy is often employed to enter a market on the basis of a particular use or application, but it

is also an effective way to expand the usage of a product. For example, Arm & Hammer baking soda has been promoted for everything from baking to relieving heartburn to eliminating odours in carpets and refrigerators.

Positioning by product class

Often the competition for a product comes from outside the product class, so more generic or category positioning may be adopted. We frequently see this in product class advertising, such as the outstanding campaigns for the Australian Meat and Livestock Corporation, to encourage us to eat more red meat.

Positioning by product user

Positioning a product by associating it with a particular user or group of users—for example, cricket supporters, vintage fashion lovers or ballet dancers—is yet another approach.

Positioning by competitor

This approach is similar to positioning by product class, although in this case the competition is within the same product category. Perhaps the best-known example of this strategy came from Avis, which positioned itself against the car-rental leader, Hertz, by stating, 'We're number two, so we try harder.' Read the famous Bernbach advertisement in Exhibit 7.11   .

Exhibit 7.11 Bernbach tries harder to put Avis in a better position
Source: Image courtesy of The Advertising Archives

Positioning by cultural symbols

Aaker and Myers include an additional positioning strategy in which cultural symbols are used to differentiate brands, such as the chocolate Caramello Koala or the Eagle Boys' Pizza Eagle.

Repositioning

One final positioning strategy involves altering or changing a product's or brand's position. Repositioning a product usually occurs because of declining or stagnant sales or because of anticipated opportunities in other market positions. Repositioning is often difficult to accomplish because of entrenched perceptions about and attitudes towards the product or brand. Many companies' attempts to change their positions have met with little or no success. Supermarket chain ALDI was faced with a slowing growth rate, which prompted research that led to a new positioning. The research indicated that Australians understood that ALDI was positioned as a discount supermarket chain, but there was also a perception that people shop at ALDI because they can't afford to shop elsewhere. ALDI went on to reposition its brand from 'discount supermarket' to 'supermarket with a difference'. It

did this with a campaign which noted that ALDI is 'good different', and that lower prices don't mean lower quality.[21]

Determining the positioning strategy

Having explored the alternative positioning strategies available, the marketer must determine which strategy is best suited for the company or product and begin developing the positioning platform. Essentially, the development of a positioning platform can be broken down into a six-step process:[22]

1 *Identifying competitors.* This process requires broad thinking. Competitors may not be just those products or brands that fall into our product class or with which we compete directly. For example, a red wine competes with other red wines of various positions, but it may also compete with white, sparkling and non-alcoholic wines. Malt liquors provide an alternative, as do beer and other alcoholic drinks. Other non-alcoholic drinks may come into consideration at various times or in certain situations. The marketer must carefully define the product category (are we talking about wine or alcohol or even beverages?), consider all likely competitors, as well as the diverse effects of use and situations on the consumer.

2 *Assessing consumers' perceptions of competitors.* Once we define our competitors, we must determine how they are perceived by consumers. Which attributes are important to consumers in evaluating a product or brand?

3 *Determining competitors' positions.* After identifying the important attributes and their relative appeal to consumers, we must determine how each competitor (including our own product or service) is positioned with respect to each attribute. This will also show how the competitors are positioned relative to each other, based on consumer research.

4 *Analysing consumers' preferences.* Our discussion of segmentation noted various factors that may distinguish between groups of consumers, including lifestyles, purchase motivations and demographic differences. Each of these segments may have different purchase motivations and different attribute importance ratings.

5 *Making the positioning decision.* Going through the first four steps should let us decide which position to assume in the marketplace. Such a decision is not always clear and well defined, however, and research may provide only limited input. In that case, the marketing manager or groups of managers must use their judgment. This judgment considers a number of questions:

- *Is the segmentation strategy appropriate?* Positioning usually entails a decision to segment the market. Consider whether the market segment sought will support an entry and whether it is in the best interests of the company to de-emphasise the remaining market. If the marketer decides on an undifferentiated strategy, it may be possible to be general in the positioning platform.

- *Are there sufficient resources available to communicate the position effectively?* It is very expensive to establish a position. One advertisement, or even a series of advertisements, is not likely to be enough. The marketer must commit to a long-range effort in all aspects of the IMC campaign to make sure the objectives sought are obtained. Too often, the company abandons a position or advertising campaign long before it can establish a position successfully. Further, once a successful position is attained, it is likely to attract competitors. It may become expensive to ward off 'me-too' brands and continue to hold on to the brand distinction.

- *How strong is the competition?* The marketing manager must ask whether a position sought is likely to be maintained, given the strengths of the competition. If our company is first into the market, will we be able to maintain the position (in terms of quality, price and so forth)? If a product is positioned as finest quality, it must be so. If it is positioned as lowest cost, that is what it has to be. Otherwise, the position claimed is sure to be lost. For example, Pepsi has always had a tougher mandate as the second comer in

the cola market, dominated by a strong competitor.

- *Is the current positioning strategy working?* There is an old saying, 'If it ain't broke, don't fix it'. If current efforts are not working, it may be time to consider an alternative positioning strategy. But if they are working, a change is usually unwise. Sometimes executives become bored with a theme and decide it is time for a change, but this change causes confusion in the marketplace and weakens a brand's position. Unless there is strong reason to believe that a change in positioning is necessary, stick with the current strategy.

6 *Monitoring the position.* Once a position has been established, we want to monitor how well it is being maintained in the marketplace. Tracking studies measure the image of the product or company over time. Changes in consumers' perceptions can be determined, with any slippage immediately noted and reacted to. At the same time, the impact of competitors and new entrants can be monitored and any remedial action taken.

If well researched, implemented and maintained, a positioning strategy can build **competitive advantage** for its brand. The positioning strategy is powerful because it sets the direction for creative content. According to the WARC Best Practice report (2018),[23] the positioning statement should include elements such as what the brand stands for, its character, essence, values, and how the brand benefits customers. Generic positioning statements are best avoided.

Campbell Soup Company introduced a new advertising campaign in an attempt to revitalise its 80-year-old *V8* vegetable juice brand. Replicating the highly successful campaign of the 1970s in which people got bopped on the head with the catchphrase 'I could've had a V8', and stressing the brand's health aspects while extending the product line, Campbell's saw double-digit sales gain (see Exhibit 7.12).[24]

Exhibit 7.12 *V8* revitalises its image and extends its line
Source: *V8* by Campbell Soup Company

PLANNING FOR IMC

From an understanding of the strategic marketing decisions relating to target market, segmentation and positioning, we begin to build and integrate an IMC campaign. There are two key IMC planning models that offer some guidance in developing integrated campaigns. In essence, they contain many of the same components of other standard planning models—such as determining the target market, setting objectives, developing strategies and tactics, establishing a budget and evaluating effectiveness. However, each of the following models makes a unique contribution in the way it is framed and the emphasis it adds to IMC.

Outside-in planning

Professor Don Schultz developed his IMC planning model based on an observation of the common phenomenon that he called **inside-out planning**. He observed that inside-out planning, 'focuses on what the marketer wants to say, when the marketer wants to say it, about things the marketer believes are important about his or her brand, and in the media forms the marketer wants to use'.[25] That is, marketers start planning inside the company, with what the company wants to achieve, how it wants to position its product—and then push outwards to the marketplace through mass media communications. It is the traditional way that mass marketers have gone about their business for the past 50 years.

Schultz advocates doing just the opposite. The **outside-in planning** process for IMC starts outside the company and builds backwards to the brand. The planning process begins with the consumer or stakeholder, studying the various media that customers and prospects use, when the marketer's messages might be most relevant to customers, and when they are likely to be most receptive to the message. It continues by re-engineering the organisation to make it customer-focused, so that its systems of business—its planning, budgeting, operations, delivery, evaluation—are structured around its customers and prospects. In this way, customers and prospects become income flows, rather than expenses.

Schultz offers a five-step IMC planning approach.[26] This is shown in Figure 7.4. In step one, behavioural data is used to identify customers and prospects and to explain why those behaviours occurred using demographic, geographic, psychographic and other relevant segmentation data discussed earlier. Then, according to their behaviour, customers are aggregated into groups. These might be present customers, competitive customers or even emerging customers.

The five-step intregrated marketing communication (IMC) process

1. Customer identification from behavioural data

5. Budgeting, allocation, evaluation and recycling

2. Valuation of customers/prospects

IMC

4. Estimating return on customer investment

3. Creating and delivering messages and incentives
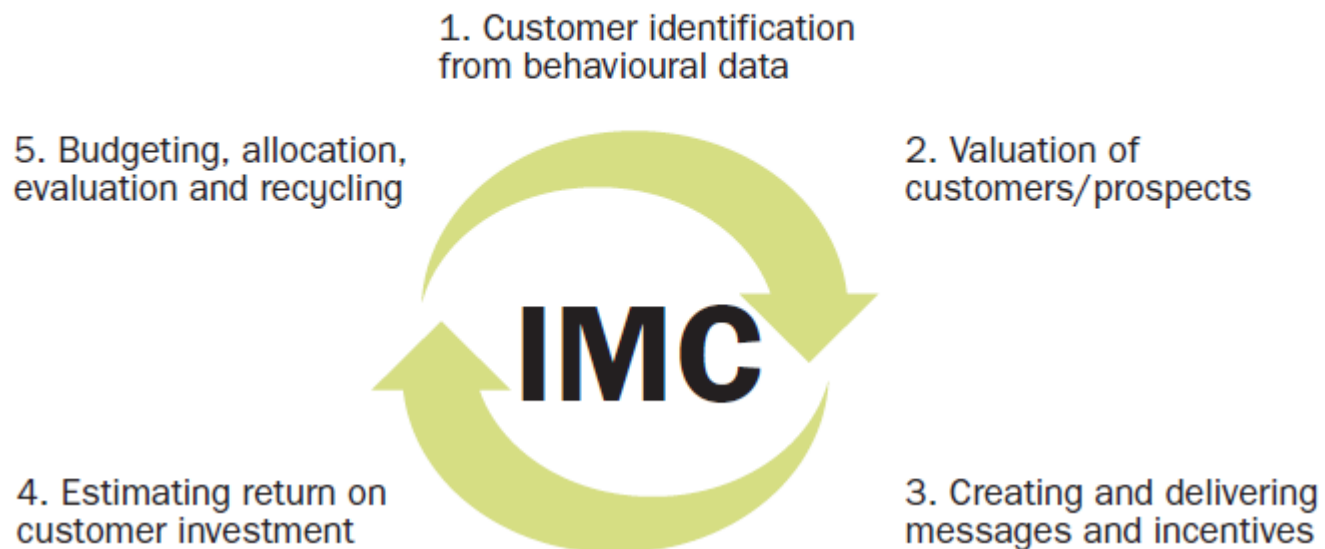
Figure 7.4 Outside-in IMC planning model

In step two, each of these customer groups is assigned an estimate of financial value to the company, that is, the income flows they would contribute. This is based on both current usage and future potential and helps the organisation determine which segments it will target.

Step three is about planning communication messages and incentives to these groups. It involves both the message and its contact strategy or delivery system. Step four then looks at the return on investment, estimating potential return and identifying those groups that are most effective. The last step is about budgeting, allocation and evaluation. It is about implementing the IMC program in the marketplace and evaluating its success.

The important thing to emphasise about this planning process is its cyclic nature. The information collected throughout the planning process, and as a result of the marketing communication, feeds into the next plan to enhance managerial understanding and decision making.

Another observation is the financial or **return on investment (ROI)** orientation of the planning process. Three of the five stages involve estimating the financial value of customers, calculating ROI on these customer segments and allocating resources to support those most financially viable. This moves the planning process into the realm of financial management, providing both a measure of accountability for IMC managers and an endorsement from company managers.

The other thing that the financial orientation of the planning model does is shift what we seek to evaluate. Instead of measuring communication effects such as recall of the message or attitude towards the product, as we would in traditional advertising plans, this model measures customer behaviour. In this respect, this model is closer to the planning process used in direct marketing than traditional advertising plans.

Zero-based planning

An alternative approach is suggested by Professor Tom Duncan, who argues that IMC should use **zero-based communications planning** .[27] As its name suggests, Duncan proposes that each IMC plan should begin with a clean slate, rather than copy what has been done previously. In this way, IMC objectives and strategies developed

are based on current brand and marketplace conditions, which are considered the zero point. This planning then focuses on the task to be done and searches for the best ideas and contact points to accomplish it.

Duncan suggests that an effective IMC program should lead with the marketing communication function that most effectively addresses the company's main problem or opportunity and should use an IMC mix that draws on the strengths of whichever communication functions relate best to the particular situation. The zero-based planning process is a six-step process, as shown in Table 7.3 .

Step	Description
1 Identify target audiences	Analyse the various customer and prospect segments, and determine which to target and to what extent
2 Analyse SWOTs	Summarise internal (strengths, weaknesses) and external (opportunities, threats) brand-related conditions; determine the success of the MC functions and media used in preceding year
3 Determine MC objectives	Decide what marketing communication programs should accomplish
4 Develop strategies and tactics	Determine which MC functions should be used and to what extent. Choose brand messages and means of delivery. Support each strategy with a rationale. Decide when each MC program will begin and end
5 Determine the budget	Decide what the overall MC budget will be and then how money will be divided among the selected MC functions
6 Evaluate effectiveness	Conduct ongoing MC tests in an effort to find more effective ways to do IMC. Monitor and evaluate all of the IMC efforts to determine effectiveness and accountability

Note: MC refers to marketing communication.

Table 7.3 Zero-based campaign planning
Source: Tom Duncan, *Principles of Advertising and IMC*, 2nd edn, McGraw-Hill Irwin, Boston, 2005, p. 172

The starting point for zero-based planning is the determination of the zero points—the current brand and marketplace conditions. This involves identifying the most viable customer and prospect segments to target, as well as analysing the strengths and weaknesses of the organisation through a situation analysis or by using the Duncan–Moriarty IMC audit, mentioned earlier in this chapter (see Figure 7.1).

Based on this understanding, IMC objectives are established and strategies and tactics developed. In Page 215 these steps, marketing communication tools are chosen and brand messages and contact points selected. The implementation of these strategies involves the determination and allocation of the budget in step five. The last step involves evaluating the effectiveness of the IMC program, researching, monitoring and evaluating all IMC efforts.

The zero-based planning model is probably more similar in process to a traditional advertising plan than the Schultz model. However, the important differentiation is once again the starting point. Duncan's model begins not with what we did last time or even historical data, it begins from the zero points, from where we are now, and then

takes us to where we want to be.

The two IMC planning models presented are the two key models in the IMC area. While there are some similarities and some differences between the models, both Schultz and Duncan support the importance of a formal planning process in IMC. First, such a process provides a strategic way forward, based on research and the strategic use of marketing communication. On this basis, it informs all partners in the IMC process of their roles and responsibilities, achieving a consensus of marketing communication purpose. It also aids integration and justifies the financial investment in IMC. Planning also provides a benchmark for future campaigns and a means of capturing and, more importantly, utilising new behavioural data.

Both planning models also share a common purpose in developing IMC strategy and guiding the strategic decisions regarding message and contact points. This is shown in Figure 7.5   , where we see the strategic IMC decisions translated into message strategy and media strategy, sometimes called contact or channel strategy in IMC.
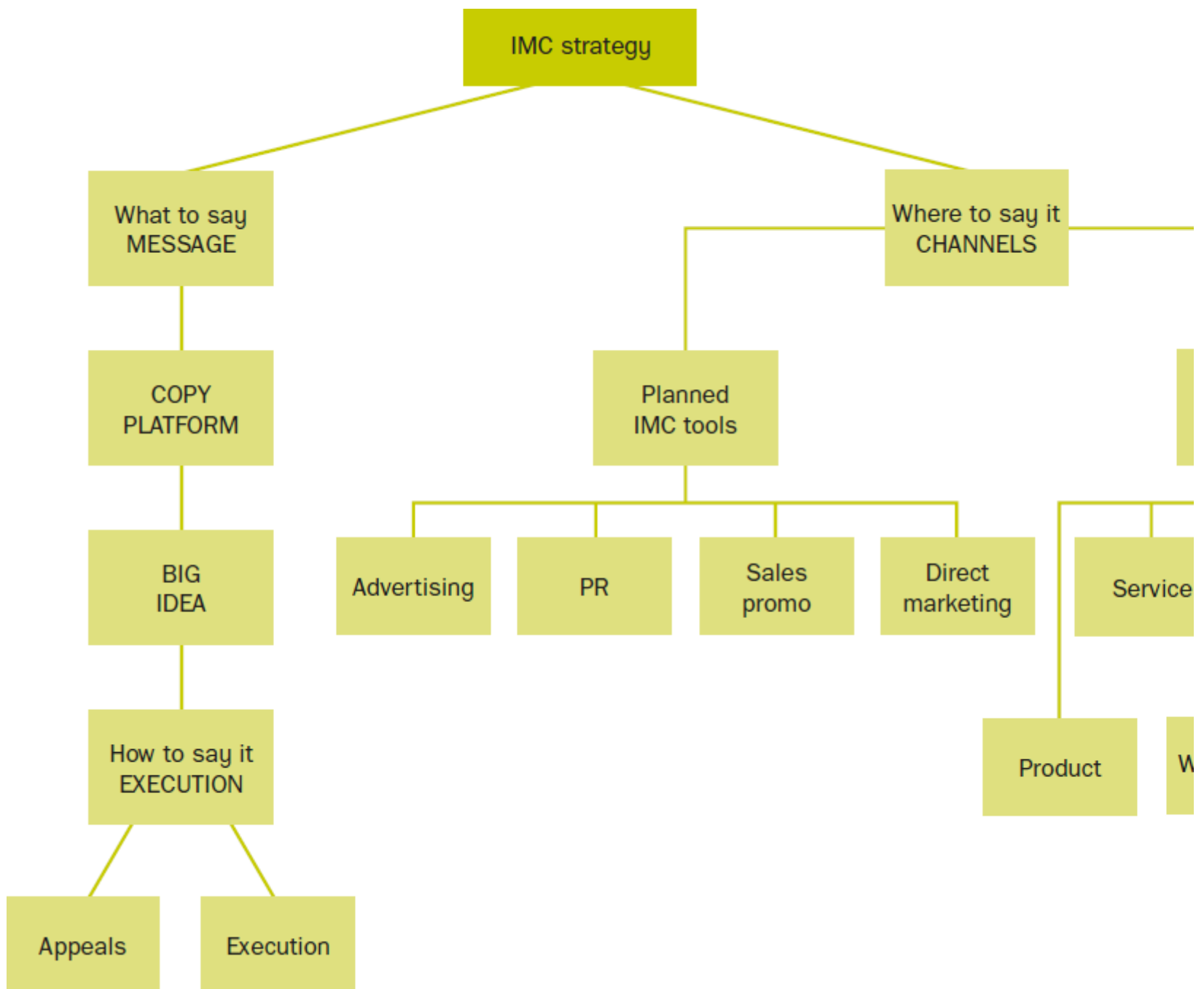
Figure 7.5 Planning develops IMC strategy

To show how the IMC planning process might work in action, let's apply Duncan's process to the Australian Defence Force recruitment campaign, which won a Grand Effie in in 2018. Starting at zero point, the current brand

and marketplace conditions are examined. The Australian Defence Force (ADF) needed to attract new recruits, and Australian Millennials, aged 18–24, were proving to be unresponsive to recruitment campaigns. This target market was identified as being key to achieving the remit of reaching recruitment targets and aiming for an enhanced quality in its pool of candidates. Target market insights include Millennials prioritising flexibility, seeking work/life balance, working with technology, valuing equality and having a sense of altruism.[28]

In step 2, a SWOT identified a key strength regarding positive societal perceptions, and a key weakness relating to perceptions that the ADF was an 'outdated' and 'traditional' employer. In addition, the ADF's minimum service commitments were at odds with the flexible work roles sought by Millennials. Research also indicated that potential recruits didn't identify with the ADF because previous campaigns didn't have a strong 'human' element.

In accordance with Duncan's step 3, the campaign determined marketing communication objectives. The key objective was to rebrand the ADF to make it a relevant and relatable twenty-first-century employer. As per Duncan's step 4, what followed was an award-winning strategy and tactics that achieved results. Across all touchpoints, the campaign sought to: (1) connect the reader to the ADF by ensuring the people featured were similar to the target; (2) showcase the ADF as a modern, twenty-first-century employer; (3) make the application process seamless; and (4) make sure the employment process was seen as rigorous but achievable. The campaign not only showcased the ADF as a modern, human organisation, it also transformed the recruitment process to ensure it was seamless and achievable. There were many sub-campaigns, including *Do what you love*, targeting women, and *See yourself*, with tactics including not using military jargon and drawing on human stories.

In allocating the budget, there were many campaigns, but each of these allocated more budget to digital, and reduced the traditional television advertising spend. The campaign used owned media, such as the Defence Force jobs website, social media platforms including Facebook, Instagram, LinkedIn, YouTube and Snapchat. The ADF also engaged in sponsorships to 'earn' media, including sponsorship of the AFL Indigenous Round, the Commonwealth Games and the Olympic Games. The campaigns used a mobile-first strategy, which also translated to desktop and tablet. The ADF active app, together with virtual reality used as part of the recruitment process, enabled personalisation. Other channels included cinema and Spotify.

As measured through the final stage of evaluation, the ADF campaign resulted in positive recruitment outcomes. The campaign is ongoing, and in 2018 the ADF achieved 98% of targets set (see

Exhibits 7.13   and 7.14   ).[29,30]

Choose 3 things you want to do

Select what you love, to find out about ADF jobs that offer just what you're looking for.

Travel and see the world

Keep studying and learning

Help communities in need

Exhibit 7.13 ADF: *Do what you love*—achieving recruitment targets through human connection
Source: Department of Defence

SEE YOURSELF IN A REWARDING ROLE

Join the hundreds of Aboriginal and Torres Strait Islander people who enjoy fulfilling jobs in the Navy, Army, and Air Force.
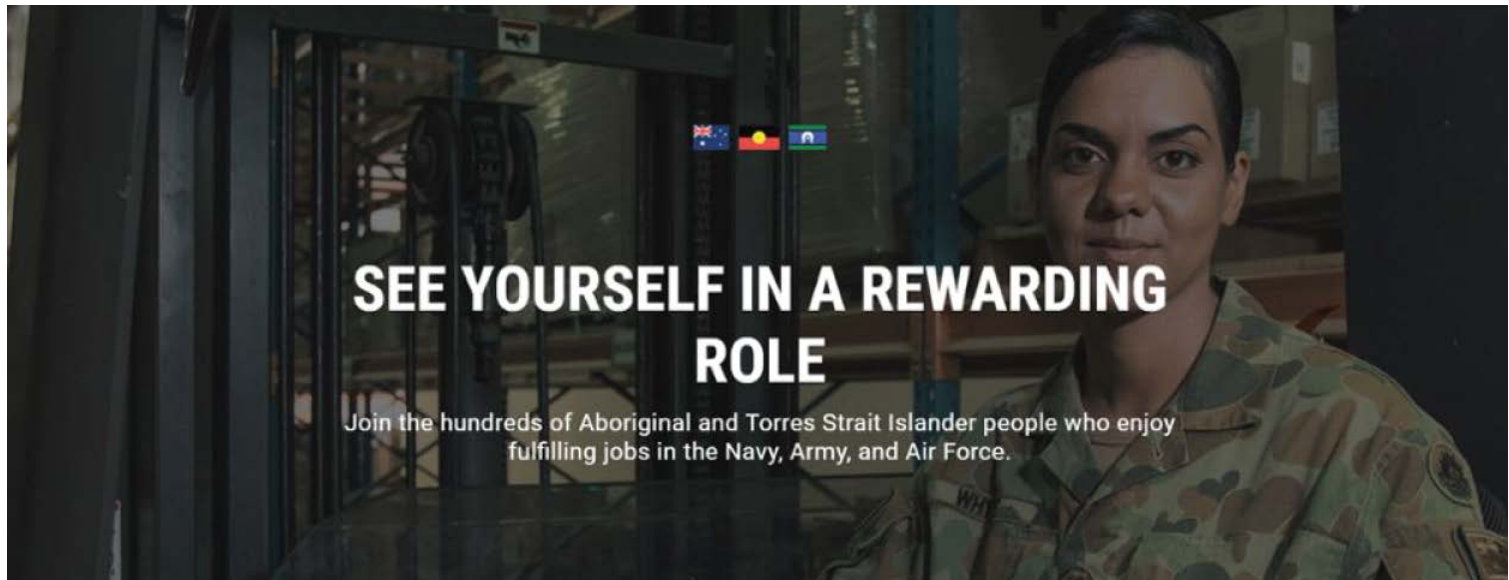
Exhibit 7.14 ADF: *See yourself* campaign—achieving recruitment diversity
Source: Department of Defence

DETERMINING OBJECTIVES

IMC objectives should be based on a thorough situation analysis that identifies the marketing and marketing communication issues facing the company or brand. Planning provides insight regarding the IMC problem. Good planning tells us 'where we are now' and should reveal the IMC problem that is the reason for a campaign. Objectives address this problem as a statement of 'where we want to be'.

Objectives are important because they tell us what needs to be done to solve the identified problem, and they document consensus—agreement about what the campaign is going to achieve. They also guide the way forward in terms of decision making and are a benchmark for measurement.

Objectives should come from the IMC problem

When determining objectives, it is necessary first to understand the IMC problem we are setting out to solve. A dictionary definition suggests that a problem, including an IMC problem, is 'any question or matter involving doubt, uncertainty or difficulty'. The IMC problem is the issue that the marketing communication must solve. It is the reason for the IMC campaign—otherwise, why are we wasting the budget?

It is important, though, to make sure we have identified the real problem and not just the symptoms. Symptoms are signs or indications that something is wrong. You might have a fever, runny nose and a dotty red rash. These are symptoms of measles. If you try to treat the symptoms, for example, by taking paracetamol for the fever, you won't cure the measles, which is the real problem.

To put this into an IMC perspective, let's think about a recent Effie Award-wining campaign by MJ Bale, a men's fashion brand that makes wool suits. It launched a new range of 'Cool Wool' suits, but Australian men identify wool as a winter fabric, and were not attracted to buying a wool suit for the summer.

The result was a campaign by TBWA Sydney, in which an English weatherman was dressed in a 'Cool Wool' suit, live streaming the weather report from four of the hottest places on earth—Dubai, Jodhpur, the Sahara Desert and Death Valley (see Exhibit 7.20). Meanwhile, in store, MJ Bale created a hotspot environment with sauna-like conditions, to also reflect these global hotspots and allow men to feel how cool a wool suit can be, even in the hottest of environments.

Exhibit 7.20 MJ Bale's *Coolest suit on the planet* campaign
Source: TBWA\The Disruption® Company, Sydney

Characteristics of objectives

Good objectives, whether they are marketing, advertising or any other kind, should be stated in terms of concrete and measurable **communication tasks**; they should specify a target audience, indicate a benchmark starting point and the degree of change sought, and establish a time period for accomplishing the objectives.

Concrete, measurable tasks

The communication task or behaviour specified in the objective should be a precise statement of what appeal or message the advertiser wants to communicate to the target audience.

For MJ Bale, the target was Australian men. It sought to change perceptions that wool was a winter fabric and, in doing so, it wanted to increase both sales and in-store traffic, but not at the expense of eroding its premium brand image.[58]

It set concrete measurable objectives. The first objective of the campaign was to increase sales by 10% from the previous year. The second objective was to increase store traffic by 10%. The third objective was to ensure its premium brand image was retained. MJ Bale's suits retail in two price ranges: the Blue range ($598) versus the Classic range ($898). To retain its premium image, it was important to retain at least a 50/50 split in sales of each range.

The outcome was a 78% increase in suit sales, an increase in store traffic by more than 50%, and a retained premium image, with a big increase in the proportion of the Classic range relative to the lower-priced Blue range—70/30—which maximised revenue for the brand given the price premium of the Classic range.

Target audience

A well-defined target audience is important for setting objectives—understanding, for example, modern Australian men in professional roles may be one of the key markets for MJ Bale. Or, in the case of many IMC campaigns, there may be multiple target audiences or stakeholders.

The target audience for a company's product or service may be described in terms of descriptive variables such as geography, demographics and psychographics (on which advertising media selection decisions are based) as well as on behavioural variables such as the usage rate or the benefits sought. Reflect on the *Pedigree Child Replacement Programme* from earlier in this chapter. You might recall that the campaign targeted empty nesters, the parents of children that have moved out of home. Think about the behaviour of the target market as well as their psychographic characteristics.

Benchmark and degree of change sought

To set objectives, one must know the target audience's present status concerning response hierarchy variables such as awareness, knowledge, image, attitudes and intentions and then determine the degree to which consumers must be changed by the advertising campaign. Determining the target market's present position regarding the various response stages requires **benchmark measures**. Often, market research must be conducted to determine the prevailing levels of the response hierarchy. In the case of a new product or service, the starting conditions are generally at or near zero for all of the variables, so no initial research is needed.

Establishing benchmark measures provides a basis for determining what communication tasks or behaviours need to be accomplished and for specifying particular objectives. For example, a preliminary study for a brand may reveal that awareness is high but consumer perceptions and attitudes are negative. The objective for the campaign must then be to change the target audience's perceptions of, and attitudes towards, the brand. Quantitative benchmarks are not only valuable in establishing communication or behavioural objectives, but essential for determining whether the campaign was successful. Objectives provide the standard against which the success or failure of a campaign is measured.

Specified time period

A final consideration in setting advertising objectives is specifying the time period in which they must be accomplished. Appropriate time periods can range from a few days to a year or more. Most ad campaigns specify time periods of a few months to a year, depending on the situation facing the advertiser and the type of response being sought. For example, in the MJ Bale campaign, it wanted to increase sales over a three-month period, between August and November 2017, and it measured its success by contrasting the sales with the same time period in the previous year (August to November 2016).

Setting good objectives

There are many objective-setting models that can be used. Two are presented here—RTTT and SMARTT.

RTTT objectives

The letters in the RTTT models spell out the quality of the objectives and the goals they seek to achieve:

- **R** stands for realistic: that is, based on the research and situation analysis, the objectives should be realistic. If it is a new product, for example, an objective of achieving awareness is probably more realistic than sales.
- **T** is for a well-defined target market.
- **T** is for task, communication or behavioural. The objective should state exactly what the task is and the degree of change sought.
- The final **T** is for the timeframe of the objective. By giving the objective a timeframe, it allows for the allocation of resources and sets an expectation for delivery on the objectives.

SMARTT objectives

SMARTT objectives do two things. They determine the direction of the strategy and they provide a benchmark for evaluation. These letters are spelled out as:

- **S** for specific—clear, precise and directional.
- **M** for measurable—quantified measurement statement.
- **A** for achievable—capable of being achieved.
- **R** for realistic—appropriate in the light of situation analysis.
- **T** for targeted—defines the target market.
- **T** for timed—timeframe for achievement.

Clearly, there are many similarities among the alphabet of acronyms. They all speak of measurability, target market and of having a concrete and realistic task and a timeframe.

DATA-ENABLED DECISION MAKING

Data paralysis

At what point does an abundance of data become too much? When does data paralysis become a reality for marketers? We have seen a shift from the concept of big data to that of actionable data. Of course, in reality, these are two sides of the same coin. The actionable data is merely an insightful subset of big data—that is, a process of collecting as much data as possible for current activities and future, as-yet-undefined, purposes.

What we are now seeing is not a case of paralysis of action; far from it. Marketers have always needed an ability to deal with large sets of data, from research results to distribution and sales figures. The wealth of data now available to marketers has driven a greater reliance on specialists such as data analysts/scientists and marketing technologies such as **data management platforms (DMPs)**. This combination of support and systems is enabling marketers to gain a greater understanding of consumers' actions than ever before.

Attention

One of the most relevant metrics in the modern marketing world seems to be that of attention. A well-cited Microsoft report suggested that people's attention span was less than that of a goldfish, dwindling from 12 seconds in 2000 to just 8 seconds in 2015. However, this information came from a second party with no real research to support the claim—and apparently it's a myth that goldfish have peculiarly short attention spans.[1]

In reality, most psychologists consider the idea of an 'average attention span' to be pretty meaningless. That's because attention is very much task-dependent. We pay attention to important tasks, such as reading this textbook, and ignore the unimportant or irrelevant ones.

Clearly, capturing a customer's attention is a prerequisite to being able to deliver a message. However, if people pay so little heed to initial marketing interactions, we need to ensure the message is important, relevant, delivered quickly and in a way that does capture their attention. The reality of this has seen an increased consideration of engagement metrics, with action triggers, such as clicks, starting to give way to duration measurement, such as time on site.

Bias

One of the great challenges of any analysis is resisting the introduction of bias. Most marketers are able to define the biases held by their customers and stakeholders to the extent that the analysis can deal with them. However, it is often the case when faced with defining research or building analytic models that their own bias comes into effect. This is not to say they are deliberately distorting the method or findings—it is often simply a result of

overexposure to a given brand or product.

As marketing professor Mark Ritson has said, 'Once a person joins an organisation, they are the worst person to be subjective about it.'[2] The point here is that no one in the outside world spends as much time and energy thinking about a brand, product or vertical as the people who work in the sector. Marketers often believe that the fundamental aspects of a brand are understood by the public well in advance of reality; they get a heightened sense of the communications that relate to their organisation or vertical. This readiness to see things as more abundant than they are for most people is a form of confirmation bias and can be described as a result of the Baader-Meinhof phenomenon—the more we are exposed to a stimulus the more we are attracted to it.[3]

This can lead to bias when defining and analysing data. The most obvious is simple confirmation bias: most people have a tendency to stop looking for more information if they have their beliefs confirmed in some way. This can lead marketers to see an uplift in sales that correlates with market communications. While the advertising may have been solely responsible for the outcome, robust analysis is needed to look for causation and other influences.

This need to understand other causes behind a market shift leads many organisations to collect as much data as possible about the current market environment. With retailers, understanding changes to year-on-year sales is very difficult without a historical record of competitor activity or market circumstances. Influencing factors are often extremely sector-specific. Rainfall for an umbrella business, for instance, is likely to have a greater effect than advertising, but the marketing team is also most likely to advertise at the time of year with the highest rainfall.

When designing surveys and research, it is also important to be aware of the introduction of bias. The wording of questions can easily affect the outcome. Human decision making is also to be noted. Early call centre service questionnaires—those automated surveys you're invited to take after a call finishes—were commonly left to the control of the operator. Unsurprisingly, the majority of call centre staff favoured sending satisfied customers to the system, heavily distorting the satisfaction analysis. Most of these systems are now random, with a slight distortion based on call length.

In the area of **machine learning (ML)** or artificial intelligence (AI), a similar view is required. As ML and AI, in commercial terms, are largely based on pre-existing human methods and approaches, it is relatively easy to leave in or build in consistent biases. Once coded into a system, it is also much harder to spot bias or errors in the data, as most of the time ML or AI data is displayed via a data dashboard, often graphical in nature, with detail hidden from the user for clarity and speed.

♻ IMC PERSPECTIVE 8.1

YOUR DAY IN DATA

By Dr Louise Kelly and Professor Gayle Kerr

What did you do yesterday? Maybe you went to the grocery store and collected supermarket rewards points. Perhaps you walked 10 000 steps and measured your distance on a personal fitness tracker. You might have watched a movie on Netflix or caught a bus using your local

travel card. Or perhaps you just stayed at home eagerly reading this textbook.

From these simple activities, data is being collected about your purchasing habits, where and when you usually shop, your fitness aspirations and capacity, your entertainment habits and where you are likely to travel. Your day translates into data. And that's without you even going online, without your search activity being used to target online advertising, and that amazing pair of shoes walking with you to every website you visit.

All of this information is invaluable to marketers and brands. Used in isolation or with other second- or third-party data, brands can anticipate your future wants and needs and target advertising to reach you when you are most likely to search or make a purchase. For example, brands may augment your personal data with weather data, sending you timely reminders about electric heaters or winter jackets or changing those shoes that keep following you into Ugg boots.

This treasure trove of information can help develop insightful and effective campaigns, yet how do we know what data marketers have access to? And how do we as consumers feel about our personal information being used in this way? In answer to the first question, it is pretty easy to see and manage the data in our Google account. Have a look now at https://my account.google.com/dashboard.

In terms of how we feel about our data being used by marketers, research shows we often feel vulnerable and as though we are being watched (Mani and Chouk, 2017). Ironically though, most of us don't bother to read the privacy policy when we sign up for a new social media, website or app (Kelly, Kerr and Drennan, 2017). This is often called the privacy paradox. Consumers willingly share their information online, and at the same time voice concerns about potential privacy violations (Hallam and Zenella, 2017). This is because for many consumers, privacy is a trade-off. The benefits of providing their personal information far outweigh the potential risks from sharing that data (Hallam and Zenella, 2017).

Our privacy concerns also change as we, and social media, mature. Two of the authors of this textbook, Louise Kelly and Gayle Kerr, partnered with colleague Judy Drennan to track a cohort of 15–17-year-olds at three points across an eight-year period, investigating and documenting their perceptions of control and vulnerability. Over time, the 'experimenters', with nothing to lose, developed autonomy, connectedness and competence to become 'acceptors', who felt their social life was more important than their privacy concerns. Finally, as they started careers and even families, they became 'managers', strategically controlling their information in order to reduce their vulnerability.

One of the greatest enablers to help us control our privacy and reduce our vulnerability was the introduction of the General Data Protection Regulation (GDPR) in 2018. These new regulations, as opposed to previous non-enforceable directives, require brands collecting data to confirm customer consent and ensure that customer security measures are undertaken. And even though this is an European Union initiative, it applies to all brand using data from EU citizens, which is, in reality, all international brands. Data breaches under the GDPR can result in fines of up to €20 million or 4% of the organisation's annual turnover. That's a pretty good reason for marketers to take consumer privacy seriously.

In fact, consumers now expect brands to be proactive in their data protection and transparent in their communication about online data privacy considerations (WARC, 2019). Not surprisingly, data fraud and information hacking are now top of the list on most organisations' risk-management programs.

So, after reading this, if you are still concerned about your data privacy, forget the rewards card, going for a run or even watching Netflix. Just keep reading this book. We might help you understand your privacy concerns—and if you're reading the hard copy of the textbook, well, that book in your hands can't collect data.

Sources: Cory Hallam & Gianluca Zanella, 'Online self-disclosure: the privacy paradox explained as a temporally discounted balance between concerns and rewards', *Computers in Human Behavior* 68, March 2017, pp. 217–27; Louise Kelly, Gayle Kerr & Judy Drennan, 'Privacy concerns on social networking sites: a longitudinal study', *Journal of Marketing Management* 33(17–18), 22 November 2017, pp. 1465–89; Zied Mani & Inès Chouk, 'Drivers of consumers' resistance to smart products', *Journal of Marketing Management*, 33(1–2), 2017, pp. 76–97; WARC, 'What we know about data protection and privacy', WARC Best Practice, 2019, https://www.warc.com/content/paywall/article/bestprac/what_we_know_about_data_protection_and_privacy/111995

SUMMARY

The marketing discipline has always been one of constant development, disruption and innovation. Few single events have impacted to the extent that the computer has—with the possible exception of the invention of the printing press. With computers came the concept of users and, from the very beginning, they generated data. In the modern setting of the internet, mobiles and connected devices, users are generating data at an incredible rate. For marketers, this digital footprint offers an ability like never before to achieve a one-to-one marketing communication relationship and more fruitful outcomes.

As marketing technology becomes mainstream, the understanding of how data interplays with creativity and media is increasingly critical to a successful outcome. Those who ignore data do so at the risk of being blindsided by brands or individuals that have mastered the space and can reach customers in ways previously only imagined.

For many, data was, and may yet be, a mystery that lies in the hands of highly technical individuals. And while this is still true of complex projects and platforms, a level of standardisation and an understanding of analytics have made the subject far more accessible.

For those who currently work in, or who want to work in, marketing, advertising, media or communications, a respect for and an understanding of data would seem critical.

KEY TERMS

DISCUSSION QUESTIONS

1 Does the use of data to define advertising constructs produce a higher level of creativity?
2 Will there come a time when artificial intelligence can produce marketing communications so tailored to our behaviours and expressed desires that all mass marketing will be rendered obsolete?
3 Is there a point in making marketing discussions when intuition and instinct should rule over data and analytics?
4 Choose an integrated campaign with which you are familiar and map out the moments when data could have been collected based on the target audience's interactions.
5 Can you think of ways in which the same campaign could have been altered to deliver more moments of data collection or more depth of data at the already identified points?
6 Consider the Amazon method of upselling—'people that brought this book also brought…'. Name five other online experiences that adopt the same method to either sell more products or increase user engagement.
7 List some of the advantages and disadvantages of unstructured and structured data. Once you have your list, define five ways in which you could convert unstructured data to become structured.

ENDNOTES

1   Simon Maybin, 'Busting the attention span myth', BBC News, 10 March 2017, https://www.bbc.com/news/health-38896790 (accessed 12 March 2019).

2   Mark Ritson, (2018) Personal conversation with author.

3   Kate Kershner, 'What's the Baader-Meinhof phenomenon?', 2019, https://science.howstuffworks.com/life/inside-the-mind/human-brain/baader-meinhof-phenomenon.htm (accessed 12 March 2019).

4   *Oxford Dictionary*, 2019, https://en.oxforddictionaries.com/definition/analytics (accessed 12 March 2019).

5   Forrester Consulting, 'Discover how marketing analytics increases business performance', March 2016, p. 1, https://services.google.com/fh/files/misc/discover-how-marketing-analytics-increases-business-performance.pdf (accessed 13 March 2019).

6   Mark Ritson, 'What ails marketing? Tactification, communification and digitisation', *Mumbrella*, 2 November 2018, https://mumbrella.com.au/what-ails-marketing-tactification-communification-and-digitisation-549710 (accessed 12 March 2019).

7   Lauren Johnson, 'How four agencies are using AI as part of their creative process', *AdWeek*, 22 March 2017 https://www.adweek.com/digital/how-4-agencies-are-using-artificial-intelligence-as-part-of-the-creative-process/ (accessed 12 March 2019).

8   Les Binet & Peter Field, *The Long and the Short of it: Balancing Short and Long-Term Marketing Strategies.* Institute of Practitioners in Advertising, London, June 2013.

9

SEARCH

LEARNING OBJECTIVES

LO 9.1 To understand how changes in the search landscape have shaped the strategies utilised today.

LO 9.2 To investigate the underlying systems and behavioural trends of customers within the search landscape.

LO 9.3 To examine how paid search works in practice.

LO 9.4 To explore the practice of SEO.

LO 9.5 To optimise search by combining paid search and SEO.

LO 9.6 To tailor your future learning in the field of search, by evaluating where the industry is heading today.
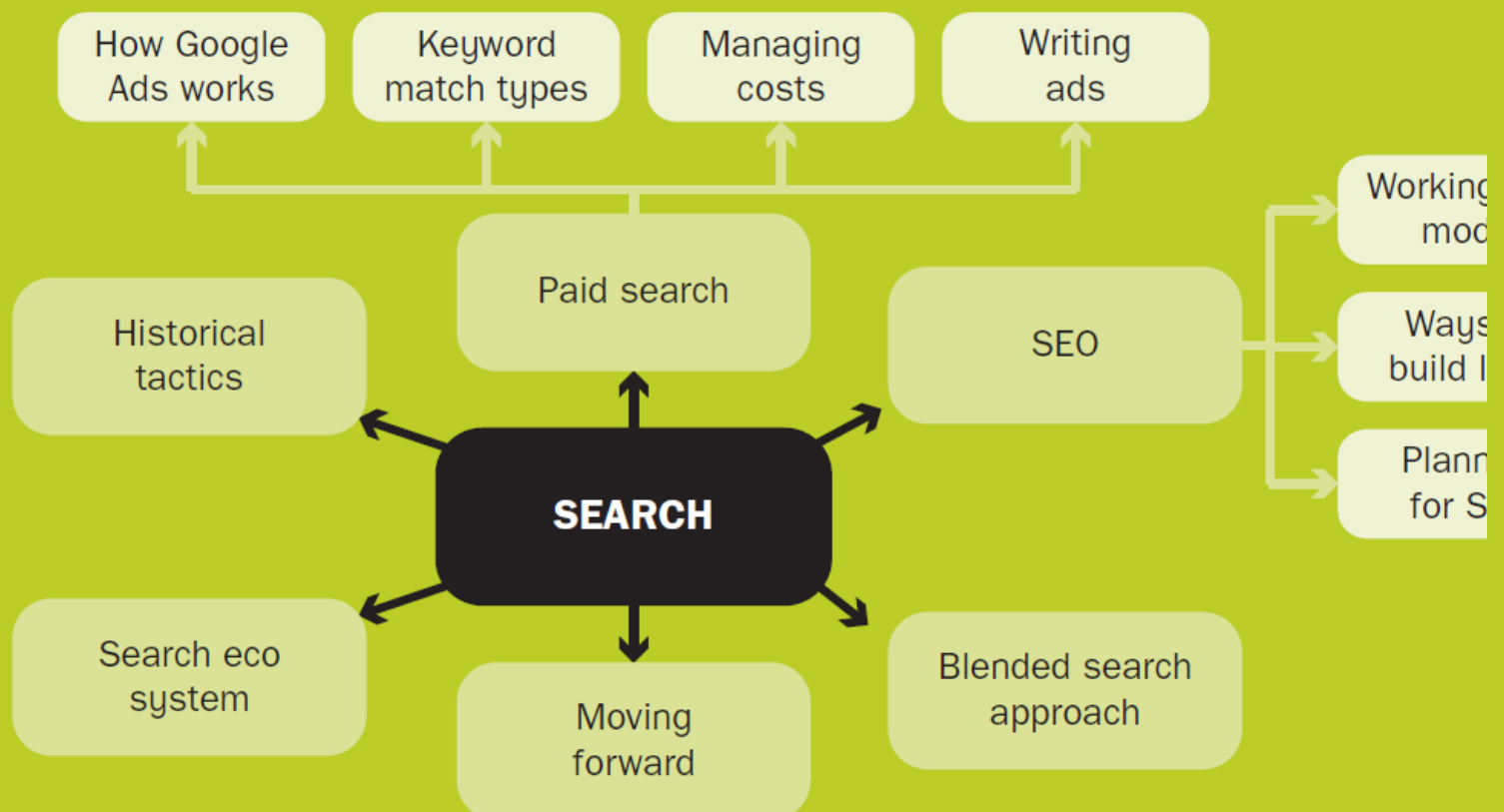
SEARCHING FOR UNDERSTANDING

It's become difficult to imagine what the digital experience would be like without the aid of search engines. The technology has become so ubiquitous that it's built into the devices in your pocket, on your wrist, in your games consoles, in your fridge, in your tablet—it's even patiently listening to you around the house, waiting for you to ask a question.

Search technology has helped whole industries and businesses to grow. If you haven't had a prior experience with a given company, or a direct referral from a friend, your next step is generally to undertake a search. A study found that four out of five consumers use search engines to find local information and businesses. Half of these local searchers would then go on to visit a store on that same day. Think of the brunch locations, bars, clothing stores, chemists, gyms, grocery stores and many more that would not have had your business without the help of a local search.

A search on Google reveals this quote: 'There are trillions of searches on Google every year. In fact, 15% of searches we see every day are new—which means there's always more work for us to do to present people with the best answers to their queries from a wide variety of legitimate sources. While our search results will never be perfect, we're as committed as always to preserving your trust and to ensuring our products continue to be useful for everyone.'

With more than 3.5 billion Google searches every day, the overall economic utility of search engines is not to be underestimated. Google releases a regular report gauging its impact on the economies of the world. A 2018 report suggests that Google's search and advertising tools provided $283 billion of economic activity to more than 1.5 million US businesses, website publishers and non-profits. And while it probably helps to be sceptical of the exact numbers in these reports (as Google has a vested interest), it's fairly clear that the total amount of value the search engine brings to an economy is substantial. This is true even if we acknowledge its creative tax strategies, often scary data-tracking and privacy issues, and near monopoly of the market.

In Australia, paid search is the single largest advertising channel at $3.8 billion, and increasing by 7.3% annually. This is more than the money invested in television advertising, at $3.68 billion, or even display advertising, at $3.3 billion. This makes search a fundamental part of any IMC strategy and of any business. In its simplest terms, search engine marketing (SEM) is about marketing a website using search engines. This means building and marketing a site in order to improve its position in search engine rankings. To do this requires not only investing in content that is more discoverable by Google, but also analysing and optimising

paid and organic search results.
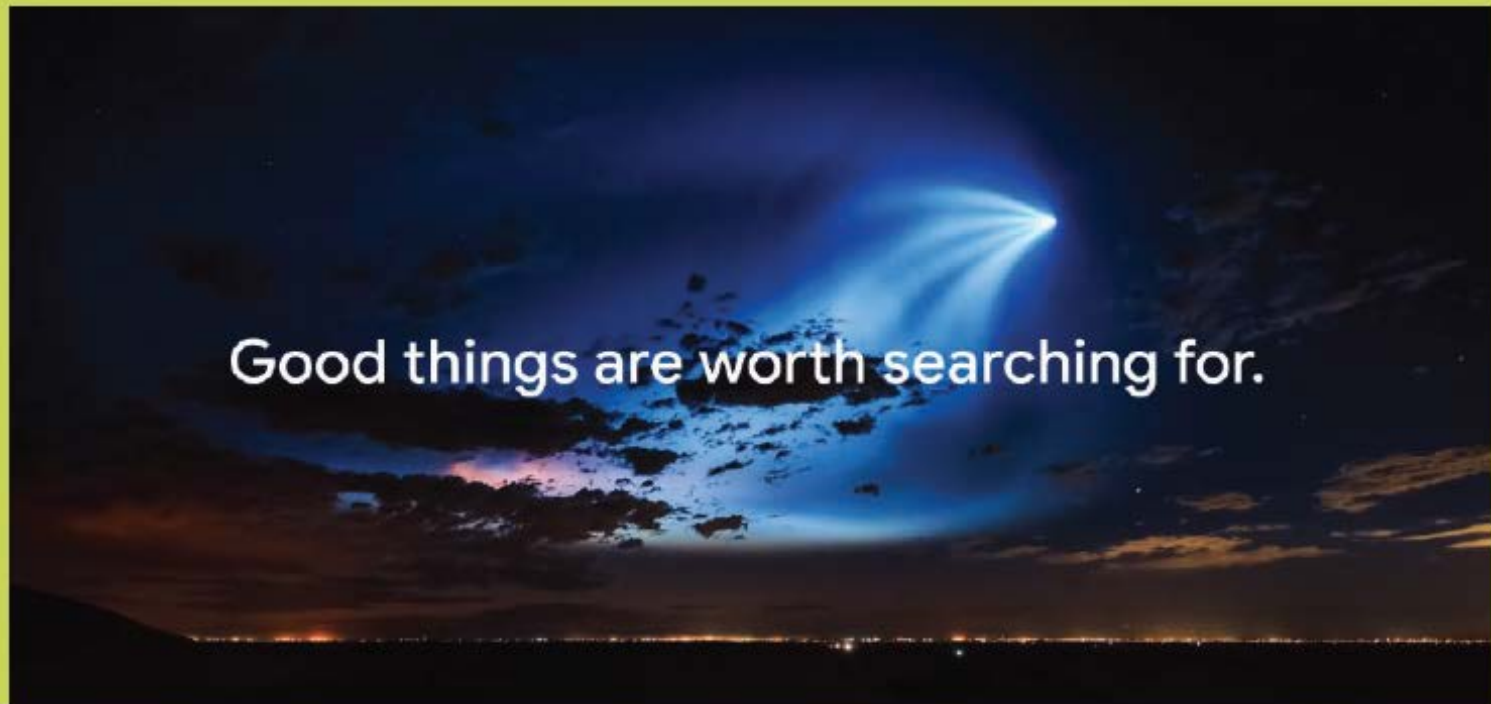
Exhibit 9.1 In 2018, we searched for Good.

Search is also important because it helps us understand our customers: what they are looking for, how they want to engage with the website and even where they are in the purchase cycle. It helps us identify intent-driven moments, so that we can optimise them in our search strategies and convert our searchers into happy customers. And it also helps us understand our universe. Watch Google's *Year in Search 2018* for a good example.

Sources: Think with Google, 'Understanding consumers' local search behavior', 2014, https://www.thinkwithgoogle.com/advertising-channels/search/how-advertisers-can-extend-their-relevance-with-search-download/ (accessed 13 March 2019); Ben Schwartz, 'Google reaffirms 15% of searches are new, never been searched before', Search Engine Land, 25 April 2017, https://searchengineland.com/google-reaffirms-15-searches-new-never-searched-273786 (accessed 13 March 2019); Google, 'Economic impact', 2018, https://economicimpact.google.com/ (accessed 13 March 2019); Nassim Khadem, 'Google restructures to avoid hefty penalties in Australia as tax bill hits $16 million', Sydney Morning Herald, 29 April 2016, https://www.smh.com.au/business/the-economy/google-restructures-to-avoid-hefty-penalties-in-australia-as-tax-bill-hits-16-million-20160429-goi8fl.html (accessed 13 March 2019); Greg Sterling, 'EU slaps Google with $2.7B antitrust fine for favoring its own content in search results', Search Engine Land, 27 June 2017, https://searchengineland.com/eu-slaps-google-2-7-billion-antitrust-fine-277912 (accessed 13 March 2019); Nadia Cameron, 'Report: Australian ad spend to tip $17bn in 2019', CMO, 3 December 2018, https://www.cmo.com.au/article/650320/report-australian-ad-spend-tip-17bn-2019/ (accessed 13 March 2019).

In this chapter we hope to shed some light on the reasons why the core features of search look the way they do today, and how to best leverage them for business. The chapter starts by evaluating historical search tactics in order to understand how the search engine platform has changed over time and how many of the seemingly arbitrary actions that we use today have evolved. We'll then look at the current search ecosystem and at how organic and paid media play different roles. We then focus on these two types of search in practice and in combination. Finally, we will cast forward across the next five to ten years and examine what could reasonably be expected in terms of updates to search engines, both from a consumer and an advertiser perspective.

LO 8.2

DATA SOURCES

The dictionary definition of 'analytics' is 'the systematic computational analysis of data or statistics'.[4] Therefore, before we dig too far into analytics, we need to understand the origins of the data available to marketers. This includes the data generated through digitised processes and systems, as well as those collected by more orthodox methods, such as research groups and customer interactions. Data, on the whole, can be decoded into three clear subgroups.

First-party data

First-party data is data that has been collected by an organisation and relates to its own customers, audiences or staff. In most cases, this is data stored within a customer-relationship management (CRM) platform and often originates from customer service systems such as call centre software or direct marketing and sales systems.

First-party data comes directly to you from its source and is commonly described as the most important and valuable of all the three types of data.

It is also frequently referred to as free data, and it is certainly true that, once collected, this data is free to access and use. Increasingly, organisations are using data management platforms (DMPs) to store first-party data. It is similar in concept to a **customer-relationship management (CRM)** system, except that the data is available to application programming interfaces (APIs) and to the layers of technology deployed ('tech stacks') at a greater speed and granularity.

Privacy issues around this form of data carry less concern with regard to origin and quality because, in most cases, it was built user by user, which offers a level of control. Of course, its use is still heavily regulated by Australian and international data and privacy laws, and any breaches of security in this area can have—and have had—dramatic impacts on brand trust and related business value.

Many companies today focus on ensuring they collect first-party data. It is the cornerstone of much business intelligence, market analysis and customer insight. Often, businesses find themselves collecting data across many touchpoints, including many for which there is no immediate or apparent need or use. Such future-proofing of data is becoming increasingly challenging as people use more digital methods of engagement and we now have more points of data per interaction. This has given rise to the concept of useful data, not just big data. It also points to the rise of machine-learning systems in order to find meaning in this lake of data.

Second-party data

In simple terms, **second-party data** is first-party data from a single organisation made available to other organisations either through relationship, ownership or purchase. Census data is one example, where organisations and individuals can access first-party data from the Australian Bureau of Statistics, in order to better understand their fellow Australians, as in Exhibit 8.3 . In other instances, companies approach suitable sources of second-party data directly in order to enter into an agreement. There are also marketplace services that allow brands to list and purchase second-party data.

Exhibit 8.3 Using second-party data to speak Australian

Source McCrindle Research Pty Ltd

Because the data is sourced from a single business, the quality depends on the nature of that organisation and the rigour of its data collection and storage.

Privacy also needs to be a key aspect in any agreement. Reassurance that the data was collected with the users' permission and their understanding that it will be resold is essential. The method of data sharing may differ; it may be a simple data transfer of records, but increasingly it is conducted through a DMP connection. This allows both parties to understand the extent and nature of the data use and, if relevant, charge accordingly.

Third-party data

Third-party data is first-party data, from many sources, collected, processed and resold by aggregation services. Such services offer much larger and more diverse data sets. The scale of data purchased allows these businesses to rework the data based on, for example, the industry vertical, geography, demographics, behaviour or interests. Third-party data is commonly brought in programmatically for speed and scale.

The breadth and depth of third-party data is often the motivator for its use. The challenge third-party data raises for marketers is that it not exclusive. Competitors can buy the same data at the same time, which therefore diminishes the competitive advantage of the data—something that is reflected in its cost, as it is usually cheaper than second-party data.

Often, third-party data services offer the ability to take key information from a purchaser's first-party data set and deliver a much larger audience that appears to have matching traits or behaviours. Commonly referred to as a lookalike audience, this ability to use quality and validated first-party data to buy a much larger third-party data set is one of the backbones of modern data marketing.

First-party data is often the most meaningful of the three types as the data about a customer is collected directly. It can be trusted to the extent that the customer can be trusted to have supplied accurate data initially. The method of collection often has a bearing on the quality; if a user is simply trying to access an immediate benefit, such as a white paper or entering a prize draw, the data quality will be significantly reduced compared with that from a user entering a longer-term or more meaningful relationship, such as a home loan or job application.

It is important to understand that while sets of data can be structured the same and hold the same types of content, the origin and method of collection are critical factors in analysing and using such data. This is often true for third-party data when the data is not visible to interrogate and the origins and methods are rarely available. To that end, this form of data is often relegated to managing advertising targeting and reach.

Issues in data management

For many organisations, first-party data can be one of the hardest to manage. The main reasons are noted below.

Internal systems

Many organisations have built systems over time and the need to collect data that goes beyond simple customer records is a relatively new requirement. CRM used to be the mandate of humans, not systems. This lack of a centralised data-management system often leaves organisations with data isolated in silos. Databases can be spread across many systems, such as websites, email broadcast systems, call centre systems, purchase ledgers, etc. In many cases, the staff within the organisations suffering from such a lack of data structure revert to using decentralised solutions such as spreadsheets to hold critical data.

Business focus

Many businesses have had little need to build digital records of their customers. One of the biggest drivers in recent years has been the desire for businesses to become more environmentally friendly and go paperless. It was at this point that many realised just how few customer email addresses they had on record. Most businesses today

understand the importance of quality data and make an effort to collect it when signing up a new customer.

Privacy

Customers are becoming increasingly suspicious of brands that request data that doesn't have a direct bearing on the purchase or process they are currently going through. Organisations therefore struggle to build a rich data set from short interactions. A common practice is to build a customer record over time, augmenting it at each interaction with the organisation. This can be anything from online purchase behaviour to a call centre transcript.

Security

The legal requirements for managing a customer record are now a major factor in determining how an organisation can use its first-party data. Legacy data commonly fails to have been collected with the correct customer permissions and thus is not viable for use in communications. However, such data can still be used for internal analytics. The implementation of GDPR in 2018 has brought about a new and unprecedented requirement for data protection. This EU regulation enables people to gain an understanding of what data is being collected about them and how that data will be used. It also offers users the right to have their data deleted.

Structured and unstructured data

All data falls within two broad categories: structured and unstructured. Understanding which of these a set of data conforms to can aid greatly in identifying an appropriate data-analysis method.

Structured data

This form of data is most commonly stored in relational databases or spreadsheets, with each record conforming to a predetermined structure. Every record has an ID, and the data can be searched, cross-referenced and manipulated with relative ease using data queries. The data can be generated by machines or humans, and input systems such as forms or schemas ensure the inputs comply.

Unstructured data

While unstructured data may have its own, consistent internal structures, it does not conform to structured data formats. It is often not text-based and so, unlike structured data, it is much harder for systems to interpret and process. Formats for unstructured data vary but include emails, photos, videos, audio, social media posts and machine data. Metadata within these forms can aid in their understanding, but more often than not specialist services and software are required to make sense of them.

A good example of this is social media analysis. While each platform has a structure for user interactions and stored data, the analysis is still complicated (see Exhibit 8.4   ). The need to compare data between platforms often requires third-party systems to collect and then apply a set of rules to allow the data to be interrogated. And while many of these systems claim some level of understanding, the reality of human-free text input means that traits, such as sarcasm and wit, greatly distort analysis such as sentiment. Even more, numerical scoring, such as for likes and shares, is open to interpretation. Typically, outputs from these systems are checked by researchers and sentiment reassigned and data adjusted where necessary.

Exhibit 8.4 What does the data say about Salesforce, the leader in social media listening?

It is worth noting that while many people believe they can accurately identify sarcasm within social media commentary, the reality here is that systems struggle to identify it because humans apply biases to their understanding. Most AI systems are intended merely to map tasks that we can achieve and do them more efficiently and with greater accuracy—if the systems fail here, it is because so do we.

Investment in analysis systems and software is shifting to that of unstructured data. Machine learning, AI and image processing all offer new ways to unlock the ability to analyse unstructured data in a similar way to structured data. Most of these systems are still immature but they show great promise.

LO 8.3

THE TECHNOLOGY DRIVING ANALYTICS

Marketing stacks

A '**marketing stack**' is a term becoming increasingly familiar to the modern marketer. It is a shorthand expression used to describe a collection of technologies that deliver the ability for brands to execute, analyse and optimise their marketing. This area of information technology has been expanding rapidly over the past decade.

In the early days, most marketers and their relevant technical support would have to piece together many separate types of software and services to deliver meaningful outcomes. And while this is still the reality for some, many large-scale vendors now offer marketing cloud solutions. These solutions are, on the whole, still collections of software and services, albeit from a single vendor. The promise is that the systems work seamlessly with each other, are supported as a whole and are relatively fast to deploy.

The likes of Adobe, Salesforce, Oracle, IBM and Microsoft, to name but a few, all have marketing cloud solutions in varying states of maturity, all offering variations in services.

Of course, the Goliaths of the marketing world are active here as well. The duopoly of Google and Facebook cannot be ignored. While Facebook has its own marketing back-end to enable brands to maximise on the platforms' enormous reach and targeting capabilities, it is not usually defined as a marketing cloud solution. This is because of its limitation in servicing only Facebook and Instagram. In recent years, however, Facebook has enabled integration between its systems and those of the marketing cloud vendors.

Google, on the other hand, has launched its own marketing cloud solution. Unsurprisingly, at the heart of its solution is Google Analytics (GA). Since the launch of this free web analytics service in November 2005, it has been the go-to choice for many web developers and marketers alike. Its simple integration with digital assets such as websites, apps and emails, as well as its user-friendly interface and dashboard, have seen it displace many of the pay-to-use services.

In March 2016, Google launched Google Analytics 360. This marked the point when simple analytics gained more product partners—comprising Tag Manager, Optimize, Data Studio, Surveys, Attribution and Audience Center. For many marketers, this solidified their reliance on GA and gave them a greater ability to define return on investment in their digital marketing activities. According to Forrester, at the time this meant that sophisticated marketers with analytics platforms were three times more likely to outperform their peers.[5] This is clearly a very attractive proposition on top of the business intelligence that can also be gained.

Google Analytics helps us understand the ABC of Analytics— Acquisition, Behaviour and Conversion. See the icons on the left-hand side of the dashboard in Exhibit 8.5 .
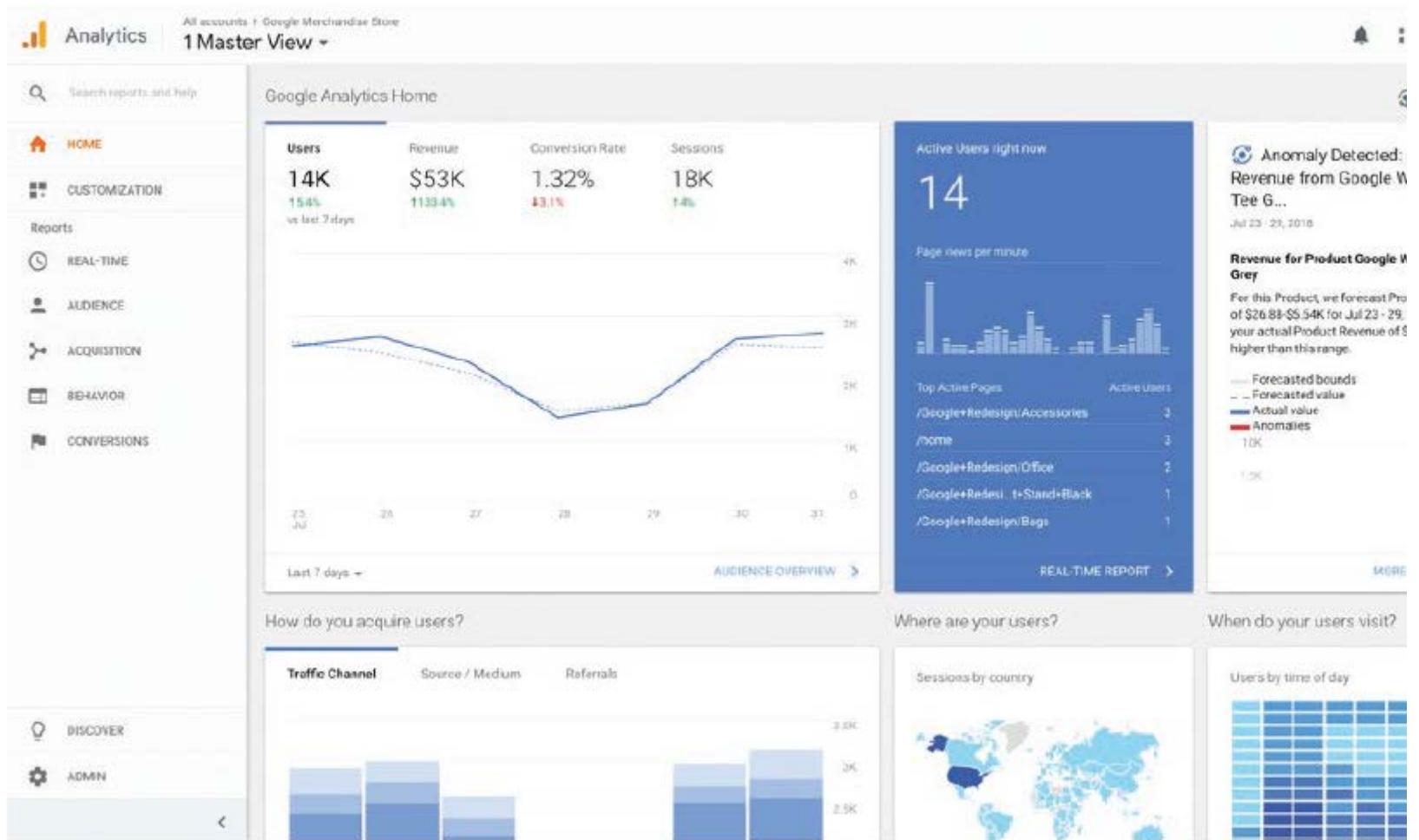
Exhibit 8.5 Google Analytics dashboard

By clicking on Acquisition (see Exhibit 8.6), Google Analytics shows you the top channels sending customers to your site. You can see the different performances of organic search compared to direct, referral, social or paid search. By clicking on All Traffic, you can identify the top traffic sources from all channels combined. If you click on Google Ads, you will see the data about the paid search campaign. Or you can click on the search console to see how pre-click data such as queries or impressions correlates with post-click data like bounce rates or transactions. You can also uncover in-depth details about social activity under Social, or click on Campaigns to track visitors coming from the campaigns you have developed. Google Analytics dominates the analytics space because it provides a relatively easy way to track customer acquisition, behaviour and conversion in real time—in many cases, without a financial cost to the user.
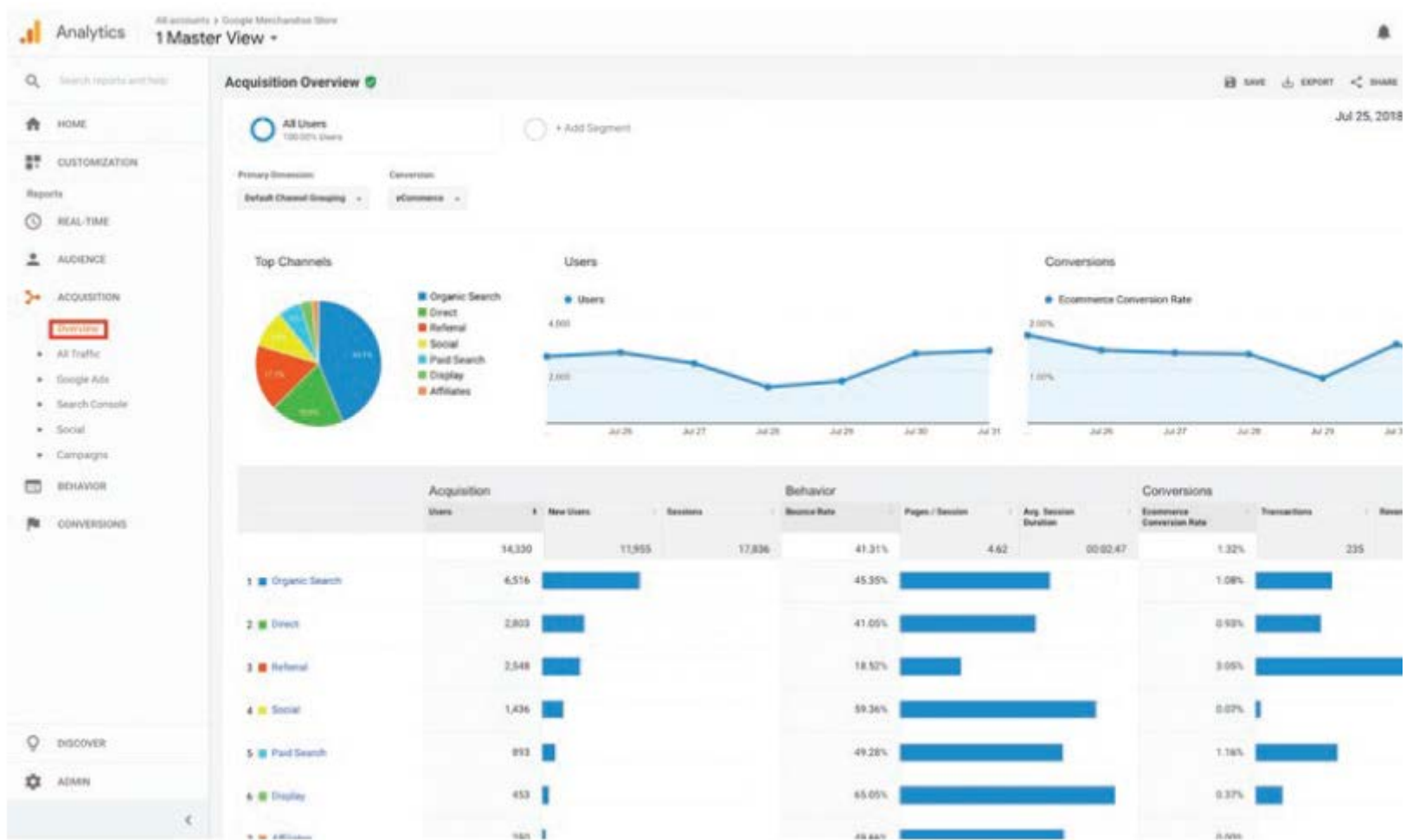
Exhibit 8.6 Google Analytics Acquisition Overview

Another example of a marketing stack is Social Studio, a powerful real-time publishing and engagement platform (see Exhibit 8.7   ). It allows you to manage, schedule, create and monitor posts organised by brand, region or multiple teams and individuals in a unified interface. It is the industry standard for social media listening and is used by universities such as Queensland University of Technology and Curtin.
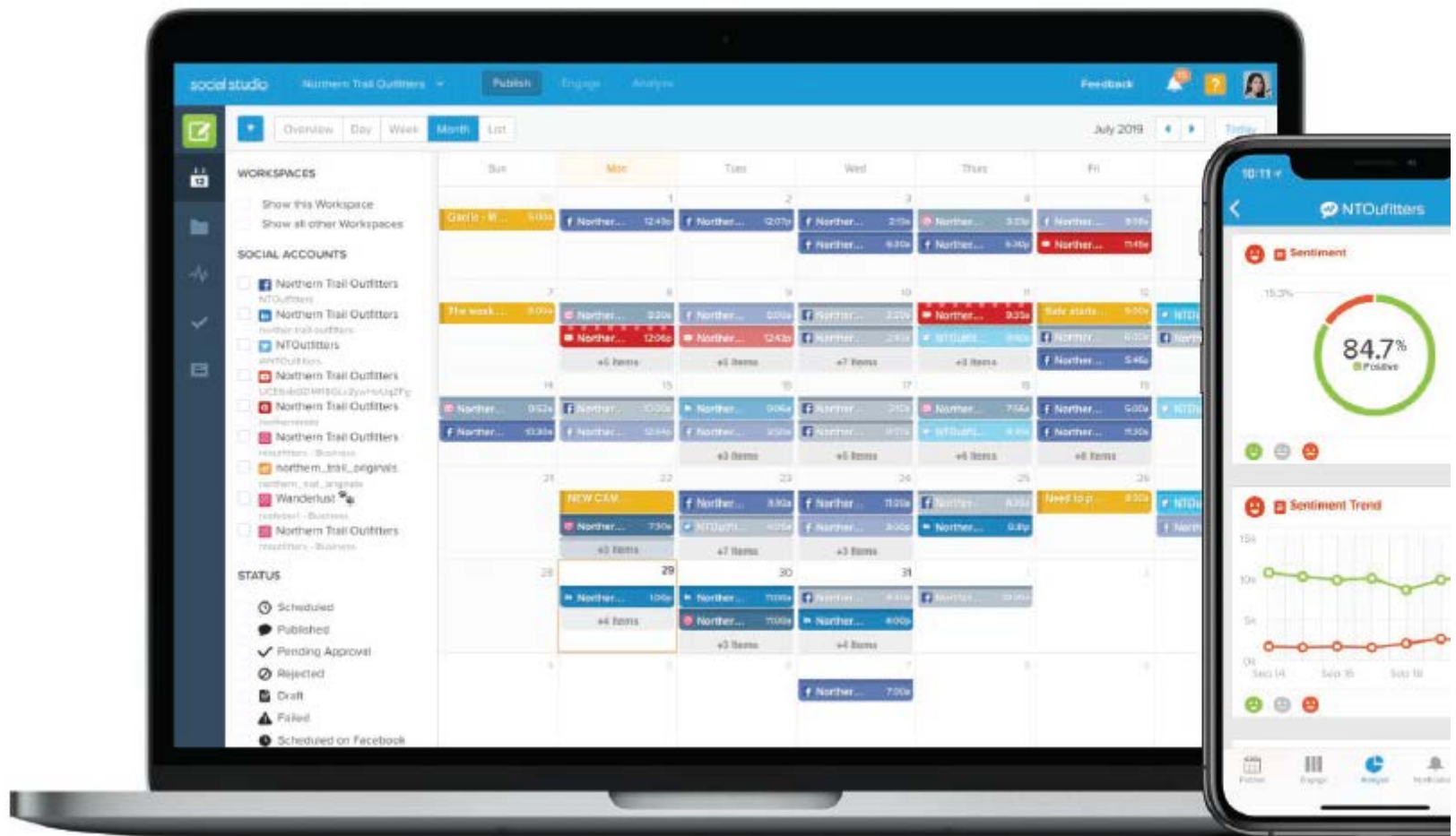
Exhibit 8.7 See what's being said on social media using marketing stack Social Studio

Marketing technology makes some very big promises and often comes with a sizeable price tag. Used wisely and integrated properly, these stacks can ultimately offer a great deal of business intelligence, which goes well beyond the advertising optimisation or web traffic statistics of old. This ability to help the wider business is often a key influence in the justification of the expenditures for a business.

With digital marketing and the stacks, we now have the ability to close the knowledge gap between effective communication and marketing wastage through greater attribution. The levels of success have differed greatly, in no small part due to users' adoption of multiple devices and a drive for privacy. This makes the concept of a one-customer view still hard to achieve.

Tactification

Tactification is 'the current obsession with the tactical elements of marketing at the expense of the other deeper marketing activities that precede and predicate them'.[6] It is a focus on the tactics, at the expense of strategy.

Such short-termism is born from many longstanding issues, such as the short tenure of marketing professionals, the narrowing of key performance indicators (KPIs) to short-term outcomes, the desire for change and newness and, last but not least, the promise of success from the vendors of marketing technology ('Martech'). This is often based on the belief that data is enough and there is less need for creativity. Companies can just optimise their way to success. No wonder marketing platforms are increasingly becoming a core part of the professional toolbox.

This tactification of marketing can overlook longer-term objectives—for instance, brand building—and some

immediate issues such as the true return on investment in technology platforms and the people required to run them. With greater data comes greater responsibility. It is important for marketers and their data teams to maintain long-standing research principles.

Normalisation

So, how fast will we see a normalisation of marketing technology? When will having the technical capacity no longer be a competitive advantage? Currently, there is little evidence on which to build a prediction of the timing, but the cost of such systems does point to an inevitable division between brands. Those with the budget and desire to adapt existing systems and methods and adopt these new platforms will have a clear first-mover advantage. The ability to automate decisions and speed to market delivers optimisation and cost savings.

Businesses that do not, for whatever reason, adopt such marketing practices will need to identify other methods if they are to gain marketing effectiveness. As we see in the search engine optimisation (SEO) and search engine marketing (SEM) fields, a lack of automation and therefore speed and scale can leave brands at a marked disadvantage. Of course, with every shift to new marketing channels, such as social media, we see old methods, such as email, become less overpopulated with marketing communications and therefore they can regain a level of effectiveness for those who choose to continue in that channel. In the case of marketing technology, we could well see a resurgence of simple channel use, relying on the creative concept to deliver the attention required.

Parity

There seem to be two schools of thought in the creative industries at the moment. One believes that the whole of our industry will end up entirely focused on digital delivery—a space completely consumed by Martech and Adtech.

The other believes that creativity is the thing that will save the day for marketers and advertising. The belief here seems to be that once everyone has the same platform, the same technology, once there is a parity in the marketplace, the one thing that will really shine through will be creativity.

The latter school seems to have history to back up its position. When the first radio campaign came out, it was certainly cutting-edge enough for people to listen and, in turn, act upon it in terms of the brands that adopted the media initially. Until, that is, radio advertising became mainstream and commoditised, at which point creativity would have been needed to drive cut-through. The same would have been true of the first television commercials—and banner ads, with the very first one simply being a call to action to click on it once.

Time to parity

So, can it be that simple: wait long enough and creativity always floats to the top? Yes, it does seem to be true. It appears to have been true of most media platforms over the years.

The crucial question is how long does it take and how long can brands afford to wait? How long does it take before a platform becomes available to the majority of marketers and their brands and we arrive at platform parity?

In the case of radio, it's easy to believe this would have been rapid. In the early days of commercial radio advertising, a simple read by the radio presenter was all that was needed, so the cost of production was low. The

biggest restraint on marketers would have been the available airtime, with only a few stations running advertising.

It was also relatively quick in the realm of television. The channels themselves created content, albeit very basic, not much more than press adverts being shown to the camera. Therefore they could offer brands opportunities to advertise relatively simply. Later came the 30-second commercial and we quickly saw creativity take a stronger hold of the channel.

Digital, however, doesn't fit into the structure quite so neatly. For one thing, previous platforms have had to develop major infrastructure—radio towers, say, or TV broadcast systems. This requirement to build expensive technology slowed their progress and allowed marketing to develop alongside.

But digital marketing was gifted the internet back in 1991, meaning that many businesses could build platforms simultaneously. And many did, as this lowered the cost of infrastructure and complicated marketing in the digital space. From the outset, 'digital' has never really been a great definition. If the internet is the platform, then Tim Berners-Lee's creation of the World Wide Web has to be the first digital platform development. It opened the floodgates so wide that it would now be almost impossible to count the true number of marketing opportunities available in the 'digital' sphere.

So the situation now is different, and it's going to take longer for parity to be the reality. If ever. And this is the paradox the advertising industry currently faces: can we sit back and wait? Can the creative side of the business win out if all we can deliver is optimisation and we don't have a vehicle for creativity? Of course, those that will truly win, as always, are the ones that can deliver the speed and efficiency of the technology with the layers of creativity that enhance it.

Artificial intelligence (AI)

In this section, we focus on how **artificial intelligence (AI)** is applied to marketing. The scope is clearly much wider than that, but this is not a text on mathematics, robotics or related ethics. The definition of artificial intelligence is still being debated, but in this chapter, AI is defined as the processes that normally require human intelligence such as vision, speech, decision making, language and learning. It is not a level of conscious understanding.

It's important to understand that when referring to AI for marketing, we need to look at the services and systems that make up the collective capability known as AI.

The most common method applied to marketing data is that of machine learning (ML). ML uses different methods of statistical analysis to give computers the ability to make findings and then use them to process new sets or subsets of data. In doing so, they effectively 'learn' from the data without having human intervention, such as new programming or direct instructions. This is largely based on the concept of an initial set of data that forms the training set. In the case of supervised ML, examples are categorised and labelled by humans and the system uses this training set to generalise on the categorisation of new inputs. The output is then scored for accuracy and the information fed back to the system. This loop of correction through trial forms the learning.

In contrast, unsupervised ML takes training data that is not classified or labelled, often referred to as 'raw'. Here, the system does not respond to human correction, but instead looks for common aspects within the data to discover and explain features in the data. Methods include, but are not limited to, clustering, anomaly detection

and reduction.

In either case, the primary use of ML is to enable systems and, ultimately us, to look beyond the training set and generalise on new inputs. Because, no matter how large the training set, most systems will be presented with data previously unseen. The implication for marketers is that for the first time huge amounts of data can be processed using machine-learning methods and insights can be readily identified. It is the consistency, speed and scale of these processes that make them so valuable.

As we will see in Chapter 10, creativity is about being both original and relevant. That's where AI or, in the case of Saatchi & Saatchi Los Angeles and its client Toyota, Watson IBM comes in. Using machine learning, Watson was able to find, at speed, surprising pieces of information that are personalised to the viewer. The ad script generated two unrelated user activities from a pool of 1000 interests and produced 300 unexpected matches. From this, Saatchi & Saatchi created 300 unique videos, 'powered by AI' (Exhibit 8.8).
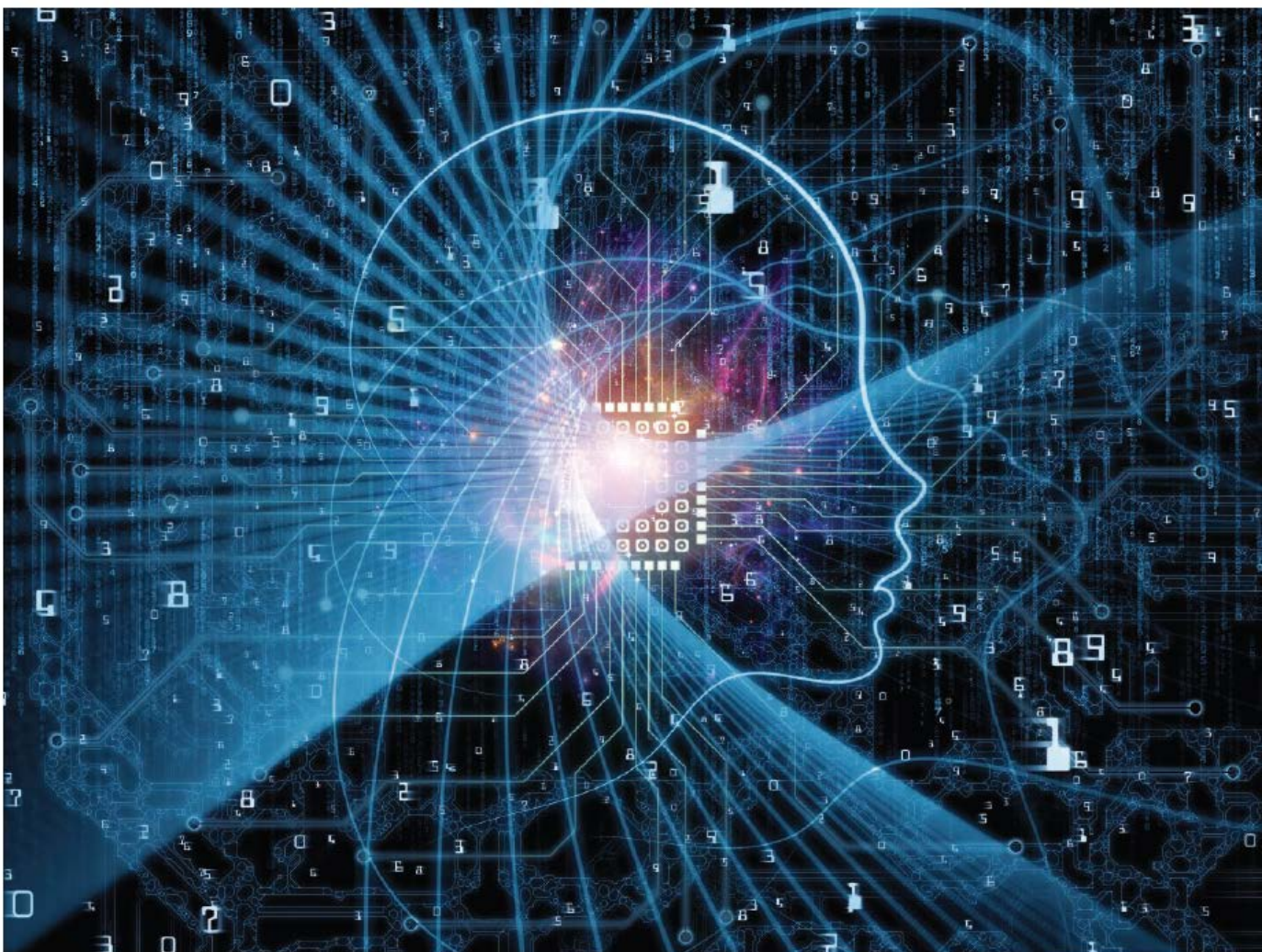
Exhibit 8.8 Personalisation at scale: Watson IBM produced 300 unexpected matches from a pool of unrelated user activities, including the 'Tai kwan tenderizer'

Source: Shutterstock/agsandrew

One of these matches identified people who had an interest in both martial arts and barbecues. They were served an ad called 'Tai kwan tenderizer', encouraging them to use hand-to-hand combat to tenderise pieces of meat for their barbecue.

Saatchi & Saatchi's executive creative director Chris Pierantozzi said that AI 'allows us to deep dive into insights that we normally wouldn't have access to. We're looking at machines to help us break into unique patterns that people have been talking about, behaviours that they're doing or other things that we normally wouldn't see.'[7]

DATA-EMPOWERED CREATIVITY

Dynamic communications

One of the most attractive aspects of modern digital communications is the potential for dynamic collation and delivery. Many different systems, platforms and coding methods now allow creatives, developers and marketers to deliver materials to market that are no longer fixed in terms of execution. This ability to alter anything from simple text and images to entire concepts has given modern marketers a new way of looking at the marketplace and its ever-changing reality, allowing them to adjust the messaging based on their own input or on customer data, analytics or actions.

This kind of adaptable and dynamic execution requires a consideration of factors such as the need for speed to market, optimisation opportunity, cost and pre-existing research.

Speed to market

In many cases, marketers require materials that can be adjusted quickly. Banks, for instance, have an obligation to adjust their marketing materials within a set time period if they alter their product rates. Before the advent of dynamic content, this would have meant that some communication did not include the most salient messaging aspects—due to the time taken to remake and publish new materials. For retailers, similar obligations exist around sales items and stock levels. For example, several regulations prevent them from advertising items on sale if they do not have viable stock levels. In this case, the ability to swap out product and price delivers the freedom to market items right up to the minimum stock level. This can happen in cases where a company's internal analytics and data management, such as its warehousing and pricing systems, are connected to its marketing systems, and where a level of automation removes the need for marketers to monitor and adjust materials. For some brands, their entire business model is built upon this ability to adapt at speed. Businesses such as hotel and travel aggregator services were among the first to adopt these types of services.

Optimisation

Many marketing and e-commerce platforms generate a wealth of information about a customer's next most likely action or purchase. Dynamic advertising can then use this data and modelling to generate communication tailored to that individual. For retailers, this has meant that entire catalogues of products can be engineered into a system, which then selects a suitable product and generates the material based on a single individual's data. Done well, this delivers a focused, timely and relevant interaction to the customer that is often more likely to generate an action than would a generic message.

This is similar to the 'people that bought this book also bought' model that has underpinned Amazon's success. Of course, many of us are only too aware of the outcome if this is not done well: we are served irrelevant

communications, often repetitively, that erode both the brand's likeability and our intention to purchase.

Cost

Automation also dramatically reduces the cost. For businesses, such as a stationery supplier, manually creating a banner advert for a tape dispenser worth $5.50 would clearly not be financially viable. But if a customer's last transaction was a bulk sticky tape order, this would seem to be a logical way to re-engage the customer. In this scenario, a dynamic banner ad and data platform can identify the user, retrieve the next best product listing and generate a tape dispenser banner in near real time—all for no more than the original set-up cost, plus a small ad serve cost.

Research

As marketers become more familiar with dynamic communication and automation, and use it on a daily basis, it can then assume a research role. Faced with having to choose from a number of messaging, creative or product options, some marketers are now turning to the technology to test outcomes with real customers. This differs slightly from optimisation, which is often used to finesse and refine. Research here can be used to make higher-level decisions and replace qualitative consumer research with market testing. This method has many critics; most believe that many important insights are lost by making selections based on final actions. Insights such as how the brand was perceived and what the true motivation was for action cannot be uncovered in A/B testing. However, tactical marketers will often argue that this method is more realistic in terms of final outcomes than a focus group in laboratory conditions. So both have merits.

This decision making can also be used in lower-impact channels such as search engine marketing. In this channel, it is quicker and easier to test headlines and motivation for actions than in the display space. Of course, search marketing is more about delivering to a consumer's desire than generating it, so a level of caution is required to avoid deriving too much meaning from such experiments.

In summary, the reality is that dynamic communication offers a great deal of upsides for a marketer. Namely: speed, lower costs, optimisation and testing. It is unlikely to replace solid insight-led decision making and creativity, but when used in combination, dynamic communication is an extremely potent tool for delivering results.

AutoAds case

CHE Proximity built a bespoke tool for its client, Carsales, that harvested the data from over 100 000 static ad listings and turned them into one-of-a-kind car ads. All without the sellers having to lift a finger.

Carsales is Australia's leading online auto classifieds platform. While online technology had evolved, the way people sold their cars hadn't, and new car sales were impacting on the second-hand market. The solution to keep car sales relevant and drive greater usage was to launch a campaign that gave every seller on carsales.com.au their very own one-of-a-kind car ad. They called this campaign and process *Carsales AutoAds* (see Exhibit 8.9   ).

Exhibit 8.9 Making the buying and selling process seamless, not soul-less

CHE Proximity created a first-of-its-kind cloud-based platform that used sellers' first-party car listing data and merged it with over 5000 prerecorded audio and visual clips to give every seller a unique car ad.

The platform was capable of generating over 1.2 trillion possible adverts, and no two ads were ever the same (see Exhibit 8.10). Without any effort on their part, sellers received an email with five unique commercials to choose from: Luxury, Family, Adventure, City and Tough. All starred a character actor advocating for the car and used images of the seller's own car.
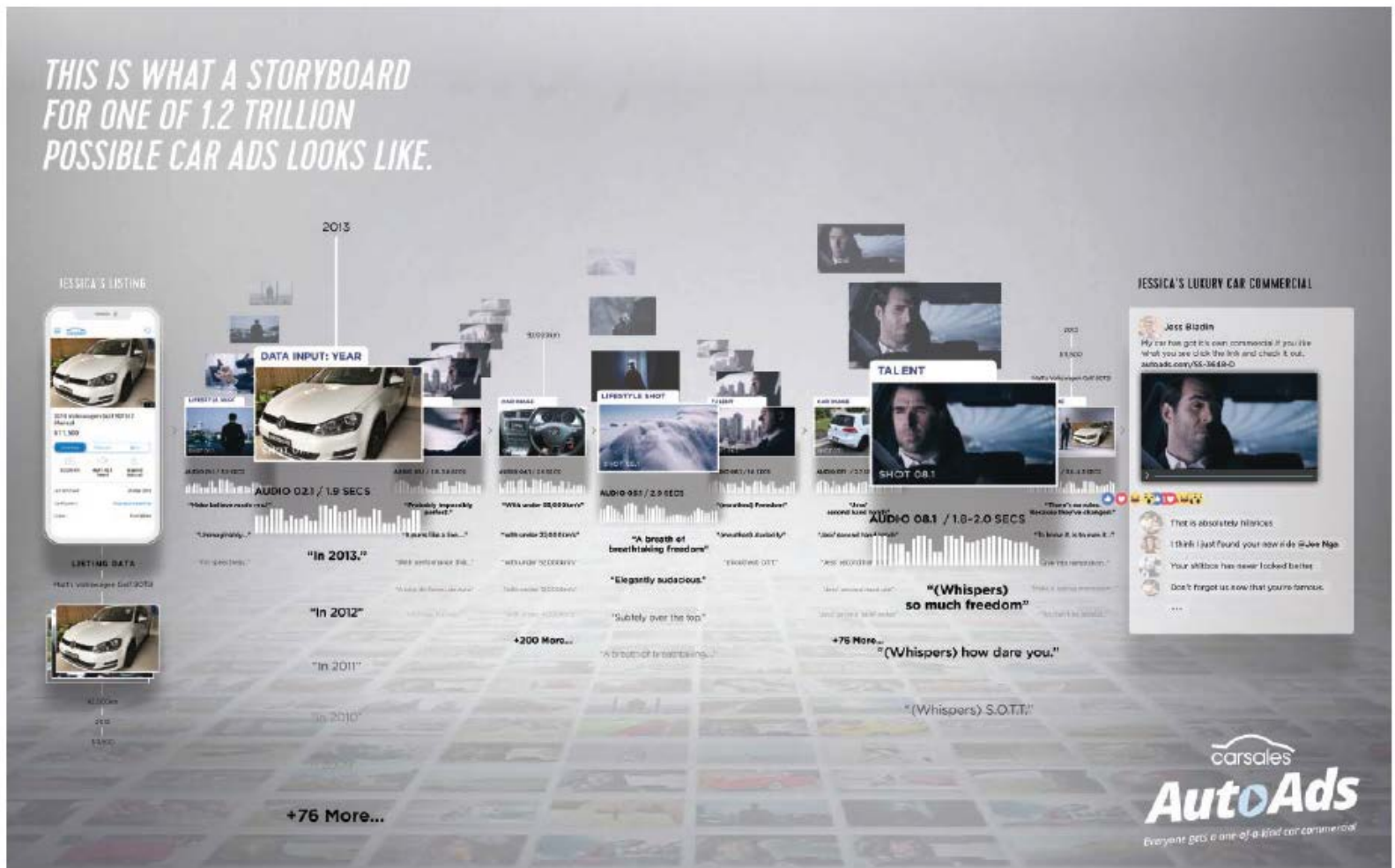
Exhibit 8.10 One-of-a-kind use of technology

Source: carsales.com.au and CHE Proximity

Results from the campaign were almost immediate, due to the the concept augmenting an existing consumer behaviour. In the first week alone, 435 215 unique car ads were generated, with thousands more generated every day. The ads also ran on TV with paid media, giving second-hand cars a chance against new cars.

Successful campaigns can create excessive strain on platforms—this is often an issue for campaigns that generate results in an unexpectedly short time period. For example, similar time/volume pressures were experienced during the *Best job in the world* campaign in 2013, due to an unprecedented number of video uploads. Often a staggered launch and system monitoring can help elevate such issues.

Creative multiplier

There are lots of numbers kicking around about how many more times effective advertising is if it's highly creative. It seems to range from a x2 to a x11 multiple of expenditure.[8]

But, of course, most of these figures are taken from things like award submissions, which are instances of industry self-reporting and are therefore somewhat questionable. But putting actual figures aside for a moment, there is enough evidence that creativity creates a greater connection with the customer, drives deeper engagement and ultimately delivers greater outcomes or sales. Of course, the industry would love to have a mathematical formula to use when faced with the Goliath of platform, analytics and data. But the reality is that the effect is dependent on so many influences, such as the market, audience, brand, channel, concept, product, execution and price. So each multiplier is unique to each situation—and focusing on an industry-wide average that does not consider this is

flawed.

HISTORICAL SEARCH TACTICS

Perhaps the only simple thing about an algorithm is its definition.[1] An **algorithm** is a step-by-step process for solving a problem. Commonly used for data processing or other related computer and mathematical operations, the algorithm manipulates data in various ways, such as inserting, searching or sorting.

The progress of a **search engine** and the history of its search tactics are marked by its algorithm updates. This happens on both the paid and organic side, usually throughout the course of a given year. Although there are never any set times for the release of these updates, webmasters are occasionally notified about some of the bigger impending changes, giving them time to prepare and adapt their websites as required. For example, the Mobile-First Index update,[2] which began rolling out in March of 2018, had been clearly outlined in the central Webmaster Central blog several months prior.

Although most of the noteworthy algorithm updates are staggered out every couple of months, search engines will constantly test and implement partial changes across different types of search terms, server groups (shards), industries, devices, and so on. If you happen to notice that your layout or results in Google are different from those of your friends at the same time, the chances are you have been included within an experiment. As it measures the results and interactions of these experiments, Google can determine which is the best to roll out on a larger scale across the entire platform.

If you're part of the Google Partner program (have a look at https://www.google.com/partners/about/join.html), you'll often be invited to participate in extended Beta features of Google Ads. These are new tools or extensions that may have large benefits for your business. As the prerequisites for joining in this Partner program include both a high level of spend and a generally efficient ad performance, the participants can be relied upon to provide the most useful feedback from advertisers direct to Google.

Of course, you can always do a Snickers and reinvent the algorithm. Based on a list of the Top 500 search terms, Snickers and agency AMV BBDO used a clever algorithm to generate a list of 25 381 common misspellings. With Google's permission (because it would normally correct misspellings), the misspelt words delivered a search results page with a consoling message from Snickers that 'You're not you when you're hungry' (see Exhibit 9.2). In just three days, Snickers generated 50 million ad impressions and a click-through rate of 1.05%, and delivered searchers at the campaign's mini website.
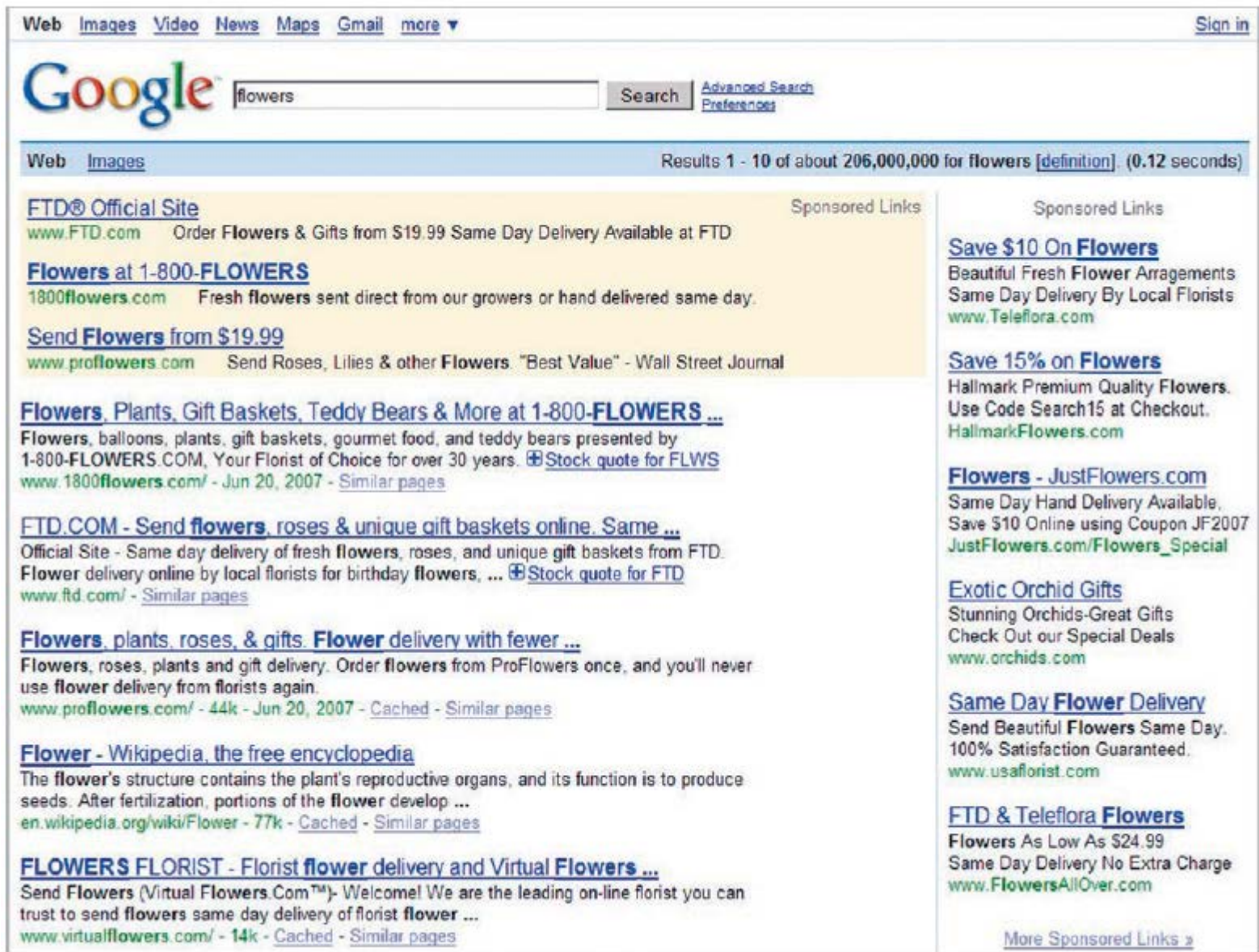
Exhibit 9.2 Google the market-leading search engine

Source: Google Inc.

The following section builds more context around the evolution of the search engine, from both a paid and an organic (free listings) perspective. Here we focus on Google, which, as outlined in the introduction and explained further later in the chapter, dominates market share to the extent that most professionals and other search engines use it as the industry standard. Although many of the other prominent search engines (such as Bing, Baidu or Yandex) will have taken different historical paths, most of the critical algorithm updates have had the same improvements to key functionality.

Paid search

Paid search has many names. Search engine marketing (SEM) is the process of purchasing advertising space on a search engine in an effort to connect a consumer to your website. This is also known more simply and conventionally as paid search or pay-per-click (PPC).

Google Ads (or **Google AdWords**) is Google's online pay-per-click advertising platform. Here, advertisers bid in an auction for their ad to appear against a particular keyword or search query. Advertisers pay only when web users click on their ads within the Google Search Network or the Google Display Network.

In its earliest incarnations, Google Ads was similar to an online version of the Yellow Pages. Each advertiser would

pay a flat fee to appear under select categories and in particular searches. It wasn't until early 2002, when AdWords went through a large overhaul, that it introduced its **cost-per-click (CPC)** model of pricing.

Although this was immediately a much better system, it still failed to do an efficient job of ensuring customers were served ads that were in any way relevant. At the same time, as algorithm updates improved the **organic search** side, AdWords rolled out its Quality Score system (see the Paid search section for more details). Although it was rudimentary in its early stages, this system actually drove more value for Google. Money was paid only when a customer clicked on a link—which didn't happen unless the ads were both high quality and relevant.

In March 2003, Google launched its AdSense product, enabling websites around the world to join in with the massive advertising network and earn revenue through the ads it served. Although not strictly classed under the paid search umbrella, many of Google's partner products such as DoubleClick Campaign Manager evolved at the same time. This meant many paid search professionals also reached into the areas of retargeting with display ads, as well as prospecting through GDN (Google Display Network). This overlap of search and display skills is still common throughout most agencies today.

As the number of users of mobile devices began its steady surge upwards in the early 2010s,[3] Google directed its resources towards ensuring the advertising experience was just as compelling on these devices. Extensions such as **click-to-call** (where a click takes you to a phone number), location details, promoted map listings and more all developed into key capabilities of the paid search channel.

Organic search

In comparison with paid search, organic search is a term for search engine results that are naturally generated and not influenced by commercial relationships between an organisation and a search provider, ISP or other party hosting search results.

In their infancy, many of the search engines you use today would have been almost unrecognisable. A huge proportion of the results pages would have appeared to be populated with spam, or even completely unrelated listings. Thrifty SEOs could make a fortune on behalf of online businesses, using 'black hat' tactics to manipulate how the algorithm would perceive their websites. Such tactics and the overall poor-quality results prompted the development of many of the essential algorithm updates that govern SEO practice today.

Imagine the following: I decide I want to make some extra money, so I copy the Adidas website to make it appear exactly the same as the original. I use the same images, text content, website structure, and so on. I buy a domain name very close to the original: *adidas.shopsonline.com*. Anyone looking at the website wouldn't be able to tell the difference between the two websites by looking at them. If I managed to source some cheap knock-off inventory, what's to stop me making a huge amount of money defrauding customers through Google?

It was for this very reason, or at least cases very similar to this, that Google started to incorporate outside signals when evaluating the legitimacy of a website. Outside signals include anything outside of your own website which Google can crawl and store in its index, such as brand mentions in news and content, social mentions, back links, shares or likes. As Google bots move throughout the web, they record every mention of the URL that I am using (or not using in this case) and store it within their **index**. They can also gather the context within the copy surrounding that URL link, noting if it is positive or negative, and using the word 'fake', 'false' or 'scam' to help build a picture of a given website.

Without a doubt, the original Adidas website will be mentioned many more thousands of times than my imitation. The original will be at the very top of the search results page, while mine will be lost in the eighth, ninth and tenth pages (in the best case!).

If you imagine the above situation, it becomes immediately clear why Google looks at not only a website by itself, but at the links, signals and content surrounding it within the wider web. Some of the earliest black hat tactics involved 'gaming the system', and attempting to mimic those necessary signals but in an artificial way:

- Need some links to increase your website authority? Just build a number of low-quality websites, all with links pointing back to your main one, or pay one of these existing 'link farms' to do it for you.
- Need to start ranking on a specific subject, keyword or topic? Just make sure those external linking websites are changed to include dozens of keywords about the particular topic. It used to be you could even stuff hundreds of these keywords into the back-end of a site without a visitor even seeing them. As long as the code could read them, they would look like a genuine signal to Google.

Two of the most famous algorithm updates are Panda and Penguin (Google prefers to mark these using animal names). These directly tackled the two issues outlined above. Panda was rolled out in February 2011, and severely down-weighted the importance of websites with 'thin' content.[4] This is essentially anything where the text content is negligible, or that has a very high ad-to-content ratio. The keyword and content farms mentioned above were also penalised, identified as anything linking in a very circular way with almost identical content on each page or website.

Penguin came out just over a year later in April 2012 and cracked down heavily on links from low-quality external sources (see Exhibit 9.3   ). It also directly addressed over-optimisation, where the keywords had been stuffed multiple times into every available part of the page, to the detriment of the customer experience.

Looking for cheap textbooks? We're a business who sells cheap textbooks and textbooks for a low price. We've been selling cheap textbooks for over twenty years, and no one is better at selling these textbooks for a low price.

Exhibit 9.3 Keyword stuffing in practice: the Penguin algorithm update would heavily penalise this type of overoptimisation if used today

As it stands today, the current incarnation of the algorithm heavily favours websites that are very customer friendly: quick to load, with nothing broken, and easy to explore and convert. The link farms of yesterday are gone, replaced by authentic PR campaigns and interesting content designed to attract **backlinks** from other reputable websites. Content has to be both unique, engaging and deep when customers need it to be, exploring a given topic both thoroughly and concisely (avoiding similar content and duplication). In fact, the practice in both organic and paid search has become so streamlined and synonymous with simply creating a good customer experience that many people wonder how the industry will survive. If you build it, will they come?

THE SEARCH ECOSYSTEM

Imagine you're up early (you couldn't wait any longer to read the search chapter). You look in your cupboard and your flatmate has eaten all of your cereal. Before going to the store, you decide to do a quick search. What would your ideal search result look like if you were shopping for a breakfast cereal? What key information would feature in this perfect result?

- You would probably want a range of different products and options to consider, with concise information about each.
- You might like easy statistics and data about the product, with some specifics about nutrition, price, availability etc.
- You'd also likely value genuine third-party reviews, from other people who have experienced the product.
- If you were looking to order something online, having a very smooth experience and easy booking system would also be highly desirable.
- If you were brand conscious, then making sure that this was a popular type of breakfast cereal would help ensure a positive experience.
- You'd also want to be dealing with an established brand, with a history of quality goods, that was able to field any queries to customer service.

Unsurprisingly, all of the above factors are considered by the majority of the most prominent search engines when populating their results pages. This is true for both paid and organic search, although there are some key differences, which we'll explore in the next sections.

How search engines function

Perhaps surprisingly, more than half of all traffic on the internet, about 51.8%, is actually automated bots, according to a Bot Traffic Report by the security firm Imperva.[5] Many of these little algorithms are actually beneficial for end users, generating data about the wider internet and flagging risky sites. Unfortunately, a large portion are malicious, attempting to access secure websites or phishing for personal details.

The good bots, the search engine bots, make up approximately 6.6% of total web traffic, and this is where the search ecosystem begins.

These search engine bots **crawl** your website, gathering information about what is on the page, as well as some of the surrounding metadata (which includes things like titles, descriptions and headings). The bot will observe any links within the page and will follow them to arrive at the next one. These links can even lead off site to a brand new website. This is how Google discovers new websites as part of the web.

If a site doesn't have any external links pointing towards it, or if it hasn't been logged with Google, it won't get magically found and included within the search index. This is a mistake that many new webmasters make, assuming that search engines will automatically be aware of new domains going live. The same applies to individual pages: no links, no search listings.

There are a few shortcuts you can undertake to make sure your entire website is discovered, such as submitting the URLs within Google Search Console and uploading a site map of every page on the site. (See the sections on Paid search and SEO and organic search for more information.)

Search engine results page (SERP)

The list of contents that results from a search is known as a search engine results page or SERP. See Exhibit 9.4 for an example. These can differ quite radically from one another, depending on the type of search. There could be more videos or imagery for one search, while another yields mostly news articles and timely content. Searches with a local intent typically feature a map, while others may include mostly recipes and shopping options.
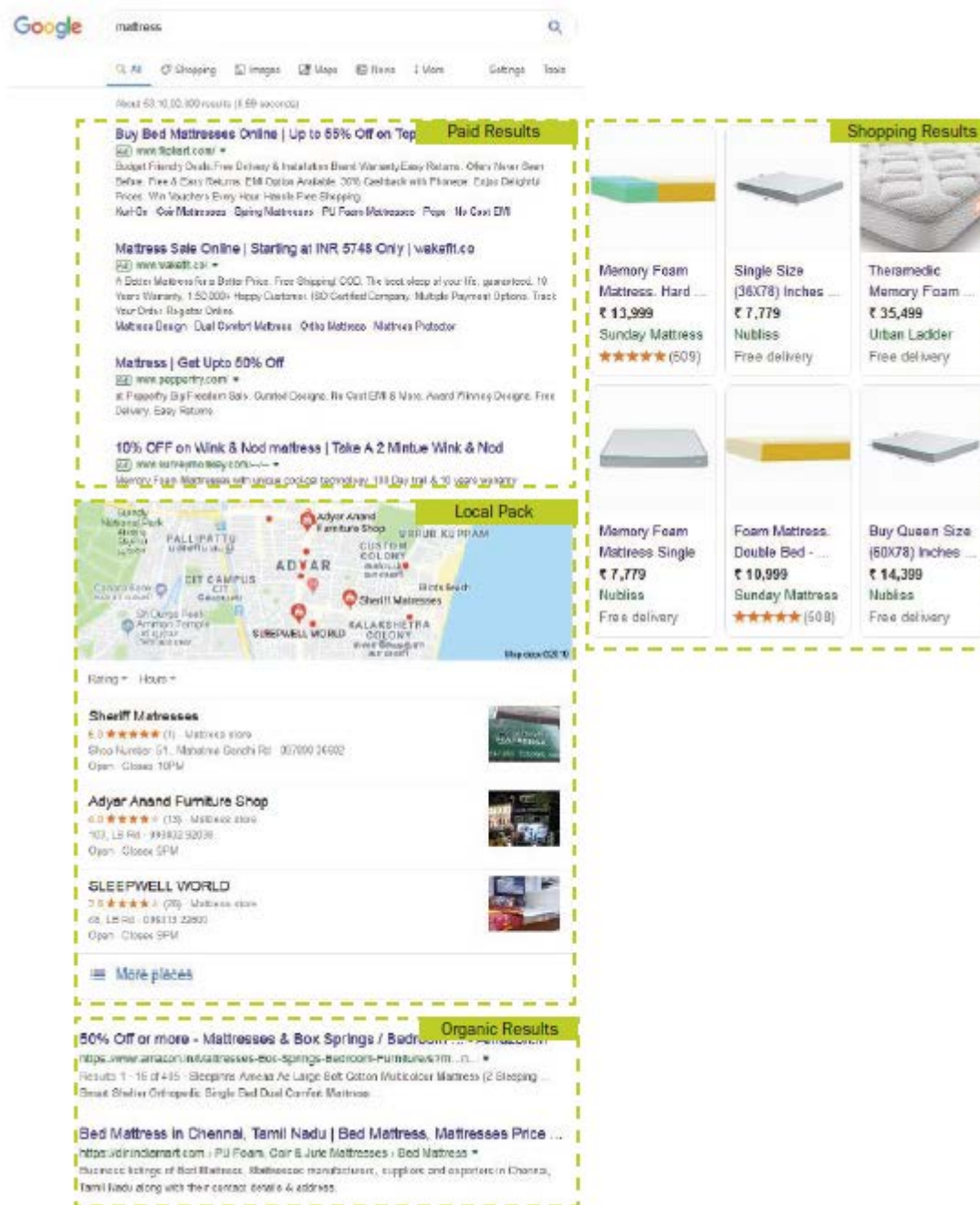
Exhibit 9.4 Breakdown of the key features of a Paid Results typical SERP

In the majority of cases, paid search listings will be the most prominent, located at the very top of the page. These are typically followed by organic search listings, generally ten or so, followed by another couple of paid ads at the bottom. SERP layouts change frequently, and are almost always being experimented with by Google to see if new schemes render a better experience.

The search engine extracts the rich data and statistics fed by your website and populated within results pages by Google. The more clearly laid out and structured the data you have about your product, the more likely you are to receive extra space on a SERP. You can see this reflected in ticket prices, concert times and other additional rich snippets on a results page. In paid search, this information is manually laid out in the site links that you specify. In the image above, the first listing contains these site links. In organic search, you can only do your best to structure the information and hope Google responds.

Part of this same data feed will comprise customer and third-party reviews, which feed directly into Google's consideration set. Having robust and high ratings in your review feed is likely to increase your click-through rate substantially. Google uses a mix of its own review system and those from a variety of third parties (Facebook, Metacritic, Yelp, etc.). Because of the social proof inherent in these customer reviews, as well as the use of brand names, message and taglines, academic researchers consider keyword search ads to have long-term branding effects. This makes the SERP an easy access point to gather information about brands, even though consumers spend only about 6.4 seconds on average reviewing a SERP.

It's also long been held that bounce rate, or the percentage of website visitors who leave the site after viewing only one page, has a major impact as a ranking signal for organic search. Although this hasn't been officially confirmed yet by Google, if a customer clicks on one listing, then returns back to the SERP shortly after, it's probably not a great signal of relevance. Paid search is not affected directly by these calculations of bounce rate, although the Quality Score metrics are closely related. If you improve your Quality Score for search ads, you're also less likely to have a poor bounce rate.

LO 9.3

PAID SEARCH

Our focus in in this section will be on Google Ads (AdWords), as it accounts for 94% of search within Australia and is also widely considered as the benchmark of paid search activity.[6] There are a host of different platforms available for paid search, such as Bing or DuckDuckGo, but the essential functionality remains the same across most of them.

How Google Ads works

Google Ads, formerly known as AdWords, is Google's online paid advertising program. Google it now and see how you can use it to research, develop and manage your paid search campaigns. Equally, it facilitates the tracking and reporting of search results, so not only can you see how the search is working, you can also optimise it to work better.

Like all pay-per-click ads, Google Ads are bought through an automated auction. This is explained below, along with the other important elements such as the bid, the Quality Score and the ad extensions, all of which contribute to the **Ad Rank**.

The bidding system

If you've ever looked into the Google Ads platform or any kind of paid search data, you will most likely have seen an average cost-per-click associated with either campaigns or individual keywords. What sets this number and how much do you actually have to pay for your ad to appear in Google? This relates to the bidding and the auction system that Google Ads uses.

In a traditional auction, the highest bidder wins the auction and pays the full amount that was bid. Google uses a slightly different method of bidding, whereby you pay only what the next highest bidder was ready to pay, plus one cent. This is called a second-price auction.

In Google Ads, you bid on keywords or the search terms against which you want to display your ad. These keywords are generally priced in terms of their popularity, competitiveness and relevance. So, the first step in the bidding process is to set your maximum bid, also known as the Max CPC/Bid. This is the maximum cost-per-click bid that you are willing to pay to display your ad within a relevant search.

What are you willing to pay for your dream job in advertising?

US creative Alec Brownstein assumed that leading creative directors, like himself, googled their own names from time to time, so he bid on their names on Google Ads. Because he was the only one bidding, the average cost per

click was just 13 cents. When the five leading US creative directors googled their own name, the top search result was a message from Alec Brownstein asking them for a job (Exhibit 9.5   ). Four of the five creative directors interviewed him and two of the four subsequently offered him a job. So his successful Google Ads campaign cost him just $6.[7]
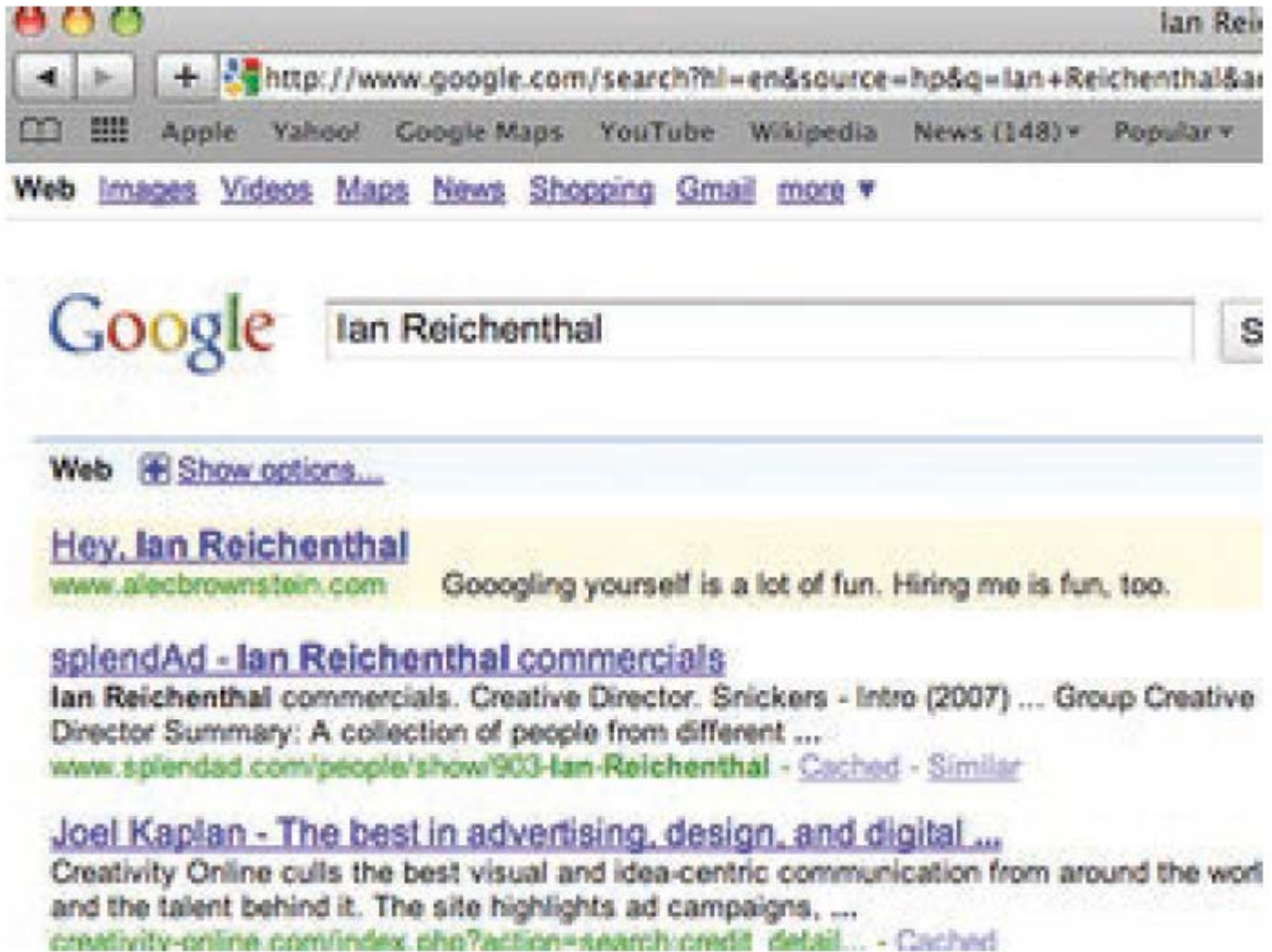
Exhibit 9.5 Instead of googling jobs, google the creative directors

Of course, bidding for paid search positions is not just about the amount of money you're willing to spend. Search engines and Google in particular have very strict guidelines about the quality of the ads they display, given that they want to provide a seamless customer experience with no jarring or poor-quality ads.

So, the winning bid is the result of two things: the maximum bid plus the Quality Score.

Quality Score

These days, Google also factors in a **Quality Score**   to the bidding model. The Quality Score is an estimate of the quality or relevance of the keywords, the ad and the landing pages. Essentially, Google determines how relevant your ad and landing page will be to the person who sees it. It is all about relevance and user experience.

Higher-quality ads can lead to lower prices and better ad positions or Ad Rank. This means that if you have a higher-quality ad, you could bid less than your competitors but still win the auction.

The key factors Google considers when evaluating Quality Score include:

- *Expected CTR*—the past performance of the keyword in terms of the click-through-rate or CTR, based on the ad's position.
- *Keyword relevance*—how closely the keyword matches the search phrase.
- *Ad relevance*—how closely the keyword matches the text or content in the ad.
- *Landing page experience*—how closely the keyword matches the experience of the landing page, including the relevance of the landing page content to people who search the keyword; the speed at which the website and page loads; mobile optimisation; the ease of navigating the website; and the bounce rate.

This Quality Score is presented at the keyword level by Google Ads, allowing you to evaluate each keyword and landing page. Spending the time upgrading your Quality Score is likely to be just as cost-effective as throwing more money at paid search campaigns. That's because the higher your Quality Score, the better your ad will perform and the lower your CPC.

Ad extensions

One way to build in quality and relevance to your paid search campaign is through **ad extensions**, a feature that shows extra business information. This could provide quick access to the exact information your customer is searching for, such as the local store address, phone number, up to four common site links or even product reviews. Making these even easier to access, such as click-to-call rather than just a phone number, enhances the customer experience and your Quality Score.

You can see some of these ad extensions in Exhibit 9.6.

Exhibit 9.6 Some typical ad extensions seen in Google

The Ad Rank score is calculated by Google on the three things we have just discussed. Bid + Quality Score (mainly) + ad extensions. Ad Rank is unique to each individual auction and keyword. It determines the position or rank of the ad in relation to the other ads on the page. It also sets the final price paid in the auction and determines whether or not the ad even appears.

Academic research shows that search ads with higher ad rankings are likely to generate greater recognition and more favourable brand evaluations, as well as higher click-through and conversion rates. What's more, because we are primed by the order effect (first is best) and because we have so little time and so much to search, consumers are likely to choose information at the top of the list.[8] We typically rationalise this with the belief that the brands at the top of the list are the best in the field anyway.

Keyword match types and triggers

Given what we now know about the bidding system and the Quality Score, it probably comes as no surprise that one of the most common ways for clients to overspend on their budget is by failing to match the keyword with the search ads. For example, the default match type for Google Ads is broad match. Many inexperienced paid search practitioners will add a host of keywords to their account set to broad match by default. Typically, this triggers a very broad range of different customer searches, consuming the budget very quickly. In addition, the relevance of the searches to a client's product is often quite low. For example, a search for keywords such as 'hot dogs' could trigger an ad to appear for 'warm dog jackets' (Exhibit 9.7   ).

Exhibit 9.7 Is this what you expected when you searched 'hot dog'?
Source: SuperStock/Big Cheese Photo

Broad match

This is the default keyword match type that we looked at previously. It triggers on the keyword, plus related variations such as misspellings and synonyms, as well as searches that include additional keywords. This match type is good for reaching a large audience and discovering new potential keywords, which could drive sales. In using a broad match, you have to be prepared for a certain number of wasted clicks, however—or prepare a thorough negative keyword list.

Broad match modifier

This is similar to the standard broad match but has slightly more rigid controls in terms of triggers. It contains the modified keyword or close variations in any order. This is a better match type with great reach potential.

Phrase match

Search triggering for this match type must contain the phrase and close variations of the phrase that you set, in that order.

This is the most highly targeted match type of all of the keyword matches and is typically reserved only for very granular, targeted campaigns, where a specific set of keywords has been tested and honed over a number of months. Results will contain only the exact term specified and very close variations of that term. This can be used to carefully control your budget, but it requires a large amount of historical data to justify what you are targeting.

Negative keywords

Negative keywords don't work like the standard match types above. Rather, they work in conjunction with them. Negative keyword lists are developed at the start of the campaign and are refined as more data comes into the account from customer searches.

Negative keywords are essentially a list of trigger keywords that prevent your ads from displaying against unrelated searches. If you're a small grocery store, say, and you don't want to be competing with larger stores, your negative keyword list might include words such as 'Woolworths', 'Coles', 'ALDI' and 'IGA'.

By combining negative keyword lists with the match types above, you are ensuring that you target only the searches most relevant to your brand, for the ideal amount of reach across your audiences.

Managing costs

Because Google Ads is an auction, managing the costs is a bit trickier. Ideally, you need to understand what each click is worth to your client before you set the maximum bid. There are a few things you can do to help with this:

- Calculate your minimum return on investment (ROI). If your product costs $50 to make and you're hoping to make some profit on each one, don't spend more than what you're happy for that margin to be.
- The bidding process, and especially the Quality Score, is all about relevance, so make sure your site is relevant to the search query. Use the factors for improving Quality Score discussed above as your checklist. Then consider the external elements: aspects such as the competitiveness of the market, the seasonality or any special events that could contribute to higher costs.
- Develop your ads and extensions as thoroughly as possible. Start with a limited set for each ad group, using distinct headings and themes for each. Try four or five ad variations first; see how they perform and remove the poorer ones, then expand on those that seem to be resonating with customers.
- Finally, monitor and optimise performance. Adjust keyword bids and decrease Max CPC on underperforming keywords. You can also cap budgets on a daily basis in order to control costs.

Writing effective paid ads

A paid search ad is not exactly a blank canvas. In terms of the ad format, paid search ads are restricted by character length, but are constantly changing.[9] At the time of writing, you can include up to three headlines, each of 30 characters or less, with two possible descriptions of 90 characters. Always check to see the limitations and use the new formats as they emerge (www.support.google.com/google-ads/answer/1704389?hl=en-AU).

Despite these restrictions, some highly effective and incredibly creative paid search ads have emerged. Research by

Wordstream examined the top 15% of the highest-performing paid search ads (in terms of impressions, clicks and CTR) over an eight-month period in order to determine their creative secrets.[10] Across the 612 ads, the most popular words were 'your', 'free', 'now', 'get' and 'online'. The most frequent calls to action were 'get', 'buy', 'try', 'shop', 'learn' (Exhibit 9.8   ). The ads were largely neutral (53%) or positive (45%); 48% used an exclamation mark and most were aimed at ninth graders.

Exhibit 9.8 The most popular words in the bestperforming ads

Source: Allen Finn, https://www.wordstream.com/blog/ws/2017/06/06/best-ads

The guidelines for writing great paid search ads come in part from everything we've learned about content and keywords, but also from our creative practice. One essential strategy is to include your keywords prominently—preferably in the title. Then, like any other ad, you need to highlight the message strategy and the unique selling proposition. How can this product, in this search ad, satisfy your customers' needs better than your competitors? Also mandatory is a clear call to action, such as an irresistible price, sale or special offer. Finally, and perhaps most importantly, you need to ensure that when the customer clicks on your ad, what you've promised in the text is what's delivered on the landing page.

SEO AND ORGANIC SEARCH

Search engine optimisation (SEO) refers to the method of developing a website in order to ensure it ranks highly within the free listings on a given search engine. The traffic that arrives from this activity is typically called organic search traffic. Often, the day-to-day SEO activities include improving the quality of the content so that it is rich in relevant keywords; organising its structure for easy accessibility; and building links from popular, authoritative sites and through endorsement and sharing by influencers. SEO also ensures that the site's technical back-end is optimised such that a search engine can understand what is on the page and display it as a result in relevant searches.

Academic research generally confirms that SEO is an effective method for improving search engine **rankings (or position)** and site traffic.[11] One study even suggests that it is more cost-effective than paid search. Another revealed that while paid search was better for optimising conversion rates, order values and profits, organic search seemed to perform better at the specific keyword level.[12]

The actions that an SEO professional might undertake are at once more varied, less predictable, more slow-moving and more sustainable in the long term than those of a paid search practitioner. The following section looks at common actions you might encounter in a given month if you work on SEO.

A working SEO model

There are probably as many different models for SEO as there are practitioners in the field. Since the nature of the work is rarely an exact science, it's also hard to determine the efficacy of one model against the other. One of the most valuable skills to learn when beginning in SEO practice is the ability to evaluate different ways of working, and identify whether any key parts of the strategy may be missing. Figure 9.1 presents a model developed by the author, while Figure 9.2 highlights a model used for the purposes of research. It may be useful to contrast the two and consider them in light of the historical context presented in earlier sections.

Content	Technical	Offsite
Keyword research	Technical audit	Competitor and offsite analysis
Page categorisation	Broken pages, links	Link reclamation
Engaging content	Page structure and metadata	Website submissions
Deep exploration of topics	Fast load speed	PR campaigns, influencers
Easy navigation	Secure website	Social syndication
Customer journey and personas	Mobile-friendly	Community engagement

Figure 9.1 Working SEO model

Content

Unsurprisingly, the content on your website underscores all of the SEO efforts. If you don't have something worth visiting, you won't appear on searches and people aren't going to visit you. Figuring out what you're going to feature on your website is just as important as figuring out what you need to avoid.

Keyword research: SEO practitioners bemoan the fact that the data used for keyword research is not as all-encompassing as it used to be. As Google and other search engines look to ensure more privacy for users, the amount of information they're able to provide has decreased significantly. Additionally, with the rise of more personalised search experiences, the insights we can define sometimes have limited value for whole portions of your customer base.

Page categorisation: It's necessary within the practice of SEO to ensure a very efficient *information architecture*, as it plays into the wider consideration of your website. Google is very good at understanding the relationship between different topics under a wider umbrella of key terms and categories. As an example, if there's no clear correlation mentioned in your website between memory foam mattresses and the kind of wood that forms your bed frame, it's going to be difficult for search engines to understand and display these pages for customers.

Engaging content: This may seem quite a straightforward facet of any online presence, but it's baffling how often brands refuse to invest in the production of fresh content for their website. Or alternatively, how frequently they use blogs or rehashed content that serves no purpose to the end customer. The best content enables customers to feel very confident about every key aspect of a brand or product (deep exploration of topics), without resorting to lower-quality 'filler' content. This could be anything from basic text to images, infographics, videos, slideshows, podcasts, music or more. Many of these newer formats will even help you diversify your overall search presence by appearing in different types of SERPs—but it's vital you choose something highly relevant to your brand!

Easy navigation: Directional linking is absolutely key to SEO and would typically fall within the category of information architecture. Creating a smooth transition within your website ensures customers understand why you're talking about a given topic within a given page. This can happen either within your menus on the page, or

through in-text links. Think of Wikipedia as the prime example of this: it's possible to go from Woolworths to World War II by finding relevant sections of the copy and jumping between the highlighted text links.

Customer journey and personas: Activities under this category aim to make the content more relevant to your specific customers, at specific points in their journey towards a purchase. The general flow of your website will mimic the customer journey itself, moving from generalised information about a given topic into something more specific, discussing the benefits of your product, and then finally incentivising them to convert or make a purchase.

IMC PERSPECTIVE 9.1

GOOD CONTENT STARTS WITH A FEW KEY WORDS

By Professor Gayle Kerr, QUT

What makes content good? Well, perhaps it is the big creative idea. Or its originality and relevance to the target market. But equally, I think, good content is also that which is seen and shared. Because as wonderful as the creative might be, unless the target market is able to discover it in the first place, it won't generate leads or conversation.

And that doesn't always happen organically. In fact, social sharing is down 50% since 2015. Once, social sharing via Facebook connected more people with publishers than Google search. But Facebook's 2017 algorithm changes have reduced the organic reach and distribution of brand and publisher content on Facebook, making it harder to see and share.

Based on a sample of 100 million posts in 2017, 90% of the content received 62 shares or fewer. Half of the content created received four shares or fewer. And to be in the top 1% of shared content in 2017, you needed only 2409 shares (and probably a cat video).

What all this means is that you need search to optimise content. And you need content to optimise search. That's because 93% of online experiences begin with a search engine. And Google now sends twice as much traffic to publishers than Facebook. Well-written, well-optimised content is the best SEO strategy possible, because Google identifies content as one of its three ranking factors.

This is the result of Google's Panda and Penguin updates, which changed the traditional SEO focus on keywords and links to make content equally important in determining a brand's rank on the search engine results page (SERP) and its website's domain authority. Google's SEO Starter Guide attests that, 'Interesting sites will increase their recognition on their own. Creating compelling and useful content will likely influence your website more than any of the other factors discussed here.'

So, what are some strategies in using content to optimise your SEO?

Search is about selecting keywords that you want your website to rank for. These same

keywords should form part of your content strategy, using these and similar words to create content.

1. Identify your keywords

What are the keywords that people looking for information about your product or service would use when they search? Find out through using tools such as Google Ads Keyword Planner. Or even visit google.com/trends to see which keywords are best for your audience.

2. Focus on one or two keywords per post

Your content should use one or two keywords and similar words in the first 65 characters of its headline and in its copy. Use natural keyword variants such as synonyms, abbreviations and plurals, but avoid keyword stuffing, where every second word is a keyword. Google will penalise you for this.

3. Keywords in URL and image descriptions

Having a clear, simple URL that includes one or two keywords will help search engines easily determine your page content, increasing the chances of a higher search rank. Likewise, when you upload an image, include keywords in the file name and fill out the alt text field (which is how search engines understand what the image is about) with a keyword or two in its brief description. Again, this will help ensure your content ranks higher.

Content no longer relies just on a great creative idea. It needs a few keywords, well optimised, to be discovered by Google and deliver the target market with the information they were looking for.

Sources: AJ Agrawal, 'How to optimize your SEO results through content creation', *Forbes*, 30 August 2017, https://www.forbes.com/sites/ajagrawal/2017/08/30/how-to-optimize-your-seo-results-through-content-creation/#310e2b802aa3 (accessed 14 March 2019); Steve Rayson, 'BuzzSumo Content Trends Report 2018', BuzzSumo, 1 March 2018, https://buzzsumo.com/blog/content-trends-2018/ (accessed 14 March 2019); Imforza, 'Eight SEO stats that are hard to ignore', 2019, https://www.imforza.com/blog/8-seo-stats-that-are-hard-to-ignore/ (accessed 14 March 2019); Nate Dame, 'Complete guide to optimizing content', Search Engine Land, 12 April 2017, https://searchengineland.com/complete-guide-optimizing-content-seo-checklist-269884 (accessed 14 March 2019).

PLANNING FOR SEO

Here's an exercise for you to try out. Imagine you have a website selling a product that you personally enjoy (e.g. memory foam pillows). Try to map out which pages might be absolutely necessary for your customers to move from the very start of their journey right through to the moment of purchase. You'll need more than just a landing page with product information, pricing, availability etc. You'll also need support and content, giving customers an introduction to whatever product or service you're trying to sell. If your customer has never even heard of memory foam, for example, it's going to be difficult to immediately sell them on this concept without first explaining the benefits.

Consider how these supporting, informational pages are presented to a customer. You don't want to sell immediately or be too much of a salesperson on these pages as it undermines the authority of your brand to speak objectively about a given topic. It may even make sense not to mention or highlight the fact that you sell this given product at that particular time, but instead feature links and a direction for customers to take if they want.

Technical

As consumer demand for easy-to-access, high-volume content increases, and the web modernises, strain is put on the technical capacity of both websites and the servers that host them. This has had major ramifications for SEO practitioners, who need to prioritise the technical elements of a website so that it is optimised for customers as well as for search engines, which also take into consideration the back-end structure.

Technical audit: This stage, which usually takes place near the very beginning of SEO strategising, identifies all of the potential issues within a given site. The practice of SEO involves the use of a large number of different tools, but this is even more the case within the technical side of the industry. A popular technical audit tool is Screaming Frog, which mimics the crawling a search engine does and reports website problems. The SEMrush Site Audit tool helps to diagnose particular pages within a given website. Finally, there is Search Console (previously Webmaster Tools). This is a piece of software provided by Google that helps to bridge the gap between some of the search engine demands for error-free websites and the data it is willing to supply to webmasters in order to help fix them.

Broken pages and links: This seems pretty self-explanatory: search engines penalise websites quite heavily if they have a large number of errors and broken pages. So why not just fix them? Depending on the scale of your website, this may be very difficult to manage. A site such as ASOS, for instance, which features many thousands of products, in different colours and sizes, often needs a significant amount of time and resources to ensure such errors don't happen in the first place. If you rely heavily on organic search traffic, and a section of your website has many errors, you're looking at some serious lost revenue.

Page structure and metadata: This also commonly overlaps with many parts of on-page SEO. Particular pages need to be laid out in a highly readable manner, and structured for both users and search engines to find their way around. Users need well-structured, easy-to-read pages, with specific sections and categories, consistent URLs, efficient internal linking and intuitive navigation. Search engines also need to be able to quickly and accurately account for all of the website content, using standard HTML and XML site maps.

Fast load speed: Unsurprisingly, fast websites will typically rank higher than slower ones. This has been formally stated by Google as one of their ranking factors. It's particularly applicable for mobile devices, which encourage quick consumption of content. The page load speed makes a real difference, both to your search engine presence and to how long your customers are willing to stick around once they arrive.

Secure website: Back in 2014, Google announced it would start prioritising websites that had secure encryption, otherwise known as HTTPS (Hypertext Transfer Protocol Secure). You'll recognise it from the little lock icon near the URL in your browser. A study conducted in early 2017 found that half of page 1 Google results were from websites that used this secure encryption method.[13]

Mobile-friendly: As mobile usage continues to climb steadily, particularly within developing countries, it makes sense that search engines have come to prioritise mobile-friendly websites. Much of their ad revenues are generated through mobile purchases, or searches leading to physical store visits. The most common issue with any mobile website is the layout; frequently the strategy here involves making sure the buttons and content are laid out in a very efficient manner, making it easy for users to click and navigate their way through it.

Offsite

Link-building has become a bit of a dirty word in the SEO industry, given the previous 'black hat' methods that had been used to spam results pages. Nevertheless, research shows a very significant correlation between links pointing to your website and your ranking position in Google search. Having good-quality links to your site moves your listing closer to the top.[14]

Offsite and competitor analysis: Like all optimisation techniques, this should be regularly scheduled, as should link research. It's important to monitor the number of new incoming links, overall inbound/backlink portfolio (or the external domains linking to your website), the quality and authority of these links and any change in traffic and ranking. There are many popular link analysis tools to choose from including Majestic SEO, Raven SEO Tools, SEMrush, MOZ and Wordtracker.

Link reclamation: Throughout a brand's natural life cycle it will generally attract some attention from the media, regardless of whether it's the local community news or a blog with international reach. When this happens, it's often the case that although the brand is mentioned and discussed, there's no reference to its website. Link reclamation, as an activity, broadly covers any outreach to these external sources (news, blogs, reviews, etc.) in an attempt to persuade them to add a link back to your website. Sometimes, this involves payment to the third party, at other times they will update it for free, and sometimes they will simply refuse to change the coverage because of journalistic integrity.

Website submissions: Although Google's algorithm updates have caused this activity to have diminishing returns over the past 10 years, it still remains valid. This means building your links one-by-one, submitting sites to directories (such as open content directory DMOZ or Yahoo Directory) and authoritative sites (e.g. '.edu' and '.gov' domains). Paid links are discouraged most of the time, and will often be ignored or even penalised when discovered by search engines. The more relevant these third-party sites are to your location, industry or product type, the more effective they'll be.

PR campaigns and influencers: If you spend time developing some really great content that has a lot of utility for your audience, you're going to want to make sure it actually reaches them. PR campaigns to address this issue have become more sophisticated over the past few years and will continue to develop as long as search engines rely on offsite links as a ranking factor. Some of the best methods here involve reaching out to journalist contacts or news organisations and finding what they typically cover in their stories. If you can then tailor some content that is likely to be shared by these influencers and news websites, you're halfway to getting that valuable extra traffic and backlinks.

Social syndication and sharing: Search engines have for some time now been integrating public social mentions and social sharing in their SERP ranking algorithms. Social networking sites such as Facebook, Twitter, Google+, Pinterest, YouTube, Flickr and LinkedIn are crawled just like every other site, and profiles containing links on these sites are attributed. If you're looking for content that is currently 'buzzing', social media listening may assist here. Using tools such as Salesforce's Social Studio is an effective way to track what is resonating. This

software, used by universities such as QUT and Curtin, relays what customers are saying about the brand, the content and even the competition, in real time. It presents the output of social sharing to inform future IMC decisions.

Community engagement: These days, everybody and their grandmother has a blog of some kind. Obviously, they range in size, scope and authority, but you can still leverage them for both traffic and external backlinks for free, if you engage with your community and provide them with something worthwhile to share.

Many SEO models—putting three to the test

Testing and retesting is not only a requisite for good practice when it comes to SEO, it is also essential in academic research. Zhanga and Cabageb (2017) decided to test three different SEO strategies outlined above—content, link-building and social sharing—on three similar websites (Table 9.1   ).[15] Using a controlled experiment, they applied one strategy to each website across an 18-month period, monitoring and reporting site traffic, domain authority, SERP ranking and ad revenue.

SEO strategy	Examples	Measurement
Content	Quality and useful content Site structure On-page SEO	Site traffic, SERP ranking, domain authority
Link building	Manual outreach Non-editorial link building Editorial link building	Site traffic, SERP ranking, domain authority
Social sharing	Link bait Social presence Incentivised social sharing	Site traffic, SERP ranking, domain authority

Table 9.1 Types of SEO strategies
Source: Adapted from S Zhanga and N Cabageb, 'Search Engine Opimization: Comparison of Link Building and Social Sharing', *Journal of Computer Information Systems*, 57(2) 2017, pp. 148–159

So which strategy worked best? The website that used link-building came out on top. Gradually and then exponentially after the links were built, it generated the most substantial traffic, domain authority, SERP ranking and ad revenue increases. The social-sharing strategy also worked, delivering the quickest traffic and ad revenue increase, but it lasted only during the short period of time when the social-sharing SEO was implemented. The content SEO also showed improvement, growing in traffic, domain authority, SERP ranking and ad revenue. However, this growth was the lowest of the three SEO strategies.

While this research did not test combinations of these strategies, nearly all practitioners would utilise all three. That is, they would use SEO to produce high-quality, relevant content delivered through well-designed site structure and supported by on-page SEO and authoritative, popular good-quality links and a strong social sharing. There's certainly a number of competing disciplines within SEO itself, and when the paid search elements are blended into the strategy, it can often become even more complex.

SUMMARY

In summary, we can see how the desire for search engines to minimise the amount of spam customers see, and their attempt to serve the most relevant results, have led to the modern system. It emphasises well-crafted content and customer engagement as the primary signals of a quality search listing.

Within this current search ecosystem, both paid and organic search listings interact with each other seamlessly. Most of the time customers don't consciously differentiate between either of the channels in a meaningful way. A smart strategy uses both channels to promote a given brand and maximise its exposure over different periods of time. Other meta features within the search landscape, such as knowledge boxes, quick recipes and company listings, constantly appear and evolve. These both serve the customer with new ways to consume information and create new challenges to which brands have to adapt.

When undertaking work in the field of search, the most important factor to keep top of mind is a client's end objectives. In doing so, it's possible to tailor a campaign to be either short-burst with a heavy goal focus, such as driving sales of a product, or more steady and slower in terms of growth, with returns over a longer period of time. Both options offer different ways to attract and retain a customer, and knowing which to use and when is crucial. Additionally, setting the expectations for either of these styles of campaigns is also essential, as an SEO-heavy strategy is unlikely to yield a significant amount of new traffic within the first month or two.

Finally, when considering how search will look in the future, it appears inevitable that your individual results will become more and more relevant and targeted to your interests across the whole online space. It's unlikely that two given result pages will look exactly the same for two different people. Search algorithms will go on to automate much of the monotonous work that previously would have had to be done by a real, live staff member.

SEO will evolve to become both more technical, within the back-end of a website, and to require more creativity and engagement with audiences. This prioritises technically efficient websites as well as essential content that is highly shareable and relevant. Paid search will also likely move in a similar direction, with technical expertise needed to trigger ads in smarter ways (weather patterns, news and hashtag responses, etc.). As new extensions and ad formats roll out for paid search, they'll require creative thinking if they are to be utilised to best effect.

Although smarter algorithms seem very likely to make a huge portion of the current search workload completely redundant, the remaining 10% that does still need human input (creative problem solving and real engagement) will expand and differentiate to become the standard practice in the workplace.

KEY TERMS

DISCUSSION QUESTIONS

1 You're engaged by a new client to help it increase sales of a particular product. The client assures you that its website is ranking in the very top position for its main brand keyword, but that it doesn't get many sales through organic search. It has some paid search activity running, but it's targeted only at niche product terms. What actions might you consider taking for both search channels?

2 One of your clients suddenly experiences a significant drop in traffic from organic search after outsourcing many of its SEO needs to an offshore company. What might explain this sudden change and what actions might you take to address it?

3 You have a client that sells rugs through an online shop, and which has requested you compile a paid search report showing how its ads are performing. What are the key metrics that you might evaluate, and how would they be expected to change over the course of three to four months of activity?

4 Think about a listing you have seen through your preferred search engine recently. Did it stick out to you and is it easy enough to recall? What key features of the paid or organic search listing made this particular ad stand out?

5 Map out a content hierarchy in the form of a tree structure for a small book store website. Think of the key product offerings and how they might be grouped together (e.g. fiction, non-fiction, biographies, children's books etc). Group them into the largest shared themes first and then work down from there. For example, biographies would sit under the broader non-fiction category and sporting biographies would sit lower within that category.

6 Create a paid search strategy based on the following client details. You have a budget of $1000 per month, the brand name has an average cost-per-click of approximately $0.10 and half of these clicks result in a purchase. The brand name gets on average only about 300 searches per month. More generic keywords relating to the product cost on average about $1.20, and there are thousands of these searches every month. Only 10% of the clicks from generic keywords result in a purchase. Create a smart way to split your monthly budget in order to maximise the amount of purchases for your brand.

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Creative process diagram with nodes: Industy view, Academics view, Facilitates memory of ad, Impairs memory of regular ads, Makes consumers and media more creative, Creativity, Process models, Creativity and technology, Creative process, Client as gatekeeper, Message strategy, Big idea, Exec, What to say, Types, How to say it, Thinking techniques

BURN THIS TEXTBOOK

BY MATT LAWSON
CHIEF CREATIVE OFFICER AT DELOITTE DIGITAL /DELOITTE CREATIVE, BRAND & MEDIA

The future isn't invented by following the rules. Creativity isn't paint by numbers. That's right: take this book, light it up, then use its charred spine to sketch some truly original ideas. And if you're reading the digital version, well, you're sort of ruining the energy of my rant, but perhaps print it out (environmentally, double-sided on recycled paper) then straight onto a fire with it. Yeeeee-haaaaaa!

But, just before you do that, just before you dance naked around a single-book bonfire of old ideas praying to the gods of newness, I ask you one thing. Read it. OK, two things. Practise it. Maybe even preach it a little. Three things. Then, wakissshhh, light the match.

Yes, learn everything there is to know. Study the great ideas and idea makers. How they did it. Why they did it. How they sold it. Really nitpick the nitty-gritty.

And then go beyond the borders of the industry.

If you only ever look at advertising, you'll only make stuff that looks like advertising. Be curious about everything else. Study biology. Technology. Sculpture. Nautical history. Renaissance masters. Never. Stop. Learning. I promise you that no matter how esoteric, when working as a creative, no knowledge is wasted. And the more disparate your areas of expertise, the more interesting the connections you'll make. As the world's greatest commercial creative, Leonardo da Vinci, more succinctly said, 'The mind is stimulated to new inventions by obscure things.'

So, although absolutely world-class, and so elegantly introduced, this chapter can take you only so far. It will eventually be up to you to go beyond the edge of the map. And don't be afraid to do so. That's where the gold is. And of course, the spices.

I know what you're thinking, 'Why do I have to burn it? Couldn't I just study the book, resell it and recoup some of my investment?' Get out of the creative department! Where's your passion, gusto, chutzpah, gumption, thesaurus? Nope. Learn it. Burn it.

By learning the rules before you break them, you'll not just go further, faster, you'll also have the enjoyment of knowing which rules you're breaking. For example, I was taught that one should always return to the premise of the piece in the closing paragraph, perhaps some playful prose pertaining to pyrotechnics and paper. And to that I say, show me the spices.

While Matt may have persuaded you to reach for the matches (although not yet), one of the hardest things to do is persuade someone to give you money. Remember the last time you tried? If you came out and simply said what you wanted—'Hey, give me a 50'—chances are you'll end up with nothing. The art of being persuasive isn't just about the wonderful words. It's all about the psychology. It's about understanding who you are trying to persuade—their values, their interests, what is important to them, how much money they have—and most important of all, what's in it for them. How does what you're proposing solve their problems or make their life easier?

Communicating persuasively is about knowing what to say. If, for example, you know that your mother worries about your safety, particularly when you are out late at night, then asking her for money for an Uber home may provide some benefit for her—a good night's sleep, perhaps. Your message strategy then changes from 'I need money' to 'I need to get home safely tonight'.

It is the same when it comes to the creative aspect of IMC. Getting people to part with their hard-earned cash—no matter how wonderful your product or service—is no easy task. That's why formulating the right **message (or creative or content) strategy** is absolutely vital. It's all about knowing what to say. Because unless you know what to say, you will never make that connection between your product and the consumers or the other stakeholders you seek to persuade. The message has to connect. And in IMC, the message may have to connect in many different ways, with many different stakeholders, across different media and marketing communication channels.

In this chapter, we focus on the message and on formulating message strategy, which tells us what to say. Then we translate this message strategy into *creative tactics*, looking at the big idea, advertising appeals and execution, to determine how the message will be executed, or how to say it. In doing so, we examine what is meant by creativity

and creative thinking, its inherent risks and rewards, particularly as it relates to IMC. We also explore the message strategy development process and various approaches to determining the *big idea* that will be used as the central theme of the IMC campaign and translated into attention-getting, distinctive and memorable messages.

And because this text is steeped in academic rigor, we look beyond industry practice and advertising awards to find concrete evidence that creativity works. We show that not only does it make people remember the ad and the brand, but, as new research shows, creativity makes people forget competitive advertising.

Some of you may not be directly involved in the design and creation of marketing communication material. You may choose to work in another agency department or on the client side of the business. However, often you may become the gatekeeper of the creative idea. It may be your job to approve the creative or to present and defend the creative idea to the CEO or to secure the budget for the campaign. This makes your understanding of the creative process just as crucial as the person who writes the advertisement. So read on.

THE BLENDED SEARCH APPROACH

How do we merge both paid and organic strategies? Sometimes it might seem counterintuitive to begin paying for ads on a search engine such as Google, when you could potentially use organic search to get a similar amount of real estate on a page for free. Conversely, it's hard to justify spending a significant amount of money upgrading the SEO of a given website month on month when you could be spending every last dollar on attracting actual purchases from customers through a service such as Google Ads. Both of these competing perspectives emerge frequently within the search industry, and also form a key part of pitching and justification for both internal marketing teams and external agencies. Let's have a look at whether a mix of both approaches actually works out better in the long run.

It's true that organic search gives you free listings on Google. This is typically the best-performing last-click channels, with organic search traffic accounting for 50% or more share of traffic—that is, most websites would get half of their total visitors from Google or Bing. The majority of your brand-loyal customers will enter your website through a branded search of the home page, or just come directly through a bookmark. Attracting new customers, however, is where the majority of SEO work is focused: finding non-branded, high-value keywords and starting to rank for them. If you can get into a visible position within Google for free, this is a great result. However, it often takes a long time for a website to secure these valuable positions and that's where paid search comes in to provide the middle ground. A couple of different tactics might be useful when building towards an organic search goal: defensive bidding and targeted high-value keywords.

Defensive bidding

Defensive bidding prevents your competitors from appearing above your main branded search term. Typically, paid search ads will cost very little for these kinds of clicks, as you are (probably) the highest relevant website already for your own brand name. This makes it highly cost effective to bid on your own brand, sometimes at only a few cents per click. The benefit is that it stops competitors from potentially stealing away sales at the last minute. Even if you're in the top position in organic search for your brand term, defensive bidding is still recommended as a search strategy.

It's also possible that when you begin to use a blended approach, your organic search traffic will start to decrease slightly. This is particularly true for branded searches. As there's a finite number of customers actually searching for your brand, it makes sense that as one channel becomes active (i.e. paid search), the other will drop in total traffic. This is not necessarily a bad thing, just a change in customer behaviour. In fact, many different studies have shown that this kind of mixed approach has better results overall for customer click-through.[16] It's just crucial here to measure expectations prior to undertaking such a strategy.

Targeted high-value keywords

It's possible to see from your organic search data that a given page or keyword has a high correlation with customer sales. If this is the case, this particular page or keyword should be allocated a higher amount within the paid search budget, on the assumption that it will also perform well in paid search. Note that there's not exactly a one-to-one parity between the behaviour of organic search customers and paid search customers as occasionally they can have different mindsets.[17] It's often the case that paid search customers are just looking to get to any result as quickly as possible, not worrying about the perceived 'authority' of the website.

It's also true that there are a number of search terms it will never be possible to rank against. Google places extra value on results from government websites, Wikipedia entries and even certain important organisations. No matter how much SEO work you might do, you'll never appear in that number one position. However, with paid search it's often possible to circumvent this limitation. Once you identify keywords that are very difficult to rank for, you'll then need to assess if they're really worth bidding against.

Metrics and data for your search channels

Undertaking any search strategy requires a careful eye for detail when the results begin to come in. Unlike some other media channels such as outdoor, radio or TV, the search strategy is constantly evolving in response to feedback. This feedback is generated on a daily, weekly and monthly basis, and knowing what to measure and expect is often half the challenge.

When conducting analysis for any channel, it is important to identify which metrics are most relevant for what you are trying to evaluate. It is easy to get carried away looking at extraneous details, without focusing on the bottom line or even considering the objectives, or the reason for the search campaign in the first place. Below are three important objectives to keep in mind when evaluating search by an overall goal:

1. **Generating sales**

   This may seem like one of the more straightforward metrics to analyse, if not to actually change significantly (making money can be hard!). Surely we can just measure the total revenue and conversion rate? But generating sales actually involves analysing many of the instrumental factors that are key parts of generating a sale. The two goals below also both play a significant part here.

   A good place to start is considering the conversion rates of new customers on your key landing pages, then mapping this against the behaviour of your returning customers. Do returning customers explore more frequently and visit a lot of the support pages, or do they just hit one page, purchase then leave? Considering the average pages per session or returning customers, and their session duration, will tell you a lot about their behaviour. It may be the case that you need to add more content to 'convince' them of a purchase.

   It's also reasonable to expect that on some landing pages the bounce rate may be very high. But that doesn't necessarily mean you should abandon them. This is particularly true for targeting keywords that might be a little ambiguous. Going back to our 'hot dog/jackets' example (see Exhibit 9.7   ), it may be the case that 90% of people arriving at the page didn't properly read your ad or listing. After realising you don't sell jackets with a hot dog cartoon embroidered on it, they leave. Because the other 10% of customers have such a niche requirement (for dog jackets shaped like a hot dog), they have a high chance of making a purchase, making the effort you've spent on being visible against that keyword worth the time and money.

2. **Growing website traffic**

   Growing the traffic of a website is not just about the total number of visits within a given month or two. It's

about how many you can engage and transform into loyal, returning customers. These form a consistent base, for ongoing traffic and conversions. Although there's always some difference in the value of returning customers between different websites and industries, this generally remains true across the board.

Again, one of the most important things here is **bounce rate**. If you're growing your traffic by 200%, and three-quarters of this bounces immediately, then you're not getting much value. A beneficial testing method would be to drive customers to different pages on your website, to see which sticks the best. Ideally, traffic to each page would correspond to keywords in the customer journey. For example, question-based keywords are directed to more informational pages, anything with 'buy' or 'sell' goes to a purchase or product page. Each of these would have different metrics to evaluate, with the earlier information-seeking phases measured on **engagement metrics** (time on site, average number of pages visited, etc.) and the product pages measured by conversions and bounce rate.

3. **Reaching new customers**

It's actually quite rare for an SEO professional to spend time attempting to get a website to rank for its own branded keywords. It generally happens only if there are competing or similar brand names, if the website is new, or if it just offers a really poor experience. Most of the time, an SEO practitioner will be aiming to get pages ranked on valuable, unbranded or 'generic' keywords. This is also true in paid search, but it's generally much easier to target new customers through this channel. However, paid search tends to be more results driven, and less likely to be allocated a budget over a long period of time simply to attract new customers. Growing total customers is more efficient over a period of time for SEO, as there's no cost associated once a solid strategy is in place.

Reaching new customers for your website is where good keyword research comes into play. Using tools such as Keyword Planner, AnswerThePublic or Ubersuggest, it's possible to identify which have the highest possible search volume per month. After working out a strategy to attain them, a key metric to evaluate is **impressions**. This is when your paid or free listing is served up on a SERP. Although it's a good indicator of how many potential customers have been reached, sometimes it doesn't go far enough. An impression can occur at the very bottom of the page, or in a partial format only (as in some local listings). In reality, you could be getting 100 impressions that customers aren't seeing. A more effective metric could be called **visibility**.

You would calculate this by *multiplying your total impressions by the percentage of people viewing your ad in its average position*, within a given month. As an example, the percentage of people viewing an ad in the first position is 100%. Everyone sees the first ad on a results page. The percentage seeing any listings at the bottom of the page may be 20% or less. Note that many studies have looked at the click-through-rate by position (although it's very difficult to actually measure the *visibility* of a given position—you may want to define your own model).[18] If we have an average position of three across a keyword with 1000 searches per month (assuming about 90% visibility in position three), then we may say we are visible across 900 searches. If you do this across every keyword, and then total them up, you'll have a much clearer idea of how many customers are being exposed to your brand through search.
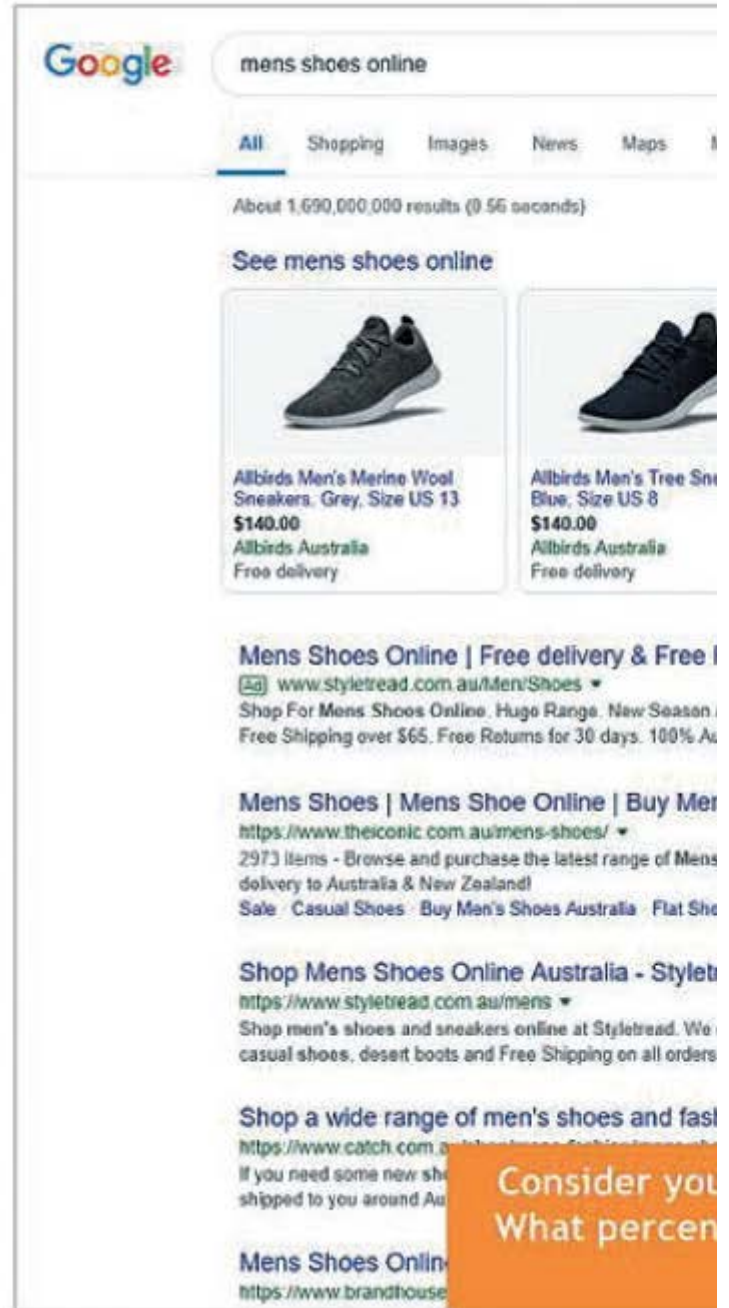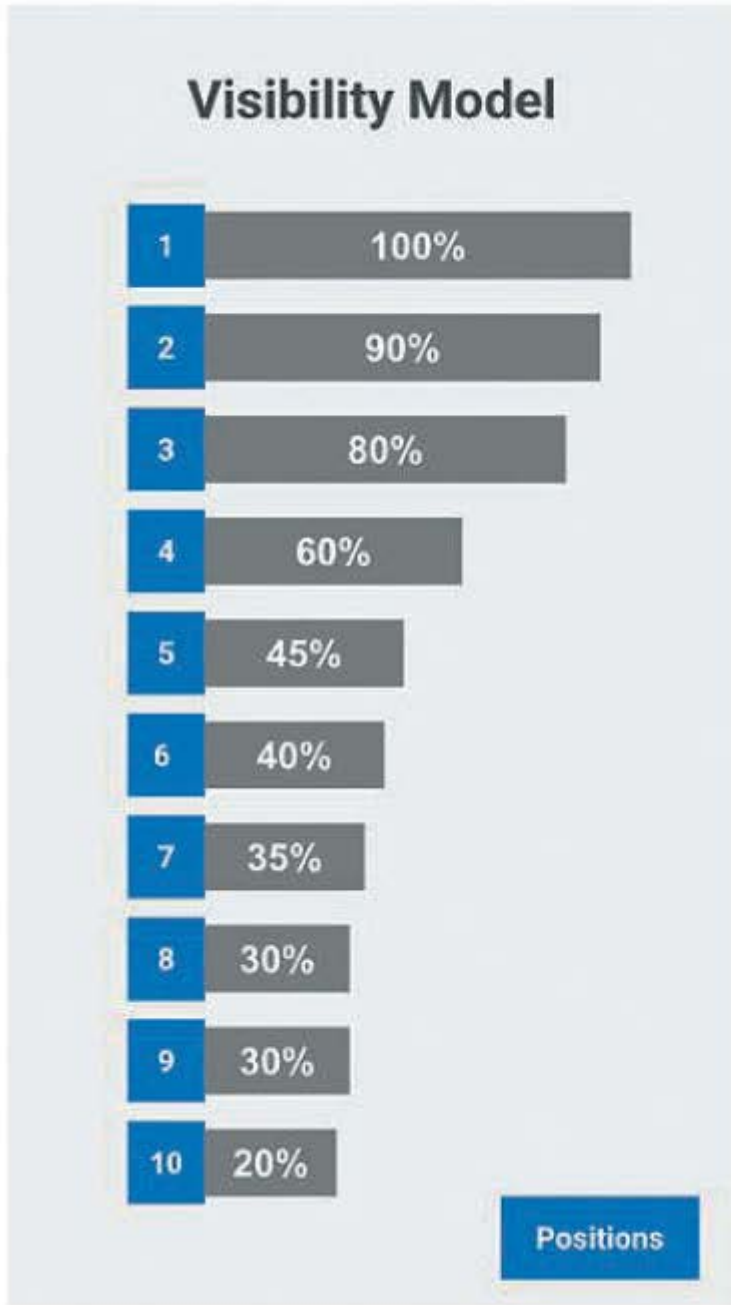
Figure 9.2 A working model for estimating visibility

LO 9.6

MOVING FORWARD IN SEARCH

Is your career secure? What other skill sets do you need to work in and around search? What will search look like in 20 years? The section below attempts to answer these questions and more.

How relevant is SEO today?

It has been said for some time that the impact of SEO practitioners has been greatly reducing, particularly over the past 10 years. As search engines evolve to be more and more efficient at understanding your content and gauging user experience, there are fewer ways to drive immediate results. Equally, many of the old practices are not just redundant, but potential highly risky for your business (paid backlinks, spun content, etc.).

It may be that the modern business no longer has dedicated SEO professionals, but instead has roles that specialise in one of the adjoining disciplines (such as content marketing, website development, digital PR and so on), and that these people have a solid grounding in SEO principles. Alternatively, your business might also engage more generalised owned media practitioners who work across all channels that are essential to SEO, without necessarily spending a large portion of time on core SEO activities. Both of these methods could be very efficient at driving results for a business. Although there would be no dedicated SEO staff, the core activities in which either of these positions might work would be underscored by SEO theory.

When considering what kinds of practices overlap most with SEO today, things have certainly moved in the direction of public relations, a flawless user experience and unique content. While it used to be possible to game the system by creating artificial signals for Google to indicate that your website was optimised for a given subject, content or product type, now customers have better options across nearly all industries. If they don't like how you're selling to them through the website, they'll just move on to the next search result.

Artificial intelligence (AI) and voice search

Once, we sat down at our desktop or laptop to type in our search request. Now, thanks to smartphones and artificial intelligence assisted voice search, we simply speak and ask for information.

Of course, such convenience comes at a cost to advertisers. While Amazon's Alexa will not deliver an answer to a voice search query unless it has been proven accurate, Google Voice Search tech on Google Home and Android devices reports only the top results from Google. So, if you are lower down on the SERP, no one knows about you. And if a smart speaker is used to deliver the search results, only the top result is delivered.

That's why the shift to voice search changes a few more search protocols.

Speak our language
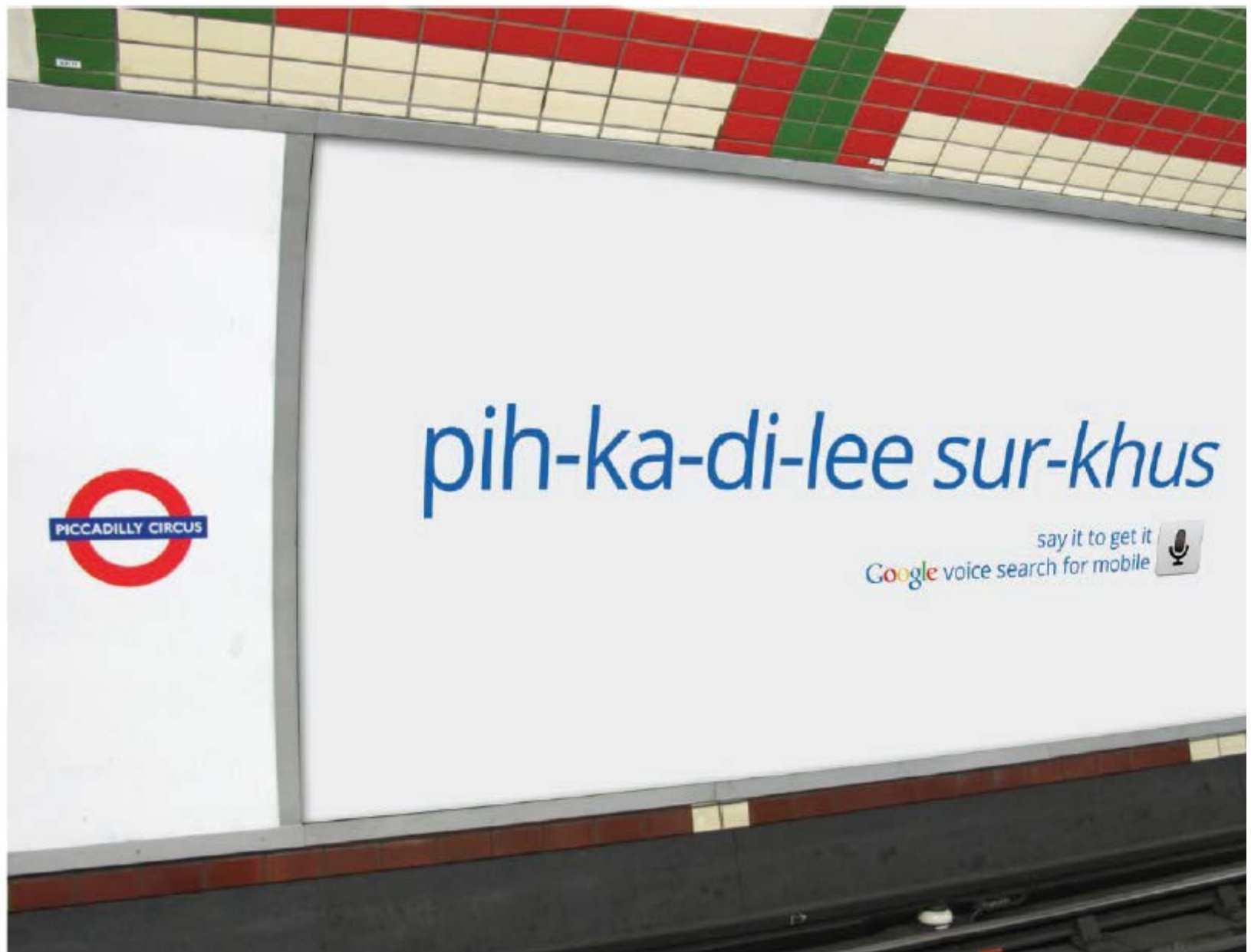
Exhibit 9.9 With increasing voice search, we might need more ads like this one

Source: Bartle Bogle Hegarty (BBH) and Google

While you might type in 'Vietnamese restaurant Sydney', you'd probably ask 'Siri, what is a good Vietnamese restaurant in Sydney?' This means that content should be optimised for conversational language, with clear, grammatically correct answers to specific questions, such as who, what, where, when and why.

Navigation and location 'near me'

Because we're likely to be asking on our smartphone, many requests will have to factor in navigation and location. This makes business integration with Google Maps, maintaining Google My Business listings and creating optimised landing pages with location references essential.

FAQs is what we frequently search

Frequently asked questions (FAQs) are often the questions we ask on voice search. Therefore, the aim should be for long-tail search terms (generally containing at least three words) and keywords to be written as complete and

conversational answers to those questions—and it's worth adding as much detail as possible about hours of operation, location and directions. Adding this information to your landing page can be a big help to Siri.

Smart speakers deliver the top result (only)

Smart speakers such as Google Home and Amazon Echo are also becoming more popular, but they aren't as smart as Siri or Alexa. Because they're not linked to a screen, smart speakers can deliver only a verbal response that is often based on one single search result. So if you aren't top of the search responses, you don't get a mention.

So, in conclusion, unless you are top of the SERP, you won't have a voice. That means optimising your content to be more conversational and integrating your business with Google Maps and Google My Business. As Search Engine Watch suggests, 'As voice search gains traction, being number one becomes more important than ever.'[19]

Ads In voice search

Although none of the major players (Google, Amazon, Apple) currently has a large-scale offering for paid voice search ads, it's something they're certainly considering. The issue is how best to integrate them to be as unobtrusive as possible. The name of the game in voice search is to provide one succinct answer—no waiting around for other options or scrolling through results. Unfortunately, this doesn't mesh with the ad experience. The closest thing might be the YouTube pre-roll ads you're forced to watch before a video, and even then, you can look around at the other suggested videos and hover your hand over the 'Skip' button. With voice search, you'd be stuck there twiddling your thumbs. That's not to say there are no clever solutions, but they will take a while to perfect and become integrated as part of the expected experience.

When a new advertising offering becomes available, it's likely the first movers will have a big impact. It's common for new or emerging software and start-up companies to begin with a period of ad-free content, in order to grow a user base with a higher-quality experience. When these companies reach a maturation point, they will slowly bring on advertising partners that are highly relevant to their audience and closely aligned with the brand. After this, many companies may start to take a self-service approach and open up the platform to a wider range of brands to begin the bidding process. Instagram is a classic examples of this, with Michael Kors (a designer label) launching the first ad in late 2013.[20] Although it was certainly controversial, it paved the way for ads on a format where some imagined they would never feature. Although voice presents potentially more challenges, the question remains: which brand will step up and give it the first go?

WHAT IS CREATIVITY?

Albert Einstein once described creativity as the process of discovering new relationships between things that were previously unconnected. Hence the theory of relativity. Applied to IMC, creativity is the process of connecting our consumer needs with a product's benefits in new and relevant ways in order to break through the clutter.

The idea of connection is at the heart of Cannes Festival of Creativity Agency of the Year 2017, Clemenger BBDO Melbourne. Creative chairman James McGrath said, 'We focus solely on making brands meaningful to people and connecting with humanity in ways you wouldn't typically associate with advertising.'[1]

In a Cannes award-winning example, Clemenger connected the notion of belonging, core to its client Airbnb, with the important societal issue of marriage equality in Australia. By wearing an incomplete wedding ring, or an Acceptance ring, the Australian public showed their acceptance of marriage equality. Worn by influential people, in political and public life, as well as their next-door neighbours and their colleagues at work, the ring normalised acceptance and made it easy to make a statement on a divisive national issue.[2]

The first allocation of rings sold out within hours. The campaign rallied the support of brands such as Qantas, Google, ANZ and eBay and was featured by over 200+ publications in Australia and across the globe in the first week alone. And *Until we all belong* won two Cannes Lions. The ring connected public desire with the legalisation of marriage equality in Australia, which eventually happened eight months later in December 2017.

Exhibit 10.1 AirBnb didn't sit on the fence when it came to marriage equality

Source: Shutterstock/Christopher Burgess

'**Creativity**' is probably one of the most commonly used terms in advertising. Ads are often called 'creative'. The people who develop ads and commercials are known as 'creatives'. Departments are called 'Creative'. And advertising agencies develop reputations and win national and international awards for their creativity.

While everyone loves to use the word, perspectives on what constitutes creativity in IMC differ. At one extreme are people who argue that it's only creative if it sells the product. At the other end of the continuum are those who judge the creativity of an ad in terms of its artistic or aesthetic value and originality or its 'cut through'. They contend that creativity can break through the competitive clutter, grab the consumer's attention and have impact. So who's right? Let's see what research tells us.

Academics define creativity

In academic research, there are many definitions of creative advertising, including the work of Ang & Low (2000),[3] Ang, Lee & Leong (2007),[4] Chen, Yang & Smith (2016),[5] Koslow, Sasser & Riordan (2003),[6] Koslow (2015),[7] Smith & Yang (2004)[8] and Stuhlfaut & Yun Yoo (2013).[9] Most of these definitions agree on two important constructs of creativity: originality and appropriateness.

Originality, or newness, or novelty, or divergence is central to creativity. It is the surprise, the unexpected, that captures our attention. This is what makes creative advertising different from the norm.

However, advertising is not just art, it also has to sell. This means it has to be targeted towards an audience and hold some meaning or value for them. The advertising must be relevant or appropriate to them and their needs or desires.

So, in academic terms, creativity is defined by its originality and its appropriateness or relevance.

Academic research also highlights different interpretations of creativity between consumers and advertising professionals. Research suggests that practitioners are more likely to define creativity in much the same way as academics—in terms of its originality, relevance and its goal-directedness. Consumers, on the other hand, define creativity in terms of its execution or its tactics. What it looked like, the music, the presenter.[10] In fact, while advertising practitioners respond positively to ads that win awards, consumers judge creative advertising on how it resonates, how it makes them feel, regardless of whether the ad is an award-winner or not.[11]

Interestingly, research also shows that there are different interpretations of creativity within advertising agencies. Advertising managers measure creativity through its effectiveness or its outcomes in terms of awareness or sales. Creatives measure it from a reputational perspective, as a measure of their ability or perhaps salary.[12]

Clients or advertisers can influence creativity by setting the direction, allocating the resources and providing performance guidelines. Those more open to new ideas, who give agencies access to top management and key research reports and who avoid an intrusive performance process, are more likely to inspire creativity.[13]

Industry visionaries on creativity

From an industry perspective, much of our understanding of creativity comes from contemporary US advertising visionaries, including Hal Riney of Hal Riney & Partners, Lee Clow and Jay Chiat of TBWA/Chiat/Day, Dan

Wieden of Wieden & Kennedy, and Jeff Goodby and Rich Silverstein of Goodby, Silverstein & Partners.

One of these creatives, Jeff Goodby, notes, 'Advertising works best when it sneaks into people's lives, when it doesn't look or feel like advertising. It's about treating people at their best, as opposed to dealing with them at their lowest common denominator.' He describes the agency's creative formula as doing intelligent work that the public likes to see and that, at the same time, has a sales pitch.[14] Another respected writer, Lee Clow, says, 'No rule book will tell you how to target the masses any more. The best of us understand the socio-cultural realities of people and how they interact with the media. If we didn't, we couldn't make the kinds of messages that people would be able to connect with.'[15]

In Australia, Clemenger BBDO Melbourne is a world-leading creative agency, whose mantra is 'The work, the work, the work'. And that work won the agency the ultimate worldwide acclamation, as 2017 Advertising Agency of the Year at the Cannes Festival of Creativity, winning 56 Lions for campaigns such as *Meet Graha*m for the Transport Accident Commission and Snickers' *Hungerithm*. In 2019, Bestads Rankings for the past 10 years saw Clemenger at number 1 with 104 points (based on the number of ads selected as Bestads across those 10 years), followed by the Monkeys with 58 points.

Clemenger executive chairman Rob Morgan said, 'We're in the midst of a new era in the advertising industry—an era that's certainly different to the one that Clemenger was born into more than 70 years ago. We have the ability to reach people more efficiently than ever, with more targeted, tailored messages at the right place, and at the right time. But, without creativity, it's all for naught. You can efficiently deliver a whole lot of rubbish that nobody engages with and, while it might be efficient, it's certainly not effective, and it doesn't drive the impact that great creativity demands. That's why creativity remains our reason for being.'[16]

The Monkeys co-founder and group chief creative officer Justin Drape shares Morgan's passion for creativity, saying, 'Our work has been discussed, debated, lauded, criticized, banned and awarded. It's rarely been ignored and, most importantly, it's worked really well for our clients.'[17] The Monkeys was named 2018 Agency of the Year by both B&T and Mumbrella. Its controversial campaign for Meat and Livestock Australia, urging people to 'Celebrate Australia', was awarded *AdNews* Ad of the Year 2018.

Another advocate for creativity in Australia is Russell Howcroft, PwC chief creative officer. He contends that, 'Today, Australia is the world's 13th largest economy and a member of the G20. However, we're going backwards. According to PwC's 2050 Report, by 2030 Australia will drop to 29th, roughly swapping positions with Bangladesh. The era of resting on natural assets to fuel our prosperity is over. Creativity can, and should, be one of our most significant drivers of future growth and competitiveness. But many still think creativity belongs in the sandpit and not on the spreadsheet. We need to find a way for creativity's power to be front and centre in our economy.'[18]

In New Zealand, creativity also drives agencies, and recent international awards attest to its cut-through. Some suggest that the small market promotes big ideas. Bryan Crawford of DraftFCB suggests, 'Perhaps the answer is because we are a small market, where they (multinational companies) can afford to experiment more than anywhere else. The risks are not as great. If it doesn't work, it's not the end of the world.'[19] And because the agencies are small, CEOs are more connected with the creative idea and clients and key decision makers are more accessible. Others suggest the large number of challenger brands, such as the New Zealand vodka manufacturer 42 Below, demand innovative ideas and take more creative risks.[20]

And sometimes advertising inspires innovation. With New Zealanders adopting healthier lifestyles and with lower

drink driving limits, mainstream beer production had stagnated. Leading brewer DB Export sought to reposition its brew to resonate with the changing beer drinkers, who, research showed, sought to make their mark on the world.

Using a conscious capitalism approach (CCA) from behavioural economics, DB Export introduced a triple-bottom-line model of people, planet and profit. *Made by doing* became a way to drive business results by doing good in the world. DB Export *made* Brewtroleum, *by doing* a biofuel from the yeast left over from brewing beer. While the clean-burning and sustainable biofuel could power any petrol car, Brewtroleum could be powered only by New Zealanders drinking beer. The more beer they drank, the more environmentally friendly biofuel produced, the better the planet (see Exhibit 10.2   ).

Exhibit 10.2 Cheers! Drinking beer can save the world
Source: Colenso BBDO and DB Export

New Zealanders responded with kilometre-long queues on the first day of Brewtroleum sales. Every Gull petrol station became an outdoor advertisement for Brewtroleum, while a branded petrol tanker travelled the country, supported by TV, social, digital and outdoor advertising. DB Export sales rose by 11% compared to the same period the previous year and 75 000 kg of carbon were saved from entering the atmosphere.[21]

Cannes jury president, Ricardo John, chief creative officer of J Walter Thompson Brazil, said, 'How can you make people drink more beer? How do you give them a relevant excuse that's good marketing to you, but is also good to your whole family, your whole ecosystem, your stakeholders? And how do you use media to do that? These guys, this agency, managed to claim that if you drink more beer, you'll save the world. That's the highest proposal that I've ever seen in my career in advertising. And it's my favorite one, because I do love beer!'[22]

Table 10.1   shows the perspective on creativity that the former D'Arcy Masius Benton & Bowles agency developed to guide its creative efforts and help achieve superior creativity consistently. The agency viewed a creative advertising message as one built around a creative core or a big idea and which uses excellent design and execution to communicate information that interests the target audience. It has used these principles in doing outstanding creative work for Procter & Gamble and many other popular brands for many years.

1. **Does this advertising position the product simply and with unmistakable clarity?**
   The target audience for the advertised product or service must be able to see and sense in a flash what the

product is for, whom it is for and why they should be interested in it.

Creating this clear vision of how the product or service fits into their lives is the first job of advertising. Without a simple, clear, focused positioning, no creative work can begin.

2. Does this advertising bolt the brand to a clinching benefit?

Our advertising should be built on the most compelling and persuasive consumer benefit—not some unique-but-insignificant peripheral feature.

Before you worry about how to say it, you must be sure you are saying the right thing. If you don't know what the most compelling benefit is, you've got to find out before you do anything else.

3. Does this advertising contain a power idea?

The power idea is the vehicle that transforms the strategy into a dynamic, creative communications concept. It is the core creative idea that sets the stage for brilliant executions to come. The ideal power idea should:

- be describable in a simple word, phrase or sentence without reference to any final execution
- be likely to attract the prospect's attention
- revolve around the clinching benefit
- allow you to brand the advertising
- make it easy for the prospect to vividly experience our client's product or service.

4. Does this advertising design in brand personality?

The great brands tend to have something in common: the extra edge of having a brand personality. This is something beyond merely identifying what the brand does for the consumer; all brands do something, but the great brands also are something.

A brand can be whatever its designers want it to be—and it can be so from day one.

5. Is this advertising unexpected?

Why should our clients pay good money to wind up with advertising that looks and sounds like everybody else's in the category? They shouldn't.

We must dare to be different, because sameness is suicide. We can't be outstanding unless we first stand out.

The thing is not to emulate the competition but to annihilate them.

6. Is this advertising single-minded?

If you have determined the right thing to say and have created a way to say it uncommonly well, why waste time saying anything else?

If we want people to remember one big thing from a given piece of advertising, let's not make it more difficult than it already is in an overcommunicated world.

The advertising should be all about that one big thing.

7. Does this advertising reward the prospect?

Let's give our audience something that makes it easy—even pleasurable—for our message to penetrate: a tear, a smile, a laugh. An emotional stimulus is that special something that makes them want to see the advertising again and again.

8. Is this advertising visually arresting?

Great advertising you remember—and can play back in your mind—is unusual to look at: compelling, riveting, a nourishing feast for the eyes. If you need a reason to strive for arresting work, go no further than Webster: 'Catching or holding the attention, thought, or feelings. Gripping. Striking. Interesting.'

9. **Does this advertising exhibit painstaking craftsmanship?**

You want writing that is really written. Visuals that are designed. Music that is composed.

Lighting, casting, wardrobe, direction—all the components of the art of advertising are every bit as important as the science of it. It is a sin to nickel-and-dime a great advertising idea to death.

Why settle for good, when there's great? We should go for the absolute best in concept, design and execution.

This is our craft—the work should sparkle.

Our creative standards are not a gimmick. They're not even revolutionary. Instead, they are an explicit articulation of a fundamental refocusing on our company's only reason for being.

D'Arcy's universal advertising standards are the operating link between our vision today—and its coming reality.

Table 10.1 D'Arcy Masius Benton & Bowles's universal advertising standards

LO 10.2

HOW CREATIVITY WORKS

Perhaps you might think that creativity is something that positions a product and makes an ad stand out from its competition. That is true. However, creativity is not just art or image. It has some very important effects that contribute to the economic value of the brand and its bottom line.

Creative advertising facilitates memory

There is abundant academic evidence that creativity makes people remember the ad. For example, creative ads are positively associated with the ability to recall the ad and the brand.[23] This is because we devote more processing resources to creative ads, which leads to stronger memory encoding and less memory decay over time.[24] In fact, creativity in advertising is linked to increased attention, motivation to process the advertisement, and depth of processing.[25] Creative ads are more quickly remembered and are not easily forgotten.[26]

QUT researchers H S Jin, Gayle Kerr and US colleague Jaebeom Suh also found that creative ads were more memorable.[27] They reported that a 27% increase in the creativity rating produced a 50% increase in recall. They also found that creative ads were recalled earlier. They labelled this the creativity-based facilitation effect. Creativity facilitates memory.

Creative ads make other ads less memorable

Expanding on their work showing creativity as a facilitator, Jin, Kerr & Suh (2019) also showed that creativity could have a second, equally important effect.[28] They found that creative ads make other non-creative or regular ads less memorable. In fact, brand recall for regular ads dropped by about 63% when the ads were viewed alongside creative ads, as opposed to other regular ads. They called this the creativity-based impairment effect. Creative ads impair the brand recall of other regular ads. And, interestingly, creative ads impair competing brands more than non-competing brands.

So, research shows that creativity works in two ways. Facilitating memory of creative ads, as well as impairing memory of regular or non-creative ads. So you really don't have an option. Be creative or steer clear of ads that are.

This could be good advice to our supermarket giants as ALDI contends that creativity amplifies its marketing dollars by a factor of six. This makes ALDI's marketing 51% more effective than its rivals, despite being outspent by 2:1.[29] ALDI's 2018 Effie award nomination for the Most Effective Advertiser states, 'In the world of "down down" and misattributed celebrity chefs, ALDI is proving that it is smart business to break the mould, un-follow and be radically authentic in communications and beyond.'

You typically wouldn't think of a supermarket as being a highly awarded advertiser, yet ALDI Australia has earned 45 awards in the past three years, including Cannes, AWARD, Spikes and Effies. Head of planning for its agency, BMF, Hugh Munro said, 'For too long, the "Colesworth" duopoly allowed the two majors to thrive without needing to really engage the Australian public through their advertising. Shoppers physically visit and transact with supermarket brands a few times a week—that ongoing habitual behaviour forms a pretty strong connection, irrespective of the quality of advertising.'[30] By connecting with the consumers' need for 'Good Different', ALDI creatively embodies its unique point of difference in everything it does, from its webpage to its advertising to the customer experience (see Exhibit 10.3   ).
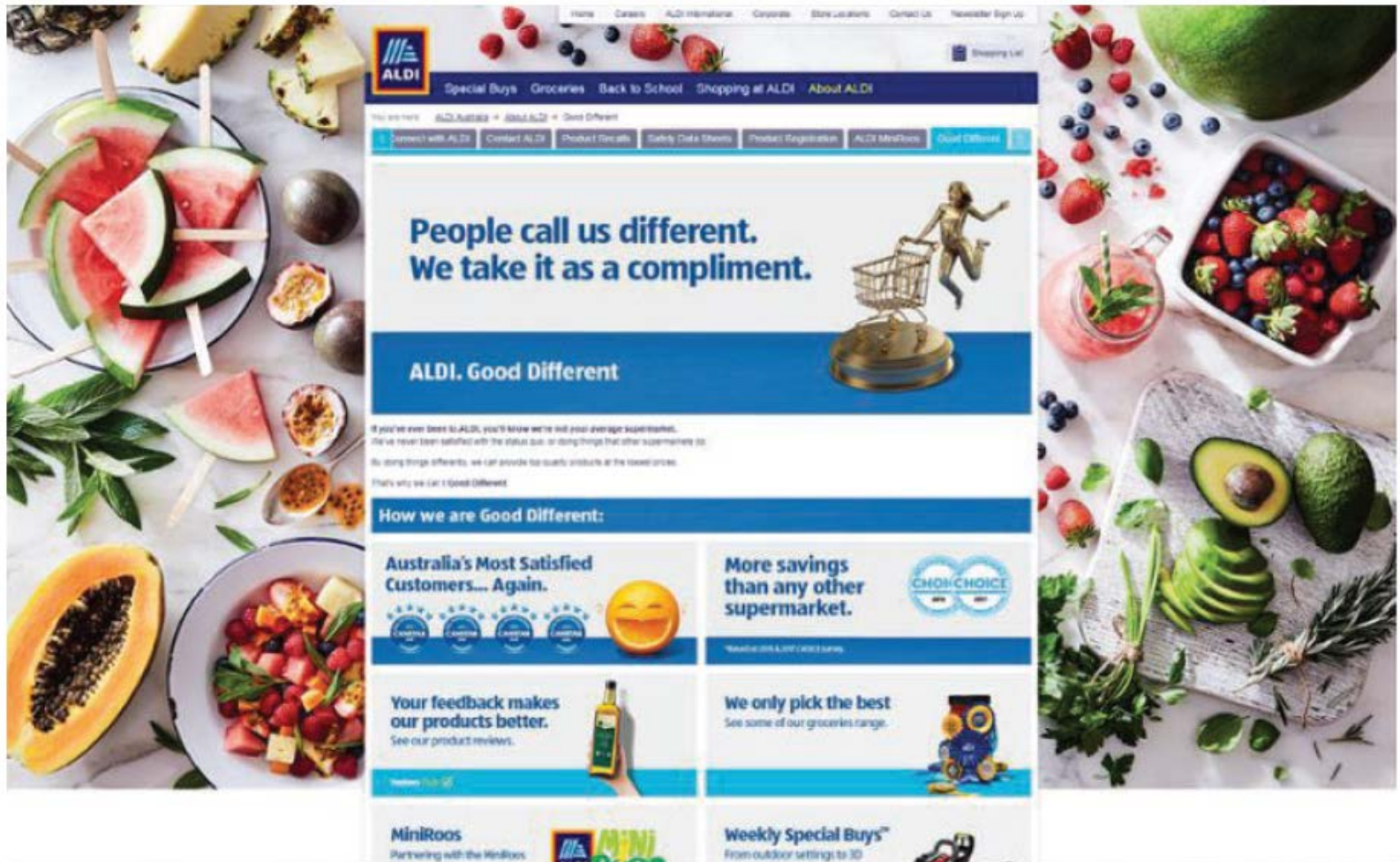
Exhibit 10.3 Creativity amplifies marketing dollars
Source: ALDI

Creative ads make creative consumers

As if the facilitation-impairment effect was not enough, creative advertising could also claim a third effect—inspiration. Rosengren, Dahlen & Modig (2013) showed that creative advertising can inspire consumers to think more creatively and solve unrelated problems.[31] Plus creative advertising increases the perceived value of the media platform, making it appear more creative and more valuable as well. Perhaps, like ALDI, they are also 'Good Different'.

LO 10.3

THE CREATIVE PROCESS

Creativity isn't something that just happens. It is not an artefact of meditation, alcohol, watching *The Gruen Transfer* or even reading this textbook. It is a process. Table 10.2 shows a number of different models that describe the creative process from an interpersonal, societal or organisational perspective.

Intrapersonal models
Five-step model – Young (1940)
Mental models of advertising creativity – Nyilasy, Canniford and Kreshel (2013)
Metaphoric model of the creative process – Stuhlfaut and Vanden Bergh (2014)
The performance model of advertising students' creative process – Griffin (2008)
Conceptual model of advertising creativity – Reid and Rotfeld (1976)
Societal models
Social systems model of the creative process in advertising – Vanden Bergh and Stuhlfaut (2006)
Organisational models
Input-output models
Basic model of the creative process in the advertising agency – Klebba and Tierney (1995)
Portable model of advertising creativity – Ensor, Cottam and Band (2001)
Flow models
Marketing information flow model – Sutherland, Duke and Abernathy (2004)
Model of knowledge flow and the advertising creative process – Nov and Jones (2006)
Decision-making models
Model of the agency creative decision-making process – Mondroski, Reid and Russell (1983)
Model of the creative campaign decision process – Na, Mitchell and Woodside (2009)
Sequential or stage models
Advertising problem delineation communication and response (APDCR) model – Hill and Johnson (2004)
Step and structural model of the creative process – Stuhlfaht and Windels (2019)

Table 10.2 A typology of the creative process models in advertising

Source: M Stuhlfaut & K Windels, 'Altered states: the effects of media and technology on the creative process in advertising agencies', *Journal of Marketing Communication*s, 25(1), 2019, pp. 1–27.

Perhaps the best creative process model comes from Mark Stuhlfaut and Kasey Windels (2019).[32] The Step and Structural Model not only provides a structure and a step-by-step process, but also assigns responsibility for the people involved throughout that process. You can refer to Table 10.3 to identify who does what at every stage of

the creative process.

Steps of the creative process	Associated roles	
Identify the problem	• Communication manager • Management supervisor • Account supervisor • Account executive • Brand strategist	• Community • Digital anal • Digital stra • Research d
Determine the strategy	• Management supervisor • Account supervisor • Account executive • Brand strategist • Digital strategist	*Secondary:* • Creative de creative off • Art director • Copywriter
Present strategy idea to the client		
Brief the team	• Management supervisor • Account supervisor • Account executive • Brand strategist • Creative department supervisor or chief creative officer • Digital strategist	*Secondary:* • Art director • Content ma • Content str • Copywriter • Community • Designer • Front-end d • Media direc • Media plan • Producer (n • User experi

Create the concept	• **Dispersed structures**
	  – Creative department
	  – Partner agencies
	  – Tech suppliers
	  – Client's IT
	• **Consultative structures**
	  – Creative department
	  – Digital department
		• **Collaborati**
		  – Creative
		• **Holistic str**
		  – Creative

Deliver rough concepts	• Creative department supervisor or chief creative officer • Copywriter • Art director • Brand strategist	• Content ma • Community • Designer • Digital stra • Front-end d • User experi
Assemble prototypes	• Creative department supervisor or chief creative officer • Copywriter • Art director • Content manager	• Community • Designer • Front-end d • Lead devel • Producer (n • User experi
Obtain client revisions and approval	• Management supervisor • Account supervisor • Account executive	• Copywriter • Art director • Designer

	Creative department supervisor or chief creative officer	
Integrate the feedback	• Creative department supervisor or chief creative officer • Copywriter • Art director • Back-end developer	• Community • Designer • Front-end d • Project mar • Producer (n
Produce final media materials	• Project manager • Producer (new media) • Print production manager • Video producer • Quality assurance specialist	• Back-end d • Broadcast • Front-end d • User-interfa

Table 10.3 Step and Structural Model of the creative process

Source: Adapted from M Stuhlfaut and K Windels, 'Altered states: the effects of media and technology on the creative process in advertising agencies', *Journal of Marketing Communications*, 25(1), 2019, pp. 1–27.

Creativity and technology

Technology has changed the creative process and the structure of agencies and even consultancies. Stuhlfaut and Windels (2019)[33] contend that the necessity to be at the forefront of digital capability and technology has resulted in four agency structures. These different structures, as shown in their model, impact the creative process.

- *Dispersed structures*—agencies hire outside firms who have the requisite experience. These partner agencies or independent suppliers allow the agency to service all client needs without any technological investment.
- *Consultative structures*—agencies form separate interactive departments, optimising coordination and control.
- *Collaborative structures*—digital specialists are assigned to creative teams to promote quality and consistency.
- *Holistic structures*—everyone is digital, eliminating boundaries between interactive and creative.

Each of these structures deals with the challenges of technology and the roles identified in the process in different ways. Unlike the old way of working, where the idea came first and the technology made it happen, new structures permit new ways of collaboration. And technology may even come before the idea sometimes.

Stuhlfaut and Windels conclude, 'Perhaps the most significant finding is that the paradigm of the agency world has shifted from framing technology in terms of its production value to framing technology in terms of its strategic and creative values. Technology no longer is used just to produce campaign materials; it is used as an input that influences the development of ideas. It no longer is used just to evaluate ideas, it is used to create ideas.'[34]

The Monkeys realised this need for technology as an input into the creative process, initiating an acquisition by Accenture Interactive in 2017. Its aim was to combine the creative, brand and business-building capabilities of The Monkeys with the digital knowledge, analytics and e-commerce expertise of Accenture Interactive.

CEO of Accenture Interactive, Brian Whipple, said, 'We don't believe brands are built from advertising anymore. They are built from an amalgamation of customer experiences, so that is what we are focused on.'[35]

Similarly, three of McCann Melbourne's top thinkers, including Matt Lawson, the fifth most-awarded executive

creative director in the world in 2018, and the world's number one copywriter in 2017 (who wrote the introduction to this chapter), moved to Deloitte in 2017. The trio have been the driving force behind McCann—one of the hottest creative agencies in the country. Together they have won 82 Cannes Lions, including a Titanium, 7 Grand Prix, 32 Gold and 2 coveted D&AD Black Pencils. But at Deloitte they would be an integral part of Deloitte Digital's Creative, Brand and Media offering, working with Deloitte Digital, Deloitte's broader consulting business and the rest of the leading professional services firm.

Matt Lawson said, 'It is inspiring to see a truly intelligent business putting creativity at the heart of their offering. These days, the most effective creative solution is rarely just advertising and we are fortunate to be working with Deloitte's AR, VR, innovation, interiors, design and research teams to leverage the incredible opportunity in this firm.'[36]

While the structures may be different, the fact that consultancies are making inroads into agency territory is definitive. In 2018, four consultancies featured in Ad Age's ranking of the 10 largest agency companies in the world.[37] With combined revenues of $13.2 billion, the marketing services units of Accenture, PwC, IBM and Deloitte sit just below WPP, Omnicom, Publicis Groupe, Interpublic and Dentsu.

Advertising agencies are also changing. Nick Garrett, CEO of Clemenger BBDO Melbourne, said, 'There's a lot of chat about science and technology. We aren't ignoring it, we are embracing it, but it's not creativity versus technology or art versus science. It's completely interlinked and that won't change. It's intimidating to some, but it's exciting to us.'[38]

McCann Australia CEO Nicole Taylor contends, 'There is more clarity and evidence today than ever before about how important creativity is, how brand is a powerful growth engine and how it connects to commercial success and therefore how we should charge for it. I predict that those who return to a genuine focus on creativity and the conditions to support it, with the most diverse and talented people and do away with hierarchies and conservative leadership, will not only survive ... but thrive.'[39]

Rather than merge, CHE Proximity has evolved, claiming a sweet spot between consulting firms and agencies. Chief executive Chris Howatson said, '[Consultancies'] limitation is in terms of creative execution. Conversely to that, agencies are really good at creative execution, but potentially bad at the upstream thinking stuff. I think the sweet spot is in between both of them, and that's what I really think we've achieved over at CHEP over the last five years: balancing consultancy capability orientated around customer experience.'[40]

This alignment of creativity and technology is reflected in the prestigious awards won by the agency, including AdNews Agency of the Year 2018, Customer Experience Agency of the Year, Best Use of Data, and Digital Campaign of the Year for *The hearing test in disguise* (see Exhibit 10.4).[41]

Exhibit 10.4 Love the combination of creativity and technology—but will it last forever?

Despite 3.5 million Australians having some form of hearing loss, 85% do nothing about it. With the hope of persuading them to visit a hearing specialist being remote, CHE Proximity instead brought the hearing test to them. Disguised as a short film and screened to more than 100 000 unsuspecting cinemagoers, the hearing test delivered two endings. Those with regular hearing enjoyed a story about a lasting, loving relationship. Those with impaired hearing heard a story about love that didn't last, and were directed to the Cochlear site to get some help—a creative idea brought to life by technology.

MESSAGE STRATEGY: WHAT TO SAY

The Stuhlfaut and Windels Step and Structural Model essentially involves three important steps: developing the message strategy; turning that selling proposition into a big idea; and then executing it.

The creative process begins, as we saw in Chapter 7 , with research to understand the advertising problem, using analytics explained in Chapter 8   to divine some insight into consumer behaviour. This is often embodied in a creative brief, which clearly sets out the advertising problem, the objectives, the product concept, the consumer insight and the strategic way forward.

The message strategy tells us 'what to say' to our prospects. It is brought to life in the big idea, and then executed through creative techniques. This is 'how to say it'. This three-step process is shown in Figure 10.1   . So let's start with the first task—the message strategy.
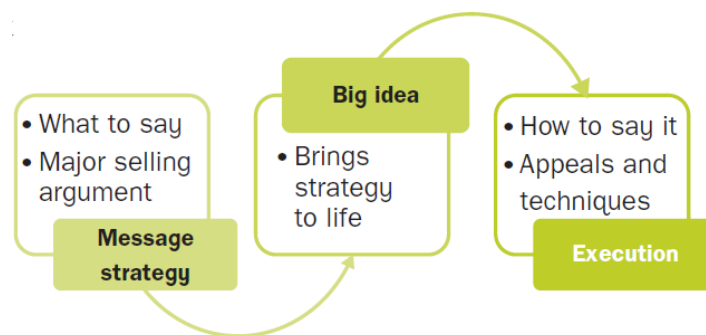
Figure 10.1 From the message strategy to the big idea to an amazing execution

The message strategy determines what to say: that is, what the message of the campaign should be. As Jerome Jeweler states in his book *Creative Strategy in Advertising:*

> The major selling idea should emerge as the strongest singular thing you can say about your product or service. This should be the claim with the broadest and most meaningful appeal to your target audience. Once you determine this message, be certain you can live with it; be sure it stands strong enough to remain the central issue in every ad and commercial in the campaign.[42]

The arrival of Amazon in Australia was a bit like a tourist from the US landing in Sydney. It had to acclimatise and learn to speak the lingo. Amazon did this by developing an algorithm to learn what Australians like to buy and adjusting its range of brands accordingly. The advertising was also tasked with making the US giant relevant to the lives of Australian consumers.

Agency TWBA said, 'Australia is a unique place. Our lifestyle proudly demands a list from A to Z that is different from the rest of the world. Our unique sense of humour unites us all, as does our laidback attitude. We show that Amazon has Australia's A to Z ready to go and it's so easy it makes us feel like "Everyday Heroes" with every order. Everything you need, easy az.'[43] (See Exhibit 10.5   ).

Exhibit 10.5 G is for a great example of message strategy

Source: TBWA\The Disruption® Company, Sydney

Strategic triad

What to say, or the message strategy, is essentially about three things: the consumer, the product and the competition. These three things are called the *strategic triad* and are shown in Figure 10.2   . The message strategy, the major selling idea or the proposition, is simply: What is the consumer's crying need or desire that my product will solve better than that of the competition? The message strategy is about finding the connection between the consumer and the product, and doing this better than the competition. Like any kind of strategy, the message strategy is inherently competitive. And a strong connection between the consumer and product can produce competitive advantage and build the brand.

Consumer
- Understanding the consumer
- Demographics and psychographics
- Consumer insight
- Pushing the 'hot button'

Product
- Understanding what the product is to the consumers
- Functional characteristics
- Brand image or personality or added value

Competition
- Understanding who the real competitors are
- Those in the same category
- Those competing for our time, money or attention

Figure 10.2 The strategic triad

Message strategy statement

In order for the message strategy to be understood and executed in the campaign, it must be clearly articulated. International advertising agency McCann-Erickson describes message strategy in terms of consumer promise, supporting evidence and tone of voice. DDB considers the desired action by target, the key insight, the reward or support and the brand personality and tone. Leo Burnett suggests we convince (target) that (desired belief) support (reasons why) because (proposition or key drama). O&M promise, support, describe a desired behaviour and tone and manner. So, in summary, almost universally, most agency creative strategy statements contain three main things: a principal benefit, a reason why and the tone or brand personality.

The principal benefit is how this product will solve the consumer's problem. It is the product promise or proposition for consumers. The supporting evidence is the reason why the product can make that claim, the product benefits or unique characteristics. The tone or brand personality describes the tone that the advertising should take or the personality that the brand should project.

For example, if we revisit the Amazon *easy az* ad in Exhibit 10.5 , a potential message strategy might be:

1. Advertising will inform people that Amazon is the marketplace for everything they need from A to Z.
2. The reason for this is that Amazon has 60 million items for sale, based on what Australian consumers like to buy. Plus Amazon makes buying and delivery easy.
3. The tone of the ad is simple, humorous and authentically Australian.

In relating the message strategy to IMC, Don Schultz offers a similar framework, presented in Table 10.4 . This format crystallises what has been uncovered in the planning process, such as the behavioural target, the consumer insight, the product insight and the key benefit that separates the product or service from its competitors. Schultz shows how it can be applied to message development in the following example:[44]

For … (Who is the behavioural target our communication program is to impact?)

Who … (What is the customer insight that has been identified? What is the category motivation that drives that customer or prospect?)

Our product is a … (What is our product or service in the eyes of the customer or prospect? That is, what is our whole product?)

That provides … (What is the key benefit or value that the customer wants that our brands or product can deliver based on our insights?)

Unlike … (Who is the relevant competitor or competitors?)

Our product is … (What is our key point of differentiating relevance?)

Table 10.4 Schultz's IMC message strategy statement
Source: Don E Schultz & Heidi Schultz, *IMC: The Next Generation*, McGraw-Hill Irwin, New York, 2004

For example:

For business people who travel 100 000 full-fare miles per year
Who take pride in the personal sacrifices they make for the business
Our product is a business preparation and recovery service
That sacrifices itself to make you more productive
Unlike any other business travel experience
Our airline will gladly adapt itself to create the travel you decide you want

Types of message strategies

One way to develop a message strategy is to think about the different kinds of message strategies. Charles Fraser proposed a typology of seven message strategies, building on traditional advertising approaches such as positioning, USP and brand image, as well as some newer ideas from production, such as resonance.[45] To his list, we have added Leo Burnett's advice to always look for the inherent drama in a product. Use this typology of message strategies, summed up in Figure 10.3, as a bit of a shopping list to help you think about which message strategy would work best for your product, your target market or in your market situation.

Generic
- Promotes the category, not the brand.
- *Eat meat, Feel good.*

Pre-emptive
- Makes a claim that no other competitors have and therefore appears unique.
- Radio station Nova promotes 'no more than two ads in a row'.

USP
- Makes a unique proposition based on functional attribute of product.
- M&Ms melt in your mouth, not in your hands.

Positioning
- Position product in consumer's mind.
- Virgin Blue is a fun, no-frills airline.

Brand image
- Builds an image or attitude or personality about the product or service.
- Coke has always been about image rather than quenching your thirst.

Inherent drama
- Uses the drama within the product to portray its benefits.
- The Reporters Without Borders ad speaks of the drama of media censorship.

Resonance
- The ad strikes a chord or resonates with the viewer.
- The milk ads which show overchoice—'low fat, no fat, reduced fat, high calcium' is something milk buyers can relate to.

Affective
- Appeals to the viewer on a purely emotional level.
- *I still call Australia home* for Qantas.

Figure 10.3 Types of message strategies

Generic

A generic strategy is most often used when there is a dominant brand in a category, so instead of promoting the brand, you promote the category. For example, Meat and Livestock Australia's summer campaign reminds us to share the lamb. Using a generic strategy, MLA don't have to sell a particular cut or type of lamb, or one purveyor of fine meats over another. With a strategy such as *Share the lamb*, the advertising promotes the category generically.

Pre-emptive

Pre-emptive is all about being first. It's about making a claim that none of your competitors has, and therefore appears unique. If your competitors then try to make the same claim, they put themselves in a weakened 'me too' position. The classic example is advertising pioneer Claude Hopkins advising Schlitz beer to advertise its purification process. Despite telling Hopkins that all beer was made that way, Schlitz was first to advertise it and was the top-selling brewery within six months.[46]

Unique selling proposition

The concept of the **unique selling proposition (USP)** was developed by Rosser Reeves, former chair of the Ted Bates agency, and is described in his influential book *Reality in Advertising.* Reeves noted three characteristics of unique selling propositions:

1. Each advertisement must make a proposition to the consumer. Not just words, not just product puffery, not just show-window advertising. Each advertisement must say to each reader: 'Buy this product and you will get this benefit.'
2. The proposition must be one that the competition either cannot or does not offer. It must be unique either in the brand or in the claim.
3. The proposition must be strong enough to move the mass millions, that is, pull over new customers to your brand.[47]

Reeves said that the attribute claim or benefit which forms the basis of the USP should dominate the ad and be emphasised through repetitive advertising. An example of advertising based on a USP is the work for Amazon (Exhibit 10.5). Only Amazon has the capacity to deliver 60 million items that Australians want, easy az.

For Reeves's approach to work, there must be a truly unique product or service attribute, benefit or inherent advantage that can be used in the claim. The approach may require considerable research on the product and consumers, not only to determine the USP but also to document the claim. However, this strategy is becoming increasingly difficult to adopt as fewer products have truly unique attributes.

Creating a brand image

In many product and service categories, competing brands are so similar that it is very difficult to find or create a unique attribute or benefit to use as the major selling idea. Many of the packaged-goods products that account for most of the advertising dollars spent in Australia and New Zealand are difficult to differentiate on a functional or performance basis. The message strategy used to sell these products is based on the development of a strong, memorable identity for the brand through **image advertising** .

David Ogilvy popularised the idea of brand image in his famous book *Confessions of an Advertising Man.* Ogilvy said that with image advertising, 'every advertisement should be thought of as a contribution to the complex symbol which is the brand image'. He argued that the image or personality of the brand is particularly important when brands are similar:

> The greater the similarity between brands, the less part reason plays in brand selection. There isn't any significant difference between the various brands of whiskey, or cigarettes, or beer. They are all about the same. And so are the cake mixes and the detergents and the margarines. The manufacturer who dedicates his advertising to building the most sharply defined personality for his brand will get the largest share of the market at the highest profit. By the same token, the manufacturers who will find themselves up the creek are those shortsighted opportunists who siphon off their advertising funds for promotions.[48]

Another advocate of creating a strong brand image is Mojo. Alan Morris and Alan Johnson revolutionised Australian advertising by using Australian humour and often jingles to forge a strong emotional bond between the brand and the consumer. Their strength in building brands was understanding the consumer and making the brand relevant to their needs or aspirations. Alan Morris said:

> We always had the attitude that we were uninvited guests in people's lounge rooms through their television sets; we had to make them like us, make us feel welcome, treat them with respect. And as telly's an entertaining medium we felt we should entertain them as well. Our advertising was borne not so much out of what the client said, but on what the 15, 16 now 20 million people who were never in the boardroom said. We figured the people at home, shopping or at the pub were more important than our clients. And our clients agreed with that, 'cos eventually that's where the sales come from. How we succeeded was treating those viewers out there with respect because they were the ones who approved our work, and that's pretty humbling.[49]

One guest who was always welcomed on television sets across Australia in the 1980s was Paul Hogan. Pairing this Australian icon with a barbie, a shrimp and the Sydney Opera House in the background, Mojo built a strong brand image for Tourism Australia (see Exhibit 10.6). Hogan's classic line, 'I'll slip an extra shrimp on the barbie for you', was echoed at barbecues across Australia and encouraged many Americans to pack their bags.
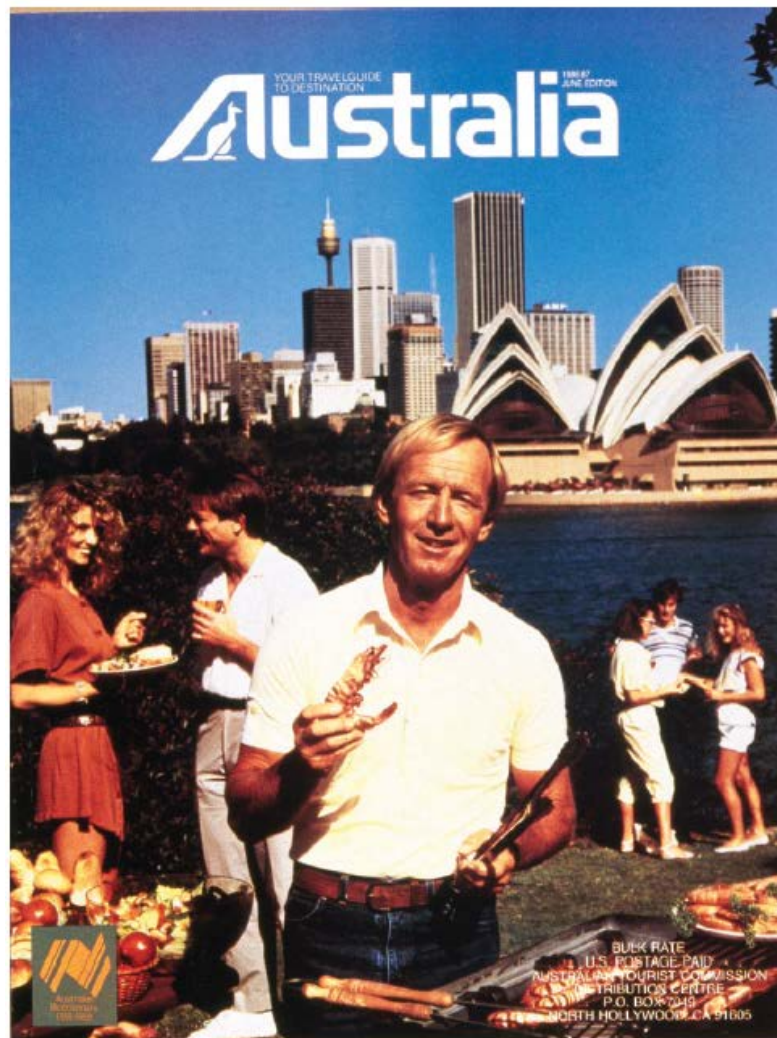
Exhibit 10.6 How a shrimp and a barbie built a brand

Source Rimfire Films Pty Limited and Tourism Australia

Finding the inherent drama

Another message strategy involves finding the **inherent drama** or characteristic of the product that makes the consumer purchase it. The inherent drama approach expresses the advertising philosophy of Leo Burnett, founder of the Leo Burnett agency in Chicago. Burnett said that inherent drama 'is often hard to find but it is always there, and once found it is the most interesting and believable of all advertising appeals'.[50] He believed advertising should be based on a foundation of consumer benefits with an emphasis on the dramatic element in expressing those benefits. Some of the more famous ads developed by his agency using the inherent drama approach are for McDonald's, Kellogg's cereals and Hallmark cards.

The *Womankind* campaign for Berlei (Exhibit 10.7) dramatises many women's frustrations—of being suppressed, pushed, even hidden away. All of the different things women have to endure in the name of fashion were cleverly captured by The

Monkeys in this 30-second TV commercial. However, the ad provoked some unexpected drama when it was banned from Facebook and Instagram, starting a public and international debate about the double standards for women in the media—and earning millions of dollars in media exposure for the brand. The complaints were dismissed by the Advertising Standards Board, who found that the women in the ad were portrayed in a 'true to life' manner.[51]

Exhibit 10.7 Suppressed, banned but *Womankind* survived the inherent drama.

Source: The Monkeys and Berlei

Positioning

The concept of **positioning** as a basis for advertising strategy was introduced by Jack Trout and Al Ries in the early 1970s and has become a popular foundation for creative development. The general idea is that advertising is used to establish or 'position' the product or service in a particular place in the consumer's mind. Positioning is done for companies as well as for brands. Many of the top brands in various product and service categories have retained their market leadership because they have established and maintained a strong position or identity in the minds of consumers.[52]

A clever example of repositioning is Brewtroleum (see Exhibit 10.2). Instead of beer, DB Export was positioned as the fuel for New Zealanders to save the world.

Trout and Ries originally described positioning as the image consumers had of the brand in relation to competing brands in the product or service category, but the concept has been expanded beyond direct competitive positioning. Products can be positioned on the basis of product attributes, price/quality, usage or application, product users or product class. Any of these can spark a major selling idea that becomes the basis of the creative strategy and results in the brand occupying a particular place in the minds of the target audience. Since positioning can be done on the basis of a distinctive attribute, the positioning and unique selling proposition approaches can overlap. Positioning approaches have been used as the foundation for a number of successful creative strategies.

Resonance

This strategy tries to strike a chord with viewers, to evoke positive associations or good memories that they then transfer to the product or service. It often uses production values to create empathy with the target market, to make people feel that the advertiser understands them or what they want. Like the Airbnb ad that tells us it is not acceptable 'Until we all belong' in Exhibit 10.1, it resonates with us.

Affective

This strategy uses a purely emotional approach. It pulls at our heartstrings or causes us to laugh, or stirs our guilt or our shame. We feel all of these emotions, and sometimes we all feel different emotions, as we watch a video like *Gillette: the best men can be*.

Bullying, the MeToo movement against sexual harassment, toxic masculinity, is this the best men can be? The 2019 TV commercial for Gillette replaces its well-known tagline, 'The best a man can get' with 'The best men can be' in an aspirational branding message urging men to become better people (Exhibit 10.8).[53] The ad instantly went viral and polarised opinion, generating both love and criticism, and resulting in many rubbish bins rattling with Gillette razors. But the ad was affective,

evoking people's emotions and sometimes tears. It got people talking and thinking that the best a man can be, can sometimes be better.

Exhibit 10.8 Is this the best a brand can get?

THE BIG IDEA: HOW TO SAY IT

While the message strategy tells us what to say, it is not a creative idea, a slogan or an execution. It is a strategy crying out to become a **big idea**. The big idea emerges from consumer insight. It builds on message strategy by converting the 'what to say' into 'how to say it'. This big idea or concept brings the message strategy or proposition to life, making the message relevant and engaging to the consumer.

Well-known adman John O'Toole makes the distinction that the message strategy demands deduction, while the big idea feeds on inspiration. He describes the big idea as 'that flash of insight that synthesises the purpose of the strategy, joins the product benefit with consumer desire in a fresh, involving way, brings the subject to life, and makes the reader or audience stop, look, and listen'.[54]

Another way to see the creative process in a more visual manner is to look at Figure 10.4. Darren McColl, marketing consultant and author, who featured in the opener to Chapter 7 and was responsible for campaigns such as *Best job in the world*, suggests that strategy is convergent thinking. It brings us to the point where insight meets inspiration. This is the big idea.
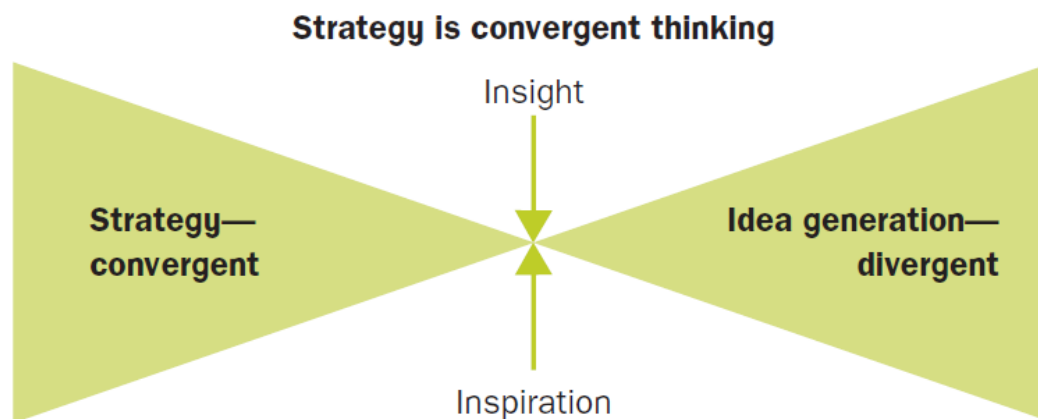
Figure 10.4 The big idea is the point where insight meets inspiration
Source: Courtesy of Darren McColl, marketing consultant and author

Of course, the real challenge to the creative team is coming up with that big idea. Many products and services offer virtually nothing unique, and it can be difficult to find something interesting to say about them. David Ogilvy, generally considered one of the most creative advertising copywriters ever to work in the business, has stated:

> I doubt if more than one campaign in a hundred contains a big idea. I am supposed to be one of the more fertile inventors of big ideas, but in my long career as a copywriter I have not had more than 20, if that.[55]

It might be the climate, or even the Vegemite, but Australian creatives have produced some very big ideas. Classic examples include *Come on Aussie, come on*, which positioned World Series Cricket as the Australian version of cricket. And *Louie the fly* put Mortein's competitors in a flap. More recently, some of the most highly awarded advertisements at the Cannes Festival of Creativity were Australian, including *Dumb ways to die*, *The best job in the world* and *Meet Graham*.

Perhaps future creatives could take the advice of Nike's powerful campaign and 'Believe in something. Even if it means sacrificing everything' (see Exhibit 10.9   ).[56] This brave yet simple ad was chosen to represent the thirtieth anniversary of the tagline 'Just Do It'. And Nike just did it brilliantly, choosing to feature quarterback Colin Kaepernick, who knelt in protest at police violence against black Americans during the national anthem. His act attracted both admiration and condemnation. Donald Trump tweeted his disapproval. Critics burnt their Nike shoes. And in answer to the debate over whether a brand should take a stand, Nike's CEO credited this ad with sales boosts that added $6 billion to Nike's valuation.

Exhibit 10.9 Believe in big ideas

Source: Wieden + Kennedy Portland

Creative thinking

Each brief is a new challenge. Every marketing situation is different and each campaign may require a different creative approach or unique insight into a new media platform such as an advergame or a phone app. Numerous guidelines have been developed for creating effective advertising,[57] but there is no magic formula for the big idea. As copywriter Hank Sneiden notes in his book *Advertising Pure and Simple:*

> Rules lead to dull stereotyped advertising, and they stifle creativity, inspiration, initiative, and progress. The only hard and fast rule that I know of in advertising is that there are no rules. No formulas. No right way. Given the same problem, a dozen creative talents would solve it a dozen different ways. If there were a sure-fire formula for successful advertising, everyone would use it. Then there'd be no need for creative people. We would simply program robots to create our ads and commercials and they'd sell loads of product—to other robots.[58]

So, given that there is no magic formula, how do strong creative ideas suddenly appear out of nowhere?

Let's ask the world's most famous creative thinker, Edward de Bono. In 1967, de Bono coined the term *lateral thinking* to describe the process of breaking out of the habitual patterns of linear thought. Like creative thinking, lateral thinking encourages you to think differently. To change the direction of your thinking to see things in totally different ways. To reinterpret what you are looking at in fresh, original or humorous ways. To take Einstein's advice and make new connections between previously unconnected things.

De Bono suggests, 'Lateral thinking, involves disrupting an apparent thinking sequence and arriving at the solution from another angle.'[59] (See Exhibit 10.10.   )
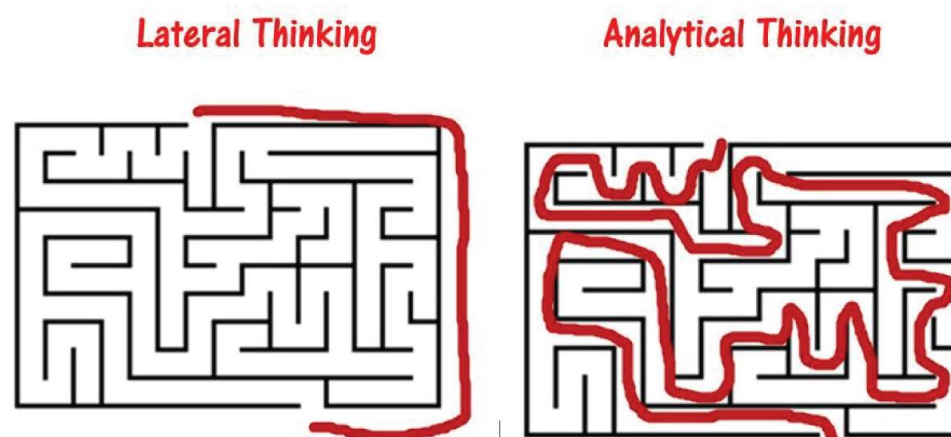
Exhibit 10.10 Lateral thinking offers new ways of seeing things

Source: The Peak Performance Center

While there are many courses and books on lateral or creative thinking, there are four main kinds of lateral-thinking tools. Idea-generating or brainstorming tools free your current thinking patterns from their usual pathways. Focus tools open your mind to new possibilities. Harvest tools maximise the value gained from your search for new ideas. And treatment tools help implement the creative output by making wild ideas fit into real-world constraints, resources and support.

Young's Five Step Model

One of the most popular approaches developed specifically for advertising comes from James Webb Young, a

former creative vice-president at the J Walter Thompson agency. Young said, 'The production of ideas is just as definite a process as the production of Fords; the production of ideas, too, runs an assembly line; in this production the mind follows an operative technique which can be learned and controlled; and that its effective use is just as much a matter of practice in the technique as in the effective use of any tool.'[60]

Young's model of creative thinking contains five steps:

1. *Immersion*—gathering raw material and information through background research and immersing yourself in the problem.
2. *Digestion*—taking the information, working it over and wrestling with it in the mind.
3. *Incubation*—putting the problems out of your conscious mind and turning the information over to the subconscious to do the work.
4. *Illumination*—the birth of an idea—the 'Eureka! I have it!' phenomenon.
5. *Reality or verification*—studying the idea to see if it still looks good or solves the problem, then shaping the idea to practical usefulness.

This creative-thinking process is not unique to advertising, although this is where it originated and where it is most practised. Another way of conceptualising idea generation is through the model developed by Roger von Oech and implemented by many Fortune Top 100 companies.

From explorer to warrior

Roger von Oech suggests, 'Creative thinking requires an attitude that allows you to search for ideas and manipulate your knowledge and experience.'[61] To do this, he proposes a four-stage process that takes a creative from (1) information search to (2) idea storming and (3) evaluation through to (4) a fight to implement the idea. He calls these stages the explorer, artist, judge and warrior.

The explorer

The explorer searches for new information and looks for new relationships. In the first stage in this idea-generation process, the explorer looks further than the creative brief alone. The explorer talks to the account management team, experiments with the product and observes and converses with consumers. This information is manipulated like a Rubik's Cube, until new patterns emerge or strong connections are discovered between the product and the consumer.

The artist

The artist experiments with different approaches and searches for the big idea. This is where most of the hard work happens. And typically this means visualisation, conceptualisation and frustration. The artist experiments until the needs of the consumer connect with the product concept and the big idea emerges.

The judge

The judge evaluates the big idea. Is this truly a big idea? Is it practical? Defendable? Should it be implemented, modified or discarded?

The warrior

The warrior fights for the idea and brings it to life. Too many good ideas fall victim to a lack of organised defence. The warrior must know the potential minefields and have a plan to overthrow them. This begins of course with an initial and unshakeable belief in the big idea, and how it meets the strategy and solves the client problem.

Each stage of von Oech's model encourages the creative to think differently—to analyse, synthesise, go laterally, then deep, to diverge and then converge again. Many of these stages are similar to the process suggested by de Bono or Young. The immersion and digestion are similar to the role of the explorer or lateral thinker. The artist incubates and illuminates. The judge verifies the idea. Whichever model you choose to follow, these steps have put many copywriters on the right path to developing outstanding creative.

Once the message strategy has determined what to say and the big idea has brought it to life, we then need to know how to say it. That's where the execution comes in.

HOW TO EXECUTE IT: APPEALS AND EXECUTION STYLES

How do you apologise if you are KFC and you unexpectedly run out of chicken, right across Britain? You appeal for the customers' forgiveness and to their sense of humour (Exhibit 10.11). And you execute it so it is on brand and on time.

Exhibit 10.11 On-brand execution

Source: KFC and Mother London. The KFC name, logo and related marks are trademarks of KFC Corporation and/or its related companies and are used with permission

The big idea is only an idea until it is executed. The execution is also part of 'how we say it' and includes both the advertising appeals and the execution style. The **advertising appeal** refers to the approach used to attract the attention of consumers and to influence their feelings towards the product, service or cause. An advertising appeal can also be viewed as 'something that moves people, speaks to their wants or needs, and excites their interest'.[62] The **creative execution style** is the way a particular appeal is turned into an advertising message presented to the consumer. According to William Weilbacher:

> The appeal can be said to form the underlying content of the advertisement, and the execution the way in which that content is presented. Advertising appeals and executions are usually independent of each other; that is, a particular appeal can be

executed in a variety of ways and a particular means of execution can be applied to a variety of advertising appeals. Advertising appeals tend to adapt themselves to all media, whereas some kinds of executional devices are more adaptable to some media than others.[63]

Advertising appeals

Hundreds of different appeals can be used as the basis for IMC messages. At the broadest level, these approaches are generally broken into two categories: informational or rational appeals and emotional appeals. In this section, we focus on ways to use rational and emotional appeals as part of the message strategy. We also consider how rational and emotional appeals can be combined in developing the most relevant and meaningful message for our target market.

Informational or rational appeals

Informational (or rational) appeals focus on the consumer's practical, functional or utilitarian need for the product or service and emphasise features of a product or service or the benefits or reasons for owning or using a particular brand. The content of these messages emphasises facts, learning and the logic of persuasion.[64] Rationality-based appeals tend to be informative, and advertisers using them generally attempt to convince consumers that their product or service has a particular attribute or provides a specific benefit that satisfies their needs. Their objective is to persuade the target audience to buy the brand because it is the best available or does a better job of meeting consumers' needs.

Many rational motives can be used as the basis for advertising appeals, including comfort, convenience, economy, health and sensory benefits such as touch, taste and smell. Other rational motives or purchase criteria commonly used in advertising include quality, dependability, durability, efficiency, efficacy and performance. The particular features, benefits or **evaluative criteria** that are important and relevant to consumers and can serve as the basis of a rational appeal vary from one product or service category to another as well as among various market segments.

Sometimes, the surprise is in the information that we don't know. Like Lise Meitner, who discovered nuclear fission, yet her male partner was awarded the Nobel Prize (Exhibit 10.12). Sometimes, information can change the way we think and even how we feel.

Exhibit 10.12 Highlight what we don't know

Source: Getty/Historical/Contributor

Emotional appeals

Emotional appeals relate to the customers' social or psychological needs for purchasing a product or service, such as the need to pick up your razor and be the best a man can be. Many consumers' motives for their purchase decisions are emotional, and their feelings about a brand can be more important than knowledge of its features or attributes. Appealing to consumer emotions may work better at selling brands that do not differ markedly from competing brands, since rational differentiation is difficult.[65] Research shows that positive mood states and feelings created by advertising can have a favourable effect on consumers' evaluations of a brand.[66] Studies also show that emotional advertising is better remembered than non-emotional messages.[67]

Many feelings or needs can serve as the basis for advertising appeals designed to influence consumers on an emotional level, as shown in Table 10.5 . These appeals are based on the psychological states or feelings directed to the self (such as pleasure or excitement), as well as those with a more social orientation (such as status or recognition).

Personal states or feelings		Social-based feelings
Safety	Arousal/stimulation	Recognition
Security	Sorrow/grief	Status
Fear	Pride	Respect
Love	Achievement/accomplishment	Involvement
Affection	Self-esteem	Embarrassment

Happiness	Actualisation	Affiliation/belonging
Joy	Pleasure	Rejection
Nostalgia	Ambition	Acceptance
Sentiment	Comfort	Approval
Excitement		

Table 10.5 Bases for emotional appeals

Weaving strong emotion, Woolmark takes us to a synthetic world that has forgotten how to breathe. Instead of embracing natural fabrics such as wool, its people suffocate in artificial clothing created from strange synthetic sheep. In the beautifully executed video, we escape with the heroine to the natural world, with real sheep, just beyond the smoggy horizon (see Exhibit 10.13   ).

Exhibit 10.13 Weaving strong emotion with wool
Source: TBWA\The Disruption® Company, Sydney

The storyline resembles Woolmark's corporate mission. To escape the world's obsession with synthetics by reminding people in New York, San Francisco, London, Shanghai and Tokyo of the qualities of Merino wool. Its breathability, odour control and moisture management make it the original performance fibre, ideal for athleisure wear. Stuart McCullough, managing director of the Woolmark Company, says that their first global campaign in seven years 'reminds consumers of wool's natural benefits, which cannot be matched by any other fibre'.[68]

Another reason for using emotional appeals is to influence consumers' interpretations of their product experience. One way of doing this is through what is known as transformational advertising. A **transformational ad**   is defined as 'one that associates the experience of using (consuming) the advertised brand with a unique set of psychological characteristics which would not typically be associated with the brand experience to the same degree without exposure to the advertisement'.[69] Transformational ads create feelings, images, meanings and beliefs about the product or service that may be activated when consumers use it, transforming their interpretation of their product experience. For example, slipping on an Acceptance ring transforms normal, everyday Australians into advocates for marriage equality.

Fear appeals

Fear is an emotional response to a threat that expresses, or at least implies, some sort of danger. Ads sometimes use *fear appeals* to evoke this emotional response and arouse individuals to take steps to remove the threat. Some, such as the drink-driving, stress physical danger that can occur if behaviours are not altered. Others—for instance, those for deodorant, mouthwash or anti-dandruff shampoo—threaten disapproval or social rejection if you do not purchase the product. Fear appeals are also used extensively in political advertising.

Humour appeals

Humorous ads, such as the KFC apology or the famous *Dumb ways to die* campaign, are often the best-known and best-remembered of all advertising messages. Advertisers use *humour appeals* for many reasons. Humorous messages attract and hold consumers' attention. They enhance effectiveness by putting consumers in a positive mood, increasing their liking of the ad itself and their feeling towards the product or service. And humour can distract the receiver from counter-arguing against the message.[70]

Critics argue that funny ads draw people to the humorous situation but distract them from the brand and its attributes. Also, effective humour can be difficult to produce and some attempts are too subtle for mass audiences. And there is concern that humorous ads may wear out faster than serious appeals. 'Wearout' refers to the tendency of a television or radio commercial to lose its effectiveness when it is seen or heard repeatedly.[71] A number of studies have found that the effectiveness of humour depends on several factors, including the type of product and audience characteristics.[72]

Combining rational and emotional appeals

In many advertising situations, the decision facing the creative is not whether to choose an emotional or a rational appeal but, rather, determining how to combine the two approaches. As noted copywriters David Ogilvy and Joel Raphaelson have stated:
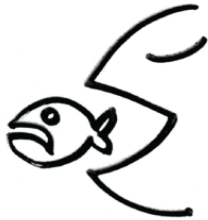
> Few purchases of any kind are made for entirely rational reasons. Even a purely functional product such as laundry detergent may offer what is now called an emotional benefit—say, the satisfaction of seeing one's children in bright, clean clothes. In some product categories the rational element is small. These include soft drinks, beer, cosmetics, certain personal care products, and most old-fashioned products. And who hasn't experienced the surge of joy that accompanies the purchase of a new car?[73]

Consumer purchase decisions are often made on the basis of both emotional and rational motives, but Eric Du Plessis, in his book *The Advertised Mind,* takes this a step further by suggesting that emotions determine rationality. How we feel shapes our perceptions, which defines our reality. He suggests, 'It is emotion that governs all our behaviour, driving our unconscious reactions, but also determining what becomes conscious. Emotion feeds into, shapes and controls our conscious thought.' He characterises this emotion as positive or negative and continues, 'We are all programmed to seek out the positive and shun the negative. So it goes without saying that the emotions that the advertisement generates in us need to be positive ones. In simple terms, we need to "like the advertisement".'[74] The Advertising Research Foundation's (ARF) Copy Validity Project has also endorsed ad likeability as the single best copy-test predictor of campaign sale results. And look through the

exibits in this chapter. Most, such as Amazon, Nike or Brewtroleum, are advertisements we can't help but like.

'Execution can become content'

One of the best-known advocates of the importance of creative execution in advertising was William Bernbach, founder of the Doyle Dane Bernbach agency. In his famous book on the advertising industry, *Madison Avenue,* Martin Mayer notes Bernbach's response to David Ogilvy's rule for copywriters that 'What you say in advertising is more important than how you say it.' Bernbach replied, 'Execution can become content, it can be just as important as what you say. A sick guy can utter some words and nothing happens; a healthy vital guy says them and they rock the world.'[75] Bernbach was one of the revolutionaries of his time who changed advertising creativity by redefining how headlines and visuals were used, how art directors and copywriters worked together, and how advertising could be used to arouse feelings and emotions. See one of his most famous campaigns for Avis in Exhibit 10.14   .

Exhibit 10.14 Bernbach taught us that good creative tries harder

Source: Image courtesy of The Advertising Archives

Executional techniques

The debate as to which is greater—the message, the big idea or the execution—is a bit like asking who is the better footballing nation, Australia or New Zealand? There are many passionate people who subscribe to different points of view, with good reason. However, a safe common ground is to say that the optimum situation for any marketing communication is to have all three. That is, a relevant and powerful message, brought to life in a big idea and executed in an attention-demanding way. To help us achieve this, there are many commonly used executional techniques, summarised in Table 10.6   .

Execution technique	Description	Kind of appeal most used	Example
Straight sell or factual	Straightforward presentation of product information	Rational	Sunsilk shampoos for different hair types
Scientific/technical evidence	Showcases laboratory tests, technical information, endorsements by scientific organisations	Rational	Colgate presents scientific evidence in support of its new toothpaste
Demonstration	'Seeing is believing.' Shows how the product or service works.	Rational/emotional	The Grim Reaper demonstrates the randomness of AIDS
Comparison	Compares product advantage with competitors or objects or symbols	Rational/emotional	Kleenex Aloe Vera Tissues compares normal tissues with sandpaper
Testimonial or celebrity endorsement	Person, staff or celebrity discuss personal satisfaction with product or service	Emotional/rational	Bear Grylls for Nature's Own, or the staff at Bunnings
Slice of life	Product solves problem in real-life situation	Emotional/rational	Meadow Lea
Animation	Stylised execution	Emotional	*Dumb ways to die* for Melbourne Metro
Imagery	Focus on visual elements such as pictures, illustrations and symbols	Emotional	Bundaberg Red
Dramatisation	Tells a story where product is hero	Emotional/rational	Apple's iconic *1984* campaign
Humour	Uses humour to appeal to target market	Emotional	*Should have gone to Specsavers*
Combinations	Any of the above	Rational/emotional	*Odd Spot changed?*

Table 10.6 Execution techniques

Straight sell or factual message

One of the most basic types of creative executions is the straight sell or factual message. This type of ad relies on a straightforward presentation of information concerning the product or service. This execution is often used with rational appeals, where the focus of the message is the product or service and its specific attributes or benefits. Avis delivers the facts on why you should rent a car from it. Its motivation (being number 2, it has to try harder) and its actions (what it does to set it apart, that will hopefully make it number 1). Ads for high-involvement

consumer products as well as industrial and other business-to-business products generally use this format.

Scientific/technical evidence

In a variation of the straight sell, scientific or technical evidence is presented in the ad in order to enhance believability. Advertisers often cite technical information, the results of scientific or laboratory studies, or endorsements by scientific bodies or agencies to support their advertising claims. This type of approach is demonstrated in Exhibit 10.2, presented earlier, where Brewtroleum draws on the fact that it emits 80% less carbon and prevents 500 000 tons of carbon from polluting the environment.

Demonstration

Demonstration is the strongest technique for video or television as 'seeing is believing'. The combination of sight and sound allows us to see the key advantages of the product or service either in actual use or in some representative and often extreme situation. *Womankind* in Exhibit 10.7 demonstrates women's battle in the name of fashion, showing how Berlei is designed for liberation.

Comparison

Brand comparisons can also be the basis for the advertising execution. The comparison execution is increasingly popular among advertisers, since it offers a direct way of communicating a brand's particular advantage over its competitors or positioning a new or lesser-known brand with industry leaders. Comparisons can also be made with other objects or symbols to highlight a product benefit. For example, ALDI compared the loyalty schemes offered by Coles and Woolworths with its 'Good Different' approach.

Testimonial

Many advertisers prefer to have their messages presented by way of a testimonial, where a person praises the product or service on the basis of his or her personal experience with it. Testimonial executions can have ordinary satisfied customers or even staff (in the case of Bunnings) discuss their own experiences with the brand and the benefits of using it. This approach can be very effective when the person delivering the testimonial is someone with whom the target audience can identify or who has an interesting story to tell.

A related execution technique is the endorsement, where a well-known or respected individual such as a celebrity, sports star or expert in the product or service area speaks on behalf of the company or the brand, such as Colin Kaepernick, who knelt in protest at police violence against black Americans during the US national anthem. He did what Nike advocated: 'Believe in something. Even if it means sacrificing everything' (Exhibit 10.9).

Slice of life

A woman pulls out her son's crayon instead of her lipstick. She buys lipstick, crayons and face wipes from Amazon, easy az. The slice-of-life execution technique is widely used for packaged-goods products, and generally follows a problem/solution approach. This type of ad portrays a problem or conflict that consumers might face in their daily lives, before showing how the advertiser's product or service can provide the solution. Generally, good talent and quality production values are critical to making the advertising believable. It's as if the advertisement were a slice of our own life.

Animation

Animation is ideal for making a product seem fun or for simplifying a complex idea. Cartoon animation is especially popular for commercials targeted at children. Coco Pops has been doing it since your parents were kids. And *Dumb ways to die* turned a message that no one wanted to hear (act responsibly on Melbourne trains) into a cultural phenomenon, including a mind-numbing jingle and a game.

Imagery

You have probably noticed that some ads contain little or no information about the brand or company and are almost totally visual. These advertisements use imagery executions, whereby the ad consists primarily of visual elements such as pictures, illustrations or symbols rather than information. Typically using emotional appeals, an imagery execution is used when the goal is to encourage consumers to associate the brand with the symbols, characters, music or a situation shown in the ad to create differentiation.

An imagery execution may be based on usage imagery—showing how a brand is used or how it performs and the situation. It can also be based on user imagery where the focus is on the type of person who uses the brand. Ads for cosmetics often use very attractive models in the hope that consumers will associate the models' physical attractiveness with the brand. Nike uses sports stars, such as Kaepernick, to embody its brand. And Greenpeace created an unforgettable image to make its plea to abandon plastic straws. Imagery executions rely heavily on visual elements such as photography, colour, tonality and design to communicate the desired image to the consumer (see Exhibit 10.15   ).

Exhibit 10.15 Sucking the emotion for the ocean

Source: Rethink, Vancouver

Dramatisation

Another execution technique particularly well suited to video or television is dramatisation. Here, the focus is on telling a short story with the product or service as the star. Dramatisation is somewhat akin to slice-of-life execution in that it often relies on the problem/solution approach, but it uses more excitement and suspense or more drama in telling the story. Advocates of drama note that when used successfully, the audience becomes lost in the story and experience the concerns and feelings of the characters.[76] According to Sandra Moriarty, there are five basic steps in a dramatic commercial:

> First is exposition, where the stage is set for the upcoming action. Next comes conflict, which is a technique for identifying the problem. The middle of the dramatic form is a period of rising action where the story builds, the conflict intensifies, the suspense thickens. The fourth step is the climax, where the problem is solved. The last part of a drama is the resolution, where the wrap-up is presented. In advertising that includes product identification and call to action.[77]

The ad for Greenpeace powerfully dramatises the important issue of protecting our oceans. Unless we abandon the use of plastic straws, we will suck the life out of our oceans.

Humour

Humorous executions are particularly well suited to television, video or radio, although some print ads attempt to use this style, such as Amazon's *easy az* in Exhibit 10.5 . The pros and cons of using humour as an executional technique are similar to those associated with its use as an advertising appeal.

Combinations

Many of the execution techniques can be combined to bring the advertising message to life. For example, animation is often used to build image or demonstrate a benefit. Slice-of-life ads are often used to demonstrate a product or service. Comparisons are sometimes made using a humorous approach. Brewtroleum is factual, using scientific evidence to demonstrate and dramatise how you can save the world, one beer at a time.

Creative tactics

Our discussion so far has focused on 'how to say' the 'what to say', or message strategy. We started with the message strategy, then moved on to the big idea and the appeals and executional techniques to bring the big idea to life. Drilling down even further, we now come to the tactics—the headlines, the audio, the interactivity. The nuts and bolts that hold the message strategy and the execution together.

Creative tactics for print advertising

The basic components of a print ad are the headline, the body copy, the visual or illustrations and the layout (the way they all fit together). The headline and body copy are the responsibility of the copywriters. Artists, often working under the direction of an art director, are responsible for the visual presentation. We briefly examine the

three components of a print ad and how they are coordinated.

Headlines

The **headline** is the group of words that introduce an ad—the words that will be read first or are positioned to draw the most attention.[78] Headlines are usually set in larger type and are often set apart from the body copy or text portion of the ad to give them prominence. Most advertising people consider the headline the most important part of a print ad.

The role of a headline is to attract the readers' attention and interest them in the brand's proposition. Research has shown that the headline is generally the first thing people look at in a print ad, followed by the illustration. Only 20% of readers go beyond the headline and read the body copy.[79] So, in addition to attracting attention, the headline must give the reader good reason to read on into the body copy of the ad, which contains more detailed and persuasive information about the product or service. To do this, the headline must sum up the main theme, appeal or proposition of the ad in a few words. Some print ads contain little if any body copy, so the headline must work with the illustration to communicate the entire advertising message, such as the KFC ad in Exhibit 10.11 .

An effective headline goes even further in selecting good prospects for the product by addressing readers' specific needs, wants or interests. A direct headline is very straightforward and informative; it often includes a specific benefit, promise or reason for a consumer to be interested in a product or service. Indirect headlines are not straightforward in terms of identifying a product or service or providing information regarding the point of an advertising message.

Subheads

The headline is often supported by one or more secondary headlines, or **subheads** . Subheads are usually smaller than the main headline but larger than the body copy. They may appear above or below the main headline or within the body copy and are often used to enhance the readability of the message. Subheads break up large amounts of body copy, highlight key sales points and reinforce the headline and advertising slogan or theme.

Body copy

The main text of a print ad is referred to as the **body copy** (or sometimes just copy). While the body copy is usually the heart of the advertising message, getting the target audience to read it is often difficult. The copywriter faces a dilemma: the body copy must be long enough to communicate the advertiser's message yet short enough to hold readers' interest.

The content of body copy often flows from the points made in the headline or various subheads, but the specific content depends on the type of advertising appeal and the execution style being used. For example, straight-sell copy that presents relevant information, product features and benefits, or competitive advantages, is often used with the various types of rational appeals discussed earlier in the chapter. Emotional appeals often use narrative copy that tells a story or provides an interesting account of a problem or situation involving the product.

Visual elements

An illustration draws attention to the ad, communicates an idea, and works in a synergistic way with the headline and body copy to produce an effective message. In some print ads, the visual portion of the ad is essentially the

message and thus must convey a strong and meaningful image. Many decisions have to be made regarding the visual portion of the ad, such as what identification marks should be included (brand name, company or trade name, trademarks, logos); whether to use photos or hand-drawn or painted illustrations; what colours to use (or even perhaps black and white or just a splash of colour); and what the focus of the visual should be. The visual elements also enhance the brand value, as we see in Exhibit 10.15 , with Greenpeace and its strong, sometimes controversial perspective on environmental issues.

Layout

While each individual component of a print ad is important, the key factor is how these elements are blended into a finished advertisement. A **layout** is the physical arrangement of the various parts of the ad, including the headline, subheads, body copy, illustrations and any identifying logos. The layout shows where each part of the ad will be placed and gives guidelines to the people working on the ad. For example, the layout helps the copywriter determine how much space he or she has to work with and how much copy should be written. The layout can also guide the art director in determining the size and type of photos. Layouts are often presented to the client so that the advertiser can visualise what the ad will look like and give preliminary approval, before moving on to the more costly stages of print production.

Creative tactics for video and digital

The creative tactics for video and digital are similar to print, although they sometimes differ from each other. In television or online video such as YouTube, the imperative is to get the viewers' attention and then maintain it. This can be particularly challenging because of the clutter and because people often view TV commercials while doing other things (surfing the net, reading a book or magazine, talking). In digital, the aim is not just to get attention but to secure engagement. In advergames, simplistic interaction or the lack of connection between the product and the game may discourage people from returning to play another day. Like print ads, video and digital advertisements have several components. The visual and audio must work together to create the right impact and communicate the advertiser's message.

Visual

The visual elements of a commercial are what is seen on the TV screen, in the frame of the computer or on the screen of a mobile. The visual portion generally dominates the advertising, so it must communicate or demonstrate an idea, message or image. A number of visual elements may have to be coordinated to produce a successful ad. Decisions have to be made regarding the product, the presenter, action sequences and demonstrations, as well as the setting(s), the talent or characters who will appear in the commercial, and such other factors as technique, lighting, graphics, colour and identifying symbols—or even whether the advertising is live or animated.

Audio

The audio portion includes voices, music and sound effects. Voices are used in different ways in commercials. They may be heard through the direct presentation of a spokesperson or as a conversation among various people appearing in the commercial. Perhaps a more common method for presenting the audio portion of a commercial is through a **voiceover**, where the message is delivered or action on the screen is narrated or described by an announcer who is not visible.

Music is also an important part of many TV commercials and can play a variety of roles.   In some commercials, the music provides a pleasant background or helps create the appropriate mood. In others, it is central to the advertising message, used to get attention, break through the advertising clutter, communicate a key selling point, help establish an image or position, or add feeling.[81] For example, music can work through a classical conditioning process to create positive emotions that become associated with the advertised product or service. Music can also create a positive mood that makes the consumer more receptive towards the advertising message.[82]

Another important musical element in both TV and radio commercials is the **jingle**   , a catchy song about a product or service that usually carries the advertising theme and a simple message. While the use of jingles dates back to the 1950s, such as that famous Australian tune 'I Like Aeroplane Jelly', they are used less frequently today than in the past as many advertisers are using current and classic pop songs in their ads. The director of music at the Leo Burnett agency notes that companies using jingles must be careful, noting that 'jingles sound corny'.[83] However, despite these concerns, many marketers still use jingles. In some commercials, jingles are used more as a form of product identification and appear at the end of the message, such as 'Woolworths, the fresh food people'.

Interactivity

The engaging nature of digital often delivers alternative pathways for consumers. They can click on this link or that. They can go to the wedding in Coke's advergame *Playbook of Possibilities* or decline the invitation, remembering that their aunt issued a restraining order. The choice that gives consumers control and encourages engagement also multiplies the **production**   headaches and expenses. Instead of producing one scenario, as in a 30-second television commercial, multiple scenarios and different levels of difficulty are necessary to build in reasons to return.

Planning and production

The various elements of a TV commercial or an advergame or a purpose-built website or app are brought together in a **script**   , a written version of a commercial that provides a detailed description of its video and audio content across time. The script shows the various audio components of the commercial—the copy to be spoken by voices, the music and sound effects. The video portion of the script provides the visual plan of the commercial—camera actions and angles, scenes, transitions and other important descriptions. The script also shows how the video corresponds to the audio portion of the commercial.

Once the basic script has been conceived, the writer and art director may get together to produce a storyboard, a series of drawings used to present the visual plan or layout of a proposed commercial. The storyboard contains still drawings of the video scenes and descriptions of the audio that accompanies each scene. An alternative is to produce a couple of key frames only, which distill the essence or main takeouts of the advertisement. Like layouts for print ads, these frames provide those involved in the production and approval of the commercial with a good approximation of what the final commercial will look like. In some cases an **animatic**   (a moving production of the storyboard along with the soundtrack) may be produced if a more finished form of the commercial is needed for client presentations or pretesting.

Once the storyboard, key frames or animatic of the commercial is approved by the client, it is ready to move to the production phase, which involves three stages:

   1   *Preproduction*—all of the work and activities that occur before the actual shooting and recording of the

commercial, such as costing and choosing a production company, production timetable, set construction, casting and wardrobe.

2 *Production*—the period during which the commercial is filmed and recorded, including the location or set shooting and sound recording.

3 *Postproduction*—activities and work that occur after the commercial has been filmed and recorded. These include the editing, audio-mixing, effects, approval and dispatch.

BEHIND EVERY GOOD CAMPAIGN IS A GREAT CLIENT

While it is vital to have good creative, it is perhaps even more essential to have a great client. As the gatekeeper of the advertising campaign, it is a client's 'yes' or 'no' that launches great advertising. Bill Tragos, former chair of TBWA, the advertising agency noted for its excellent creative work for Absolut vodka, Evian and many other clients, says, 'Very few clients realise that the reason that their work is so bad is that they are the ones who commandeered it and directed it to be that way. I think that at least 50 per cent of an agency's successful work resides in the client.'[84]

Wang and colleagues (2013) examined the effect of advertiser risk-taking on campaign creativity. To optimise originality, their research recommends advertisers follow two strategies. First, advertisers should employ 'creative qualification' to select agencies that qualify by having the desired creative ability and then communicate their risk preference and expectations. Secondly, advertisers should nurture an environment of trust, allowing the agency to work autonomously. By doing this, an advertiser can improve market performance and enhance campaign originality. [85]

Many creative people say it is important for clients to take some risks if they want breakthrough advertising that gets noticed. One agency that has been successful in getting its clients to take risks is Wieden & Kennedy, best known for its excellent creative work for companies such as Nike, Microsoft, ESPN and Heineken. The agency's founders believe that a key element in its success has been a steadfast belief in taking risks when most agencies and their clients have been retrenching and becoming more conservative.[86] The agency can develop great advertising partly because clients such as Nike are willing to take risks and go along with the agency's priority system, which places the creative work first and the client–agency relationship second. Its agency mantra enacts the proclamation of the current Nike campaign to 'Believe in something. Even if it means sacrificing everything.'

Not all companies or agencies agree that advertising has to be risky to be effective, however. Many marketing managers are more comfortable with advertising that simply communicates product or service features and benefits and gives the consumer a reason to buy. They see their ad campaigns as multimillion-dollar investments whose goal is to sell the product rather than finance the whims of their agency's creative staff.[87]

It is also important to realise that creative work may not just be evaluated by one person. Often, a number of people on the client side may be involved in evaluating the creative work of the agency, including the advertising or IMC manager, product or brand managers, marketing director or vice-president, representatives from the legal department, and sometimes even the chief executive officer (CEO) of the company or the board of directors.

Chiat/Day, for example, had to convince Apple's board of directors to air the famous *1984* commercial used to introduce the Macintosh personal computer. Apple's board thought the commercial, based on the concept of George Orwell's classic novel, was too controversial and potentially detrimental to its image. The spot used stark

images of Orwell's dystopia, and a dramatic scene of a young woman throwing a mallet through a movie screen to destroy a controlling force, purportedly symbolising its major competitor IBM. The agency finally convinced Apple's board to run the commercial, only once, during the 1984 Super Bowl. Capturing media attention and launching the Apple Mac brand, *TV Guide* named the *1984* spot the greatest television commercial of all time.

Guidelines for evaluating creative output

Because a client may not be a great client, or because it may be a committee of clients evaluating the creative, it is often useful to have a set of guidelines to help evaluate the creative idea. Advertisers use numerous criteria to evaluate the creative approach. In some instances, the client may want to have the rough layout or storyboard pretested to get quantitative information to assist in the evaluation. Or even to do some A/B testing online. However, the *client evaluation* process is most typically subjective, and that's why some basic criteria for evaluating creative approaches can come in handy.

- *Is the creative approach consistent with the brand's marketing, IMC and advertising objectives?* One of the most important factors the client must consider is whether the message strategy, appeal and execution style recommended by the agency are consistent with the marketing strategy for the brand and the role that advertising and IMC have been assigned in the overall marketing program. This means the creative approach must be compatible with the image of the brand and the way it is positioned in the marketplace and should contribute to the marketing and advertising objectives.

- *Is the creative approach consistent with the message strategy and objectives? Does it communicate what it is supposed to?* The big idea, advertising appeals and execution must deliver the advertising objectives. They must say what the message strategy calls for it to say. Sometimes the objectives and strategy can get in the way of a good idea. Individuals responsible for approving the ad should ask how the big idea, appeal or execution style adheres to the creative strategy and helps meet advertising objectives.

- *Is the creative approach appropriate for the target audience?* Generally, much time has been spent defining, locating and attempting to understand the target audience for the advertiser's product or service. Careful consideration should be given to whether the ad appeal or execution recommended will appeal to, be understood by and communicate effectively with the target audience. This involves studying all elements of the ad and how the audience will connect with them. For example, it has been suggested that advertising targeted to older consumers should use models who are 10 years younger than the average age of the target audience, since most people feel younger than their chronological age.[88] Advertisers also face a considerable challenge developing ads for the teen market because teenagers' styles, fashions, language and values change so rapidly.

- *Does the creative approach communicate a clear and convincing message to the customer?* Most ads are supposed to communicate a message that will help sell the brand. Many ads fail to communicate a clear and convincing message that motivates consumers to use a brand. While creativity is important in advertising, it is also important that the advertising communicates information, attributes, features and benefits, and images that give consumers a reason to buy the brand.

- *Does the creative execution keep from overwhelming the message?* A common criticism of advertising, and of TV commercials in particular, is that so much emphasis is placed on creative execution that the advertiser's message gets overshadowed. Many creative, entertaining commercials have failed to register the brand name or selling points effectively. With the increasing amount of clutter in most advertising media, it may be necessary to use a novel creative approach to gain the viewers' or readers' attention. However, the creative execution cannot overwhelm the message. Clients must walk a fine line: make sure the sales message is not lost, but be careful not to stifle the efforts of the creative specialists and force them into producing dull, boring advertising.

- *Is the creative approach appropriate for the media environment in which it is likely to be seen?* Each media

vehicle has its own environment, which is a product of its editorial content, the type of reader or viewer it attracts, and the nature of the ads it contains. Consideration should be given to how well the ad fits into the media environment in which it will be shown.

- *Is the ad truthful and tasteful?* Marketers have to consider whether an ad is truthful, as well as whether it might offend consumers. The ultimate responsibility for determining whether an ad deceives or offends the target audience lies with the client. It is the job of the advertising or brand manager to evaluate the approach suggested by creative specialists against company standards. The company's legal department may be asked to review the ad to determine whether the creative appeal, message content or execution could cause any problems for the company. It is much better to catch any potential legal problems before the ad is shown to the public.

The advertising manager, brand manager or other personnel on the client side can use these basic guidelines in reviewing, evaluating and approving the ideas offered by the creative specialists. There may be other factors specific to the company's advertising and marketing situation for consideration. Also, there may be situations where it is acceptable to deviate from the standards the company usually uses in judging creative output. As we shall see as we move into the phase of measurement and evaluation in Chapter 12, the client may want to move beyond these subjective criteria and use more sophisticated pretesting methods to determine the effectiveness of a particular approach suggested by the creative team.

SUMMARY

The most important takeout of this chapter is that creativity is a serious and often risky investment that may have an exponential impact on the brand's bottom line. It is not esoteric or whimsical, but, like everything else in advertising, it is based on data, insight and intuition. Academic research shows that creativity not only gets your brand remembered, it impairs people's memory of other regular ads—especially those of your competitors.

In this chapter, we have developed a process to create messages, based on the message strategy, the big idea and the execution. This message strategy tells us what we should say to our target market, but it takes a big idea to bring the strategy to life. Then we must consider advertising appeals and execution techniques to carry out the creative plan. This tells us how we should say it. The appeal is used in the ad to elicit some response from consumers or influence their feelings, through either a rational or emotional approach or both.

The execution is the way the advertising appeal is presented in the message. A number of common execution techniques were examined in the chapter, along with considerations for their use. Attention was also given to tactical issues involved in creating print, TV and digital advertising. Creative specialists are responsible for crafting the message strategy, the big idea, the advertising appeals and execution style. However, the client is the gatekeeper of the creative process and often determines whether great campaigns live or die.

KEY TERMS

DISCUSSION QUESTIONS

1 Creativity is inspirational. It is innovative. Exciting. Good. Different. But this chapter highlights the concrete contribution that creativity can make to a brand's bottom line. Do you think marketers understand this and take creativity seriously?

2 Albert Einstein, one of the greatest creatives of all time, said that creativity was about making new connections between previously unconnected things. So see if you can make a connection. Take an award-winning ad and connect the product with the message strategy, with the big idea and with the target market. Do all of the dots connect?

3 Explain what is meant by message strategy and creative tactics in advertising. Find an example of an advertising campaign and evaluate the message strategy and tactics used in the ads.

4 Advertising creativity is viewed as the ability to generate unique and appropriate ideas that can be used as solutions to communication problems. This definition suggests that a creative ad is one that is novel but also relevant or appropriate. Find an example of a campaign that is novel but not necessarily relevant to the consumer. Discuss why the client would have approved this ad. And how the ad could be improved.

5 What is your opinion of advertising awards, such as the Cannes Lions, that are based solely on creativity? If you were a marketer, would you take these creative awards into consideration in your agency evaluation process? Why or why not? If you were an agency, how could you leverage a Cannes win?

6 Discuss the difference between an advertising appeal and a creative execution style. Find several ads and analyse the particular appeal and execution style used in each.

7 The phrase 'I think, therefore I am' is a familiar one. Thinking rationally is what separates us from other species. Yet Du Plessis suggests that we are first and foremost emotional creatures, and how we perceive things emotionally determines how we respond rationally. What do you think of that? Or should I ask how you feel?

8 Discuss the role of headlines and subheads in print advertisements. Find examples of print ads that use various types of direct and indirect headlines.

9 Advertising was once the sole domain of advertising agencies. But with the rise of consultancies, buying up talent and agencies to secure advertising dollars, the advertising landscape has changed. Is this a good or a bad thing? A temporary situation or a long-term trend? Which would you rather work for—an agency or a consultancy? Why?

10 Find an example of a campaign that you think reflects one of the message strategies discussed in this text, such as unique selling proposition, brand image, inherent drama or positioning. Discuss how the big idea is reflected in this ad or campaign.

ENDNOTES

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11

MEDIA STRATEGY

LEARNING OBJECTIVES

LO 11.1	To understand the principles of brand contact points in media strategy.
LO 11.2	To understand the key terminology used in media planning.
LO 11.3	To structure a media plan appropriately.
LO 11.4	To recognise and be able to set media objectives.
LO 11.5	To know the process for developing and implementing media strategies.
LO 11.6	To explain how audiences are measured and how rates are determined.
LO 11.7	To consider the characteristics, advantages and limitations of each media channel.
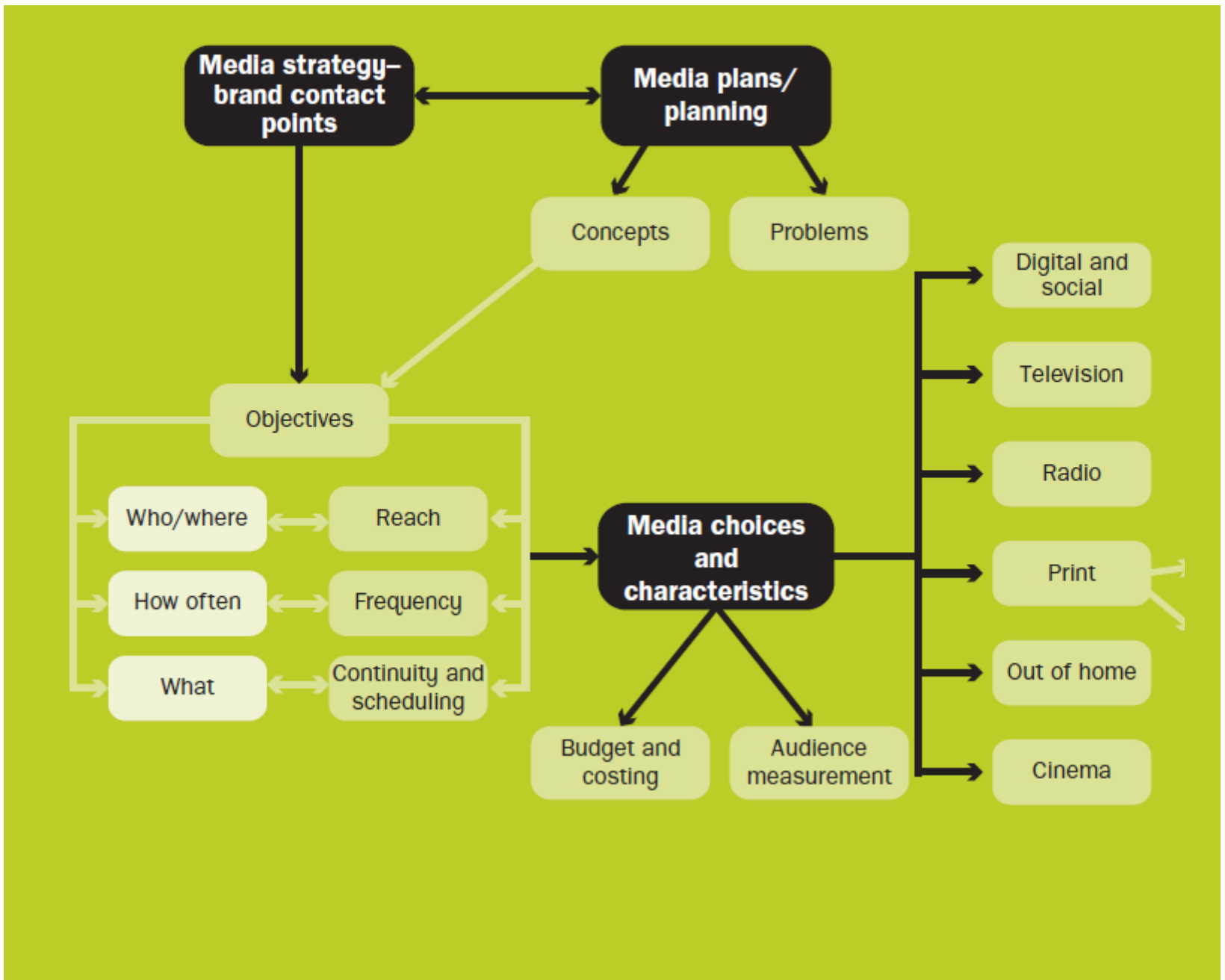
THE RISE AND IMPLICATIONS OF PROGRAMMATIC BUYING IN ADVERTISING

**BY JACK ELKINS
INTERACTIVE DIRECTOR, OMD BRISBANE**

As a practice, programmatic buying was long viewed as a means of buying and selling remnant, or leftover, digital inventory, but today, many see it as the future means in which all advertising will be traded. For future media practitioners, this shift offers exciting new opportunities unlocked by data and technology, but also a new onus to understand the unique tactics, limitations and capabilities of this buying practice.

Few industries see the rapid and constant change that digital advertising has experienced over the past 20 years, but at its inception, it was largely traded the way much of traditional

media is today. Media planners would research their target audience and the media they consume and develop media plans based on this, negotiating with separate publishers to buy advertising space across their sites in the hopes of reaching and influencing these audiences (see Figure 11.1   ).

Individual buying, managed
via manual contracts

Centralised buying, managed
via auction
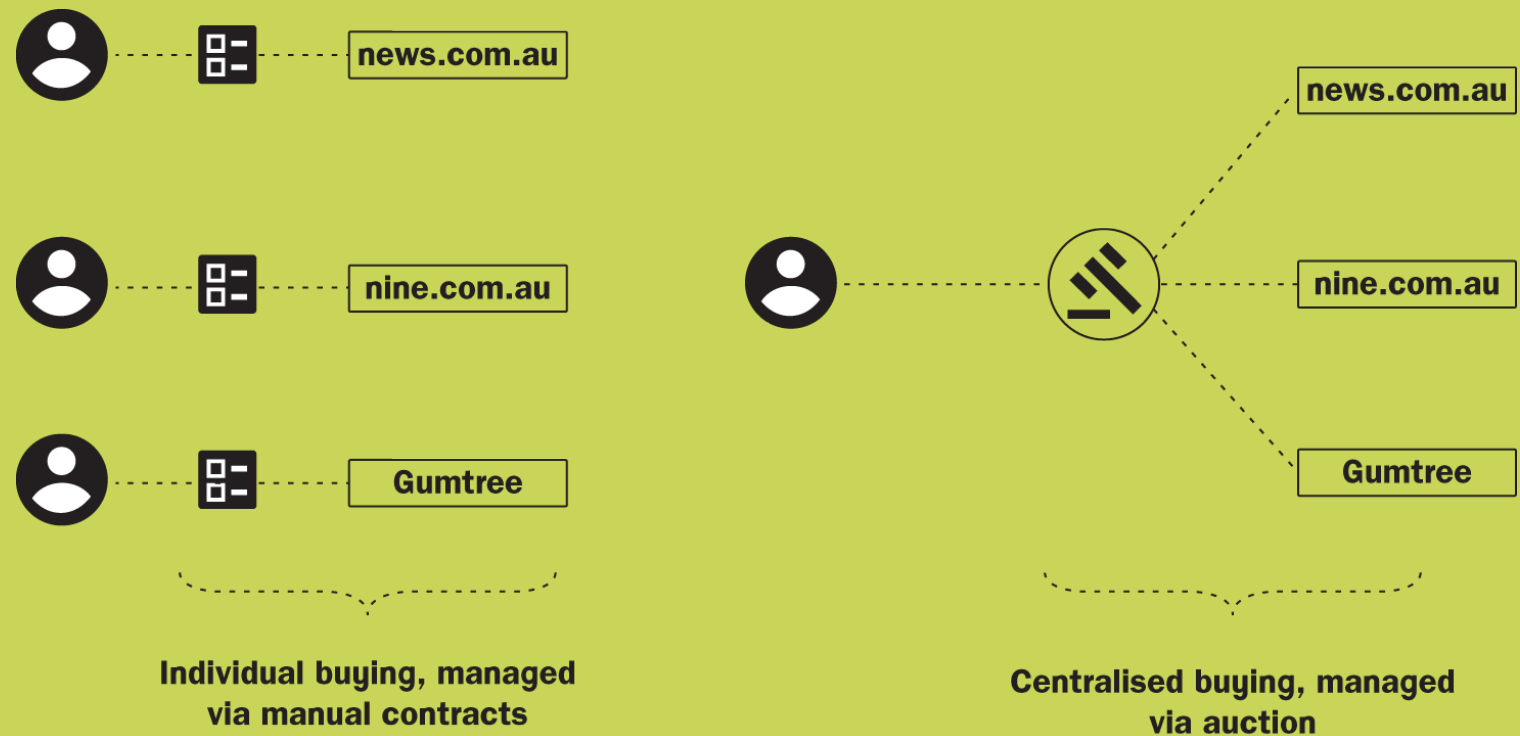
Figure 11.1 Traditional versus programmatic buying

This approach was highly contextual in that it targeted audiences based on a specific site or page and it required a certain degree of trust because media buyers didn't receive much information outside of what their publishers told them. Although this approach worked well at a time when there was only a handful of well-known publishers, it wasn't well equipped to handle the long tail of information the internet grew into and was unable to scale to the thousands of sites and environments that could suddenly be monetised. This need gave birth to some of the first ad networks—digital marketplaces that allowed a range of sites to offer up their ad inventory to buyers as part of a real-time auction.

In programmatic, each time a person loads a page, an ad call is sent to this auction. The ad call contains information about the content of that page, as well as the person viewing it, such as their demography (age, gender) or interests. Media buyers enter the auction and offer bids to gain the chance to serve that person an ad on page based on how valuable that ad placement (or impression) is to them (see Figure 11.2   ).

1. User visits website
Each load of the page becomes an available impression

2. Impression announced
When an impression is available, a bid request is made and the exchange asks if you'd like to bid

3. Impression evaluated
You get information like the website, the content on page, audience data and so on

4. Real-time auction
You have milliseconds to respond with a bid (the bid response)

5. Win? gets s
If you auction, gets s

Figure 11.2 The programmatic buying process

This process powers not only giants such as Facebook and Google, which were expected to represent 84% of all digital media investment in 2017, but also millions of smaller sites that are able to monetise their audience efficiently and reliably.

For media planners, this shift has been tectonic. The practice of buying specific impressions across a range of sites has allowed buyers to control reach and frequency across their entire campaign, instead of by publisher. It has also seen a shift away from contextual buying, which is focused on where an ad is served, towards audience buying, which focuses on who it is served to. This shift has been powered by the huge depth of audience data that is attached to each ad impression, allowing buyers to target people based on thousands of variables ranging from the pets they own to the likelihood of them wanting to refinance their home in the next year. Platforms such as Facebook or Google have led the way in this regard thanks to the wealth of information they hold on their audiences and the things they search for. Today, Australians average 1 hour 39 minutes on social media per day and about 2.5 hours on Google pages specifically per month—and all of these interactions can be mined to understand more about who they are and what they might be enticed to buy.

For planners, this flow of data has created new opportunities to more effectively communicate with audiences. A great example of this is personalisation. Thanks to the greater availability of audience data, which is delivered at the individual impression level, buyers can leverage personalisation tools when buying programmatically that tailor each ad experience to the specific characteristics of that person (see Figure 11.3). Volkswagen in the USA used this to great effect. While auto manufacturers typically broadcast a single message about their car to a broad audience, VW was able to dynamically generate hundreds of variations on its video ads in one campaign and serve specific creative combinations to people based on who they were and, therefore, what product, storyline and unique selling proposition was likely to get them to buy. These capabilities have turned traditional notions of broadcast-style advertising on its head, allowing advertisers to build value propositions and messaging for their products tailored to the specific customer segment they are reaching.
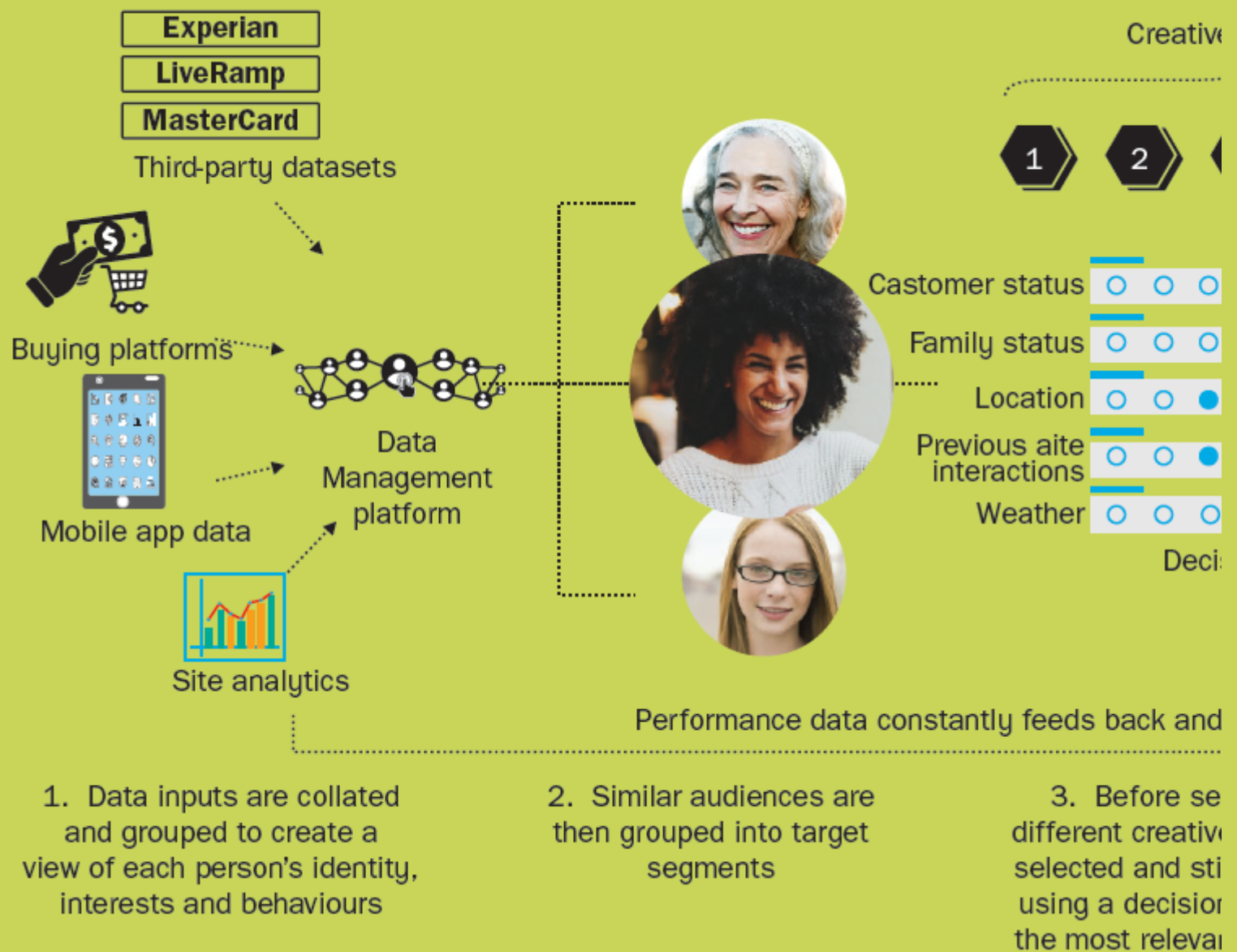
Figure 11.3 Example workflow: how brands use audience data and dynamic creative to serve tailored advertising

Despite the exciting opportunities afforded by data, this approach is not without its challenges. A key example of this is the balance between personalisation and privacy. In digital, many platforms have built a business model around trading content or community for the opportunity to monetise their audience's attention and personal information. Part of this process relies on the ability to use audience data to serve targeted, and in some cases personalised, advertising. Although these practices are hardly hidden, the balance between consumer privacy and media revenue has been brought into question by governments, with the most famous example being the European Union (EU), which introduced the General Data Protection Regulation (GDPR) at the end of May 2018.

According to Digiday, the spirit of GDPR in a nutshell was to ensure '...any company, whether a retailer, publisher or ad tech company, must gain (or regain) approval to use audience and customer data'. By attaching new expectations to the use of data, GDPR forced businesses to re-evaluate the way they gather data, with new benchmarks for gaining consent and limitations around the way this data can be used. Although the dust is still settling on the regulation, many see this development as indicative of a future in which brands will have far less access to bountiful third-party user data and will instead need to rely much more on data

they collect themselves. As media planners, the impact of these changes has already started to be felt in Europe, with less data available and some media businesses such as Drawbridge choosing to exit the EU because their business models were no longer viable.

Despite these tumultuous changes, personalisation, and more broadly programmatic buying in media, is set to expand dramatically over the next 5–10 years, fuelled largely by the integration of traditional media channels such as television, out-of-home and audio. Where programmatic was once known for selling remnant inventory at cheaper than market rates, it is fast becoming a dominant trading mechanism in digital as well as other media channels. According to Zenith's Programmatic Marketing Forecast, advertisers are set to spend US$5.6 billion across programmatically traded TV, radio, cinema and out-of-home advertising, or about 6% of total spend in these categories.

Although this transition is still very much in its infancy outside of digital, many media brands view it as a future imperative, with Nine's Chief Sales Officer forecasting that more than half of the network's TV inventory will be traded programmatically by mid-2017.

This shift is largely thanks to the operational efficiencies that can be achieved by moving away from a manual, siloed buying process to one that is largely automated and managed centrally by software. In the same way that the internet gave birth to programmatic buying due to fragmenting inventory sources, the fragmentation of TV audiences across video on demand, free to air and connected TV has encouraged a transition to buying methods that are platform agnostic.

Exhibit 11.1 Integration of traditional media channels is set to fuel the expansion of programmatic buying in media

Source: Shutterstock/Scanrail1

Aside from operational efficiencies, this new buying approach also puts buyers in far more control of when, where and to whom their advertising is served. This puts far more onus on planners to understand the intricacies of media quality, such as viewability, ad fraud and frequency, which would previously have been managed (sometimes poorly) by the publishers they buy from. Further, as more channels become integrated into these models, buyers will

need to maintain a deep understanding of the metrics, pitfalls and opportunities afforded by transacting programmatically in new environments. Ultimately however, the ability to understand and leverage these new practices will likely become a fact of life for people planning and buying media in the future, as will an acceptance of the adage that the only constant is change.

Sources: Rosie Baker, 'GroupM report reveals exceedingly bad news for publisher ecosystem', *AdNews*, 4 December 2017, http://www.adnews.com.au/ news/groupm-report-reveals-exceedingly-bad-news-for-publisher-ecosystem (accessed 23 February 2019); Carlos Despinola, '2018 Digital Report—Australia', We Are Social, https://wearesocial.com/au/blog/2018/02/2018-digital-report-australia (accessed 26 February 2019); Digiday, 'The Digiday guide to GDPR', 2108, https://digiday.com/wp-content/uploads/2018/05/GDPR_updated_052218.pdf (accessed 23 February 2019); Allison Schiff, 'Zenith: programmatic display will eat the world by 2019', Ad Exchanger, 20 November 2017, https://adexchanger.com/online-advertising/zenith-programmatic-display-will-eat-world-2019/ (accessed 23 February 2019); *Marketing Mag*, 'The ups and downs of programmatic channels and formats', 21 February 2017, https://www.marketingmag.com.au/hubs-c/the-ups-and-downs-of-programmatic-channels-and-formats/ (accessed 23 February 2019).

The discussion around the rise of programmatic buying in this chapter's opening vignette demonstrates some of the many changes taking place in the media environment. Perhaps at no other time in history have so many changes taken place that significantly alter the media decision process. As a result, media planning has become more complex than ever before. As you will see in this chapter, these changes offer the marketer opportunities not previously available, but they also require in-depth knowledge of all of the alternatives. Integrated marketing communication programs are no longer a luxury; they are a necessity. Media planners must now consider new options as well as recognise the changes that technology has offered to traditional media. New and evolving media contribute to the already difficult task of media planning. Planning when, where and how the message will be delivered is a complex and involved process. Technology has now made much of the media buying process automated; however, strategy and human relationships are still an important element of the media planning process. The primary objective of the media plan is to develop a framework that will deliver the message to the target audience in the most efficient, cost-effective manner possible—that will communicate what the product, brand or service can do.

However, the way in which consumers and media engage with each other is changing. Consumers are not passive recipients of messages carried by media channels; they are more in control. Control is exerted not only through creating their own content on many of the media they use, but through deciding where, when and how much of each medium they will interact with, so that they can increasingly engage with several media at the same time. This adds considerable complexity to the media planning process.

This chapter presents the various methods of message delivery available to marketers, examines some key considerations in making media decisions, and discusses the development of media strategies and plans. It also explores more specific media tactics and the relative advantages and disadvantages of the various media, and examines each in more detail. Chapter 1 introduced you to idea that everything is digital, and Chapter 2 explored the profound impact that technology has had on IMC in such a short period of time, but if we were to define digital marketing purely as one medium or channel of communication, this would be seriously underestimating its impact. At its most powerful, digital technology—and the way in which it affects all aspects of an organisation, including communication—has the capacity to be at the heart of integration and the convergence of all of the other elements of the marketing communication mix.

LO 11.5

DEVELOPING AND IMPLEMENTING MEDIA STRATEGIES

Having determined what is to be accomplished in terms of reach, frequency and continuity, media planners consider how to achieve these objectives. That is, they develop and implement media strategies, which evolve directly from the actions required to meet objectives and involve the criteria in Table 11.4 .

Media mix
Target market coverage, including geographic coverage
Creative aspects and mood
Flexibility
Budget considerations

Table 11.4 Criteria considered in the development of media plans

Media mix

A wide variety of media and media vehicles are available to advertisers. While it is possible that only one medium or vehicle might be employed, it is much more likely that a number of alternatives will be used. The objectives sought, the characteristics of the product or service and the size of the budget are just some of the factors that determine what combination of media will be used.

As an example, consider a situation in which a product requires a visual demonstration to be communicated effectively. In this case, TV or digital video may be the most effective mediums. If the IMC strategy calls for sales promotion activity to stimulate trial, print media may be necessary. For in-depth information, the internet may be best.

By employing a media mix, marketers can add more versatility to their media strategies, since each medium contributes its own distinct advantages. By combining media, marketers can increase reach and frequency levels over a specific timeframe, while improving the likelihood of achieving overall communication goals.

Target market coverage, including geographical coverage

The media planner determines which target audiences should receive the most media emphasis. Developing media strategies involves matching the most appropriate media to this market by asking, 'Through which media and media vehicles can I best get my message to prospective buyers?'. The issue here is to get coverage of the market, as shown in Figure 11.12 . The optimal goal is full market coverage, shown in the second pie chart. But this is a very optimistic scenario. More realistically, the conditions shown in the third and fourth pie charts are most likely to occur. In the third chart, the coverage of the media does not allow for coverage of the entire market, leaving some potential customers without exposure to the message. In the fourth chart, the marketer is faced with a problem of overexposure (also called **waste coverage**), in which the media coverage exceeds the targeted audience. If the media coverage reaches people who are not sought as buyers and are not potential users, then it is wasted. (This term is used for coverage that reaches people who are not potential buyers or users. Consumers may not be part of the intended target market but may still be considered as potentials—for example, those who buy the product as a gift for someone else.)
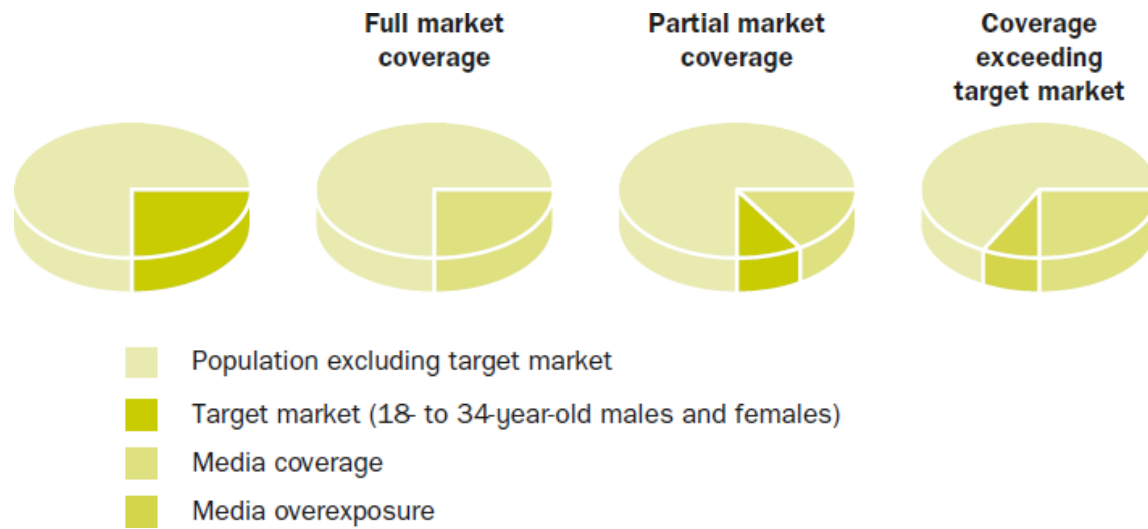
Figure 11.12 Market coverage possibilities

The goal of the media planner is to extend media coverage to as many of the members of the target audience as possible while minimising the amount of waste coverage. The situation usually involves trade-offs. Sometimes one has to live with less coverage than desired; at other times, the most effective media expose people not sought. In this instance, waste coverage is justified because the media employed are likely to be the most effective means of delivery available and the cost of the waste coverage is exceeded by the value gained from their use.

When watching the sport on TV, you may have noticed commercials for insurance companies. Not all viewers are candidates for such products, but a very high percentage of potential customers can be reached with this strategy. So sport coverage programs are considered a good media buy because the ability to generate market coverage outweighs the disadvantages of high waste coverage.

Table 11.5 shows how information provided by emma can be used to match media to target markets. It profiles a selection of magazines and subscription TV channels watched by the smartphone owners identified in Table 11.1. You will be able to practise selecting specific titles/programs based on weighing up index and percentages. From Table 11.5, you can see that *Better Homes and Gardens* and Fox 8 would probably be a wise selection, whereas *AFR Boss* would be less likely to lead to the desired exposures.

	Total (1000s)	Owns a smartphone (1000s)	% down	% across	Index
Totals	**18420**	**17366**	**100.0**	**94.3**	**100.0**
Australian Gourmet Traveller	273	257	1.5	94.1	100.0
Australian Motorcycle News (since: Feb 14)	147	138	0.8	93.9	99.0
Better Homes and Gardens	2095	2004	11.5	95.7	101.0
AFR Boss	99	95	0.5	96.0	101.0
Fox 8	1463	1431	8.2	97.8	104.0
Fox Sports	895	867	5.0	96.9	103.0
History Channel	863	834	4.8	96.6	102.0
LifeStyle Channel	824	795	4.6	96.5	102.0

Table 11.5 Matching media to target audiences
Source: emma research, with permission

Geographic coverage

Snow skiing is available in some parts of the country. It would not be the wisest of strategies to promote skiing in those areas where availability does not exist, unless you could generate an increase in interest to travel to the snowfields. It may be possible to promote an interest in skiing to those living in Queensland, but a notable increase in sales of ski equipment is not very likely, given the market's distance from the snow. The objective of weighting certain geographic areas more than others makes sense, and the strategy of exerting more communication efforts and dollars in those areas follows naturally.

Creative aspects and mood

The context of the medium in which the ad is placed may also affect viewers' perceptions. A specific creative strategy may require certain media. Because video provides both sight and sound, it may be more effective in generating emotions than other media; magazines may create different perceptions from newspapers. In developing a media strategy, marketers must consider both creativity and mood factors. Let us examine each in more detail.

Creative aspects

It is possible to increase the success of a product significantly through a strong creative campaign. But to implement this creativity, you must employ a medium that will support such a strategy. Pedigree has effectively used an online presence to create both an emotional and humorous appeal with its campaign *Child Replacement Programme*, shown in Exhibit 11.3 . In this campaign, it used media to target parents whose children have left home with a service that matches abandoned dogs with abandoned parents. In some situations, the media strategy to be pursued may be the driving force behind the creative strategy, as the media and creative departments work closely together to achieve the greatest impact with the audience of the specific media.
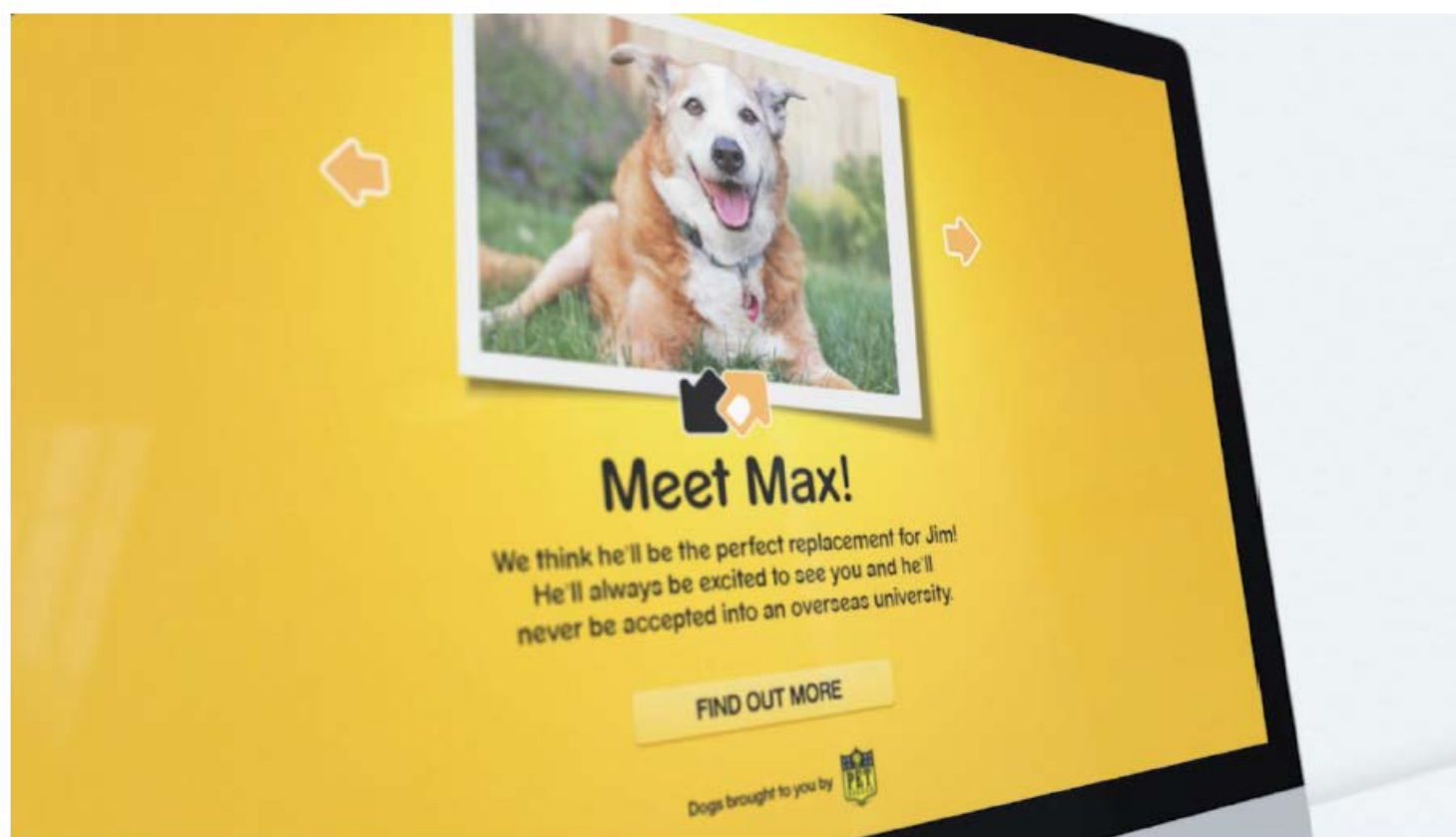
Exhibit 11.3 Pedigree's adoption drive: *Child Replacement Programme*
Source: Colenso BBDO and Mars

Mood

Certain media enhance the creativity of a message because they create a mood that carries over to the communication. For example, think about the moods created by the following magazines: *Gourmet Traveller*, *Money Magazine* and *Better Homes and Gardens.* Each of these special-interest vehicles puts the reader in a particular mood. The promotion of fine wines, luggage, investment properties and home products is enhanced by this mood. What different images might be created for your product if you placed it in the following media, such as:

- Channel 9 versus YouTube?

- *The Australian* versus the local free newspaper?
- *Vogue Living* versus *Reader's Digest?*

The message may require a specific medium and a certain media vehicle to achieve its objectives. Likewise, certain media and vehicles have images that may carry over to the perceptions of messages placed within them.

Flexibility

An effective media strategy requires a degree of flexibility. Because of the rapidly changing marketing environment, strategies may need to be modified. If the plan has not built in some flexibility, opportunities may be lost and/or the company may not be able to address new threats. Flexibility may be needed to address the following:

1. *Market opportunities.* Sometimes a market opportunity arises that the advertiser wishes to take advantage of. For example, water tank manufacturers have attempted to capitalise on the increasing interest in water conservation created by climate change. The development of a new advertising opportunity may offer something eye-catching.
2. *Market threats.* Internal or external factors may pose a threat to the company, and a change in media strategy is required. For example, a competitor may alter its media strategy to gain an edge. Failure to respond to this challenge could create problems for the company.
3. *Availability of media.* Sometimes a desired medium (or vehicle) is not available to the marketer. Perhaps the medium does not reach a particular target segment or it has no time or space available. There are still some geographic areas that certain media do not reach. Even when the media are available, limited advertising time or space may already have been sold or cut-off dates for entry may have passed. Alternative vehicles or media must then be considered.
4. *Changes in media or media vehicles.* A change in the medium or in a particular vehicle may require a change in the media strategy. For example, digital TV channels and a paid channel on YouTube provide new opportunities for message delivery through a wider range of channels. **Paywalls** introduced by newspapers for specialist digital content have changed consumers' and therefore advertisers' behaviour. Online social networks such as Instagram and Pinterest provide additional media environments for brands to explore.[13]

Fluctuations in these factors mean the media strategy must be developed with enough flexibility to allow the manager to adapt to specific market situations.

Budget considerations

One of the more important decisions in the development of media strategy is cost estimating. The value of any strategy can be determined by how well it delivers the message to the audience with the lowest cost and the least waste. We have already explored a number of factors, such as reach and frequency, that affect this decision. The marketer tries to arrive at the optimal delivery by balancing cost with each of these. As the following discussion shows, understanding cost figures may not be as easy as it seems.

Advertising costs can be categorised in two ways. The **absolute cost** of the medium or vehicle is the actual total cost required to place the message. For example, a full-page, four-colour ad in *Marie Claire* magazine costs about $20 000. **Relative cost** refers to the relationship between the price paid for advertising time or space and the size of the audience delivered; it is used to compare media vehicles. Relative costs are important because the manager must try to optimise audience delivery within budget constraints. Since a number of alternatives are available for delivering the message, the advertiser must evaluate the relative costs associated with these choices. The way media costs are provided and problems in comparing these costs across media often make such evaluations difficult.

Determining relative costs of media

To evaluate alternatives, advertisers must compare the relative costs of media as well as vehicles within these media. Unfortunately, the broadcast, print and out-of-home media do not always provide the same cost breakdowns, nor necessarily do vehicles within the print media. Following are the cost bases used:

1. **Cost per thousand (CPM)**. For years, the newspaper and magazine industry has provided cost breakdowns on the basis of cost per thousand people reached. The formula for this computation is:

Cost of ad space (absolute cost)

$$CPM = \frac{\text{Readership}}{} \times 1000$$

Table 11.6 provides an example of this computation for three vehicles in the same medium. All other things being equal, *Publication C* is a more cost-effective buy, even though its absolute cost is not the lowest. (We will come back to 'all other things being equal' in a moment.)

	Price of the ad	Readership	CPM calculation	CPM
Publication A	$12 925	37 060	$\frac{\$12\,925 \times 1000}{37\,060}$	$349
Publication B	$19 250	74 508	$\frac{\$19\,250 \times 1000}{74\,508}$	$258
Publication C	$15 400	65 000	$\frac{\$15\,400 \times 1000}{65\,000}$	$237

Table 11.6 Comparing publication costs using CPM

2. **Cost per target audience ratings point (C/TARP)**. The broadcast media provide a different comparative cost figure, referred to as cost per ratings point or cost per TARP, based on the following formula:

$$\text{Cost per TARP} = \frac{}{\text{Program rating}}$$

An example of this calculation for a prime-time ad is shown in Table 11.7. It indicates that *Program B* would be more cost-effective than *Program A*.

	Program A	Program B
Cost per spot ad	$10 000	$7500
Rating	18	17
Reach (households)	197 100	186 150
Calculation	$10 000/18	$7500/17
C/TARP (CPP)	$556	$441

Table 11.7 Comparison of cost per target audience ratings point (TARP) in a local TV market

As you can see, it is difficult to make comparisons across various media. What is the broadcast equivalent of cost per thousand? In an attempt to standardise relative costing procedures, the broadcast and newspaper media have begun to provide costs per thousand, using the following formulas:

$$\text{Television}: \frac{\text{Cost of 1 unit of time}}{\text{Program rating}} \times 1000$$
$$\text{Newspapers}: \frac{\text{Cost of ad space}}{\text{Readership}} \times 1000$$

While the comparison of media on a cost-per-thousand basis is important, inter-media comparisons can be misleading. The ability of TV to provide both sight and sound, the longevity of magazines and other characteristics of each medium make direct comparisons difficult. The media planner should use the cost-per-thousand numbers but must also consider the specific characteristics of each medium and each media vehicle in the decision.

In addition to the potential for over- or underestimation of cost efficiencies, CPMs are limited in that they make only *quantitative* estimates of the value of media. While they may be good for comparing very similar vehicles (such as *Women's Weekly* and *Women's Day*), they are less valuable in making inter-media comparisons; for example, CPM for magazines versus internet banner ads. We have already noted some differences among media that preclude direct comparisons.

You can see that the development of a media strategy involves many factors. Ostrow may be right when he calls this process an

art rather than a science, as so much of it requires going beyond the numbers. The advertisers that spend large absolute amounts on their advertising and the agencies that advise them need to develop a deep understanding of both quantitative and qualitative data about all aspects of media.

Evaluation and follow-up

All plans require some evaluation to assess their performance. The media plan is no exception. In outlining the planning process, we stated that objectives are established and strategies developed for them. Having implemented these strategies, marketers need to know whether or not they were successful. Measures of effectiveness must consider two factors: (1) How well did these strategies achieve the media objectives?; (2) How well did this media plan contribute to attaining the overall marketing and communication objectives? If the strategies were successful, they should be used in future plans. If not, their flaws should be analysed.

The problem with measuring the effectiveness of media strategies is probably obvious to you at this point. At the outset of this chapter, we suggested the planning process was limited by problems with measurements and lack of consistent terminology (among others). While these problems limit the degree to which we can assess the relative effectiveness of various strategies, it is not impossible to make such determinations. Sometimes it is possible to show that a plan has worked. Even if the evaluation procedure is not foolproof, it is better than no attempt.

♻ IMC PERSPECTIVE 11.1

WHAT COMES FIRST, CHICKEN OR EGG? CREATIVE OR MEDIA? OR JUST GREAT INTEGRATED COMMUNICATION STRATEGY?

In an integrated communication environment, maybe it doesn't matter whether creative leads media strategy or media leads creative. In these award-winning Media Federation of Australia campaigns we can learn from the best!

1. Nike she runs

The best integrated media campaign went to Nike and its agency Razor for the campaign *Nike she runs.*

Objectives

Research showed that Nike was the top consideration for female runners but ASICS was seen as the running specialist and the brand most likely to be recommended to others. Razor set about changing this perception. Its media task was to find a way to connect with female runners and get them talking about Nike in running. The strategy was to use female runners as the primary channel to promote and grow the community channel imperatives.

Campaign

Razor needed to create physical running communities for authenticity, while digital communities were needed to match young female social behaviours. Mobile interactivity was essential given high usage by runners, and advertising was placed in female worlds, not running worlds.

The conversation was ignited through Nike's social media channels to create a 13 km night race for female runners, which would be the anchor around which to build the community. Young runners were solicited to be the voice of the brand, and Carly, herself a young runner, was appointed as the community manager to bring a youthful voice to the *Nike she runs* Facebook page. Her posts brought authenticity to the community and led to some of the highest engagement across her Facebook posts. Women were encouraged to share their running experiences with both Nike and their fellow fans. A smartphone app was designed to provide inspiration and motivation and it had live, shareable content generated by Nike and runners.

Ambassadors across multiple channels were recruited who each had content made about their story, which was then used to recruit other women. Razor sought out the places where runners congregated and discussed running and fitness, then placed ambassadors in those environments, with QR code-activated videos in Fitness First gyms, posters on well-known running routes and a partnership with *Cosmopolitan* magazine that included an editorial feature on night running, advertising, website integration and a running workshop. The approach was replicated within universities, recruiting more ambassadors, while the Nike database was used for eDMs (electronic direct mails—emails).

Results

The campaign exceeded all expectations and KPIs (key performance indicators). Razor built up a community of 54 762 female runners; of these, 98% of the digital community positively engaged with Nike and roughly 90% of the runners surveyed via Facebook intended to run the race again next year. Nike hit its sales targets easily and sold out of key shoe styles.

Judges' comments

'Creating an ongoing brand participation program that people were willing to pay for is a phenomenal result for Nike. The community-centric integration strategy was first class and a great demonstration of the power of people authenticity.'

2. #laceitup

The *#laceitup* campaign from Mindshare for charity Youth Off the Streets (YOTS) won the Grand Prix at the 2015 Media Federation Awards. This beautiful and simple campaign tapped into the real-life insight that homeless young people sleep with their shoes on at night for fear of losing them.

Objectives

The objective for the campaign was simple: to put the conversation about homelessness back on the national agenda and increase donations and awareness among school-aged children.

Campaign

Mindshare needed to communicate in a way that didn't rely purely on smartphones. To gain insight, the team spent a night with YOTS on the streets, talking to disadvantaged youth, listening to their stories and learning about the impact of charity. It became apparent that homeless youth sleep with their shoes on for fear of them being stolen, leaving the laces tied up. To create the connection with the audience, Mindshare created blue, branded shoelaces and promoted the sharing of photos of people with their laces, linking the actions with #laceitup to visibly connect the community to the issue. To get schoolkids involved, the agency gave the shoelaces to influencers to get creative and upload photos with the hashtag, along with a call to action. Actors from *Home and Away* were involved and teams targeted school and high-footfall central business district locations with chalk stencils on pavements. The campaign spread via Instagram and Facebook.

Results

#laceitup became the symbol of youth homelessness right through to the NSW Parliament—where, when debating the issue during National Homelessness Week, the blue laces hung around the necks of the state government front bench and speaker of the house. In 2014, in just two months, the campaign generated a reach of 850 000, with 32 000 engagements on Instagram and more than 6000 blue shoelaces in the shoes of schoolchildren. The campaign generated extensive coverage across print, radio and online, reaching more than 1.2 million Australians, with over 30 individual editorial pieces. Despite a 13% decrease in school fundraising budgets, the campaign more than doubled donations (+112%) year on year. With the funds raised, YOTS could offer 500 nights of crisis accommodation, deliver 120 weeks of learning at high schools, supply warm clothing for 200 disadvantaged youth and provide more than a year's worth of counselling and rehab.

Judges' comments

'This campaign was a great demonstration of taking a strong insight and developing a big idea that can be deployed year after year. The execution was smart; reaching the target audience during a virtual black-out period and amplified through social media.'

3. Protect our cops

The *Protect our cops* campaign for the Police Association of South Australia won best use of a small budget (up to $300 000) in 2016.

Objectives

The introduction of the Return to Work Act in South Australia imposed a new challenge for those injured in the line of duty. The legislation forced a two-year cap on income maintenance and a three-year cap on medical expenses for those injured in workplace accidents. The Police Association of South Australia (PASA) was concerned the legislation would leave injured police officers and their families to fend for themselves and it needed to drive public support. It tasked KWP with the aim of getting at least 500 petition signatures so they could negotiate with the government.

Campaign

The strategic approach was to humanise the situation and show police officers as real people, by connecting what they do to protect the public to what happens when things go wrong. To highlight this insight, the campaign focused on real stories of officers injured while protecting the community. In just 10 days, KWP designed a campaign across radio, newspaper, outdoor and social media to mobilise the masses despite a small budget and a short amount of time. The campaign kicked off with a full-page colour print ad featuring an officer with scars from a point-blank shotgun wound to the face. Hard-hitting radio spots followed across all metro radio stations, while mobile signage was placed in high-traffic pedestrian spaces. All iterations of the campaign included a call to action, pushing the public to go to an online hub and sign the petition or to join in a protest rally and march through to Parliament House with placards also designed by the agency. Social media content was created featuring the stories of three inured police officers speaking on how the legislation would impact them. A Facebook page housed the videos and encouraged conversation, with a small social ad budget used to bolster its reach.

Results

The website attracted 23 964 unique visitors, 1.5% of South Australia's total population, with the online petition signed by 4515 people, exceeding the objective of 500 by nine times. The social videos were viewed in total 160 000 times and, most importantly, the support gave the PASA president the confidence to negotiate with state government, forcing the legislation to be amended.

Judges' comments

'Judges loved that media was intrinsic to creating social change and importantly creating enduring change. This work was simple and smart and an example of a good community campaign.'

AN OVERVIEW OF MEDIA PLANNING

The media planning process is not an easy one and it continues to become more complex. Options include media channels such as digital display and videos, social media, television, radio, newspapers and magazines. In addition, there is out-of-home (OOH) media such as outdoor, transit and digital billboards and cinema.

While at first glance the choices among these alternatives might seem relatively straightforward, this is rarely the case. Part of the reason media selection becomes so involved is the nature of the media itself. TV combines both sight and sound, an advantage not offered by other traditional media. However, if online advertising is used, then online commercials do have exactly the same advantage, with the additional benefit of endorsement by the target audience because they are able to pass on the commercial to others. Magazines can convey more information and may keep the message available to the potential buyer for longer. Newspapers also offer unique advantages, as does outdoor, cinema and radio. The internet offers many of the advantages of other media but it also has limitations. The characteristics of each alternative must be considered individually and in combination, and there are many other factors that must be taken into account. This process becomes even more complicated when the manager has to choose between alternatives within the same medium—for example, between **television networks** and programs, between newspaper titles or, more likely, how many online social networks to favour.

Many companies, large and small, have come to realise the importance of a sound media strategy. They are focusing additional attention on the integration of creative work and media, as well as the use of multiple media vehicles to achieve the optimal impact. For example, as mentioned in Chapter 7 , Snickers in conjunction with 7-Eleven stores in Australia developed the *Hungerithm* algorithm, which gauged the mood of the internet through Twitter users' comments (see Exhibit 11.2). When comments online became negative, the price of Snickers was automatically reduced at 7-Eleven stores. The campaign saw sales increase by 67% as well as a massive rise in social traffic of over 1740%, which resulted in Clemenger BBDO Melbourne winning a Cyber Lion Award at the Cannes Lions Festival in 2017.

Exhibit 11.2 Snickers *Hungerithm*

Source: Clemenger BBDO; Mars

The type of product or service being advertised affects the media planning process. Different categories have found some media more useful than others in conveying their messages to specific target audiences. For example, food and pharmaceuticals spend heavily on television, while others such as travel and accommodation allocate higher percentages of the budget to online and print media. The result is placement of advertising dollars in these preferred media—and significantly different media strategies.

SOME BASIC TERMS AND CONCEPTS

Before beginning our discussion of media planning, we review some basic terms and concepts used in the media planning and strategy process. **Media planning** is the series of decisions involved in delivering the communication message to the prospective purchasers and users of the product or brand. Media planning is a process which means a number of decisions are made, each of which may be altered or abandoned as the plan develops.

The media plan is the guide for media selection. It requires development of specific **media objectives** and specific **media strategies and tactics** (plans of action) designed to attain these objectives. Once the decisions have been made and the objectives and strategies formulated, this information is organised into the media plan.

The **medium** is the general category of available delivery systems or channels, which includes broadcast media (for instance, TV and radio), print media (such as newspapers and magazines), internet (including social networks), direct mail, out-of-home (OOH) and other media. The **media vehicle** is the specific carrier within a medium category. For example, *Better Homes and Gardens* and *Women's Weekly* are print vehicles; *A Current Affair* and *60 Minutes* are broadcast vehicles, *YouTube* is an internet vehicle. As you will see later in the chapter, each vehicle has its own characteristics as well as its own relative advantages and disadvantages. Specific decisions must be made as to the value of each in delivering the message.

Reach is a measure of the number of different audience members exposed at least once to a media vehicle in a given period of time. **Coverage** refers to the potential audience that might receive the message through a vehicle. So coverage relates to potential audience; reach refers to the actual audience delivered. (The importance of this distinction will become clearer later in this chapter.) Finally, **frequency** refers to the number of times the receiver is exposed to the media vehicle in a specified period. While there are many more media planning terms that are important and commonly used, we will begin our discussion with these as they are critical to your understanding of the planning process. For a useful reference see the Media Federation of Australia's website which provides a glossary of terms (https://www.mediafederation.org.au/resources/learning-resources/glossary)

The media plan

The media plan determines the best way to get the message to the audience. In a basic sense, the goal of the media plan is to find the combination of media that enables the marketer to communicate the message in the most effective manner to the largest number of potential customers at the lowest cost.

The activities involved in developing the media plan and the purposes of each are presented in Figure 11.4. As you can see, a number of decisions must be made throughout this process. As the plan evolves, events may occur that require changes. Many advertisers find it necessary to alter and update their objectives and strategies

frequently.

The situation analysis

Purpose: To understand the marketing challenge. The marketing challenge is made up of the factors that influence or are relevant to creating, communicating, delivering and exchanging value between an organisation and its customers. An analysis is made of the internal and external factors on the basis of:
1. Assessment of company's promotional organisation and capabilities.
2. Review of company's previous promotional programs and results.
3. Assessment of company or brand image and implications for promotion.
4. Assessment of relative strengths and weaknesses of product or service.
5. Customer analysis.
6. Competitive analysis.
7. Environmental analysis.

The marketing strategy plan

Purpose: To plan activities that will solve one or more of the marketing challenges. Includes the determination of:
1. Marketing objectives.
2. Product and spending strategy.
3. Distribution strategy.
4. Which elements of the marketing mix are to be used.
5. Identification of 'best' market segments.

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Setting media objectives

Purpose: To translate marketing objectives and strategies into goals that media can accomplish.

Determining media strategy

Purpose: To translate media goals into general guidelines that will control the planner's selection alternatives should be selected.

Selecting broad media classes

Purpose: To determine which broad class of media best fulfils the criteria. Involves comparison an as newspapers, magazines, television, the internet and others. The analysis is called intermedia c of the major factors used in comparing the various media classes.

Selecting media within classes

Purpose: To compare and select the best media within broad classes, again using predetermined the following:
1. If newspapers and magazines were recommended then which ones?
2. If television was recommended then free-to-air or pay television, which networks, which program
3. If the internet was recommended then which sites, including social media or not?

Media use decisions— broadcast	Media use decisions— print	
1. What kind of sponsorship (sole, shared, participating or other)? 2. What levels of reach and frequency will be required? 3. Scheduling: on which days and months are commercials to appear? 4. Placement of spots: in programs or between programs?	1. Number of ads to appear and on which days and months. 2. Placements of ads: any preferred position within media? 3. Special treatment: gatefolds, bleeds, colour. 4. Desired reach or frequency levels. 5. Cross-platform opportunities	1. 2.

Figure 11.4 Activities involved in developing the media plan

Challenges in media planning

Unfortunately, the media strategy decision has not become a standardised task. A number of problems contribute to the difficulty of establishing the plan and reduce its effectiveness. These problems include reaching consumers who are multi-tasking on multiple screens, time pressures and difficulties measuring the effectiveness of individual components and the overall plan.

Multi-tasking via multimedia on multiple screens

Once, reaching a large audience used to be as simple as organising a 'road block', where you booked a television commercial at the same time across the three commercial television stations. Now it is much more complicated, with tablets considered second screens and the majority of consumers splitting their time across devices. A survey by the Interactive Advertising Bureau found that 70% of consumers are using multiple devices, with many engaging with social media while watching other screens.[1] Consumers are now checking their phones and social media while watching YouTube videos or television. Multiscreening, while presenting a challenge for media strategists, is also a proven method for increasing engagement, with cross-device campaigns increasing awareness and purchase intent.

Time pressures

It seems that advertisers are always in a hurry—sometimes because they need to be; at other times because they think they need to be. Actions by a competitor (for example, the cutting of airfares by one carrier) require an immediate response. Digital campaigns provide advertisers with opportunities to make instant changes and respond in real time, which in turn puts additional pressures on both advertisers and media planners.

Differences in measuring effectiveness

The way companies buy, schedule and attempt to measure media effectiveness is changing. Terms such as *reach*, *frequency* and *CPM* are giving way to *ROI*, *stickiness*, *recency* and *engagement*. Advertisers can no longer afford to throw out messages to the mass market hoping someone will watch. Consumers, especially young adults, now 'graze' through media as opposed to being engrossed in them; they multi-task and prefer to access commercial messages when they want them—not when the advertiser wants to show them. The use of demographics and psychographics to define audiences is complemented by behavioural targeting, and the use of demand-side platforms directs the media buy.

DEVELOPING THE MEDIA PLAN

The IMC planning model in Chapter 7 discussed the process of identifying target markets, establishing objectives and formulating strategies for attaining them. The development of the media plan and strategies follows a similar path, except that the focus is more specifically keyed to determining the best way to deliver the message. The process, shown in Figure 11.5 , involves a series of stages: (1) market analysis; (2) establishment of media objectives; (3) media strategy development and implementation; and (4) evaluation and follow-up. Each of these is discussed in turn, with specific examples.
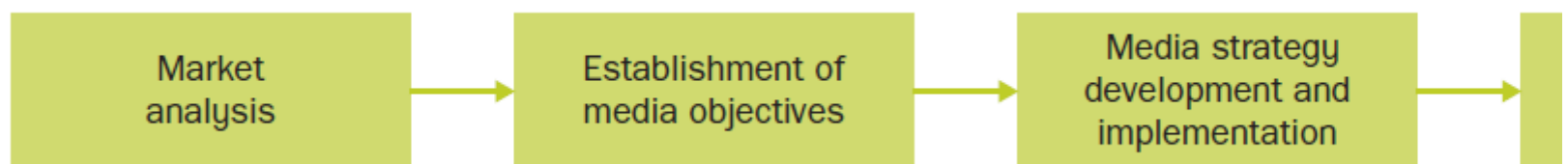
Figure 11.5 Developing the media plan

Market analysis and target market identification

The situation analysis stage of the overall IMC planning process involves a complete review of internal and external factors, competitive strategies and the like. In the development of a media strategy, a market analysis is again performed, although this time the focus is on the media and delivering the message. The key questions at this stage are these: Who shall we advertise to (who is the target audience)? What internal and external factors may influence the media plan? Where (channels most suited and geographically) and when should we focus our efforts?

Who shall we advertise to?

While a number of target markets might be derived from the situation analysis, to decide which specific groups to go after the media planner may work with the client, account representative, marketing department and creative directors. A variety of factors can assist media planners in this decision. Some will require primary research, whereas others will be available from published (secondary) sources.

Roy Morgan Research, Nielsen, emma and OzTAM provide syndicated data on audience size and composition for various media. Media planners are often more concerned with the percentage figures and index numbers than with the raw numbers. This is largely due to the fact that they may have their own data from other sources, both primary and secondary; the numbers provided may not be specific enough for their needs; or they may question the numbers provided because of the methods by which they were collected. The total (raw) numbers provided by syndicated research are used in combination with the media planner's own figures.

On the other hand, the **index number** is considered a good indicator of the potential of the market. This number is derived from the formula:

$$\text{Index} = \frac{\text{Percentage of users}}{\text{Percentage of population}} \times 100$$

An index number over 100 means use of the product is proportionately greater in that segment than in one that is average (100) or less than 100. For example, the emma data in Table 11.1 show the principal users of smartphones by age. Depending on their overall strategy, marketers may wish to use this information to determine which groups are now using the product and target them, or to identify a group that is currently using the product less and attempt to develop that segment.

	Total (1000s)	Owns a smartphone (1000s)	% down	% across	Vertical index Age 18-
Totals	18420	17366	100.0	94.3	100.(
Aged 14–17	1067	992	5.7	93.0	99.(
Aged 18–24	2045	1896	10.9	92.7	98.(
Aged 25–34	3211	2989	17.2	93.1	99.(
Aged 35–49	4509	4256	24.5	94.4	100.(
Aged 50–64	4079	3904	22.5	95.7	102.(
Aged 65+	3509	3329	19.2	94.9	101.(

Table 11.1 Use of smart phones by age
Source: emma research, with permission

While the index is helpful, it should not be used alone. Percentages and product usage figures are also needed to get an accurate picture of the market. Just because the index for a particular segment of the population is very high, that doesn't always mean it is an attractive segment to target. The high index may be a result of a low denominator (a very small proportion of the population in this segment). In another example for a quite different product, shown in Table 11.2 , the 18- to 24-year-old age segment has the highest index, but it also has both the lowest product usage and the lowest population percentage. A marketer who relied solely on the index and limited the audience to 18–24-year-olds would be ignoring 82% of product users.

Age segment	Population in segment (%)	Product use in segment (%)	Index
18–24	15.1	18.0	119
25–34	25.1	25.0	100
35–44	20.6	21.0	102
45+	39.3	36.0	91

Table 11.2 How high indexes can be misleading

Keep in mind that while emma, Roy Morgan and Nielsen provide demographic, geographic and psychographic information, other factors, such as interests and activities, may be more useful in defining specific markets, and these might cut across demographic or geographic segments.

What internal and external factors are operating?

Media strategies are influenced by both internal and external factors operating at any given time. *Internal factors* may involve the size of the media budget, managerial and administrative capabilities, or the organisation of the agency. *External factors* may include the economy (the rising costs of media), changes in technology (the availability of new media), competitive factors and the like. While some of this information may require primary research, much information is available through secondary sources, including industry associations, trade magazines and syndicated services.

Where to promote?

The question of where to promote relates to the major purpose of media strategy, which is channel choice, but also to geographic considerations. Channel choice should be based on an analysis of **brand contact (touch) points** and, linking this to the opportunities to connect with the audience, appropriate media strategies can be developed.

Companies often find that sales are stronger in one area of the country or the world from another and may allocate marketing communication expenditures according to the market potential of an area. Organisations need to spend marketing communication dollars where they will be the most effective—that is, in those markets where they will achieve the desired objectives. Unfortunately, as we have seen so often, it is not always possible to measure directly the impact of IMC efforts. At the same time, certain tactics can assist the planner in making this determination.

Uses and gratifications theory

At the core of every media strategy is the need for media planners to gain insights into the media habits of the people that we want our advertising to reach. Uses and gratifications theory is a communication theory that helps media planners to understand how and why consumers seek out specific media.

Many of us may watch television or YouTube videos at night to relax after a long day, yet we might read online news to stay informed about the latest celebrity scandal. Quite simply, we use specific media to fulfil specific needs.

Uses and gratifications theory assumes that media consumers are not passive, that is, they actively seek out the media they require, with each media option having different uses and gratifications attached to them. For example, consumers might use social media for entertainment value, maintaining connectivity, social enhancement, self-discovery and several other reasons.[2] By understanding the reasons why people might engage with a medium, advertisers can then develop strategies to better connect with their customers.

Establishing media objectives

Just as the situation analysis leads to the establishment of marketing and communication objectives, the media situation analysis should lead to the determination of specific media objectives. The media objectives are not ends in themselves. Rather, they are designed to lead to the attainment of communication and marketing objectives.

Media objectives are the goals for the media program and should be limited to those that can be accomplished through media strategies. They will include reach (reaching the target audience), frequency (exposing the target audience to the message a specific number of times) and continuity (over the life of the campaign). Examples of media objectives are as follows:

- To reach 60% of the target audience at least three times over a six-month period.
- To use broadcast media to provide coverage of 80% of the target market over a six-month period.
- To concentrate the heaviest advertising in winter and spring, with lighter emphasis in summer and autumn.

Reach versus frequency

Since advertisers have a variety of objectives and face budget constraints, they must usually trade off reach and frequency. They must decide whether to have the message seen or heard by more people (reach) or by fewer people more often (frequency).

How much reach is necessary?

Thinking back to the hierarchies discussed in Chapter 5, you will recall that the first stage of each model requires awareness of the product or brand. The more people who are aware, the more who are likely to move to each subsequent stage. Achieving awareness requires reach—that is, exposing potential buyers to the message. New brands or products need a very high level of reach, since the objective is to make all potential buyers aware of the new entry. For example, to achieve trial, a marketing communication strategy might use free samples. An objective of the marketer is to reach a larger number of people with these samples, in an attempt to make them learn about the product, try it and develop favourable attitudes towards it. (In turn, these attitudes may lead to purchase.)

Problems arise because there is no known way of determining how much reach is required to achieve levels of awareness, attitude change or buying intentions, nor can we be sure that an ad placed in a vehicle will actually reach the intended audience. (There has been some research on the first problem, which will be discussed in the section following on effective reach.)

If you buy advertising time on *60 Minutes,* will everyone who is tuned to the program see the ad? No. Many viewers will leave the room, be distracted during the commercial, and so on, as shown in Figure 11.6 (which also provides a good example of the difference between reach and coverage). If I expose everyone in my target audience to the message once, will this be sufficient to create a 100% level of awareness? The answer again is no. This leads to the next question: what frequency of exposure is necessary for the message to be seen and to have an impact?

How many viewers actually watch a commercial? R D Percy & Co reports that its advanced peoplemeters, equipped with sensors that detect viewers present, indicate that spots retain, on average, 82% of the average-minute ratings for the q During early-morning news programs, 'commercial efficiency' (as Percy calls it) is lower because so many people are b about, out of the room (bright pink), but the rate rises at night.

A. Efficiency of spots during news programming

6–9 am Mon–Fri

| 60 | 35 | 5 |

5–7 pm Mon–Fri

| 86 | 9 | 5 |

7–8 pm Mon–Fri

| 84 | 9 | 7 |

11–11:30 pm Mon–Fri

| 88 | 10 | 2 |
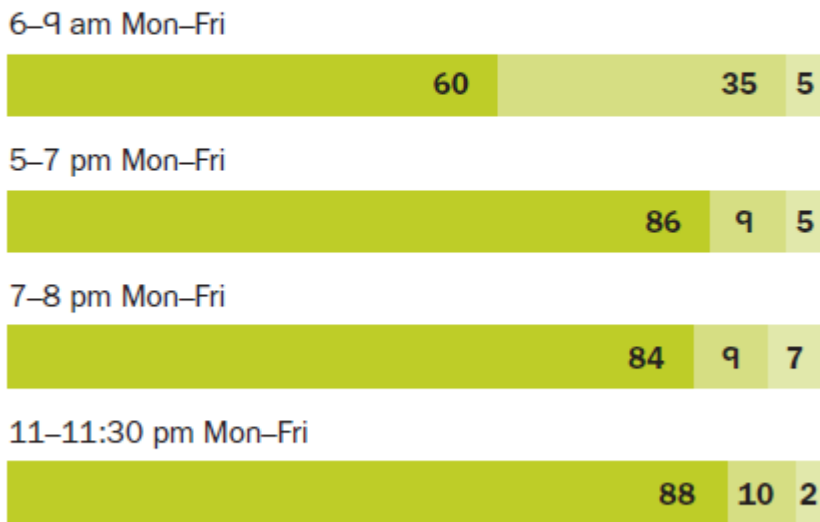
B. Efficiency of spots during sports programming

Noon–3 pm Sat–Sun

| 80 | 6 |

3–5 pm Sat–Sun

| 79 | 10 |

5–7 pm Sat–Sun

| 84 | 6 |

8–11 pm Mon–Fri

| 88 | 1 |
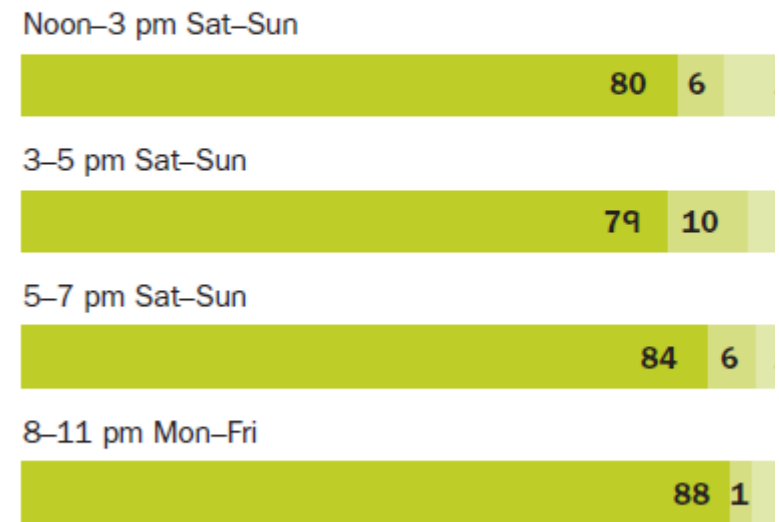
Per cent of program audience retained by spot (commercial efficiency)

Per cent of audience lost: out of the room

Per cent of audience lost: changing channels

Figure 11.6 Who's still there to watch the ads?

What frequency level is needed?

With respect to media planning, frequency carries a slightly different meaning. Here, frequency is the number of times one is exposed to the media vehicle, not necessarily to the ad itself. While one study has estimated that the actual audience for a commercial may be as much as 30% lower than that for the program, not all researchers agree.[3] Figure 11.6   demonstrates that, depending on the program, this number may range from 12% to 40%.

Most advertisers do agree that a 1:1 exposure ratio does not exist. So while your ad may be placed in a certain vehicle, the fact that a consumer has been exposed to that vehicle does not ensure that your ad has been seen. As a result, the frequency level expressed in the media plan overstates the actual level of exposure to the ad. This overstatement has led some media buyers to refer to the reach of the media vehicle as 'opportunities to see' a message rather than actual exposure to it.

Because the advertiser has no sure way of knowing whether exposure to a vehicle results in exposure to the ad, the media and advertisers have adopted a compromise: one exposure to the vehicle constitutes reach, given that this exposure must occur for the viewer even to have an opportunity to see the ad. Thus, the exposure figure is used to calculate reach and frequency levels. But this compromise does not help determine the frequency required to make an impact. The creativity of the ad, the involvement of the receiver, noise and many other intervening factors confound any attempts to make a precise determination.

At this point, you may be thinking: if nobody knows this stuff, how do they make these decisions? That's a good question, and the truth is that the decisions are not always made based on hard data. Says Joseph Ostrow, who worked at Young and Rubicam, 'Establishing frequency goals for an advertising campaign is a mix of art and science, but with a definite bias toward art.'[4] Let us first examine the process involved in setting reach and frequency objectives and then discuss the logic of each.

Establishing reach and frequency objectives

It is possible to be exposed to more than one media vehicle with an ad, resulting in repetition (frequency). If one ad is placed on one TV show one time, the number of people exposed is the reach. If the ad is placed on two shows, the total number exposed once is **unduplicated reach.** Some people will see the ad twice. The reach of the two shows, as depicted in Figure 11.7, includes a number of people who were reached by both shows (C). This overlap is referred to as **duplicated reach.**

A. Reach of one TV program

Total market audience reached

B. Reach of two programs

Total market audience reached

C. Duplicated reach

Total market reached
with both shows

D. Unduplicated reach

Total reach less
duplicated reach
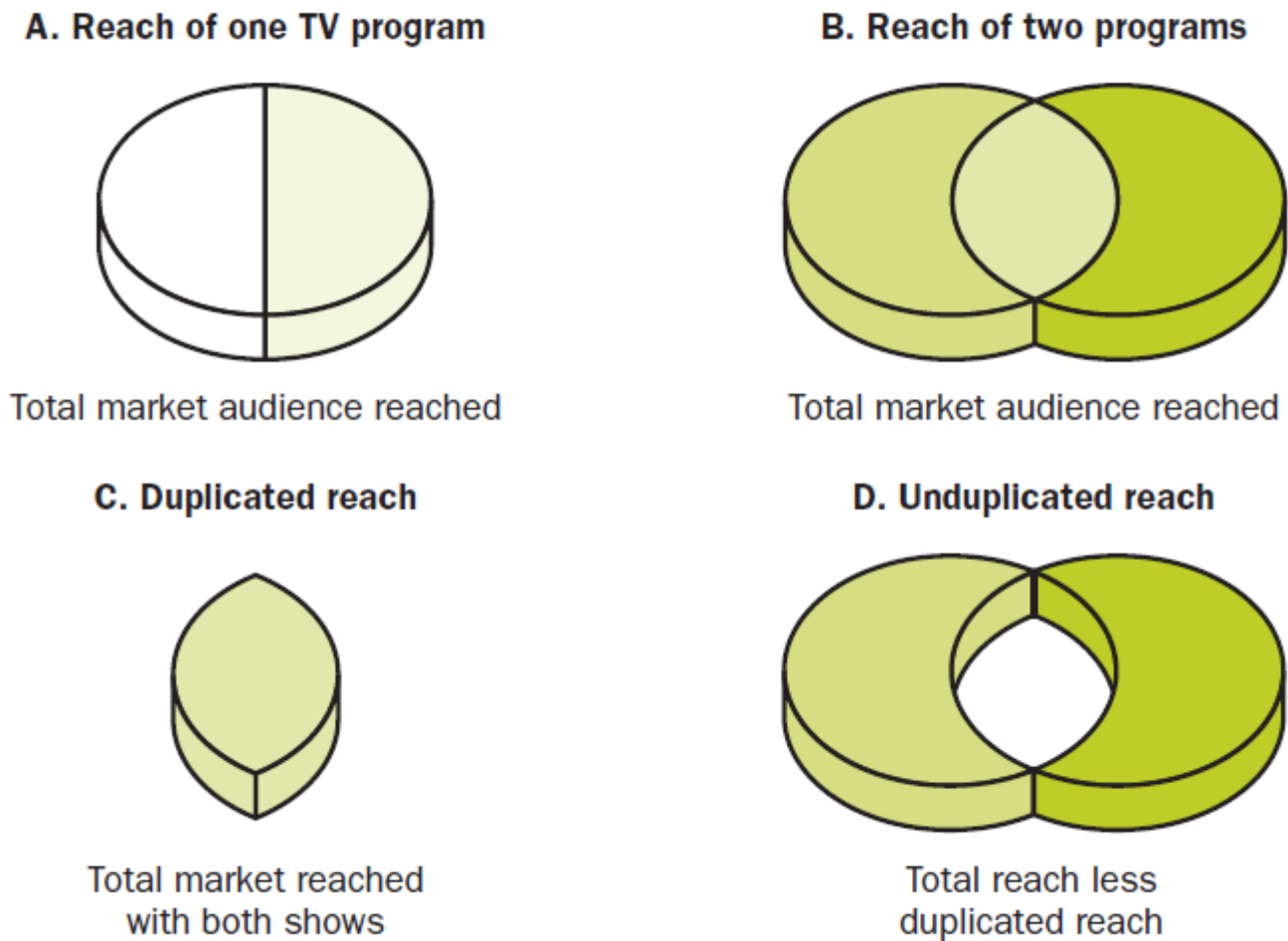
Figure 11.7 Representation of reach and frequency

Both unduplicated and duplicated reach figures are important. Unduplicated reach indicates potential new exposures, while duplicated reach provides an estimate of frequency. Most media buys include both forms of reach. Let us consider an example.

A measure of potential reach in the broadcast industry is the TV (or radio) **program rating.** This number is expressed as a percentage. For an estimate of the total number of homes reached, multiply this percentage by the number of homes with TV sets. For example, if there are eight million homes with TV sets in the country and the program has a rating of 20, then the calculation is 0.20×8, or 1.6 million homes.

Using gross ratings points

The media buyer typically uses a numerical indicator to know how many potential audience members may be exposed to a series of commercials. A summary measure that combines the program rating and the average

number of times the home is reached during this period (frequency of exposure) is a commonly used reference point known as **gross ratings points (GRPs)** :

GRPs are based on the total audience the media schedule may reach; they use a duplicated reach estimate. **Target audience ratings points (TARPs)** refer to the number of people in the primary target audience the media buy will reach—and the number of times. Unlike GRPs, TARPs do not include waste coverage.

Given that GRPs do not measure actual reach, the advertiser must ask: how many GRPs are needed to attain a certain reach? How do these GRPs translate into effective reach? For example, how many GRPs must one purchase to attain an unduplicated reach of 50%, and what frequency of exposure will this schedule deliver? The following example may help you to understand how this process works.

First, you must know what these ratings points represent. A purchase of 100 GRPs could mean 100% of the market is exposed once or 50% of the market is exposed twice or 25% of the market is exposed four times, and so on. As you can see, this information must be more specific for the marketer to use it effectively. To know how many GRPs are necessary, the manager needs to know how many members of the intended audience the schedule actually reaches. The graph in Figure 11.8 helps make this determination. In Figure 11.9 , a purchase of 100 TARPs on one network would yield an estimated reach of 32% of the total households in the target market. This figure would climb to 37.2% if two networks were used and 44.5% with three.
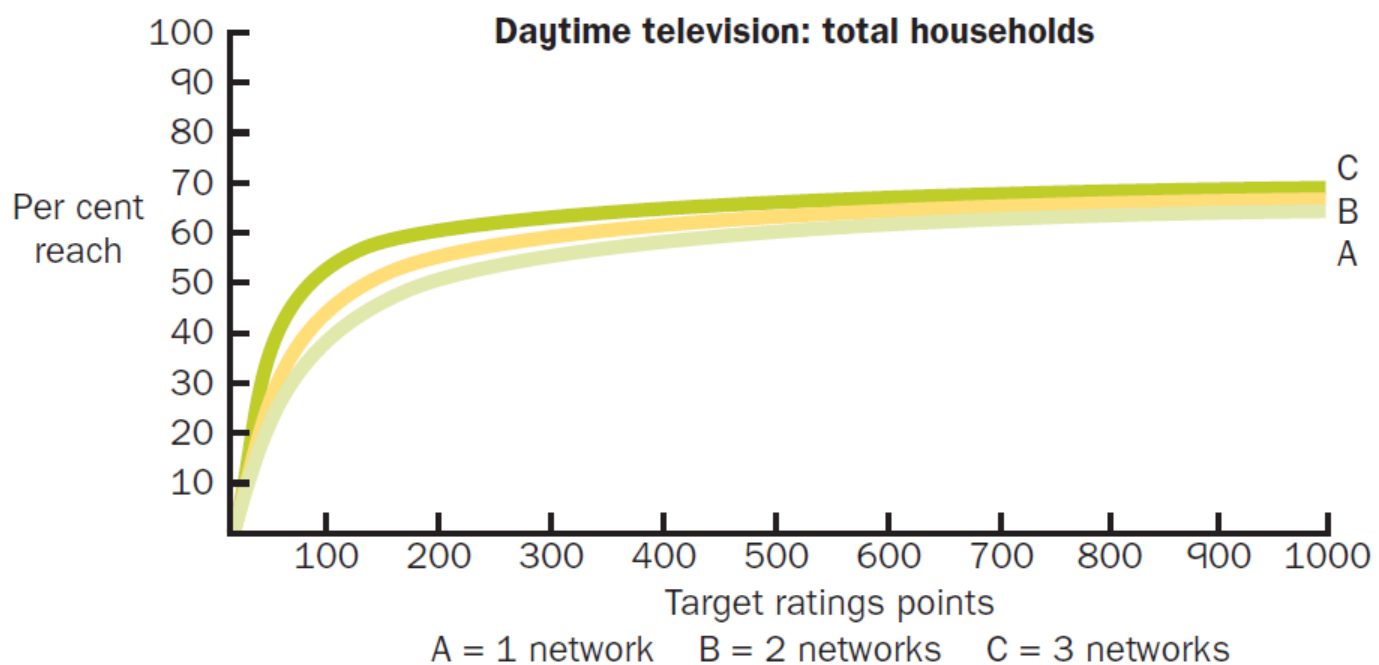
Figure 11.8 Estimates of reach

**Total exposure versus effective exposure
of a prime-time television schedule**
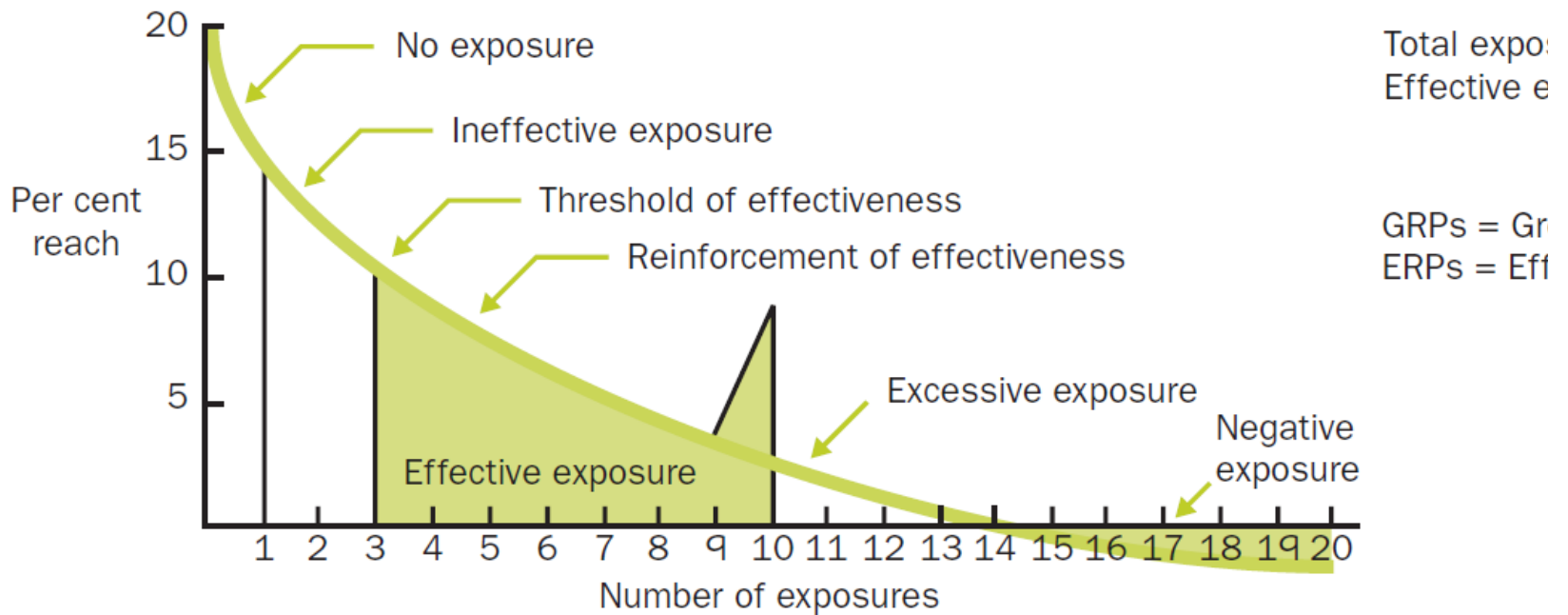
Figure 11.9 Graph of effective reach

Determining effective reach

Since marketers have budget constraints, they must decide whether to increase reach at the expense of frequency or increase the frequency of exposure but to a smaller audience. A number of factors influence this decision. For example, a new product or brand introduction will attempt to maximise reach, particularly unduplicated reach, to create awareness in as many people as possible as quickly as possible. At the same time, for a high-involvement product or one whose benefits are not obvious, a certain level of frequency is needed to achieve effective reach.

Effective reach represents the percentage of a vehicle's audience reached at each effective frequency increment. This concept is based on the assumption that one exposure to an ad may not be enough to convey the desired message. As we saw earlier, no one knows the exact number of exposures necessary for an ad to make an impact, although advertisers have settled on three as the minimum as a rule of thumb based on experience over the years. Effective reach (exposure) is shown in the shaded area in Figure 11.9   in the range of three to ten exposures. Fewer than three exposures is considered insufficient reach, while more than ten is considered overexposure and thus ineffective reach. This exposure level is no guarantee of effective communication; different messages may require more or fewer exposures. It can be argued that the three-exposure theory was valid in the 1970s when consumers were exposed to only a few ads per day. Now that they are exposed to many more, three exposures may not be enough. Adding in the fragmentation of media and variety of alternatives leads planners to believe that 12 exposures may be the *minimum* level of frequency required! Also, Jim Surmanek, president and CEO of Media Analysis Plus, contends that the complexity of the message, message length and recency of exposure also impact this figure.[5] Of course, media planners must also consider the impact of the message wearing out and being repetitive, which in turn leads to avoidance of the message and media dollar wastage. Again, finding the balance between a frequency that is too high and a frequency that is too low is dependent upon the product, the creative and the medium.

Since they do not know how many times the viewer will actually be exposed, advertisers typically

purchase GRPs that lead to more than three exposures to increase the likelihood of effective reach and frequency. Surmanek also argues that effective reach can be as low as one exposure, if the exposure is very recent or close to the purchase occasion (thus, recency is more important than frequency). He contends that more exposures are necessary when the message is complex and requires several exposures to be understood.[6]

Determining effective reach is further complicated by the fact that when calculating GRPs, advertisers use a figure that they call **average frequency**, or the average number of times the target audience reached by a media schedule is exposed to the vehicle over a specified period. The problem with this figure is revealed in the following scenario:

> Consider a media buy in which:
> 50% of the audience is reached 1 time
> 30% of the audience is reached 5 times
> 20% of the audience is reached 10 times
> Average frequency = 4

In this media buy, the average frequency is 4, which is slightly more than the number established as effective. Yet a full 50% of the audience receives only one exposure. Thus, the average-frequency number can be misleading, and using it to calculate GRPs might result in underexposing the audience.

Although GRPs have their problems, they can provide useful information to the marketer. A certain level of GRPs is necessary to achieve awareness, and increases in GRPs are likely to lead to more exposures or more repetitions— both of which are necessary to have an effect on higher-order objectives. Perhaps the best advice for purchasing GRPs is offered by Ostrow, who recommends the following strategies:[7]

1. Instead of using average frequency, the marketer should decide what minimum frequency goal is needed to reach the advertising objectives effectively and then maximise reach at that frequency level.
2. To determine effective frequency, one must consider marketing factors, message factors and media factors (see Table 11.3).

Marketing factors	
Brand history	Is the brand new or established? New brands generally require higher frequency levels.
Brand share	An inverse relationship exists between brand share and frequency. The higher the brand share, the lower the frequency level required.
Brand loyalty	An inverse relationship exists between loyalty and frequency. The higher the loyalty, the lower the frequency level required.
Purchase cycles	Shorter purchasing cycles require higher frequency levels to maintain top-of-mind awareness.
Usage cycle	Products used daily or more often need to be replaced quickly, so a higher level of frequency is desired.
Competitive share of	Higher frequency levels are required when a lot of competitive noise exists and when the goal is to meet or beat competitors.

voice	
Target group	The ability of the target group to learn and to retain messages has a direct effect on frequency.
Message or creative factors	
Message complexity	The simpler the message, the less frequency required.
Message uniqueness	The more unique the message, the lower the frequency level required.
New versus continuing campaigns	New campaigns require higher levels of frequency to register the message.
Image versus product sell	Creating an image requires higher levels of frequency than for a specific product sell.
Message variation	A single message requires less frequency; a variety of messages requires more.
Wearout	Higher frequency may lead to wearout. This effect must be tracked and used to evaluate frequency levels.
Advertising units	Larger or more engaging units of advertising require less frequency than smaller ones to get the message across.
Media factors	
Clutter	The more advertising that appears in the media used, the more frequency that is needed to break through the clutter.
Editorial environment	The more consistent the ad is with the editorial environment, the less frequency is needed.
Attentiveness	The higher the level of attention achieved by the media vehicle, the less frequency that is required. Interactive media require less frequency because they are more engaging. Low attention-getting or passive media require more repetitions.
Scheduling	Continuous scheduling requires less frequency than does flighting or pulsing.
Number of media used	The fewer media used, the lower the level of frequency required.
Repeat exposures	Media that allow for more repeat exposures (for example, monthly magazines) require less frequency.

Table 11.3 Factors important in determining frequency levels

In summary, the reach-versus-frequency decision, while critical, is very difficult to make. A number of factors must be considered, and concrete rules do not always apply. The decision is often more of an art than a science. This is the case even more so when digital media are added to the mix. McDonald has reviewed the many theories in this area in his best practice article.[8] Danaher recommends new metrics for the internet.[9] Cheong, de Gregorio and

Kim explain how media planners are in fact using qualitative as much as quantitative media measures.[10]

Scheduling

Obviously, companies would like to keep their messages in front of consumers at all times as a constant reminder of the product and brand name. In reality, this is not possible for a variety of reasons (not the least of which is the budget). Nor is it necessary. The primary objective of *scheduling* is to time communication efforts so that they will coincide with the highest potential buying times. For some products, these times are not easy to identify; for others, they are very obvious. Three scheduling methods available to the media planner—continuity, flighting and pulsing—are shown in Figure 11.10 .
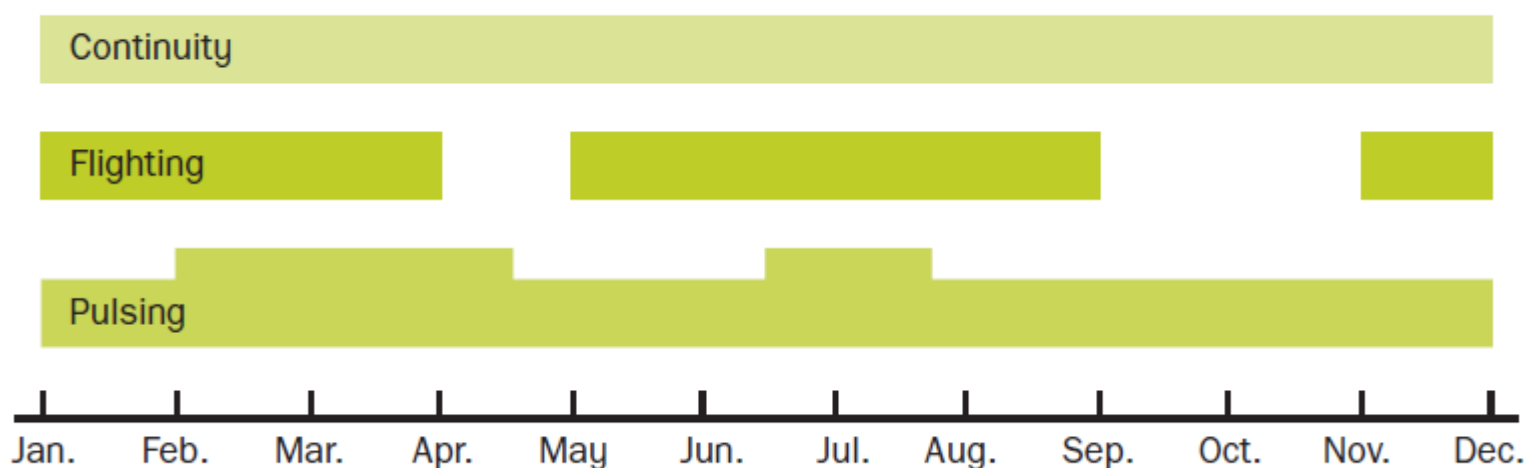
Figure 11.10 Three methods of media scheduling

Continuity refers to a continuous pattern of marketing communication, which may mean every day, every week or every month. The key is that a regular (continuous) pattern is developed without gaps or non-advertising periods. Such strategies might be used for marketing communication for food products, laundry detergents or other products consumed on an ongoing basis without regard for seasonality.

A second method, **flighting,** employs a less regular schedule, with intermittent periods of advertising and non-advertising. At some time periods, there are heavier communication expenditures, and at others there may be none. Many tax agents, for example, spend money on advertising only at the end of the financial year for a short burst of activity and use other marketing communication activities throughout the rest of the year. Snow skis and equipment are advertised heavily in April and May and not at all during the rest of the year.

Pulsing is actually a combination of the first two methods. In a pulsing strategy, continuity is maintained, but at certain times promotional efforts are stepped up. In the beer industry, advertising continues throughout the year but may increase at holiday periods such as Australia Day or Anzac Day. The scheduling strategy depends on the objectives, buying cycles and budget, among other factors. There are certain advantages and disadvantages to each scheduling method, as shown in Figure 11.11 . One comprehensive study (acclaimed by many in the TV research community as 'the most comprehensive study ever to shed light on scheduling') indicates that continuity is more effective than flighting. On the basis of the idea that it is important to get exposure to the message as close as possible to when the consumer is going to make the purchase, Naples's study concludes that advertisers should continue weekly schedules as long as possible.[11] The key here may be the 'as long as possible' qualification. Given a

significant budget, continuity may be more of an option than it is for those with more limited budgets. Ephron, more recently than Naples, has argued that continuous advertising is still to be considered, especially for well-known brands. He developed the principle of recency, also known as the theory of weekly planning.[12] With this he argues that the first viewing of an ad is the most powerful and that advertising's principal role is to influence brand choice for those well-known brands; therefore, the focus for the media planner should be on high levels of weekly reach rather than heavy frequency.

Continuity

Advantages	• Serves as a constant reminder to the consumer
	• Covers the entire buying cycle
	• Allows for media priorities (quantity discounts, preferred locations and so on)
Disadvantages	• Higher costs
	• Potential for overexposure
	• Limited media allocation possible

Flighting

Advantages	• Cost efficiency of advertising only during purchase cycles
	• May allow for inclusion of more than one medium or vehicle with limited budgets
	• Weighting may offer more exposure and advantage over competitors
Disadvantages	• Increased likelihood of wearout
	• Lack of awareness, interest, retention of promotional message during non-scheduled times
	• Vulnerability to competitive efforts during non-scheduled periods

Pulsing

Advantages	• All of the same as the previous two methods
Disadvantages	• Not required for seasonal products (or other cyclical products)

Figure 11.11 Characteristics of scheduling methods

LO 11.7

CHARACTERISTICS OF MEDIA

Up to this point, we have discussed the elements involved in the development of media strategy. One of the most basic elements in this process is the matching of media to markets. We will now move on to exploring how each medium has its own characteristics that make it better or worse for attaining specific objectives. First, Table 11.8 provides an overall comparison of media and some of the characteristics by which they are evaluated. This is a very general comparison, and the various media options must be analysed for each situation. Nevertheless, it is a good starting point.

Media	Strengths	Challenges
Digital, including social media	- Highly targeted - Immediately accountable - Engaging and participatory - Always on environment - Achievement of multiple objectives: reach, engagement and transaction - Diversity—in digital channels and creative formats - Interactivity—two-way dialogue including transactions - Mobility—mobile channel permits location-based interaction and accessibility - Flexibility—various buying models - Accountability through real-time response metrics - Relatively low production costs	- Complex marketplace - Always changing and evolving - Fraud and brand safety - Complexity—more attention in planning and managing campaigns - Measurement—various and different methodologies due to diversity - Data intensity requiring constant analysis - Adjacency—managing delivery with appropriate content - Creative wearout—needs constant refreshment - Clutter in some formats
Television	- Mass coverage—all demographics - High reach, quickly - Impact of sight, sound and motion - High prestige - Low cost per exposure - Highly researched - Supported by interactive second screens	- Low selectivity - Short message life - High absolute cost - High production cost - Clutter - Free-to-air not paid for - Channel surfing and ad skipping

	(mobile and tablet)	
Radio	• Local coverage • Low absolute cost • Low production cost • High frequency, quickly • Flexible—integration in programming • Well-segmented audiences • Personal • Supported by podcasts	• Impact limited—audio only • Expensive for national coverage • Clutter • Not paid for by consumer • Station surfing
Magazines	• Highly segmented audiences • Editorial compatibility • Quality reproduction • Creative options • Longevity • Multiple readers • Highly researched • Supported by interactive second screen (tablet)	• Long lead time • Visual only in print • Clutter
Newspapers	• High coverage • Low cost • Short lead time • Topical • Special-interest sections • Highly researched • Supported by interactive second screen (tablet)	• Short lifespan • Visual only in print • Limited reproduction quality • Clutter • Readership reducing
Out-of-home	• Location-specific targeting • High repetition • Increased use of digital opportunities • Strong impact (with size and format) • Cost effective over long period	• Location restrictions • Short exposure time • Visual only • Long lead time • High production costs
Cinema	• Impact of sight, sound and motion • Captive audience • Paid-for medium • Geographic coverage	• High production cost • Slow to build reach

Table 11.8 Media characteristics

In 2017,[14] advertisers in Australia spent $15.6 billion on media. Digital media accounted for 50.7% of this expenditure, with television being the next highest spend at 23.8%. Print represented 11.9% and radio 7.4%. Outdoor advertising was responsible for 5.4% and, finally, cinema was just under 1%.

The main media are under pressure from several directions. Advertisers have choices to make to select the most effective means to ensure their messages are directed towards their audiences. In this world of multimedia, when audience members are multi-tasking and receiving multi-messages from multi-channels, all options must be considered. We examine the full variety of media, including the general characteristics of each, as well as their specific advantages and limitations, how main media is bought, and how audiences are measured and evaluated for each medium. We also examine the factors that are changing the media environment and how this contributes to the future development of IMC campaigns.

DIGITAL ADVERTISING

By Jack Elkins, Interactive Director, OMD Brisbane; Milos Mrkaja, Activation Lead, Resolution Media Brisbane

Introduction to digital advertising

We know now that with regard to IMC, everything is digital, so to differentiate between digital and traditional advertising channels in a textbook can be problematic. What might originally have been considered traditional advertising, such as television and print, is now clearly embedded in the digital camp. Digital advertising has evolved from the first AT&T online banner ad in 1994 to the highly integrated and optimised campaigns we see today. We barely notice now the retargeting strategies that follow us from our Facebook pages to our online searches, and the management of data and information has become the priority for the next generation of advertisers. Brands now have more information about their customers, and they receive this information in an instant, so the challenge now is how to utilise this information to provide engaging and impactful advertising.

Digital advertising covers any advertising that you see via the internet. This includes search engine marketing and optimisation, branded content and native advertising, online display advertising, videos, mobile, social media … the list goes on. Digital advertising has the power to reach very specific targeted audiences immediately, providing the consumer with the opportunity to interact and become involved with the brand. This accountability and real-time involvement makes for a powerful media channel.

Advantages of digital media

The technological capabilities and ubiquity of digital media in the lives of consumers affords it several key advantages over other channels.

Attribution and real-time optimisation

Although most advertising channels have tools and measurement models that help brands to understand the overall role of advertising channels in driving sales for a business, digital is unique in that it can connect advertising impressions (e.g. an ad being served) and engagement (e.g. an ad being clicked on) at a one-on-one level, with resulting conversions (e.g. a product sale) that occur online. This is typically achieved via a cookie—essentially a small piece of code that is placed on a person's browser when they're served advertising from a brand. If a person who sees an ad ends up completing a conversion such as a purchase online, this cookie is able to report back and give credit for the conversion or sale to the ad that triggered it. This feedback loop of information, when paired with powerful optimisation algorithms that power digital buying platforms, allows digital advertising channels to identify high-propensity audiences in real time and minimise wastage by avoiding people who are not likely to buy. This is fundamentally different when compared to traditional channels such as radio or television,

which must be manually optimised by traders based on factors such as sales reports, which are influenced by a number of different variables.

Data-led audience targeting

For years, channels such as direct mail or television have used audience data to better plan and reach target audiences. Digital, however, has taken this a step further by offering advertisers the chance to ingest data sets based on offline data sets—such as the census as well as digital inputs like browsing or search behaviour. Although the countless number of data providers make digital attractive to brands targeting niche audiences or specific behaviours, it's important for planners to interrogate and understand the data they're using and its validity. A good way to understand this and how it can go wrong is to look at the interests and targeting information that Google currently holds on you. To do so, you can visit https://adssettings.google.com/u/0/authenticated and view a list of attributes Google has attached to your identity, which are used to serve targeted advertising.

Location tracking

A key subset of data-led targeting is location. With the increasing prevalence of mobile devices in the lives of audiences, digital ad buying has rapidly embraced the use of location as a key input for audience targeting and measurement. Mobile data providers are able to track the location of audiences and then use this data to target individuals who are particularly valuable to brands. A great example of this is the quick service restaurants (QSR) category. For this category of restaurants, Pareto's rule (that is, 80% of the effort comes from 20% of the cause) applies in that a majority of total revenue is generated by a relatively small subset of the population who visit regularly and are generally loyal to certain brands.[15] In order to grow audiences, QSR brands can use location targeting to identify habitual fast food buyers who are visiting competitor brands and then serve them targeted advertising to drive them into their own locations instead. This can be taken a step further, with mobile advertising providers being able to then identify individuals who visit restaurants as a result of an ad exposure, thereby closing the measurement loop.

Engagement

A number of digital channels are able to facilitate two-way conversations with their audiences, allowing brands to interact with their audiences through paid media. These types of interactions are unique to digital and have become a primary tool for communication for brands who are willing to embrace them. A heralded and classic example of this was Old Spice's *The man your man could smell like* campaign, which launched with a SuperBowl spot and was then extended across social media. In social, audiences were able to submit questions that received a response in the form of hilarious videos by the campaign's star, Isaiah Mustafa. The unique ability to garner these responses and then enjoy organic campaign exposures by interacting with them is a great example of the power of digital engagement.

Exhibit 11.4 Old Spice's campaign with Isaiah Mustafa is still engaging

Source: Getty/Noel Vasquez/Contributor

Creative flexibility

Where traditional formats are relatively standardised and at times restrictive, digital media encompasses a vast range of creative formats such as display banners, rich media units, audio, video, content, search, social ads and more. This provides an excellent canvas for brands to showcase their message in a way that best suits their specific objectives and audiences.

Challenges of digital media

Measurability

The measurability of digital media, while one of the key advantages of the channel, can be a challenge as well. The ability to measure so many metrics can make it difficult to set clear objectives for digital media campaigns. For example, an awareness-led campaign may focus on reach, frequency and viewability. However, the campaign may

ultimately drive a direct conversion, creating a measurable cost per acquisition value. Cost per acquisition, while not relevant for this campaign's objective, may be difficult to ignore and is a valuable metric.

Over-targeting

With the vast array of targeting methods available, it's never been easier to reach specific target audiences. With further advances in targeting and audience matching (based on user first-party data or website visitations), advertisers can accurately retarget current or prospecting customers online. Such activity often comes across as stalkerish, however, and if frequency and exclusions are not optimised sufficiently, advertising can become a nuisance to a user's online media consumption, leading to unfavourable outcomes for brands and ad fatigue. Another limitation of the ability to achieve granular targeting can be the capacity to drive meaningful scale. The lower the scale, the higher the frequency and increased likelihood of ad fatigue.

Internet requirements

Digital media relies heavily on technology to show users brand messages. Contrary to some above-the-line channels, such as print and outdoor, for a digital display ad to show requires a functioning internet connection and a computer or smartphone. Poor internet connections and website speeds may contribute to poor website engagement and in extension interactions with ad units.

Constant monitoring and optimising

Unlike traditional media channels, digital media requires constant monitoring and optimisation to drive performance. Furthermore, given the evolving landscape and changes to targeting capabilities, this channel requires ongoing resource and talent to effectively plan, buy and optimise.

Mistakes are generally more likely and can be costly given the frequency changes needed for implementation and optimisation. Incorrect tracking can cause significant issues with measurements. The incorrect loading of a budgets or settings can cause a month's allocation to be spent within a day. Thankfully, there are often processes and automations in place to prevent such errors.

Viewability

In recent years, the key focus in the industry has been on ad viewability and brand safety for advertisers. There's increasing pressure for digital media to be visible and present across brand-safe environments to reduce the risks of negative brand alignments. Given the nature of the internet, digital media is impacted by the unique challenges of avoiding negative user-generated content, unfavourable websites and bot-fuelled ad fraud.

Cut-through

Digital ad quality and cut-through can be a challenge for digital media buyers and creatives. Over time, users have become conditioned to ignore ads within the online environment, as they are often viewed as intrusive to their content consumption. There is an increasing challenge for ads to align and complement the environments in which they are placed to drive engagement.

Competition across the digital media space is fierce. Digital media, especially if bought programmatically, is generally purchased through an auction system. Unlike many traditional channels, where placements are bought

on availability and relatively fixed costs, the CPM or cost per click (CPC) of one's digital media does fluctuate.

Targeting options of digital media

There are far too many targeting options in digital media to cover them completely in this chapter, but they can collectively be understood within three key buckets: contextual, demographic and behavioural targeting.

Contextual targeting encompasses ads that are targeted based on the content around which they will appear. A great example of this is serving display advertisements for a car brand within a car blog to reach people actively searching for a new car.

Demographic targeting focuses on information about an individual, starting with basic inputs such as age, gender or parental status and going as far as targeting those within specific income bands or job types.

Finally, behavioural targeting targets people based on actions they've performed. This could be the products they're searching for, the previous interactions they've had with a brand site or the locations they visit frequently.

Outside of understanding these buckets, it's also important to understand the distinctions between first-, second- and third-party data. These terms refer to the source or ownership of audience data (see Figure 11.13). First-party data refers to data a company owns, typically data about their own customers or audience. It includes things like customer email addresses, website cookies or social data. Classically, these data sets are the smallest, but they are also the most valuable because brands can verify they are correct and they're generally made up of current customers. Second-party data essentially refers to someone else's first-party data. Typically, it's bought directly from the brand that collects it and can be verified because it comes from one source. Third-party data is the final data source type and refers to data bought from external sources that typically aggregate data sets sourced from multiple providers. For brands, this data set offers the greatest range and scale, but it can be unreliable at times and must be interrogated for validity.

First-party data — Data collected by a company directly from its customers

Second-party data — Data similar to 1st-party data except the original company is sharing its data directly with a second-party

Third-party data — Data that is collected from customers by a company that isn't directly involved in the transaction
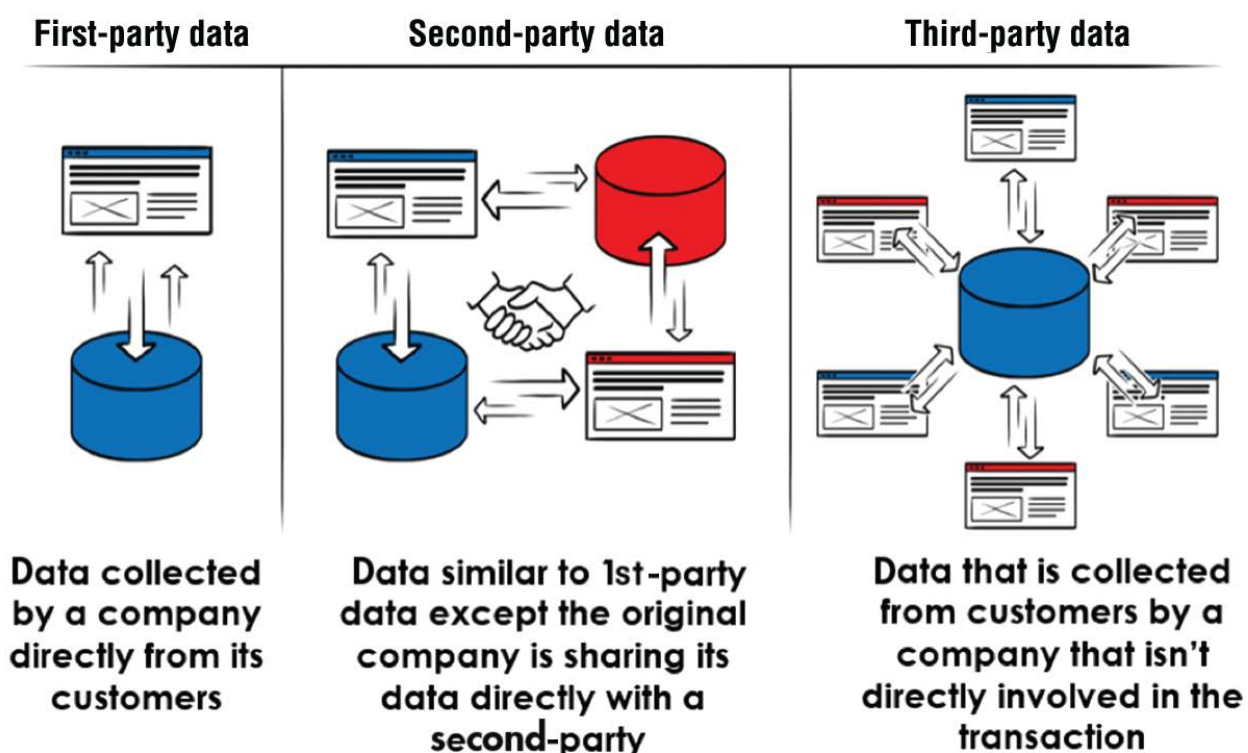
Figure 11.13 First-, second- and third-party data

Source: Clearcode, Why You Need A Data Management Platform (DMP), 2016.

Social media advertising

For many of us, social media has changed the way we communicate with each other, and the social media landscape is constantly evolving. New platforms appear and existing platforms enhance their offerings. Social media is defined as *web-based communication tools that enable people to interact with each other by sharing and consuming information.*[16] From Facebook to Instagram to LinkedIn and Snapchat, people are using social media on a daily basis to share information, to be entertained and to be inspired. Brands being able to engage with customers in this very personal space and to also use the information gained through their interactions online means that their targeted advertising can be more direct and engaging.

Brands can reach their customers on social media either through the use of organic social or paid social. Organic social uses the brand's social media platforms such as Facebook, Twitter, YouTube, Pinterest etc., along with free publishing tools like Hootsuite to build a social community and engage with them. Organic social is considered to be 'free' and is a valuable customer service tool, allowing a brand to respond to its community, sharing posts and interacting with customers. However, as social media algorithms become more complex, organic reach is limited (some suggest organic tweets only reach about 5% of followers), so brands need to consider paid social campaigns to reinforce core messages.

Paid social is where brands pay social media platforms to boost their posts or display, video or sponsor messaging, using data to target appropriate consumers. Paid advertising can be used to target specific demographics and interest groups quickly and cost-effectively. Paid social media advertising is bought via an auction process, which is based on the amount of the bid, the ad quality and relevance to the targeted audience and likelihood of the desired outcome (i.e. the customer clicking on the ad, purchasing the product or liking the post). Most brands use a mixture of organic and paid social media to reach and engage with customers.

Buying digital media

This chapter opens with a discussion about programmatic buying and the impact that developments in programmatic have had on advertising and how it is planned and purchased. Programmatic plays an important role in buying digital media; however, there are many other ways to purchase digital advertising.

In a similar fashion to all media campaigns, digital planning begins by identifying the core objective. In digital, however, this objective not only informs the strategy and channel mix used, but also the optimisation event that the digital activity will optimise towards. To put this in context, if a campaign's core objective is to lift awareness, this will inform the types of channels used (e.g. digital video or high-impact display), but also the goals that the buying platforms optimise towards (e.g. viewability or reach and frequency). The measurement framework developed for this campaign should also reflect the objective.

Once identified, planners will develop target audiences based on their brand and then aim to understand the media preferences, interests and paths to purchase for these groups.

Such elements then inform campaign channel selection, as well as the targeting tactics employed. These tactics include, but are not limited to:

- *Contextual targeting:* placing ads on sites or in environments that are relevant to the brand or category.
- *Audience targeting:* targeting advertising to people based on demographics, interests, life stage or a combination of all of these.
- *Behavioural targeting:* targeting people based on their previous behaviours, such as consuming video content or engaging with ads.
- *Retargeting:* targeting people who have engaged in some way in the past, such as visiting a website or watching a video.
- *Location targeting:* primarily achieved through IP on desktops or GPS signals on mobile phones, this aims to target people who are in, or have visited, important locations such as stores or venues.
- *Date and time targeting:* focusing activity around key periods that are important for the brand or the consumer.
- *Look-a-like targeting:* building audiences of people who share similar characteristics to the current customers in order to grow the customer base.
- *Keyword targeting:* targeting ads to people based on the keywords they are searching for or based on keywords present in the content they are consuming.

Once a planner has outlaid the platforms and targeting strategies used in the campaign, he or she must determine the right creative formats. There are many different options, but these can be bucketed into standard display units (such as medium rectangle sizes, or MRECs, half-pages), rich media (e.g. interactive display units), social formats (e.g. link posts), video, search ads, native and content.

Beyond ad formats, consideration also needs to be given to the creative messages that will be featured. Ideally, these will be tailored to the different target audiences in the campaign and where they are in the path to purchase. Typically, creative messaging is also integrated into the campaign measurement framework. This framework also lays out the key metrics against which different placements are measured and is used to determine campaign success. These metrics are specific to the objectives and formats of a given campaign. For example, campaigns that aim to drive engagement with a specific target audience may choose to use social media formats and can be measured by the engagement rate of that ad or other metrics such as social sentiment. This is contrasted with performance campaigns, which generally aim to drive the most conversions possible for the lowest possible price and are typically measured against factors such cost per click or cost per acquisition.

When buying digital advertising, it is important to understand the key industry acronyms that are used by digital salespeople. The Media Federation of Australia provides an excellent glossary of the terms used in digital media buying.[17] Some useful glossary terms are in Table 11.9   .

Digital media buying terms	
Brand safety	The practice of ensuring advertising appears within brand-safe environments. Typically, brand safety is defined by the brand and how comfortable it is to sit within or alongside certain types of content
Click	The number of times that the ad is clicked
Completion rate	The rate at which a video is watched in full by the audience

Conversion	A completed activity that is defined as being important to a client's campaign.
CPA	The cost per acquisition, also known as cost per conversion
CPC	The cost per click
CPE	The cost per engagement
CPM	The cost to deliver 1000 impressions
CTR	Click-through rate—the volume of clicks divided by impressions and multiplied by 100
Engagement	Typically used in social, the number of interactions such as Likes, Comments or Shares driven by an ad
Impression	The instance of an ad being served on a particular website, which is tracked
Unique browser	The number of devices accessing a web page
Viewability	The rate at which ad impressions have the opportunity to be seen. For an ad to be viewable, the IAB states that it must have 50%+ of its pixels on screen for 1 continuous second (or 2 continuous seconds for video)

Table 11.9 Some useful glossary terms
Source: Media Federation of Australia

Measuring effectiveness

Trafficking and subsequently measuring effectiveness are crucial for reporting and optimising digital media investment. This is typically done using ad servers and website analytics data to track campaign delivery against agreed metrics.

Measuring effectiveness can be done in several ways, including:

- *Attribution*—attribution measurement is generally conducted by digital media buyers in order to better understand which aspects of their campaigns are driving performance. This is typically done on a user level, through onsite tracking pixels to assign consistent user identifiers across all analysed events.
- *Viewability*—an ad served doesn't necessarily equate to an ad viewed; therefore, there is an increasing shift in focus in the industry towards tracking and measuring viewable impressions. According to the IAB, a viewable impression is an ad that appears at least 50% on the screen for more than a second.
- *Website analytics*—website analytics, such as Google Analytics 360, allow advertisers to track and report on website traffic driven by their various digital activity, whether it be their organic search, display, social, video or search engine marketing campaigns. This allows advertisers to understand the quality of traffic driven and what kinds of actions were taking place after arriving onsite.
- *Objectives and digital metrics*—setting objectives based on digital metrics allows advertisers to easily and effectively measure success. Digital metrics (e.g. impressions, CTR, CPC) provide tangible and 'instant' ways to

determine success. For example, viewable impression quantity and reach may be key measures in determining performance for a brand awareness display campaign.

- *Ad servers*—an ad server (such as Google Campaign Manager) enables media buyers to manage campaigns across multiple publishers. It provides independent accountability, centralised management, creative control and transparent performance insights across every publisher placement. Third-party ad serving ensures that a separate source is used to track, count and validate delivery.
- *Measurement of branded search uplift*—for brand awareness-led campaigns, an uplift in branded paid and organic search can be used as an indicator of impact and performance of digital and above-the-line activity.

Future of digital

Providing an encompassing view of the future of digital media is next to impossible; however, there are key shifts occurring that will have a significant impact on brands and planners alike.

Voice and the rise of voice-led commerce

Where search was once solely based around text inputs, users are increasingly beginning to change their behaviour and opting for new methods such as voice- and image-based search. Today, close to a third of the world's population report using voice search on mobile devices and a growing number are also interacting with personal assistants such as Google Home or Alexa in their daily lives. For brands, the fact that a fifth of Google queries are now voice-based means that where they once optimised their websites for text queries, they must now adapt to voice.[18]

When viewed in the context of personal assistants, the implications of this trend increase. Consider Amazon's Alexa. This personal assistant is designed to manage a person's day-to-day music listening, smart devices and, crucially, their shopping needs. Voice is an important trend in this context because it inherently leans towards a small shortlist of potential responses and is more likely to exclude brands. For example, if a user walks into a store to buy some batteries, he or she will be faced with six to eight options from competing brands and this experience is fairly consistent on desktop or mobile search. For voice, a person asking Alexa to order some batteries will likely receive two or three choices, with Amazon deciding which to put forward. If this type of behaviour becomes commonplace, brands such as Amazon will be able to heavily influence the buying habits of millions of consumers simply by deciding which options it will present in response to a query. For brands, this challenging shift will mean they have to optimise their digital presence for the algorithms that make these decisions, but they will also need to create new types of brand loyalty with their consumers.

Walled gardens

With two of the world's first trillion-dollar companies and a collective value of over US$2.7 trillion, four key companies are competing to own a greater and greater share of their customers' lives.[19] These companies—Facebook, Apple, Amazon and Google's Alphabet—have been developing increasingly competitive offerings across entertainment, e-commerce, hardware, financial services, advertising and many more areas in a longer-term battle for consumers. The implications of this shift for advertising are significant because this battle for data, consumer relationships and ownership of the customer journey has seen these businesses, particularly Google and Facebook, dominate digital ad spending, often at the cost of traditional media brands and content producers. A good example of this is in publishing, where many major news organisations, already grappling with the decline of print consumption, have suffered increasing audience volatility due to changes from the likes of Google and Facebook,

which now represent a majority of their site traffic. If this trend continues, brands and media practitioners may face a world in which the digital lives of their audiences are owned by one or two businesses, a shift that would severely undercut competition and the need for accountability in this space. A great example of where this growth could lead can be found in the Chinese internet giants who are thriving behind the Great Firewall. WeChat, for example, is one such 'superapp', which aggregates the functionality of Facebook, Tinder, Venmo, WhatsApp, Skype, Uber, Amazon and many more within an expansive app environment.[20] By owning so many aspects of their audience's life, apps such as WeChat can potentially own their audiences, essentially shutting out competitors and forcing businesses to pay for access. Although extreme, these models are being closely watched by the West as examples of a future in which individual companies become the operating systems for their consumers' lives.

Personalisation

Many digital behaviours and businesses are fast approaching, or have attained, maturity in market, a milestone that has brought about new competitive strategies. A key focus for many in this space is personalisation, wherein companies use data to enhance and tailor the consumer experience. For many consumers, this has become the new expectation and it's a big driver behind why people invest so much time into the '2.2b Facebooks, 200m Pinterests, 170m Spotifies and 120m Netflixes' that exist today.[21] These expectations, however, have begun to grow outside of entertainment and technology platforms to new verticals such as Finance, Travel and Auto. The implication of this in media terms is that consumers are beginning to expect brand communications tailored to who they are, which consider their previous purchases and interactions with that brand and, finally, which craft their offers or content in a manner that creates a value exchange with them. Conceptually, this makes sense for marketers and planners. However, activating on this promise reliably and at scale is difficult and will remain a key innovation battleground into the future.

TELEVISION

The changes that are occurring in the television industry are having a profound impact on the primary form of entertainment in many households. Television has virtually saturated households throughout Australia and New Zealand as well as in most other countries, and has become a mainstay for entertainment and information in the lives of many people. The average Australian household watches just over 2 hours and 20 minutes of television each day, and it is a predominant source of news and entertainment for many. Over 20.9 million Australians watch broadcast TV each week.[22] Technology has now made television available everywhere and at any time.

Television viewing includes in-home linear viewing such as TV and connected TV, as well as live-stream viewing via connected TV, mobile, tablet and PC. Television can also be viewed on demand through recordings and broadcaster video on demand (VOD). Popular shows such as *The Voice* and *MasterChef* average more than 800 000 viewers. The large numbers of people who watch television are important to the TV networks and stations because they can sell time on these programs to marketers who want to reach that audience with their advertising messages. Moreover, the qualities that make it a great medium for news and entertainment also encourage creative ads that can have a strong impact on customers.

It has often been said that television is the ideal advertising medium. Its ability to combine visual images, sound, motion and colour presents the advertiser with the opportunity to develop the most creative and imaginative appeals. However, television does have certain problems that limit or even prevent its use by many advertisers.

Advantages of television

Television has numerous advantages over other media, including creativity and impact, coverage and cost-effectiveness, captivity and attention, and selectivity and flexibility.

Creativity and impact

Perhaps television's greatest advantage is the opportunity it provides for presenting the advertising message. The interaction of sight and sound offers tremendous creative flexibility and makes possible dramatic, lifelike representations of products, services and situations. TV commercials can be used to convey a mood or image for a brand, as well as to develop emotional or entertaining appeals that help make products appear interesting.

Television is also an excellent medium for demonstrating a product or service. For example, print ads are effective for showing a car and communicating information regarding its features, but a TV commercial can put you in the driver's seat. The Carmichael Lynch agency created *Cut the Cord*, a poignant commercial for Subaru showing a father putting his daughter on the school bus for the first time and then driving alongside it to make sure she's okay (Exhibit 11.5   ). As he drives the dad says, 'I'm overprotective. That's why I got a Subaru', while the voiceover at the end of the spot says, 'Love. It's what makes a Subaru, a Subaru'. Television commercials such as this rely on slice-of-life stories revolving around themes such as longevity, safety, versatility and adventure.
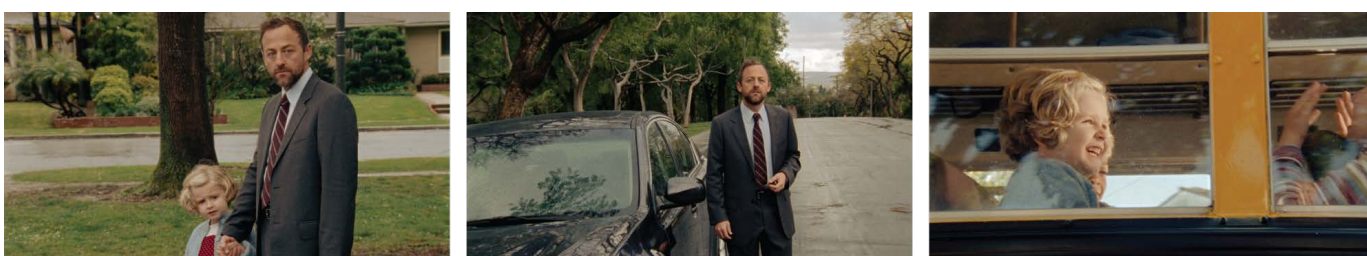
Exhibit 11.5 Subaru uses television commercials to create an emotional attachment to its cars
Source: Subaru of America, Inc.

Coverage and cost-effectiveness

Television advertising makes it possible to reach large audiences. Nearly everyone, regardless of age, gender, income or educational level, watches at least some type of TV, whether it is free to air or video on demand. Most people do so on a regular basis. Each home has an average of 6.6 screens capable of viewing video, and almost one in every two homes has an internet-connected smart TV.[23] Australians spend a lot of time watching television online, with over 12 million devices connected to 'catch-up' TV services.

Marketers selling products and services that appeal to broad target audiences find that television lets them reach mass markets, often very cost-efficiently. The average prime-time TV show reaches more than one million viewers; however, the 2017 AFL Grand Final presentation ceremony reached nearly 3.69 million viewers around Australia. Sport consistently does well in the ratings, with State of Origin and tennis reaching around 3.6 million viewers.[24]

Television has become indispensable to insurance companies, automotive, retail and telecommunication advertising.[25] The top products to advertise on television in 2017 were Harvey Norman stores, spending over $57 million, McDonald's Family Restaurants, spending $56 million, and Bunnings Warehouse, at over $47 million.

Captivity and attention

Television is basically intrusive in that commercials impose themselves on viewers as they watch their favourite programs. Unless we make an effort to avoid commercials, most of us are exposed to thousands of them each year. The increase in digital devices has made it easier for viewers to avoid commercial messages. Studies of consumers' viewing habits found that as much as two-thirds of a program's audience may be lost during commercial breaks.[26] The low-involvement nature of consumer learning and response processes may mean TV ads have an effect on consumers simply through heavy repetition and exposure to catchy slogans and jingles.

Selectivity and flexibility

Television has often been criticised for being a non-selective medium, since it is difficult to reach a precisely defined market segment through the use of TV advertising. But some selectivity is possible due to variations in the composition of audiences as a result of program content, broadcast time and geographic coverage. For example, Saturday morning TV programming caters to children; Saturday and Sunday afternoon programs are geared to the sport-orientated male; weekday daytime shows appeal heavily to homemakers; and regional TV reaches the rural community.

With the growth of subscription TV (or pay TV, as it is also known), advertisers refine their coverage further by appealing to groups with specific interests such as sport, news, history, the arts or music, as well as specific demographic groups. Advertisers can also adjust their media strategies to take advantage of special occasions. For example, companies such as Gillette are often major sponsors during the Australian Open Golf, which allows them to advertise heavily to men, who constitute the primary market for their products.

Limitations of television

Although television is unsurpassed from a creative perspective, the medium has several disadvantages that limit or preclude its use by many advertisers. These problems include high costs, the lack of selectivity, the fleeting nature of a television message, commercial clutter, limited viewer attention, consumer inattention to TV ads, and distrust and negative evaluation.

Costs

Despite the efficiency of television in reaching large audiences, it is an expensive medium in absolute terms in which to advertise. The high cost of television stems not only from the expense of buying airtime but also from the costs of producing a quality commercial. Production costs for a national brand 30-second spot can average nearly $400 000 and can reach more than $2 million for more elaborate commercials.[27] The costs of producing and airing commercials often price small and medium-sized advertisers out of the market. However, as television networks face the challenges of media fragmentation and with production capacity and expertise to offer advertisers as they gear up for branded content creation, advertisers will negotiate lower cost options.

Lack of selectivity

Some selectivity is available in television through variations in programs and subscription TV. But advertisers who are seeking a very specific, often small, target audience find the coverage frequently extends beyond their market, reducing its cost-effectiveness. At this point, television does not offer as much audience selectivity as radio, magazines, newspapers or direct mail for reaching precise segments of the market. However, dynamic ad insertion is being trialled by some companies—although due to data safety issues, trust may be an obstacle.

Fleeting message

TV commercials usually last only 30 seconds or less, and leave nothing tangible for the viewer to examine or consider. Commercials have become shorter and shorter as advertisers try to get more impressions from their media budgets. About one-third of all commercials consist of 15-second spots. The dominant commercial length is 30 seconds, accounting for nearly 60% of spots.

However, many advertisers see shorter commercials as the one way to keep their media costs in line. A 15-second spot typically sells for a little more than half the price of a 30-second spot. By using 15- or even 10-second commercials, these advertisers believe shorter commercials can deliver a message just as effectively as longer spots for less money.

Clutter

The problems of fleeting messages and shorter commercials are compounded by the fact that the advertiser's message is only one of many spots and other non-programming material seen during a commercial break, so it may have trouble being noticed. One of advertisers' greatest concerns with TV advertising is the potential decline in effectiveness because of such *clutter.*

The next time you watch TV, count the number of commercials, promotions for the news or upcoming programs, or public service announcements that appear during a station break and you will appreciate why clutter is a major concern. With all of these messages competing for our attention, it is easy to understand why the viewer comes away unable to remember or properly identify the product or service advertised.

The amount of time available for commercials in Australia is restricted by the *Broadcasting Services Act 1992* to 13 minutes per hour during prime time and 15 minutes during non-prime time. The Australian Media and Communication Authority polices this Act and compliance by each network is required in order to keep its licence.

Limited viewer attention

When advertisers buy time on a TV program, they are not purchasing guaranteed exposure but rather the opportunity to communicate a message to viewers. But there is increasing evidence that the size of the viewing audience shrinks during a commercial break. People leave the room to go to the toilet or to get something to eat or drink, or they are distracted in some other way during commercials. There is more evidence that viewers are multi-tasking when watching television: that is, checking out Facebook on their smartphone or laptop, talking on the phone or texting.[28]

Advances in technology continue to lead to changes in television viewing habits and impact the number of consumers who watch TV commercials, and we continue to learn more about the impact of ad avoidance and how to measure triggers on channel switching.[29] [30]

Distrust and negative evaluation

To many critics of advertising, TV commercials personify everything that is wrong with the industry. Critics often single out TV commercials because of their pervasiveness and the intrusive nature of the medium. Consumers are seen as defenceless against the barrage of TV ads, since they cannot control the transmission of the message and what appears on their screens. Viewers dislike TV advertising when they believe it is offensive, uninformative, is shown too frequently or when they do not like its content.[31] Also, concern has been raised about the effects of TV advertising on specific groups, such as children.[32]

Buying television time

A number of options are available to advertisers who choose television as part of their media mix. They can purchase time in a

variety of program formats that appeal to various types and sizes of audiences. They can purchase time on a metro or regional basis. Or they can sponsor an entire program, with tie-ins, ads and spot announcements during or between programs.

The purchase of TV advertising time is a specialised phase of the advertising business, particularly for companies spending large sums of money. Therefore, they use media buying agencies to arrange the media schedule and purchase TV time. Decisions have to be made regarding the selection of specific stations, sponsorship versus participation, different time slots and appropriate programs.

Availability of time can also be a problem. Networks have a fixed inventory or amount of space to sell, restricted as they are to 13 minutes per hour in prime time. Advertisers hoping to use prime-time advertising must plan their media schedules in advance. Demands from large clients who are heavy TV advertisers force the biggest agencies to participate in negotiations, with incentives for buying up-front.

Regional advertising

Spot advertising refers to commercials shown on local TV stations, with time negotiated and purchased directly from the individual stations. All non-network advertising done by a national advertiser is known as *national spot advertising*; airtime sold to local companies such as retailers, restaurants, banks and car dealers is known as **local advertising.** Local advertisers want media whose coverage is limited to the geographic markets in which they do business. This may be difficult to accomplish with TV, but many local businesses are large enough to make efficient use of TV advertising.

Spot advertising offers the national advertiser flexibility in adjusting to local market conditions. The advertiser can concentrate commercials in areas where the market potential is greatest or where additional support is needed. This appeals to advertisers with uneven distribution or limited advertising budgets, as well as those interested in test marketing or introducing a product in limited market areas. National advertisers often use spot television advertising through local retailers or dealers as part of their cooperative advertising programs and to provide local dealer support.

Methods of buying time on television

Advertisers must decide whether to sponsor an entire program, participate in a program or use spot announcements between programs.

Sponsorship

Sponsorship of a television programme allows the company to capitalise on the prestige of a high-quality program, enhancing the image of the company and its products. However, more recently a number of companies have joined forces with successful reality television programmes such as *MasterChef* and *The Block* to feature their brands being used by the contestants. Amazon showcased its Echo and Alexa products in *The Block*, along with Mitre 10 and Domain and McCafé.

Companies also sponsor programs to gain more control over the shows carrying their commercials, including the number, placement and content of commercials. Commercials can be of any length as long as the total amount of commercial time does not exceed ACMA regulations. Advertisers introducing new products or brands sometimes sponsor a program and run commercials that are several minutes long to launch them. Kia Motors sponsors the Australian Open Tennis and not only advertises during the tennis but has several other tie-ins, which range from courtesy vehicles that bring players to and from the venue to corporate signage on court. Most sponsorship is a joint initiative with a limited number of non-competing sponsors.

Selecting time periods and programs

Another consideration in buying TV time is selecting the right period and program for the advertiser's commercial messages. The cost of TV advertising time varies depending on the time of day and the particular program, since audience size varies as a function of these two factors. Prime time draws the largest audiences, with 8.30–9 pm being the most-watched half-hour time period and Sunday the most popular night for television. Since companies that advertise during prime time must pay premium rates, this time slot is dominated by the large national advertisers. Audience size and demographic composition also vary depending on the type of program.

Subscription television

The growth of subscription

One of the more significant developments in broadcast media has been the expansion of **subscription television** . Subscription TV and subscription TV on demand have seen considerable growth in recent years. Subscribers pay a monthly fee for which they receive an average of 200-plus channels.[33] Demand for pay TV is forecast to double in the next few years, with most Australians paying for some form of home entertainment. Pay TV has a dual revenue stream from subscriber fees and ad revenue. Netflix, Foxtel Now and Stan continue to grow, with over 43% of Australian homes subscribing to subscription video on demand and some subscribers having taken out more than one subscription.[34]

The primary advantage of pay TV is its selectivity. Subscription subscribers tend to be younger, more affluent and better educated than non-subscribers and have greater purchasing power. It offers the opportunity for **narrowcasting** , or reaching more specialised markets. For example, MTV is used by advertisers to reach young adults. Sky News is now the worldwide leader in business news and reaches a highly educated and affluent audience. Fox Sports has become synonymous with sport and is popular among advertisers that want to target men of all ages.

Advertisers are also interested in subscription because of its low cost and flexibility. Advertising rates on subscription programs are much lower than those for shows on the major networks. This makes TV a much more viable media option for smaller advertisers with limited budgets and those interested in targeting a well-defined audience.

Limitations of subscription

While subscription has become popular among advertisers, it still has some drawbacks. One major problem is that subscription is overshadowed by the major networks, as households with subscription still watch considerably more network programming than subscription shows.

Another drawback of subscription is audience fragmentation. Viewers are spread out among the large number of channels available to subscribers. The number of viewers who watch any one subscription channel is generally quite low.

LO 11.6

Measuring the TV audience

One of the most important considerations in TV advertising is the size and composition of the viewing audience. Audience measurement is critical to advertisers as well as to the networks. Advertisers want to know the size and characteristics of the audience they are reaching when they purchase time on a particular program. And since the rates they pay are a function of audience size, advertisers want to be sure audience measurements are accurate.

Audience size and composition are also important to the network, since they determine the amount it can charge for commercial time. However, determining audience size is not an exact science and has been the subject of considerable controversy through the years. In this section, we examine how audiences are measured and how advertisers use this information in planning their media schedules.

Audience measures

The size and composition of television audiences are measured by ratings services. The major source of network TV information is OzTAM. OzTAM gathers viewership information from a sample of homes and then projects this information to the total viewing area. Audience estimates are based on viewing behaviour from 5250 panel homes across the five main capital cities (Sydney, Melbourne, Brisbane, Adelaide and Perth) and also 2120 homes nationally for subscription television.[35] Regional TAM collects data in the regional markets for free-to-air and subscription television using data collected from over 3198 homes in regional areas.[36]

Program rating

Probably the best-known of all audience measurement figures is the program rating, the percentage of TV households in an area that are tuned to a specific program during a specific time period. The program rating is calculated by dividing the number of households tuned to a particular show by the total number of households in the area. For example, if two million households (HH) watched *The Bachelor*, the national rating would be calculated as follows:

$$\text{Rating} = \frac{2\ 000\ 000}{\text{Total HH}} = \frac{2\ 000\ 000}{8\ 500\ 000} = 23.5$$

A **ratings point** represents 1% of all the **television households** in a particular area tuned to a specific program. On a national level, 1 ratings point represents 85 000 households. Thus, if a top-rated program such as *The Bachelor* averages a rating of 23.5, it would reach two million households each week (23.5 × 85 000).

The program rating is the key number to the stations, since the amount of money they can charge for commercial time is based on this. A 1% change in a program's ratings over the course of a viewing season can gain or lose thousands of dollars in advertising revenue. Advertisers also follow ratings closely, since they are the key measure for audience size and commercial rates.

Households using television

The percentage of homes in a given area where TV is being watched during a specific time period is called **households using television (HUT)**. This figure, sometimes referred to as *sets in use,* is always expressed as a percentage. For example, if 5.9 million households have their sets turned on at 9 pm on a Tuesday night, the HUT figure is 65% (5.9 million out of 9.1 million). Television usage varies widely depending on the time of day and season of the year.

Share of audience

Another important audience measurement figure is the **share of audience**, which is the percentage of households using TV in a specified time period that are tuned to a specific program. This figure considers variations in the number of sets in use and the total size of the potential audience, since it is based only on those households that have their sets turned on. Audience share is calculated by dividing the number of households (HH) tuned to a show by the number of households using television (HUT). Thus, if 5.4 million Australian households had their sets turned on during the 9 pm time slot when *The Voice* is shown, and there were one million people watching *The Voice*, then the share of audience would be calculated as follows:

$$\text{Share} = \frac{1000\ 000}{\text{HUT}} = \frac{1000\ 000}{5400\ 000} = 19$$

Audience share is always higher than the program rating unless all of the households have their sets turned on (in which case they would be equal). Share figures are important since they reveal how well a program does with the available viewing audience. For example, late at night, the size of the viewing audience drops substantially, so the best way to assess the popularity of a late-night program is to examine the share of the available audience it attracts relative to competing programs.

Ratings services also provide an audience statistic known as **total audience**, the total number of homes viewing any five-minute part of a telecast. This number can be broken down to provide audience composition figures that are based on the distribution of the audience into demographic categories.

The peoplemeter

The **peoplemeter** is an electronic measuring device that records not only what is being watched but also by whom. The sample size is just over 4000 households. The actual device is a small box with eight buttons—six for the family and two for visitors—that can be placed near the TV set. A remote control unit permits electronic entries from anywhere in the room. Each member of the sample household is assigned a button that indicates his or her presence as a viewer. The device is also equipped with a sonar sensor to remind viewers entering or leaving the room to log in or out on the meter.

The viewership information the peoplemeter collects from the household is stored in the home system until it is retrieved by OzTAM's computers. Data collected include when the set is turned on, which channel is viewed, when the channel is changed and when the set is off, in addition to who is viewing. The demographic characteristics of the viewers are also in the system, and viewership can be matched to these traits. OzTAM's operations centre processes all of this information each night for release to the TV and media agencies. OzTAM uses a sample of metered households across the country to provide overnight viewing

results. Table 11.10 shows the OzTAM ratings process.

The ratings process
1. Defining the panel
A large-scale survey is conducted to define the population to be represented and its characteristics. Respondents to the survey form a pool of households from which the panel homes are recruited.
2. Recruiting the panel homes
Panel homes are selected according to a statistical design which provides recruitment criteria so that the panel is representative of the population being measured.
3. Installing the peoplemeters
A peoplemeter is installed on every TV set in each household. It records and stores information including: date, time when viewed, TV set on/off status, audio signatures and persons viewing. All residents and guests register their television viewing using a remote control.
4. Retrieving the data
Every night the data stored in the peoplemeter is retrieved automatically via modern telephone software (silent phone call). The production system performs the collection, processing, validation, weighting and final production of each household's data.
5. Production software
The production software controls the fundamental process of consolidating, validating and analysing the household data. The output is an audience database—individual-by-individual, minute-by-minute data delivered overnight, 365 days of the year. Individual data is never identified, except in terms of demographic profile.
6. Program database
Using broadcast logs provided by the TV networks, a program database is built and fed into the production system for integration with the viewing data. In this way, audience ratings are linked to the actual program content viewed.
7. Data release
Each morning, users of the data are able to download the complete database from a secure website. TV channels, advertising agencies, advertisers and other clients are then able to perform complex data analyses using their choice of analysis software.

Table 11.10 The OzTAM ratings process diagram

SUMMARY

This chapter has explored the role of media in determining the most effective way in which to reach the target market. A grasp of the concept of brand contact points is a valuable starting point in understanding where and when there will be opportunities to influence and connect with the target market. Media objectives of reach, frequency and continuity inform the development of media strategy and guide the rest of the media plan. Many sources of media information exist to assist in making key media decisions.

The media strategy must be designed to supplement and support the overall marketing and communication objectives. The most effective media plans are based around consumer insights. The objectives of the media plan contribute to delivering the message the program has developed.

The basic task involved in the development of media strategy is to determine the best matching of media to the target audience, given the constraints of the budget. The media planner attempts to balance reach and frequency and to deliver the message to the intended audience with a minimum of waste coverage. At the same time, a number of additional factors affect the media decision. Media strategy development has been called more of an art than a science because, while much quantitative data is available, the planner also relies on creativity and non-quantifiable factors.

All of the main media have been examined in this chapter in order to understand their characteristics, strengths and limitations, including digital, television, radio, print, out-of-home and cinema. The challenges for the media planners of today and in the future is to ensure the right message reaches the right people, at the right time, at the right price. In an age where media technology is constantly evolving, multiscreening is the norm and programmatic buying is influencing the media buying process, the media planner must still have a strong understanding of their target audience—what media they are using and what is important to them. If we understand this process, then regardless of the changing media options we can develop creative media strategies that have impact and are insightful.

KEY TERMS

DISCUSSION QUESTIONS

1 Newspapers are being forced to change the business model of how they operate. Why is this so? What are they doing to be attractive to advertisers so that they continue to be selected as part of the media mix?

2 In what circumstances does television advertising seem to work well when combined with social media? What examples can you find of advertisers using these two media options together?

3 Audience measurement is important for media planners. Compare and contrast the methods of audience measurement used for out-of-home and radio. How reliable do you believe each method to be?

4 If you were setting up from scratch an ideal media audience measurement system that would capture and integrate every medium's audience, what would it be like?

5 Describe the three methods of media scheduling and give examples of products or services that might employ each method.

6 Construct a media diary for yourself over a seven-day period. Ask a family member or friend in a different age group to do the same. Compare and contrast the two media diaries. Explain how a media planner would use this information.

7 Explain the relationships between reach, frequency, continuity and the media budget.

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12

MEASUREMENT: OUTPUT AND PROCESS MEASURES

LEARNING OBJECTIVES

LO 12.1   To understand the importance of, and reasons for and against, measuring the effectiveness of marketing communication.

LO 12.2   To establish some guidelines for use in measuring IMC effectiveness.

LO 12.3   To evaluate alternative methods for measuring IMC effectiveness against industry-developed criteria for successful evaluation.

LO 12.4   To explore the unique challenges of IMC effectiveness and current approaches to evaluation including process measures, synergy measures and ROI.
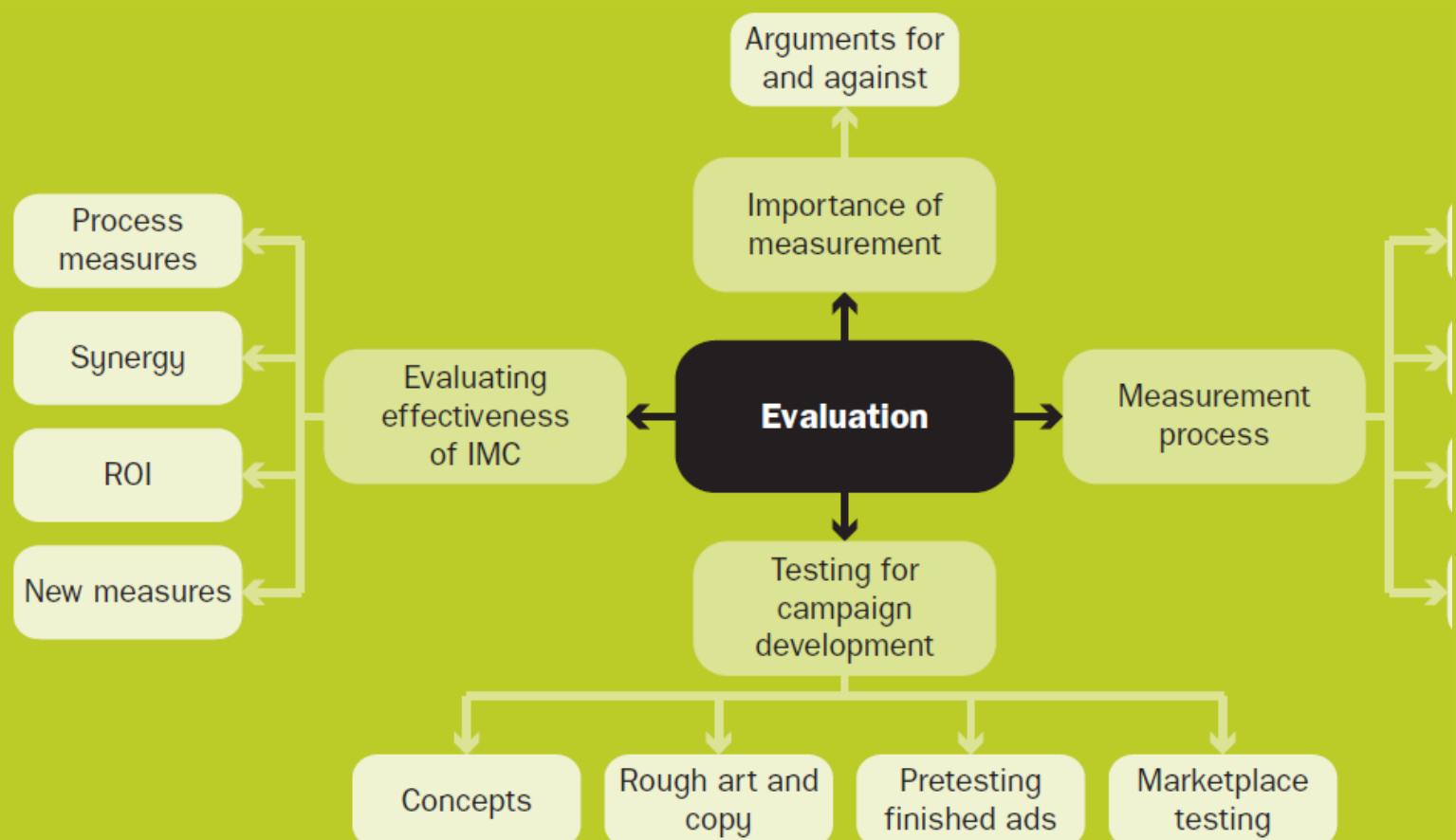
YOU CAN USE DATA TO PROVE ANYTHING

BY GEORGIA AMERY
SENIOR ANALYST AT DELOITTE

In the words of Homer Simpson, 'Facts are meaningless. You can use facts to prove anything.' While the sitcom star may be viewed as merely a protagonist in an animated television series, there's some merit in his commentary. Big data keeps getting bigger. So too does its potential for advertisers, marketers and businesses alike to create some truly meaningful moments. But how can that data be rationalised and used to improve predictive capabilities or offer sustainable measures for performance?

It's widely acknowledged that many modern technology-led solutions, such as machine learning algorithms or artificial intelligence platforms, are underpinned by a key objective—to act rationally. That is, to execute with human instinct but machine intuition. As these platforms become increasingly more sophisticated, researchers look for appropriately valid measures of their effectiveness. This conversation typically focuses on the potential and certainty of a particular outcome. But as we move towards an era where these solutions pose, as Elon Musk suggests, a 'fundamental risk to the existence of human civilisation', how can we ensure the measures are appropriate to the outcome? Or, in fact, how do we decide what that outcome even is?

While not all machine learning algorithms or artificial intelligence platforms are producing driverless cars or doctorless surgeries, they do all raise questions around morality, bias and fairness. These qualities, which are intrinsically developed and tested throughout a human's existence, are inherently difficult to teach and challenging to measure. This is predominantly because humans aren't able to objectively distill morality, bias or fairness into metrics for platforms or solutions to process. Even if they could, it's questionable whether humans would be able to collectively and fundamentally agree on sound outcomes. What's right and what's wrong? Ideas around crowdsourcing human morality, setting standardised programs for ethical decision making, and increasing transparency on predetermined outcomes have been offered to assist in this debate. But for the companies creating these solutions, and the governments trying to regulate them, this ambiguity remains a point of contention and a topic of public debate.

So why is measurement so important? Mainly because Homer was profoundly correct: without proper measures to validate facts or quantify data, they do have little meaning. Without proper measures, the outcome remains unknown, uncertain or unqualified. It's probably the reason you've counted the number of pages in this chapter before reading the opener. So

now it's over to you. Go forth and create the big, exciting things. But always be sure to set valid measures, test their effectiveness and produce something meaningful.

David Ogilvy once said, 'We all have a tendency to use research as a drunkard uses a lamp post—more for support than for enlightenment.'[1] What he was suggesting was that we use the research to support the decisions we have already made or the creative we have already developed. Instead, we should be using the research to empower us to make better decisions or inspire bigger ideas. Research is powerful only if we use it to take us to a better level of understanding and more informed decision making. Its real value is not in the amount of data we collect, but in what we do with it.

In planning, we need research to help us understand the communication problem, how to define what the product concept really is, and to acquaint us with the values, beliefs, needs and insights into our target market. Research helps us connect both the consumer and the product in a powerful proposition.

In this chapter, we will look at the importance of testing ideas during campaign development and across its implementation, as well as the necessity of evaluating every campaign to see if it has achieved its objectives and discover whether the communication has worked. These three phases of evaluation are shown in Figure 12.1 .

Strategic development

| Planning | Defining the advertising problem, product, consumer or competitor |

Campaign development

| Pretesting and in-market testing | Refining the message and channels before and during implementation |

Evaluation

| Post-campaign evaluation | Evaluating the campaign against its objectives and ROI |

Figure 12.1 Three phases of evaluation

RADIO

Many of us wake up to clock radios in the morning and rely on radio programs to inform and entertain us while we travel to work or school. Podcasts of radio programs are increasingly popular with both younger and older listeners, and the power of radio is extended beyond the airwaves through engagement on social media platforms. For many, radio is a constant companion in their cars, at home, even at work and can now be accessed via a variety of mobile devices. Radio has the ability to reach over 18 million listeners in Australia each week, with 46% of listening taking place in the home and 33% in the car. Technology has seen radio evolve, with the introduction of free mobile apps for radio and the adoption of smart speakers leading to 88% of Australians listening to AM/FM or DAB+ (Digital radio) in the average week.[37]

Radio is primarily a local advertising medium, characterised by specialised programming that appeals to narrow segments of the population. It is a ubiquitous background to many activities, among them reading, driving, working and socialising.

Radio has survived and flourished as an advertising medium because it has a number of advantages that make it an effective way for marketers to communicate with consumers.

Advantages of radio

Radio has many advantages over other media, including cost and efficiency, selectivity, flexibility, mental imagery and integrated marketing opportunities.

Cost and efficiency

One of the main strengths of radio as an advertising medium is its low cost. Radio commercials are very inexpensive to produce. They require only a script of the commercial to be read by the radio announcer or a copy of a prerecorded message that can be broadcast by the station. The cost for radio time is also comparatively cheap. The low relative costs of radio make it one of the most efficient of all advertising media and the low absolute cost means the budget needed for an effective radio campaign is often lower than that for other media.

The low cost of radio means advertisers can build more reach and frequency into their media schedule within a certain budget. Adding additional stations to a campaign schedule will broaden target audience reach. The flip side to this is that it will also reduce target audience frequency. The challenge is to achieve a balance of effective reach and frequency. This can be done by using multiple dayparts or sessions on a station and placing multiple spots within those dayparts. There is always the risk of spreading activity too thinly across multiple stations in order to achieve optimum reach while sacrificing target audience frequency.

Recency theory

Recency theory suggests that advertising is most effective and consumers are more likely to remember messages which they hear close to the time of purchase. Because consumers are likely to be listening to the radio on the way to the shops, many brands incorporate radio into their campaigns. The portability of radio and the consumption habits of consumers mean that radio has the ability to impact people at a time and place where they can act on a commercial message. This is why the fast food commercials that you hear during the drive home from university or work have such an impact.

Selectivity

Another major advantage of radio is the high degree of audience selectivity available through the various program formats and geographic coverage of the numerous stations. Radio lets companies focus their advertising on specialised audiences such as certain demographic and lifestyle groups. Radio station formats include adult contemporary, easy listening, news/talkback and sport. Radio can reach consumers other media can't. Light television viewers spend considerably more time with radio than with TV and are generally an upscale market in terms of income and education level. Light readers of magazines and newspapers also spend time listening to the radio.

Flexibility

Radio is probably the most flexible of all the advertising media because it has a very short closing period, which means advertisers can book at short notice and change their message almost up to the time it goes on the air. Radio advertisers can easily adjust their messages to local market conditions and marketing situations.

Mental imagery

A potential advantage of radio that is often overlooked is the fact that it encourages listeners to use their imagination when processing a commercial message. While the creative options of radio are limited, many advertisers take advantage of the absence of a visual element to let consumers create their own picture of what is happening in a radio message, the theatre of the mind.

Radio may also reinforce television messages through a technique called **image transfer**, where the images of a TV commercial are implanted into a radio spot.[38] First the marketer establishes the video image of a TV commercial. Then it uses the same audio portion (spoken words or a jingle) as the basis for the radio counterpart. The idea is that when consumers hear the radio message, they will make the connection to the TV commercial, reinforcing its video images. Image transfer offers advertisers a way to make radio and TV ads work together synergistically.

Integrated marketing communication opportunities

Radio is most often used in combination with other media to provide advertisers with synergistic effects. The radio industry has undertaken neuroscience research to establish listener response to radio advertising and content. The study found that the listeners were, on average, more engaged with content on their favourite radio station than with other media content, and highlighted the potential for increased effectiveness of radio advertising when creative is aligned with the mood and tone of the content of the radio program in which the ads appear. A further

study investigated radio's effectiveness in driving digital activity. It was found that people were six times more likely to look for a specific brand online if they had heard it advertised on radio.[39]

Radio has been effective in developing strong connections with its listening communities and has been successful in engaging with its listeners on social media. GFK Radio Insights suggest that after interacting with the radio station on social media, 25% of listeners spent more time listening to the station and said that their trust in the station had increased.[40]

Radio stations are an integral part of many communities, and the DJs and program hosts are often popular and influential figures. Advertisers frequently use radio stations and personalities to enhance their involvement with a local market and to gain influence with retailers. Radio also works very effectively in conjunction with place-based and point-of-purchase promotions. Retailers often utilise on-site radio broadcasts combined with special sales or promotions to attract consumers to their stores and get them to make a purchase. Live radio broadcasts are also used in conjunction with event marketing. Marketers may sponsor live broadcast promotions at beaches, sporting events and festivals, setting up product booths for sampling and giveaways.

Limitations of radio

Several factors limit the effectiveness of radio as an advertising medium, among them creative limitations, fragmentation, dispersed buying procedures, limited research data, limited listener attention and clutter.

Creative limitations

A major drawback of radio as an advertising medium is the absence of a visual image. The radio advertiser cannot show the product, demonstrate it or use any type of visual appeal or information. A radio commercial is a short-lived and fleeting message that is externally paced and does not allow the receiver to control the rate at which it is processed.

Fragmentation

There is a high level of audience fragmentation due to the large number of radio stations. The percentage of the market tuned to any particular station is usually very small. The top-rated radio station in a major metropolitan area may attract about 15% of the total listening audience. Advertisers who want a broad reach in their radio schedule have to buy time on a number of stations to cover the market.

Dispersed buying procedures

An increase in the number of radio networks and **syndicated programs** offering station packages has made it easier than it was to use radio nationally.

Limited listener attention

Another problem that plagues radio is the fact that it's difficult to retain listener attention to commercials. Radio programming, particularly music, is often the background to some other activity and may not receive listeners' full attention. However, neurological studies have shown that a listener will pick up on the content of a commercial

message or content when they can determine that the message is relevant to them. A commercial or content that is not relevant to a person will generally be disregarded no matter the media or medium.

Clutter

Clutter is just as much of a problem in radio as in other advertising media. Most radio stations carry an average of nearly 10 minutes of commercials every hour. During the popular morning and evening drive time, the amount of commercial time may exceed 12 minutes. Also contributing to the clutter problem is the practice carried out by some stations of offering 'commercial-free' blocks of music to attract listeners. This practice results in more commercials being aired in a short time period and may also cause people to switch to another station rather than listening through a long block of ads. Advertisers must create commercials that break through the clutter or use heavy repetition to make sure their messages reach consumers.

Buying radio time

Network radio

Advertising time on radio can be purchased on a network basis using one of the national networks. There are currently four major national radio networks: Southern Cross Austereo, Australian Radio Network (ARN), DMG and Macquarie Media Limited. There are also over 200 regional radio stations across the country.[41] Using networks minimises the amount of negotiation and administrative work needed to get national or regional coverage, and the costs are lower than those for individual stations. However, the number of affiliated stations on the network roster and the types of audiences they reach can vary considerably, so the use of network radio reduces advertisers' flexibility in selecting stations.

Local radio

By far the heaviest users of radio are local advertisers. Car dealers, retailers, restaurants and financial institutions are among the most frequent advertisers on local radio.

Time classifications

The largest radio audiences (and thus the highest rates) occur during the early morning and late afternoon drive times. Radio rates also vary according to the number of spots or type of audience plan purchased, the supply and demand of time available in the local market, and the ratings of the individual station. Rate information is available directly from the stations. Their rates are negotiable and depend on factors such as availability, time period and number of spots purchased.

LO 11.6

Audience information

Owing to the nature of radio as incidental or background entertainment, it is difficult to develop precise measures

of who listens at various time periods and for how long. The major radio ratings are carried out by GFK, with eight surveys conducted each year across the five metropolitan markets (Sydney, Brisbane, Melbourne, Adelaide and Perth). A sample group of representative listeners in each market maintain a diary of their radio listening for seven days using either a paper diary or e-diary. Audience estimates are based on these diary records and reported by time period and selected demographics.

Increasing numbers of radio listeners are choosing to listen online by streaming the program via mobile or other devices. Podcasting, which is downloading the radio program to be played back at the listener's convenience, is another way in which listeners are accessing programs. This has the effect of time-shifting the program. Both of these listening methods make it difficult to measure program and advertising audiences. Commercial Radio Australia, the industry body representing stations, is responsible for the audience survey measurement contract.

As with TV, media planners must use the audience measurement information to evaluate the value of various radio stations in reaching the advertiser's target audience and their relative cost. The media buyer responsible for the purchase of radio time works with information on target audience coverage, rates, time schedules and availability to optimise the advertiser's radio media budget.

PRINT

Magazines and newspapers have been popular media choices for advertisers for more than two centuries. Despite strong competition from broadcast and online media, newspapers and magazines have remained significant media vehicles for many consumers and advertisers. Print advertising still has the potential for mass appeal. However, both newspapers and magazines are in the process of reinventing themselves and providing digital editions in the light of demand and people's social media behaviour. With the ease of access to information online, the pressure is on print media to remain relevant and viable.

The role of magazines and newspapers

The role of magazines and newspapers in the advertiser's media plan differs from that of the broadcast media because they allow the presentation of detailed information that can be processed at the reader's own pace. The print media are not intrusive in the same way as radio and TV, and they generally require some effort on the part of the reader for the advertising message to have an impact. For this reason, newspapers and magazines are often referred to as *high-involvement media.*

While both magazines and newspapers are print media with or without digital editions, the advantages and disadvantages of the two are quite different, as are the types of advertising each attracts. There are specific advantages and limitations of each, along with factors that are important in determining when and how to use newspapers and magazines in the media plan. We will therefore look at them separately.

Magazines

Magazines are the most specialised of all advertising media. While some magazines—such as *Reader's Digest* and *TV Week*—are general mass-appeal publications, most are targeted to a very specific audience. There is a magazine designed to appeal to nearly every type of consumer in terms of demographics, lifestyle, activities or interests. Numerous magazines are targeted at specific businesses and industries as well as towards individuals engaged in various professions (see Exhibit 11.6   ).
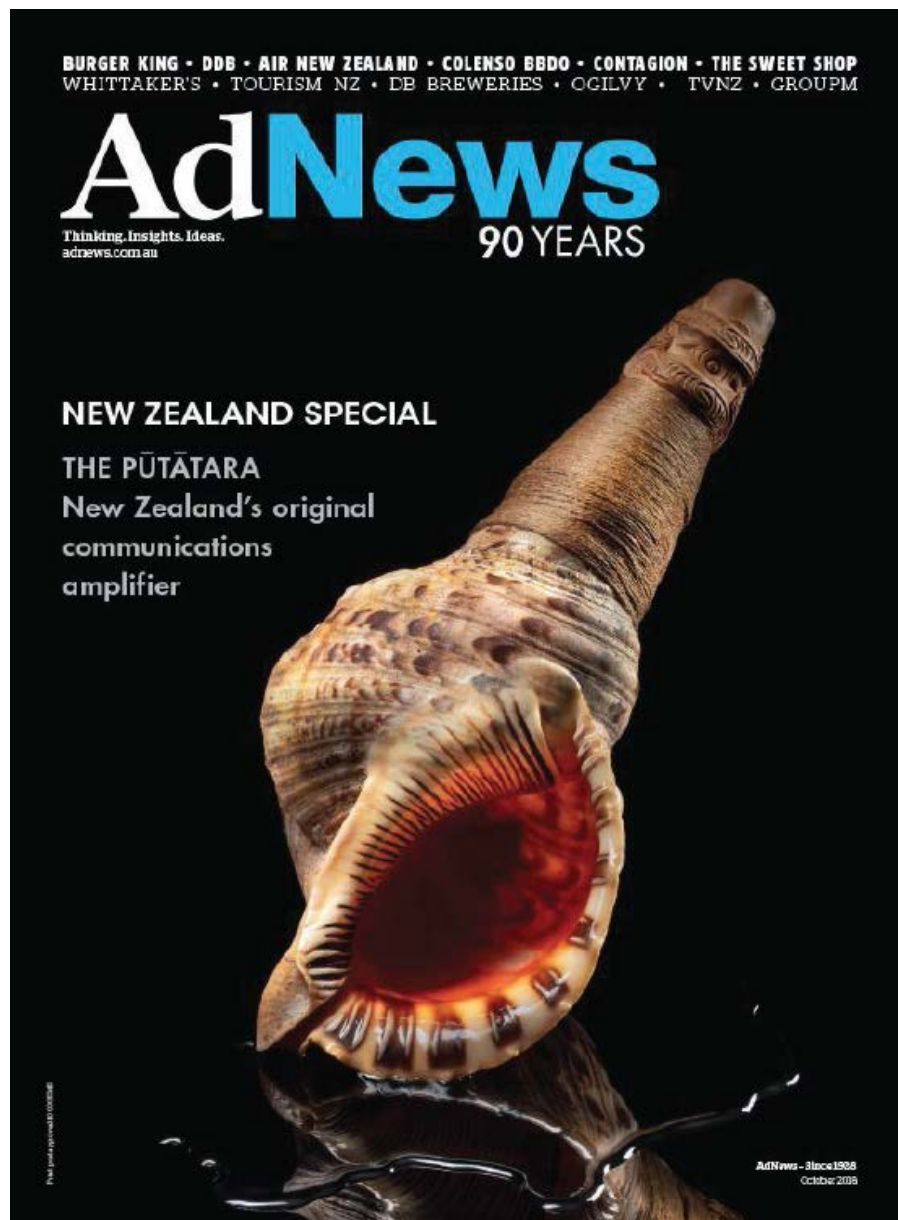
Exhibit 11.6 *AdNews* targets the marketing and marketing communication industries
Source: Yaffa Publishing

This wide variety makes magazines an appealing medium to a vast number of advertisers. Users of magazines range from large consumer-product companies, such as Procter & Gamble and Toyota, to small companies advertising fabrics in *Australian Patchwork & Quilting* magazine. Research done by Magazine Publishers of Australia found that magazines are the most trusted source of information on brands and products, with magazine advertising a valuable medium to build brands throughout the customer journey.[42] Most magazines are now offered online, and research shows that 46% of print magazine readers then go online to visit either the magazine's online offering or to search for more information about products that they have seen.

Classifications of magazines

To gain some perspective on the various types of magazines available and the advertisers that use them, consider the way magazines are generally classified. They are classified into broad categories based on the audience to which they are directed: consumer, business and custom publications. Each category is then further classified according to the magazine's editorial content and audience appeal.

Consumer magazines

Consumer magazines are bought by the general public for information and entertainment. They are classified into

categories such as general, women's interests, men's, sport, food and so on. Magazines can also be classified by frequency; weekly, monthly and bimonthly are the most common.

Consumer magazines represent the major portion of the magazine industry, accounting for nearly two-thirds of all advertising dollars spent in magazines. These magazines are best suited to marketers interested in reaching general consumers of products and services as well as to companies trying to reach a specific target market. Special-interest magazines assemble consumers with similar lifestyles or interests and offer marketers an efficient way to reach these people with little wasted coverage or circulation. For example, a manufacturer of walking boots, tents or maps might find *Wild* magazine the best vehicle for advertising to outdoor enthusiasts. (See Exhibit 11.7).

Exhibit 11.7 *Wild* magazine appeals to outdoor enthusiasts
Source: Wild, with permission

Not only are these specialty magazines of value to companies interested in reaching a specific market segment, but their editorial content also often creates a very favourable advertising environment for relevant products and services. Table 11.11 provides an overview of the Top 50 magazines in 2018.

Readership—Top 50 Most Read Magazines				
1	*Woolworths Fresh Magazine*	4693	**26**	*Men's Health*	468

#	Magazine	Circulation	#	Magazine	Circulation
2	*Coles Magazine*	4181	27	Jetstar	440
3	*Better Homes and Gardens*	2095	28	Australian 4WD Action	427
4	*The Australian Women's Weekly*	1866	29	Super Food Ideas	413
5	*Woman's Day*	1555	30	Vogue Australia	402
6	*New Idea*	1489	31	Time	396
7	*Open Road*	1186	32	R.M. Williams Outback	392
8	*National Geographic*	956	33	Street Machine	391
9	*Taste.com.au Magazine*	822	34	Diabetic Living	373
10	*House & Garden*	780	35	Wheels	357
11	*Qantas Spirit of Australia*	765	36	Frankie	339
12	*that's life!*	737	37	SA Motor	339
13	*Royal Auto*	721	38	Marie Claire	325
14	*Take 5*	692	39	OK!	320
15	*Australian Geographic*	669	40	Just Cars	313
16	*Road Ahead*	640	41	Cosmopolitan	313
17	*delicious.*	623	42	Unique Cars	312
18	*Foxtel Magazine*	610	43	Women's Health	306
19	*Donna Hay*	595	44	Country Style	305
20	*TV WEEK*	592	45	AFL Record (since February 2014)	294
21	*Gardening Australia*	565	46	Australian Gourmet Traveller	273
22	*Virgin Australia Voyeur*	506	47	Men's Fitness	269
23	*Who*	498	48	4X4 Australia	267
24	*Home Beautiful*	486	49	NW	256
25	*Reader's Digest Australia*	471	50	Donna Hay Fresh & Light	249

Table 11.11 Top 50 consumer magazines in Australia
Source: emma research, with permission

Business publications

Business publications are those magazines or trade journals published for specific businesses, industries or occupations; for example, *Retail World*, *Architect News* and *Industrial Engineering News*. However, many business publications have moved to an online format.

The numerous business publications reach specific types of professional people with particular interests and give them important information relevant to their industry, occupation or career. Business publications are important to advertisers because they provide an efficient way of reaching the specific types of individuals who constitute their target market. Much marketing occurs at the trade and business-to-business level, where one company sells its products or services directly to another.

Custom publications

These are magazines published for particular organisations for their own customers, but they also carry other companies' advertising; for example, the Qantas in-flight magazine *Spirit of Australia.*

There is another class of magazine that can be either consumer or business: these are newspaper-inserted magazines; for example, *Good Weekend* and *Sunday Life* from Fairfax Media; *body+soul* and the *Weekend Australian* from News Limited. These are provided to supplement newspapers.

Advantages of magazines

Magazines have a number of characteristics that make them attractive as an advertising medium. Their strengths include their selectivity, excellent reproduction quality, creative flexibility, permanence, prestige, readers' high receptivity and involvement, and the services they offer to advertisers.

Selectivity

One of the main advantages of using magazines as an advertising medium is their **selectivity**, or ability to reach a specific target audience. Magazines are the most selective of all media except direct mail. Most magazines are published for special-interest groups—they can reach all types of consumers and businesses and allow advertisers to target their advertising to segments of the population who buy their products. For example, *PC World* is targeted towards computer buffs, *Rolling Stone* reaches those with an avid interest in music, and *Gourmet Traveller* focuses on the upscale market interested in lifestyle.

Reproduction quality

One of the most valued attributes of magazine advertising is the reproduction quality of the ads. High-quality paper stock and printing processes provide excellent reproduction. Since magazines are a visual and tactile medium and illustrations are often a dominant part of an ad, this is a very important property. The use of colour has become a virtual necessity in many product categories.

Creative flexibility

In addition to their excellent reproduction capabilities, magazines also offer advertisers a great deal of flexibility in terms of the type, size and placement of the advertising material. Some magazines offer (often at extra charge) a variety of special options that can enhance the creative appeal of the ad and increase attention and readership. Examples include gatefolds, inserts and creative space buys.

Gatefolds enable an advertiser to make a striking presentation by using an extra page that folds out and gives the ad an extra-large spread. Gatefolds are often found on the inside cover of large consumer magazines.

Advertisers use gatefolds to make a very strong impression, especially on special occasions such as the introduction of a new product or brand. For example, car advertisers often use gatefolds to introduce new versions of their cars for each model. Not all magazines offer gatefolds, however, and they must be reserved well in advance and are sold at a premium.

Creative options available through magazines include unusual page sizes and shapes. Some advertisers have grabbed readers' attention by developing three-dimensional pop-up ads that jump off the page. Various other inserts are used in many magazines. These include return cards, recipe booklets and even product samples. Cosmetic companies use scratch-and-sniff inserts to introduce new fragrances, and some companies use them to promote deodorants, laundry detergents or other products whose scent is important. Inserts are also used in conjunction with direct-response ads and as part of sales promotion strategies.

Advertisers have been increasing their use of special inserts to break through the clutter in magazines and to capture readers' attention. Many magazine publishers are willing to work with advertisers who want to use creative inserts because they are eager to show that magazines can compete with new media as a way to showcase products.

Permanence

Another distinct advantage offered by magazines is their long life span. Magazines are generally read over several days and are often kept for reference. One benefit of the permanence of magazines is that reading occurs at a less hurried pace and there is more opportunity to examine ads in detail. Ads can therefore use longer and more detailed copy, which can be important for high-involvement and complex products or services.

Prestige

Another positive feature of magazine advertising is the prestige the product or service may gain from advertising in publications with a favourable image. Companies whose products rely heavily on perceived quality, reputation and/or image often buy space in prestigious publications with high-quality editorial content whose consumers have a high level of interest in the advertising pages. For example, *GQ* covers men's fashions in a very favourable environment, and a clothing manufacturer may advertise its products here to enhance the prestige of its lines. *Vogue Living* provides an impressive editorial environment that includes high-quality photography and artwork. The magazine's upscale readers are likely to have a favourable image of the publication that may transfer to the products advertised on its pages.

Consumer receptivity and involvement

With the exception of newspapers, consumers are more receptive to advertising in magazines than in any other medium. Magazines are generally purchased because the information they contain interests the reader, and ads provide additional information that may be of value in making a purchase decision. Time spent with magazines is considered a valuable 'welcomed break' by magazine readers. Magazine Publishers of Australia (MPA) commissioned a study which found that magazines are the medium turned to most by consumers for ideas, inspiration and personal indulgence.[43]

In addition to their relevance, magazine ads are likely to be received favourably by consumers because, unlike broadcast ads, they are non-intrusive and the customer chooses his or her own engagement level. Some magazines, such as bridal or fashion publications, are purchased as much for their advertising as for their editorial content.

Advertising in magazines also provide brands with the opportunity to provide editorial or advertorial content to reinforce the paid advertising.

Services

One service offered by magazines (usually the larger ones) is research studies that they conduct on consumers. These studies may deal with general consumer trends, changing purchase patterns and media usage or may be relevant to a specific product or industry.

Limitations of magazines

Although the advantages offered by magazines are considerable, they have certain drawbacks. These include the costs of advertising, their limited reach and frequency, the long lead time required in placing ads, and the problem of clutter and heavy advertising competition.

Costs

The costs of advertising in magazines vary according to the size of the audience they reach and their selectivity. Advertising in large mass-circulation magazines such as *New Idea*, *that's life!* or *Reader's Digest* can be very expensive.

Like any medium, magazines must be considered not only from an absolute cost perspective but also in terms of relative costs. Most magazines emphasise their effectiveness in reaching specific target audiences at a low cost per thousand. Media planners generally focus on the relative costs of a publication in reaching their target audiences. However, they may recommend a magazine with a high cost per thousand because of its ability to reach a small, specialised market segment. Of course, advertisers with limited budgets will be interested in the absolute costs of space in a magazine and the costs of producing quality ads for these publications.

Long lead time

Another drawback of magazines is the long lead time needed to place an ad. Most major publications have a 30- to 60-day lead time, which means space must be purchased and the ad must be prepared well in advance of the actual publication date. No changes in the art or copy can be made after the closing date so responding to current events or changing market conditions is not an option.

Clutter and competition

Magazines experience the challenge of clutter, yet it is something of a paradox: the more successful a magazine becomes, the more advertising pages it attracts, and this leads to greater clutter. In fact, magazines generally gauge their success in terms of the number of advertising pages they sell.

Magazine publishers do attempt to control clutter by maintaining a reasonable balance of editorial pages to advertising. They know it makes it difficult for an advertiser to gain readers' attention and draw them into the ad if there are too many ads. Thus, many print ads use strong visual images, catchy headlines, or some of the creative techniques discussed earlier to grab the interest of magazine readers. Some advertisers create their own custom

magazines to sidestep the advertising clutter problem as well as to give them control of editorial content and build relationships with their customers. Custom-published magazines may or may not carry advertising for other advertisers. Publications such as Qantas's in-flight magazine, *Spirit of Australia,* carry ads from many brands (Exhibit 11.8   ).

QANTAS

Spirit of Australia

Arctic adventure
In search of the
enigmatic polar bear

Barefoot beauty
Turtles love this island
paradise (you will, too)

Body of work
Infiltrating California's
boot camp to the stars

THE
MOMENT
IS NOW

Discover the
10 best safari
experiences in Africa
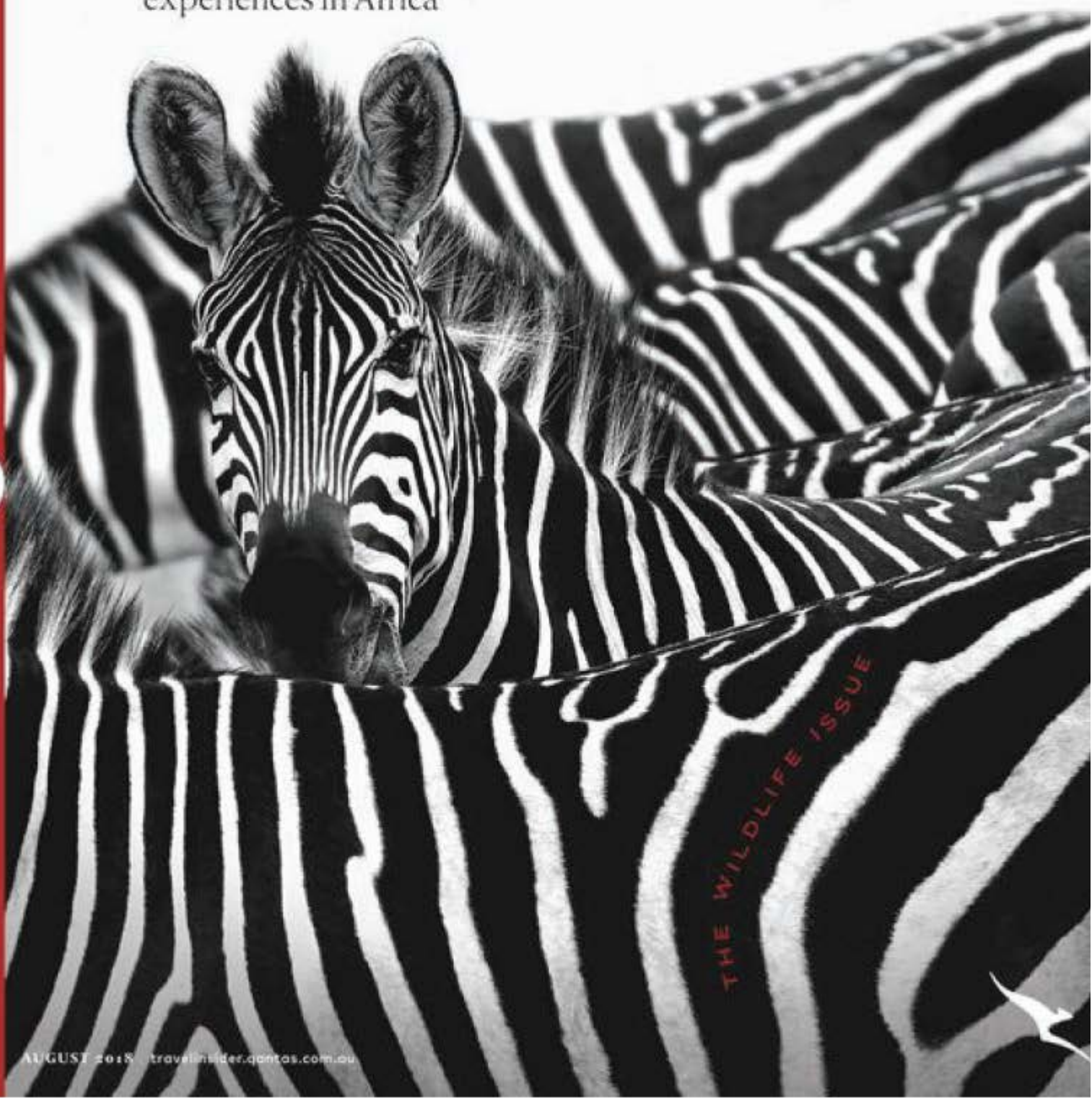
THE WILDLIFE ISSUE

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AUGUST 2018 travelinsider.qantas.com.au

Clutter is not as serious an issue for the print media as it is for radio or TV, since consumers tend to be more receptive to and tolerant of print advertising. They can also control their exposure to a magazine ad simply by turning the page.

Circulation and readership

Two of the most important considerations in deciding whether to use any medium are the size and characteristics of the audience it reaches. Media buyers evaluate magazines and newspapers on the basis of their ability to deliver the advertiser's message to as many people as possible in the target audience. To do this, they must consider the circulation as well as its total readership and match these figures to the audience they are attempting to reach.

Circulation

Circulation figures represent the number of individuals who receive a publication through either subscription or individual purchase. The number of copies distributed to these original subscribers or purchasers is known as the **primary circulation** and this is the basis for the rate structure and related cost-efficiency calculation, deliberations and negotiations.

Circulation verification

The credibility of circulation figures is important. Some major publications are audited by one of the circulation verification services. The Audited Media Association of Australia (formerly Audit Bureau of Circulations) audits a significant number of paid-for publications and free publications. Other major publishers have made the decision to emphasise total and targeted independently measured readership as the benchmark for media buyer assessment evaluation and negotiation.

Readership and total audience

Advertisers are often interested in the number of people a publication reaches as a result of secondary, or pass-along, readership. **Pass-along readership** can occur when the primary subscriber or purchaser gives a magazine to another person or when the publication is read in doctors' waiting rooms or beauty salons, on aeroplanes and so forth.

Advertisers attach greater value to the primary in-home reader than the pass-along reader or out-of-home reader, as the former generally spends more time with the publication, picks it up more often and receives greater satisfaction from it. Thus, this reader is more likely to be attentive and responsive to ads. However, the value of pass-along readers should not be discounted. They can greatly expand a magazine's readership. You can calculate the **total audience**, or **readership**, of a magazine by multiplying the **readers per copy** (the total number of primary and pass-along readers) by the circulation of an average issue, as was shown earlier in the chapter.

LO 11.6

Audience information and research for magazines

While circulation and total audience size are important in selecting a media vehicle, the media planner is also interested in the match between the magazine's readers and the advertiser's target audience. Information on readers is available from several sources, including the publication's own research and syndicated studies. Most magazines provide media planners with reports detailing readers' demographics, financial profile, lifestyle and product usage characteristics. The larger the publication, the more detailed and comprehensive the information it can usually supply about its readers.

Syndicated research is conducted by Roy Morgan Research and emma (Enhanced Media Metrics Australia). The readership data provides a broad range of information on the audiences of print publications, including demographics, lifestyle characteristics, value segments, product purchase and usage data. Most large media agencies also conduct ongoing research on the media habits of consumers. All of this information helps determine the value of various magazines in reaching particular types of product users.

Purchasing magazine advertising space

Magazine rates are primarily a function of readership. Other variables include the size of the ad, its position in the publication, the particular editions (geographic) chosen, any special production requirements, and the number and frequency of insertions.

Advertising space is sold on the basis of space units such as full-page, half-page and quarter-page. The larger the ad, the greater the cost. Studies have found that full-page ads generated 30% cent more readership than half-page ads.[44]

Ads can be produced using black and white, black and white plus one colour, or four colours. The more colour used in the ad, the greater the expense. On average, a four-colour ad costs 30% more than a black-and-white ad. Advertisers generally prefer to use colour because of the greater visual impact and superior attraction and attention.[45] Ads requiring special production such as **bleed pages** or inserts may also cost extra.

Rates for magazine ad space are discounted according to the number of times an ad runs and the amount of money spent during a specific period. Advertisers can also save money by purchasing advertising in magazine combinations, or networks. **Magazine networks** offer advertisers the opportunity to buy space in a group of its publications as a package deal.

Newspapers

The Australian media landscape is changing rapidly and nowhere more so than in newspapers. Newspaper readership has now seen a shift away from print readership, with more readers accessing their news online. So while *The Australian* newspaper might have a combined audience of nearly 2.5 million people, around 930 000 of these readers are reading the print version and 1 756 000 are accessing the information via the website or [46]

app.   The newspaper advertising market may have decreased by 40% over the past five years, but the industry is still worth $2.4 billion each year, which suggests that newspapers are still a valued advertising medium for many brands, particularly retailers. They are also valuable to national advertisers. In recent years, the rise of aggregator sites that provide a summary of the major news items have shaken up the traditional news media market. The adoption of programmatic media buying (as discussed in the opening section of this chapter) has provided advertisers with more flexibility in reaching audiences, optimising their spend when they advertise in the online version of the newspapers.

In a world of 'fake news', where many access their news via social media, legitimate and trustworthy news reporting is still of societal importance. While readers expect to have to purchase the print version of their newspapers, some are still reluctant to pay to access this news online—although *The Australia*n newspaper set up the first paywall newspaper in 2011 with success.

This section will discuss primarily print newspaper advertising as advertising in the online newspapers is already covered in the digital section of the chapter.

Types of newspapers

The traditional role of newspapers has been to deliver prompt, detailed coverage of news and features that appeal to readers. The vast majority of newspapers are daily publications serving a local community. However, weekly, national and special-audience newspapers have specific characteristics that can be valuable to advertisers.

Daily newspapers

Daily newspapers are found in metropolitan areas. Australia has only two national newspapers that are daily publications—*The Australian* and the *Australian Financial Review.* They provide detailed coverage of news, events and issues concerning the local area as well as business, sport and other relevant information and entertainment.

Weekly newspapers

Most weekly newspapers originate in towns or suburbs where the volume of news and advertising cannot support a daily newspaper. These papers focus primarily on news, sport and events relevant to the local area and usually ignore national and world news, sport and financial and business news. Weeklies appeal primarily to local advertisers because of their geographic focus and lower absolute cost.

Newspaper supplements or NIMS

Although not a category of newspapers per se, many papers include magazine-type supplements often referred to as NIMS (newspaper-inserted magazines), primarily in their weekend editions. NIMS have been part of most newspapers for many years and come in various forms, such as *Spectrum* and *The Good Weekend* in Fairfax publications in Melbourne and Sydney.

Types of newspaper advertising

The ads appearing in newspapers can also be divided into different categories. The major types of newspaper advertising are display, classified and preprinted inserts.

Display advertising

Display advertising is found throughout the newspaper and generally uses illustrations, headlines, white space and other visual devices in addition to the copy text. The two types of display advertising in newspapers are local and national (general).

Local advertising refers to ads placed by local organisations, businesses and individuals that want to communicate with consumers in the market area served by the newspaper. Supermarkets and department stores are among the leading local display advertisers, along with other retailers and service operations such as banks and travel agents.

National or *general advertising* refers to newspaper display advertising produced by marketers of branded products or services that are sold on a national level. These ads are designed to create and maintain demand for a company's product or service and to complement the efforts of local retailers that stock and promote the advertiser's products. Major retail chains, banks and airlines are heavy users of newspaper advertising.

Classified advertising

Classified advertising provides newspapers with an important but declining amount of revenue. Employment, real estate and automotive are the three major categories of classified advertising. This area of advertising has seen a major migration to online platforms. Also included in classified advertising is government notices, births, deaths, marriages, court notices and so on. Many of the traditional buy and sell classifieds have now moved to eBay, Gumtree, Facebook or other online locations.

Inserts

Preprinted inserts are distributed through newspapers. These ads do not appear in the paper itself; they are printed by the advertiser and then taken to the newspaper to be inserted before delivery. Many retailers use inserts such as catalogues or brochures in specific circulation zones to reach shoppers in their particular trade areas.

Advantages of newspapers

Newspapers have a number of characteristics that make them popular among both local and national advertisers. These include their extensive penetration of local markets, flexibility, geographic selectivity, reader involvement and special services.

News media publishers have, over the past several years (since the emergence of the digital platforms), been reinventing themselves and their business models. Over 13 million Australian consumers now read news in digital news brands each month, which has delivered a vital new fighting capability to these brands. Over 12 million Australians continue to read printed newspapers every month. NewsMediaWorks in 2017 and then again in 2018 commissioned independent Australian research company Galaxy to conduct an analysis into trust and the impact of trust in content and advertising on purchase intent. The findings can be accessed on the NewsMediaWorks website: www.thetruthbuildstrust.com.au. In short, they demonstrate that printed newspapers and digital news media are increasingly viewed as the most trusted media by consumers.

Extensive penetration

One of the primary advantages of newspapers is the high degree of market coverage, or penetration, they offer an advertiser. Australian newspapers provide mass reach. This allows advertisers to access many segments of the population with their message. Also, since many newspapers are published and read daily, the advertiser can build a high level of frequency into the media schedule.

Flexibility

Another advantage of newspapers is the flexibility they offer advertisers. First, they are flexible in terms of requirements for producing and running the ads. Newspaper ads can be written, laid out and prepared in a matter of hours. For most dailies, the closing time by which the ad must be received is usually only 24 hours before publication. Short production times and closing dates make newspapers an excellent medium for responding to current events or presenting timely information to consumers. For example, see Leggo's Valentine's Day ad (Exhibit 11.9   ).
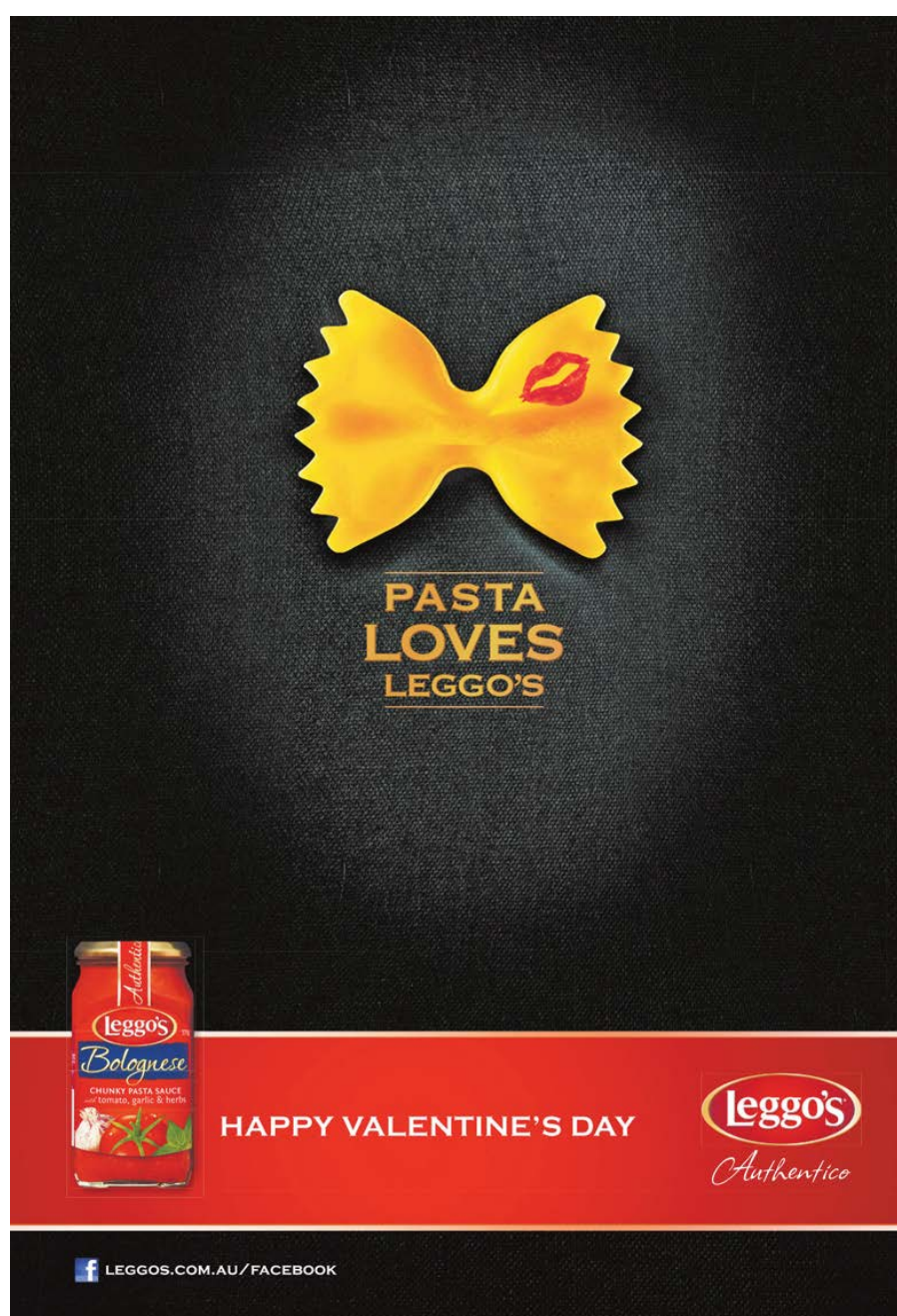
Exhibit 11.9 Leggo's Valentine's Day ad
Source: Simplot Australia Pty Ltd.

A second dimension of newspapers' flexibility stems from the creative options they make available to advertisers. Newspaper ads can be produced and run in various sizes, shapes and formats; they can use colour or special

inserts to gain the interest of readers.

Geographic selectivity

Newspapers generally offer advertisers more geographic or territorial selectivity than any other medium except direct mail. Advertisers can vary their coverage by choosing a paper—or combination of papers—that reaches the areas with the greatest sales potential. National advertisers take advantage of the geographic selectivity of newspapers to concentrate their advertising in specific areas they can't reach with other media or to take advantage of strong sales potential in a particular area.

Local advertisers such as retailers are interested in geographic selectivity or flexibility within a specific market or trade area. Their media goal is to concentrate their advertising on the areas where most of their customers are.

Reader involvement and acceptance

Another important feature of newspapers is consumers' level of acceptance and involvement with papers and the ads they contain. The typical daily newspaper reader spends time each day reading the newspaper and more time reading the weekend paper. Many consumers use newspapers not only for news, information and entertainment but also for assistance with consumption decisions.

Consumers use retail ads to determine product prices and availability and to see who is having a sale. One aspect of newspapers that is helpful to advertisers is readers' knowledge about particular sections of the paper. Most of us know that ads for automotive products and sporting goods are generally found in the sports section, while ads for financial services are found in the business section. The weekly food section in many newspapers is popular for recipe and menu ideas as well as for retail liquor store ads.

Limitations of newspapers

While newspapers have many advantages, like all media they also have disadvantages that must be considered. The limitations of newspapers include their reproduction quality, short life span, lack of selectivity (along with declining circulation) and clutter.

Reproduction quality

One of the limitations of newspapers as an advertising medium is their reproduction quality. The paper stock and the cost of colour impact on the quality of newspaper ads. Advertisers desiring magazine quality can turn to freestanding inserts or weekend supplements. However, these are more costly and may not be as desirable to some advertisers.

Short life span

Unlike magazines, which may be retained around the house for several weeks, a daily newspaper is generally kept for less than a day. So an ad is unlikely to have any impact beyond the day of publication, and repeat exposure is very unlikely. Compounding this problem is the short amount of time many consumers spend with the newspaper and the possibility that they may not even open certain sections of the paper. Media planners can offset these problems somewhat by using high frequency in the newspaper schedule and advertising in a section where

consumers who are in the market for a particular product or service are likely to look.

Lack of selectivity and declining circulations

While newspapers can offer advertisers geographic selectivity, they are not a selective medium in terms of demographics or lifestyle characteristics. Most newspapers reach broad and diverse groups of consumers, which makes it difficult for marketers to focus on narrowly defined market segments. For example, manufacturers of fishing rods and reels will find newspapers very inefficient because of the wasted circulation that results from reaching all of the newspaper readers who don't fish. Thus, they are more likely to use special-interest magazines such as *Modern Fishing.* Because of the pervasiveness of the internet on readers' lives, much of the readership of print-based newspapers has migrated to the internet, and most papers now have tablet and mobile apps.

Clutter

Newspapers, like most other advertising media, suffer from clutter. Because two-thirds of the average daily newspaper in Australia is devoted to advertising, the advertiser's message must compete with numerous other ads for consumers' attention and interest. Thus, it can be difficult for a newspaper advertiser to break through the clutter without using more costly measures such as large space buys or colour. Some advertisers use creative techniques such as island ads—ads surrounded by editorial material—or make very conscious placement decisions. Exhibit 11.10   shows the creative placement of the Midalia pool fence ad next to the birth announcements because the birth of a child is a trigger to consider child safety.

Exhibit 11.10 Midalia pool fence ad positioned next to the birth announcements
Source: Ad Impact Advertising

LO 11.6

Audience information and research for newspapers

Since newspapers as a class of media do a good job of penetrating their market, the typical daily newspaper gives advertisers the opportunity to reach many households in a market. But, while local advertisers aim to cover a particular market or trade area, national advertisers want to reach broad regions or even the entire country. They must purchase space in a number of papers to achieve the desired level of coverage.

The basic sources of information concerning the audience size of newspapers come from Roy Morgan or emma readership data. Readership figures provide the media planner with the basic data for assessing the value of newspapers and their ability to cover various market areas. However, the media planner will need to match the characteristics of a newspaper's readers with those of the advertiser's target audience. The Roy Morgan Readership

Survey provides syndicated research studies on lifestyles, media behaviour and product/brand preferences that include information on newspapers. These studies can be valuable for comparing newspapers with other media vehicles.

Purchasing newspaper space

Advertisers are faced with a number of options and pricing structures when purchasing newspaper space. The cost depends not only on the newspaper's circulation but also on factors such as premium charges for colour or special sections, as well as discounts available.

Newspaper space rates also vary with an advertiser's special requests, such as preferred position or colour. The basic rates quoted by a newspaper are **run of paper (ROP)**, which means the paper can place the ad on any page or in any position it desires. While most newspapers try to place an ad in a requested position, the advertiser can ensure a specific section and/or position on a page by paying a higher **preferred position rate**, for example, in **early general news**. Colour advertising is also available in many newspapers on an ROP basis or through preprinted inserts or weekend supplements.

Advertisers can also buy newspaper space based on **combination rates**, where they get a discount for using several newspapers as a group. Combination discounts are also available when the advertiser buys space in several newspapers owned by the publisher in a number of markets or in multiple newspapers affiliated in a syndicate or newspaper group.

LO 11.7

OUT-OF-HOME MEDIA

Out-of-home (OOH) advertising encompasses many forms. The Outdoor Media Association (OMA) categorises the following as out-of-home—roadside, transport and retail. Outdoor accounts for 4% of all advertising expenditure in Australia. Companies such as Telstra, Coca-Cola and McDonald's are some of the top spenders in this medium.[47] A major reason for the recent growth in outdoor is its ability to remain innovative through technology, coupled with the introduction of best-practice audience measurement. As Exhibits 11.11 and 11.12 show, billboards are no longer limited to standard sizes and two dimensions. Digital outdoor media have also contributed to growth. Digital messages on billboards, transit signs and in lobbies have allowed more advertisers to participate, as messages can be changed quickly and often. In addition, this allows outdoor advertising to appear in places previously unavailable, and in a timely fashion. You have probably been exposed to either signboards or electronic billboards at sports stadiums, in supermarkets, in shopping centres, on freeways or on the sides of buildings, from neon signs on skyscrapers in Sydney and Hong Kong to branding graffiti painted on the footpaths of Melbourne. This is truly a pervasive medium.

Exhibit 11.11 QUT and BCM worked with Goa to develop a campaign that sent potential students personalised invites asking them to create their own signs for a digital billboard
Source: BCM Group (Australia) Pty Ltd, QUT

Exhibit 11.12 The Royal Automobile Association offers to waive its joining fee. How does it remind motorists to join? By showing a broken-down car with engine trouble (and real environmentally friendly smoke!) timed in sequence with the traffic lights
Source: Courtesy of RAA (Royal Automobile Association of South Australia)

Outdoor advertising does have its critics: note the calls for bans by city councils and local council bylaws that control this medium. At the same time, a number of research studies and case histories have proven outdoor to be effective. See oma.org.au, the industry's website, for successful case histories.

Mobile billboards

Another outdoor medium is **mobile billboards**. Whether they are towed around or left in position, organisations large and small have made use of this medium. For example, Harvey Norman has used scooter ads to promote its sales. The Transport Accident Commission has used trailer ads, parked on freeways at specific holiday times, when they are targeting geographic hotspots. Costs depend on the area and the mobile board company's fees, and both small and large organisations have found the medium affordable.

Point-of-purchase media

Advertisers use **point-of-purchase media** such as in-store ads and in-store TV, shopping trolley signage and shop-a-dockets to reach shoppers at the place where they buy. The attraction of point-of-purchase media is supported by figures from the Point of Purchase Advertising Institute (POPAI), which states that approximately two-thirds of consumers' purchase decisions are made in the store; some impulse categories demonstrate an 80% rate.[48]

Advantages of out-of-home advertising

Out-of-home advertising offers a number of advantages:

- *Wide coverage of local markets.* With proper placement, a broad base of exposure is possible in local markets, with both day and night presence. This level of coverage is likely to yield high levels of reach. The level of exposure for transit ads is high as the audience is captive on the bus, train or plane.
- *Frequency.* Because purchase cycles are typically for 30-day periods, consumers are usually exposed a number of times, resulting in high levels of frequency. This is especially so when commuting on daily journeys to and from work or school. If you rode the same train to work and back every day, in one month you would have the opportunity to see an ad 40 times!
- *Geographic flexibility.* Out-of-home can be placed along highways, near stores or on mobile billboards, almost anywhere that laws permit. For local advertisers, out-of-home can reach people in specific geographic or demographic areas. Local, regional or national markets may be covered.
- *Creativity.* As shown by Exhibits 11.11, 11.12 and 11.13, out-of-home ads can be very creative. Large print, colours and other elements attract attention.
- *Ability to create awareness.* Because of its impact and the need for a simple message, outdoor can lead to a high level of awareness.
- *Efficiency.* Out-of-home usually has a very competitive CPM (cost per thousand) when compared to other media.
- *Timeliness.* Many ads appear in or near shopping areas or on or in the vehicles taking customers there, thus resulting in timely exposures.
- *Effectiveness.* Out-of-home advertising has the ability to impact the effectiveness of other media, especially social media.[49]

Limitations of out-of-home advertising

At the same time, however, there are limitations to outdoor advertising, many of them related to its advantages:

- *Waste coverage.* While it is possible to reach very specific audiences, in many cases the purchase of out-of-home results in a high degree of waste coverage. It is not likely that everyone driving past a billboard is part of the target market.
- *Limited message capabilities.* Because of the speed with which most people pass by out-of-home ads, exposure time is short, so messages are limited to a few words and an illustration. Lengthy appeals are not likely to be effective.
- *Wearout.* Because of the high frequency of exposures, out-of-home may lead to a quick wearout. People are likely to get tired of seeing the same ad every day.
- *Image problems.* Out-of-home advertising has suffered some image problems in terms of graffiti spoiling the ads as well as concerns about visual pollution, with larger-than-life images intruding into daily life.

Measurement in out-of-home media

The OMA has developed an audience measurement methodology that provides an interactive planning tool for media buyers. The system, Measurement of Outdoor Visibility and Exposure (MOVE), is based on eye-tracking technology and provides audience measurement results for more than 73 000 out-of-home advertising sites in

Australia.

CINEMA

Cinema is a niche method of delivering communication messages, representing only around 1% of advertising expenditure. Ads are shown before the movie, posters are displayed in cinema foyers and messages are placed on popcorn tubs and drink cups.

Consumer reaction to ads in cinemas is mixed. Many patrons plan to arrive in the cinema after the ads have run, others like to settle into the 'big' experience while the ads are playing, especially the previews of other movies.

Advantages of cinema advertising

Movies provide a number of advantages to advertisers, including the following:

- *Exposure.* Cinema advertising reaches a captive and receptive audience, who have paid for the experience. The number of Australians attending movies is substantial: more than 85 million admissions in 2017 with gross box office sales of over $1.2 billion in 2017.[50]
- *Mood.* Cinema advertising can be an immersive experience with high-quality advertising. If viewers like the movie, the mood can carry over to the advertised brand.
- *Cost.* The cost of advertising in a cinema varies from one setting to the next. However, it is low in terms of both absolute and relative costs per exposure.
- *Clutter.* Lack of clutter is another advantage offered by advertising in cinemas. Cinemas limit the number of ads.
- *Proximity.* Since many cinemas are located in or adjacent to shopping centres, potential customers are 'right next door'.
- *Segmentation.* A key advantage of cinema advertising is the ability to target specific demographic segments. The profile of the movie-goer is above average in terms of education and affluence. The movie titles and ratings enable advertisements to reach specific groups.
- *Reach and brand-building effects.* Research has shown that cinema advertising can add around 8% reach to TV and digital campaigns and can extend campaigns through a low build of reach and frequency.[51]

Limitations of cinema advertising

Some of the limitations associated with cinema advertising include:

- *Irritation.* Perhaps the major disadvantage is that many people do not wish to see advertising in this medium. Such dissatisfaction may carry over to the product itself, to the movie or to the cinema.
- *Cost.* While the cost of advertising in local cinemas has been cited as an advantage because of the low rates

charged, ads exposed nationally are often as much as 20% more expensive than an equal exposure on television. CPMs also tend to be higher than in other media.

THE IMPORTANCE OF MEASUREMENT

Media giant Harold Mitchell remarked, 'The single biggest problem facing marketers since the invention of advertising is how to measure return on investment.'[2] This is not so different from what John Wanamaker said in the early 1900s: 'Half the money I spend on advertising is wasted; the trouble is, I don't know which half.'[3]

The importance of measuring the effect of communication—or the return on investment—has always been an issue of contention for marketers. Despite the vast number of metrics available in today's digital environment, challenges remain. With the diverse marketing communication and channel options available to brands, attributing sales growth directly to them, or the campaign per se, is difficult. Marketing communication activities are an expensive cost to business and marketers need to know the return they are getting for their investment. Yet academic and industry research has failed to find a foolproof way of measuring their impact. It is hard to isolate the effects of advertising in particular, and more recent wisdom proposes measuring the combined impact of IMC.

Effectiveness refers to the achievement of objectives. In the context of marketing, communications, sales, market share and profits are common indicators of effectiveness. An analysis of WARC's effective advertising campaigns database indicates that from 2000–2018 there were 1050 cases that had ROI information, with the finding that these campaigns on average increased sales by four times as much as the communication expenditure.[4] Further, WARC's analysis of the 2017 UK IPA Effectiveness Awards connects creativity with effectiveness measures such as market share, penetration and profit.[5] This is also supported by management consultancy McKinsey, which analysed Cannes Lion winners, noting that creativity creates business impact and that investment in creativity is worthwhile as it produces financial value.[6]

As an example, Football Federation Australia's 2017 Gold Australian Effie Award-winning campaign, *Hyundai A-League: you gotta have a team*, by BMF (see Exhibit 12.1) sought to grow engagement and increase attendance and membership. While football has garnered strong participation in Australia, with 1.4 million Australian children participating in the sport, only 42% support a Hyundai A-League (HAL) team. Yoshi, a 10-year-old boy, was central to the campaign as he goes through the dilemma of visiting all of the teams in the A-League. The results included an increase in young family engagement and revenue drivers—specifically, a 46% increase in TV viewership, 34% increase in attendance and 5% increase in membership. The campaign delivered a 125% ROI in just four weeks. Further, the lifetime value of having new HAL fans who have a favourite team was also determined, with this estimated to increase ROI to 224%.[7]

Exhibit 12.1 *Hyundai A-League: you gotta have a team*
Source: Getty Images/Matt King/Stringer

Arguments for and against

Almost any time you're engaged in a project or activity, whether for work or fun, some measure of performance occurs. In sport you may compare your golf score against par, or measure the number of baskets you score in basketball compared to others on the team, or even against your last game. In business, employees are generally given objectives to concentrate on and their job evaluations are based on their ability to achieve or surpass these objectives. IMC should not be an exception. It is important to determine how well the marketing communication program is working and to measure this performance against some standards, usually objectives.

Reasons to measure effectiveness

Assessing the effectiveness of marketing communication offers a number of advantages:

1. *Avoiding costly mistakes.* If the program is not achieving its objectives, the marketing manager needs to know so he or she can stop spending (wasting) money. Just as important is the opportunity lost due to poor communication. If the IMC program is not accomplishing its objectives, not only is the money lost, but so too is the potential gain that could result from an effective IMC program. By attributing a given IMC tool with an effectiveness measure, a brand can maximise outcomes without increasing spend. It simply allows them to spend their existing budget better. Thus, measuring the effects of marketing communication does not just save money, it also helps the company maximise its investment.

2. *Evaluating alternative strategies.* A company may have a number of strategies or creative ideas it has developed. For example, there may be disagreement as to which message is the most compelling, or whether one IMC tool is better than another. Or the company may wish to test alternative versions of its creative in different test markets to determine which concept communicates most effectively. Often the only way to make a sound IMC decision is to evaluate the alternatives.

3. *Increasing the efficiency of IMC.* How many times have you seen an ad and asked yourself what it was trying to say? How often have you seen an ad that you really like, but you can't remember the brand name? Conducting research helps companies to finetune their messages or their media to develop more efficient and effective communication.

4. *Determining if objectives are achieved.* As we have seen in , a well-planned IMC program establishes specific objectives to solve the communication problem. Common objectives include increased sales, new customer acquisitions, brand awareness, store or website traffic and engagement. The research should address whether the marketing communication achieves the stated objectives and assess how appropriate the measures used to make this assessment are.[8]

Reasons not to measure effectiveness

Companies give a number of reasons for not measuring the effectiveness of their marketing communication strategies:

1. *Cost.* Perhaps the most commonly cited reason for not testing (particularly among smaller companies) is the expense. Good research can be expensive, in terms of both time and money. Many managers decide that time is critical. Others believe the monies spent on research could be better channelled into improving the production of the ad or increasing the media spend. Of course, additional media dollars do not remedy a poor message and could do more harm than good.

2. *Research problems.* Because it is often difficult to measure the contribution of each marketing communication element directly, some managers become frustrated and decide not to test at all. Likewise, the methodology may not be rigorous or measure what it sets out to measure. Or the expertise or commitment to measurement within the organisation may be lacking. With the number of channels, media and devices, it's challenging to measure effectiveness.

3. *Disagreement on what to test.* The objectives sought in the IMC program may differ by industry, by stage of the product life cycle or even for different people within the company, and there are numerous ways to measure these. The sales manager may want to see the impact of communication on sales, top management may wish to know the impact on corporate image, and those involved in the creative process may wish to assess recall or recognition of the advertising. When there is a lack of agreement on what to test, often the solution is not to test at all.

4. *The objections of the creative department.* It has been argued by many (and denied by others) that the creative department does not want its work to be tested. This is sometimes true. Creative departments argue that tests are not true measures of the creativity and effectiveness of ads; that applying measures stifles their creativity; and the more creative the ad, the more likely it is to be successful. They want permission to be creative without the limiting guidelines that a focus group may impose. However, well-planned and executed research can produce consumer insight and empower creativity. At the same time, the marketing manager is ultimately responsible for the success of the product or brand. Given the substantial sums being allocated to marketing communication, it is the manager's right, and responsibility, to know how well a specific program—or a specific ad—will perform in the market.

5. *Time.* A final reason given for not testing is a lack of time. Managers believe they already have too much to do and don't want to miss the window of opportunity to be competitive in the market.

Despite these objections, research plays an important role in evaluating the success of marketing communication. In the next section, we look at how this research is conducted.

THE MEASUREMENT PROCESS

Having weighed the arguments for and against measurement, we have given it the thumbs up. Measuring for campaign development and measuring the effectiveness of IMC campaigns are the focus of this chapter. We start by looking at measuring for campaign development, where we consider four questions: what to test; when to test; where to test; and how to test.

What to test

What to test is usually a question of what your objectives are. If your campaign has identified what it hopes the advertising will achieve (its objectives), then this should be what is tested to see whether they are likely to be achieved or have been achieved once the campaign has run. This may relate to source factors, message variables, media or budget.

Source factors

One of the first elements to consider in terms of testing is the source of the marketing communication. In some cases, this is a spokesperson or even a celebrity, so it is important to determine whether the spokesperson is effective and how the target market is responding. Longstanding celebrity endorsement relationships, such as those between Nicole Kidman and Omega or George Clooney and Nespresso, can translate to significant brand benefits. In contrast, the impacts can be felt when a relationship ends. In 2018, Roger Federer ended a 24-year endorsement relationship with Nike, becoming an endorser for Uniqlo as part of a 10-year contract worth $300 million, with the brand aspiring to become known as a performance sportswear brand.[9] For some brands, such as Dove, major celebrity endorsers are not a key component of communication. Dove uses everyday middle-aged women to communicate with its audiences. With the influence of social media, influencers have become the 'new celebrities', with brands such as Tommy Hilfiger, Guess and H&M using social media influencers in their campaigns.[10] Brands don't want to align with a message source that will cause problems. Tiger Woods is reported to have cost companies such as Gillette and Nike up to $12 billion following scandals in his personal life that tarnished affiliated brands.[11] Whoever the message source is, testing spokespeople as credible sources is important because endorsers carry risk.

Message variables

Both the message and the means by which it is communicated are bases for evaluation. In some instances, the message may not be strong enough to pull readers into the ad by attracting their attention, or clear enough to help them evaluate the product. In other cases, the message is memorable but doesn't achieve the other key advertising objectives. A recent study examined what effect sexually themed print ads have on viewers. Among the numerous results were that men favour sex appeals more than women and that recall of the brands was lower for sexual ads

than for non-sexual ones. Whereas men responded that sexual ads have 'high stopping power' for them, their lower brand recall seems to indicate that they are paying more attention to other aspects of the ad than the brand.[12]

Media strategies

Media decisions also need to be evaluated. Research may be designed to determine which media class (for example, broadcast versus print), subclass (newspaper versus magazines) or specific vehicles (which newspapers or magazines) generate the most effective results. Likewise, how does one digital medium compare with another. The location within a particular medium (front or back page, banner or pop-up) and size of ad or length of commercial also merit examination (double-page spread or gatefold, 30 or 60 seconds).

Another factor is the *vehicle option source effect,* or 'the differential impact that the advertising exposure will have on the same audience member if the exposure occurs in one media option rather than another'. It is certainly true that people perceive ads differently depending on their context.[13] Appearing in a magazine such as *Wheels,* for example, may give a product more credibility with the motoring public.

♻ IMC PERSPECTIVE 12.1

NEUROMARKETING

Neuromarketing is used to study consumer responses to a stimulus. Unlike with focus groups or self-report surveys, which are language-based methods of data collection, with neuromarketing, technology allows marketers to determine real-time nonconscious reactions to a stimulus. The focus is on the nonconscious responses of an individual, measuring what that person thinks and feels without verbal discussion. Measuring below the level of consciousness like this gives a more accurate picture of participants' thoughts and feelings on a brand. Unlike traditional research, data is collected in natural situations and in real time, providing information about consumers' thoughts and feelings when they interact with marketing collateral. Neuromarketing has the added benefit of being scalable, allowing a larger number of responses and providing improved accuracy.

There are various neuroscience measures, which are broadly categorised as either biometric or brain-imaging measures. Biometric methods measure the facial expression, eye gaze, heart rate and brain function of an individual who is exposed to a stimulus.

Neuroscience improves communication by testing advertising efficacy, optimising creative executions and helping to align advertising content with memory encoding. For visual marketers, it allows them to access extra information about nuances in creative work, helping them to execute creativity and optimise images.

Motoring brand Honda used neuroscience to inform its decision making for its European content marketing program. It worked with UK-based creative studio Saddington Baynes and its partner firm NeuroStrata, which tests advertising executions to determine which imagery appeals most to consumer brains. In the case of Honda, neuromarketing allowed it to finetune and optimise creative executions, testing backgrounds and ad elements such as

colour with the aim of generating positive responses. Using their Engagement Insights®️ service, Saddington Baynes tested eight images with the same car and angle, but each with a different background (see Exhibit 12.2). In essence, it was testing the visual language of eight executions to help set the creative direction. In doing this, it was able to provide certainty about how people respond to an image. In Honda's case, there was a stronger pull associated with darker imagery. Also, having the vehicle located in a space with an outside aspect (e.g. a window) improved the outcomes compared to vehicles shown in a showroom.
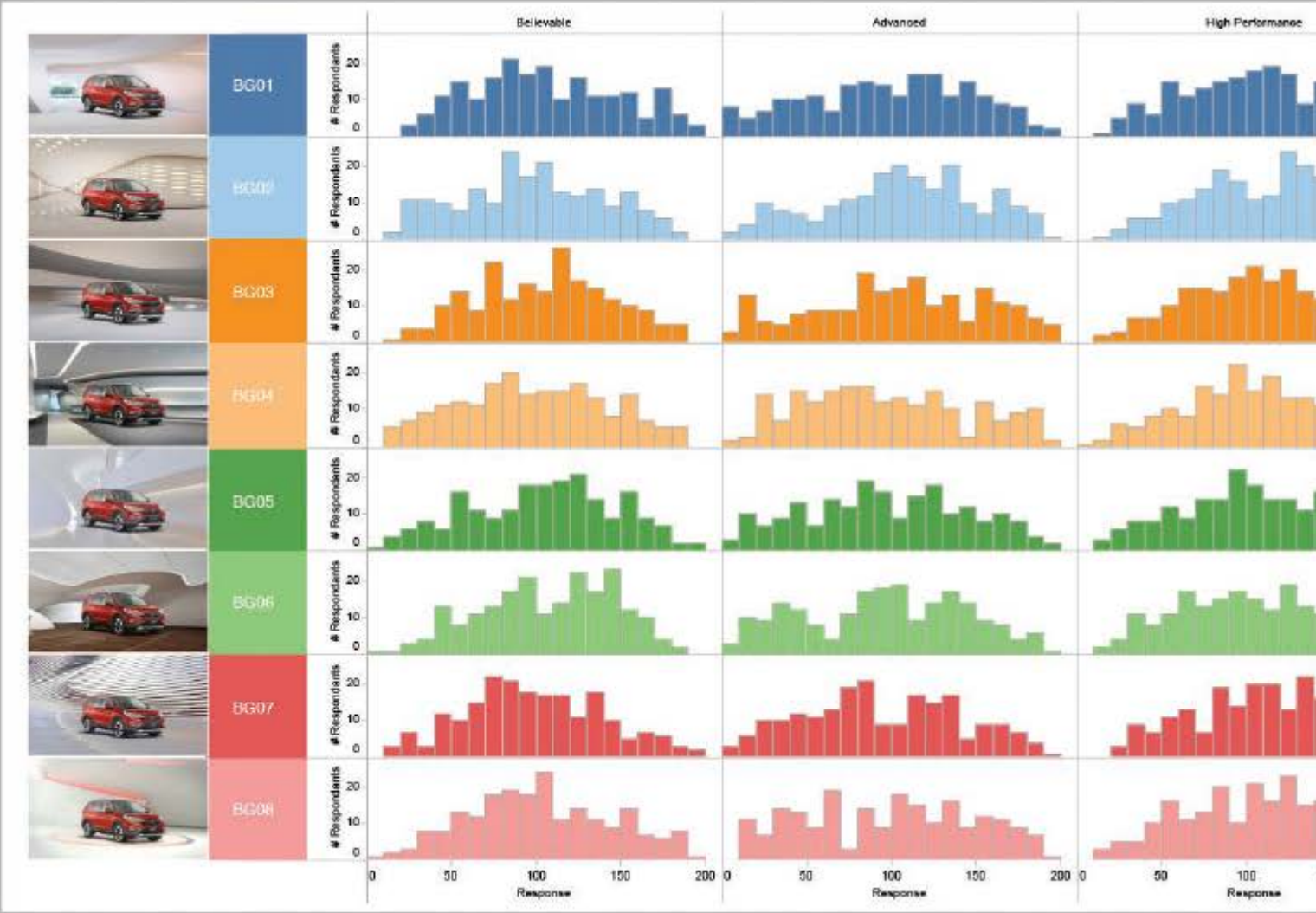
Exhibit 12.2 Honda tested many backgrounds, using neuromarketing to optimise the execution

Source: Saddington Baynes, Engagement Insights®️

A number of visual factors can optimise the final image, including location and vehicle placement. When assessing images for the Honda NSX campaign, Saddington Baynes determined, for example, that the optimal image featured the vehicle facing to the right rather than to the left.

It isn't just global brands that are using neuromarketing to optimise their communication. The Consumer Research Laboratory at Curtin University uses real-time neuroscience methods to track consumers' cognitive, attitudinal, affective and behavioural responses to a stimulus, working with local brands such as Millbrook Winery, Gabriel Chocolate and Simmos Ice Creamery to pretest art, copy and pre-finished adverts and engage in agile decision making based on testing outcomes.

In contrast to more traditional methods of testing, such as focus groups, the neuroscience

allows brands to really understand the conscious and nonconscious thoughts and feelings of consumers.

Exhibit 12.3 Neuroscience was used to determine the optimal Honda NSX image, in which the vehicle is angled to the right, not the left

Source: Backplate supplied by: MAGROUND; CGI: Saddington Baynes

Exhibit 12.4 The Consumer Research Lab at Curtin University provides local brands with an opportunity to optimise their executions

Source: Curtin Business School

Sources: Heather Andrew, 'How to use neuroscience to improve your advertising', WARC Best Practice, December 2018; P J Brown, 'Neuromarketing: how Saddington Baynes measures emotional response to create more effective ad imagery', Redshift by Autodesk, 3 March 2016, https://www.autodesk.com/redshift/neuromarketing/ (accessed 6 March 2019); Chris Christodoulou, 'Honda: real view test drive', WARC Awards, Entrant Effective Content Strategy 2018.

Another factor to consider in media decisions involves scheduling. The evaluation of flighting versus pulsing or continuous schedules is important, particularly given the increasing cost of media time. Likewise, there may be opportunities associated with increasing advertising weights in periods of downward sales cycles or recessions. The manager experimenting with these alternative schedules and budget outlays should attempt to measure their differential impact.

Finally, as more and more companies and organisations move towards an integrated media mix, it becomes increasingly important to attempt to determine the individual contributions of various media as well as their synergistic effect. As you will see later in this chapter, progress is being made, but it is not a simple task. The measurement of the media activity, according to its media objectives, may include reach and frequency.

Budgeting decisions

A number of studies have examined the effects of budget size on communication effectiveness and the effects of various ad expenditures on sales. Many companies have also attempted to determine whether increasing their budget directly increases sales. This relationship is often hard to determine, perhaps because using sales as an indicator of effectiveness ignores the impact of other marketing mix elements. More definitive conclusions may be possible if other dependent variables, such as the IMC objectives stated earlier, are used.

When to test

Virtually all test measures can be classified according to when they are conducted. **Pretests** are measures taken before the campaign is implemented; **posttests** occur after the campaign has gone to air. A variety of pretests and posttests are available to the marketer, each with its own methodology designed to measure some aspect of the marketing communication program. Figure 12.2 classifies these testing methods.

Pretests		
Laboratory methods		
Consumer juries	Theatre tests	Readability tests
Portfolio tests	Rough tests	Comprehension and reaction tests
Physiological measures	Concept tests	
Field methods		
Dummy advertising vehicles	On-air tests	
Posttests		
Field methods		
Recall tests	Single-source systems	Recognition tests
Association measures	Inquiry tests	Tracking studies

Figure 12.2 Pretests versus posttests

Pretesting

Pretests may occur at a number of points, from as early on as idea generation to rough execution to testing the final version before implementation. More than one type of pretest may be used. For example, concept testing (which is discussed later in this chapter) may take place at the earliest development of the creative, to evaluate an idea, basic concept or positioning statement. To do this, pretests typically use layouts of the campaign that include headlines, some body copy and rough illustrations. Or for TV commercials, storyboards and animatics may be tested. In these tests specific shortcomings may be identified, and changes made to enhance certain executional elements. The best reason to pretest is to identify winners, to enhance good ads and to eliminate bad ones. It is important to know the probable effect the ad will have before committing to its use.[14]

Anheuser-Busch InBev, brewer of Budweiser, had a lot at stake with its 2018 Super Bowl ad, given that it was spending $5 million on a 30-second spot—and it didn't even talk about beer. It sounds like a risk for a beer brand to spend that amount of money and not even focus on beer. What it did, though, was send a powerful message about its brand, showing 23 employees at one of its breweries filling cans with water to be sent to victims of disasters such as hurricanes and the California wildfires. The images set against the song 'Stand by Me' entertained, but they also conveyed a powerful message about the brand's connection to community. The advertising spot received two billion impressions just days after the Super Bowl final, but this was not unexpected, given that it was pretested and was shown to be the best ad the company had ever tested.[15]

The methodologies employed to conduct pretests vary. In **focus groups**, participants freely discuss the meanings they get from the creative concepts, consider the relative advantages of alternatives and even suggest improvements or additional themes. In addition to or instead of the focus groups, consumers are asked to evaluate the concept on a series of rating scales. In-home interviews, mall intercepts, laboratory methods, neuroscience or online panels may be used to gather the data.

Exhibit 12.5 Budweiser's 2018 Super Bowl advert received two billion impressions—not unexpected given the advert had been pretested and identified as the best spot it had ever tested

Source: © Alamy/Blend Images

The advantage of pretesting at this stage is that feedback is relatively inexpensive when 'blunt' tools are used. Any problems with the concept or the way it is to be delivered are identified before large amounts of money are spent in development. Sometimes more than one version of the concept and mock-up ad are evaluated to determine which is most likely to be effective.

The disadvantage is that mock-ups, storyboards or animatics may not communicate nearly as effectively as the final product. The mood-enhancing or emotional aspects of the message are very difficult to communicate in this format. Another disadvantage is time delays. Many marketers believe being first in the market offers them a distinct advantage over competitors, so they forgo research to save time and ensure this position.

In the case of AB InBev, it has moved its pretesting away from the 'blunt' traditional traffic-light system of red, yellow or green, where green was 'go'. Instead of discarding ideas, it has changed the pretest process to ask 'why'. Its pretesting now focuses instead on 'learning', which it does through a range of methods, including focus groups and biometric data measuring facial coding that provides real-time, second-by-second data on ad engagement. To learn more about how brands such as Honda are using neuroscience to pretest creative executions, refer to IMC Perspective 12.1 .[16]

It isn't just big companies that have access to pretesting capabilities. Advertisers on Facebook now have pretesting capability with A/B tests, allowing brands to test ad formats, visuals, headlines and call to action, determining post-engagement, page likes and responses to events. Facebook advertisers can receive information on cost per thousand impressions (CPM), cost per click, and click-through rates for A/B tests.[17]

Posttesting

Posttesting is also common among both advertisers and agencies (with the exception of testing commercials for wearout). Posttesting is designed to (1) determine if the campaign is accomplishing the objectives sought and (2) serve as input into the next campaign planning. A variety of posttest measures are available, most of which involve survey research methods.

Posttesting has the benefit of testing the final stimuli, as opposed to concepts or rough drafts. The Transport Accident Commission is a Victorian Government organisation that promotes road safety campaigns. Campaigns over time have focused on fatigue, drug driving, speeding and drunk driving. An important indicator of success is the road toll. Once the TAC advertising began, the road toll halved within three years. It has taken innovation and understanding to keep the toll low. Award-winning TAC campaign *Meet Graham* was launched in 2016, and features a deformed body that represents how a human being would need to look in order to withstand the impact of a car crash (see Exhibit 12.6). The image was used by the TAC to educate Victorians about the vulnerability of the human body, and the campaign featured an interactive sculpture that shows how a human would need to evolve to survive a crash. The campaign was designed to address the rising road toll, with deaths from vehicle accidents in Victoria having increased by more than 15% from 2015 to 2016.[18] This is also an important measure, as it is one that is frequently mentioned in the media and in the political arena. Posttest measures include 98% of people believing this was an important message, with Graham achieving 66% recognition, which remained at 50% three months after launch, as well as 74% taking out the message that the human body is vulnerable.[19]
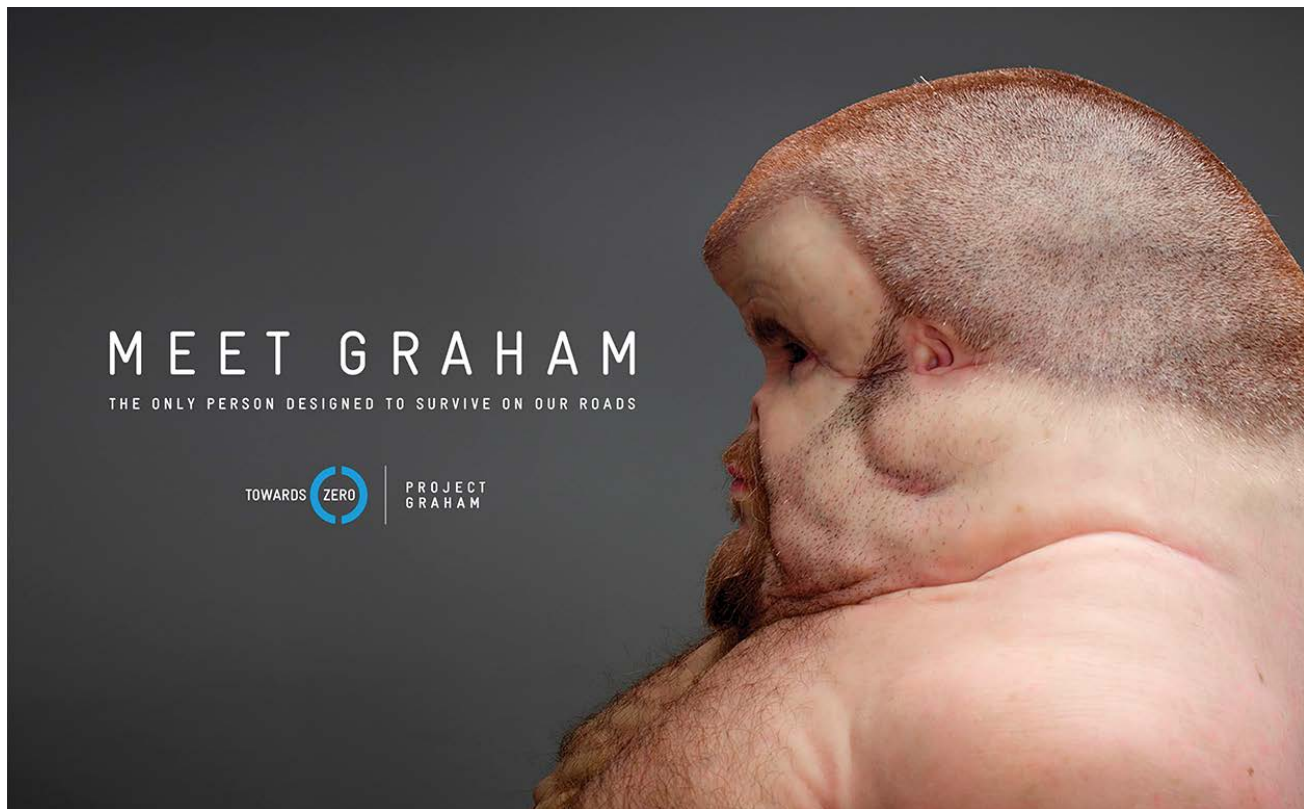
Exhibit 12.6 TAC Victoria's *Meet Graham* campaign achieved strong recognition and message takeout and was supported as being an important message

Source: Transport Accident Commission (TAC) Melbourne

Where to test

In addition to when to test, decisions must be made as to *where* to test. These tests may take place in laboratory or field settings or online.

Laboratory tests

In **laboratory tests**, people are brought to a particular location where they are shown the ads. The testers either ask questions about the ads or measure participants' responses by other methods: for example, pupil dilation, eye tracking or galvanic skin response.

The major advantage of the lab setting is the *control* it affords the researcher. Changes in copy, illustration, formats, colours and the like can be manipulated inexpensively and the differential impact of each assessed. This makes it much easier for the researcher to isolate the contribution of each factor.

The major disadvantage is the lack of *realism.* Perhaps the greatest effect of this lack of realism is a **testing bias**. When people are brought into a lab (even if it has been designed to look like a living room), they may scrutinise the ads much more closely than they would have done at home. A second problem with this lack of realism is that it cannot duplicate the natural viewing situation, complete with the distractions or comforts of home. Looking at ads in a lab setting may not be the same as viewing at home on the couch with the spouse, kids, dog and cat, and the budgie chirping in the background. (A bit later you will see that some testing techniques have made progress in correcting this deficiency.) Overall, however, the control offered by this method probably outweighs the disadvantages, which accounts for the frequent use of lab methods.

Field tests

Field tests are tests of the advertising under natural viewing situations, complete with all the realism of noise, distractions and the comforts of home. Field tests take into account the effects of repetition, program content and even the presence of competitive messages.

The major disadvantage of field tests is the lack of control. It may be impossible to isolate causes of viewers' evaluations. If atypical events occur during the test, they may bias the results. Competitors may attempt to sabotage the research. And field tests usually take more time and money to conduct, so the results are not available to be acted on quickly. Thus, realism is gained at the expense of other important factors. It is up to the researcher to determine which trade-offs to make.

Online

Much research activity is moving online. It has become an important space not only for gathering research, but also for listening to customers. Online observation is facilitated by recording and analysing usage patterns, employing measurements such as ad clicks, ad views and hits. Even the number of visitors to a website and the number of visits each of those visitors makes over time gives us an indication of the stickiness (how long people stay on the site) and the value of that site to the consumer.

Online panels can perform the same testing functions as laboratory or field settings, but they accelerate the research process and reduce the cost. For example, Nielsen in Australia has Rapid Campaign Evaluation. This draws from Nielsen's own online panel of 100 000 people to evaluate the strengths and weaknesses of recently launched TVCs in an eight-day turnaround, thereby allowing the agency to finetune the creative or increase the media spend while the campaign is still running.[20] Nielsen also has a new online advertising metric, Online Campaign Ratings, which measures reach, frequency and gross rating points and then combines this with demographic information supplied by data providers, including Facebook. This will make online measurement comparable to TV or radio, and data will be available one day after the launch of a campaign. It promises to ensure advertising is reaching the right audience and to quantify value for money through standardisation and accountability.[21]

Another increasingly important research task in the online environment is listening. With consumers talking through blogs, branded web communities (official and unofficial), and through their own user-generated content, it makes sense to listen. Vanella Jackson, worldwide chief executive of Hall & Partners, suggests, 'The idea of a company having an ongoing listening agenda is really important. They have got to have the tools to listen to people talking to each other about their brands as well as interacting with them directly. We have to have new measures which tell us the types of relationships people want to have with brands these days.'[22]

How to test

Our discussion of what should be tested, when and where was general, and designed to establish a basic understanding of the overall process as well as some key terms. In this section, we discuss more specifically some of the methods commonly used at each stage. First, however, it is important to realise that conducting evaluative research is not easy. Ad agencies endorsed a set of principles aimed at 'improving the research used in preparing and testing ads, providing a better creative product for clients, and controlling the cost of TV commercials' many years ago and they are still relevant.[23] This set of nine principles, called **PACT (positioning advertising copy testing)**, defines **copy testing** as research 'which is undertaken when a decision is to be made about whether advertising should run in the marketplace. Whether this stage utilises a single test or a combination of

tests, its purpose is to aid in the judgment of specific advertising executions'.[24] The nine principles of good copy testing are shown in Table 12.1 .

Nine principles of good copy testing	
Principle 1	Provide measurements to ensure the ad has a clear purpose from conception
Principle 2	Agree on the plan for using test results before testing begins
Principle 3	Test multiple aspects of the ad to ensure holistic and thorough assessment
Principle 4	The successful ad must be based on human reaction—it should affect perception, cognition and emotion
Principle 5	Decide how often the ad should be seen (number of instances of exposure)
Principle 6	There ideally should be multiple iterations of the ad copy in order to compare strategies across the different executions
Principle 7	Biasing effects that stem from the context of the ad, such as delivery medium or whether it ran alongside other ads, should be addressed
Principle 8	Targeted sample audiences, rather than general audiences, yield more reliable testing results
Principle 9	Testing and test results should be reliable and valid

Table 12.1 Positioning advertising copy testing (PACT) principles

Source: Adapted from 'Pact: Positioning Advertising Copy Testing', *Journal of Advertising*, 1982, 11:4, 3–29

As you can see, advertisers and their clients are concerned about developing appropriate testing methods. Adherence to these principles may not make for perfect testing, but it goes a long way towards promoting best practice and alleviates at least some of the testing problems cited earlier.

EVALUATING THE EFFECTIVENESS OF IMC PROGRAMS

As we have seen, many marketing communication disciplines such as advertising and public relations have traditionally relied on psychological or communication effects as measures of effectiveness. However, the marketing communication disciplines growing in prominence, such as sales promotion and direct marketing, use behavioural measures to evaluate effectiveness. This accountability has encouraged a shift of marketing communication dollars towards these more measurable disciplines, as marketers seek more concrete measures of their marketing communication investment.

Much of this shift from communication to behavioural measures has been driven by technology. Thanks to barcodes, scanners, computers, electronic data storage and the internet, consumer response to marketing communication can be tracked and evaluated, quickly and cost-effectively.

To measure IMC, one suggestion is that we measure its component parts.[44] That is, we measure the effectiveness of the advertising as outlined in the previous section. Then we measure the sales promotion, sponsorship or direct marketing. While defining the contribution of each IMC tool and measuring them according to their objectives is a sound idea, we are confronted with the difficulty of isolating the effect of advertising from the effect of the sales promotion or direct marketing. And even if we could isolate the individual IMC tools, how then do we account for the synergy inherent in the integration?

The alternative then is to measure the total effect of the marketing communication—or the effect of IMC. While this sounds like a logical and simple idea, there is still no foolproof way of doing this. Although the research process presented so far in this chapter applies to all aspects of marketing communication, IMC has some unique and fundamental differences that must be considered separately.

Process measures

One of the first measures of the IMC process was an audit developed by Tom Duncan and Sandra Moriarty in 1997 in their book *Driving Brand Value*.[45] A diagnostic tool, the audit helps managers identify the strengths and weaknesses of the integration process through an evaluation of 10 brand relationship drivers. These drivers fall into three categories, the first of which involves creating and nourishing relationships with all stakeholders. The second category houses the process dimensions, many of which we have already covered in this text, including strategic consistency, interactivity, mission marketing and zero-based planning. The final category is organisational drivers such as cross-functional management, internal marketing, database marketing or working with outside suppliers such as advertising agencies. The IMC audit has been successfully implemented in companies across the USA and around the world to help evaluate the effectiveness of their IMC campaigns and to assist in planning future campaigns.

More recently, the Australian academic Mike Reid developed a modified version of the Duncan–Moriarty audit to explore the relationship between the IMC process and brand outcomes. He collapsed the drivers into three key constructs of interactivity, mission marketing and cross-functional strategic planning. These were measured against brand outcomes of sales performance, customer satisfaction and brand advantage. Reid found that approximately 16% of the variation in brand outcomes could be explained by the IMC process. He concluded that 'the importance of IMC should be recognised and that managers should seek to implement the IMC process as a way of improving brand-related outcomes'.[46] Ratnatunga and Ewing have conceptualised a toolkit to measure the value pre- and post-communication, but it lacks detail and clear advice on how to improve brand communication.[47]

While ongoing research is required to refine the IMC audit and customise its applications, **process measures** such as these can provide enormous support to improve the organisational efficiencies of IMC. Other research into IMC evaluation has looked at the outputs, rather than the process. We examine some of these methods in further detail.

Evidence of synergy

In a special IMC issue in the *Journal of Advertising*, co-editor Don Schultz noted, 'We have few tools to measure interaction, and even fewer to parse out the impact and effects of combinations of marketing communication programs. Most of all, when we do integrate marketing communication programs, are the results obtained additive, multiplicative, or even in some cases, detrimental?'[48]

Synergy seems to be at the heart of IMC measurement, because if the concept of integration makes any sense, then there should be measurable gains in integrating the marketing communication. That is, we should be able to measure the synergistic effect of integrating marketing communication. A number of studies have sought to demonstrate this synergy.

Synergy between television and web messages was shown to produce higher attention, greater message credibility and more positive thoughts about the product, than did simply repeating the message on one medium alone, as shown in a study by Chang and Thorson in 2004.[49] In another study a year later, Stammerjohan and colleagues examined the synergies between publicity and advertising and their effect on attitudes towards the ad and towards the brand.[50] Synergistic effects between publicity and advertising were found, but the interactions were extremely complex and expected synergies of different media were not found. Jin also found evidence of synergy between advertising and publicity in his study of commercials for the major sporting event, the Super Bowl, in 2004.[51] Havlena, Cardarelli and de Montigny (2007) sought to understand media synergy by examining a cross-platform television, print and online campaign. They suggest, 'For optimal results on all key brand metrics, the brand should continue to leverage the synergistic value of print and television advertising at building awareness and shifting perceptions. To do this, they should keep media duplication high by emphasising reach for print—and keeping the average print frequency at around 2.'[52]

A 2010 study by Kim, Yoon and Lee investigated the combined effects of advertising and publicity under a number of different conditions including what came first—the advertising or publicity—and whether the publicity was positive or negative. They found that advertising and positive publicity generated synergy, regardless of order or how consistently the product attributes were presented. When the publicity was negative, however, the combination was less effective and produced mixed results.[53]

Reinold and Tropp's (2012) model for measuring IMC effectiveness proved viable when applied to the online

banking sector in Germany.[54] The model was able to provide reliable advice on how brand touchpoints could be used. It includes three key steps: the first step was a review of brand and competitor marketing communications, and an understanding of the various communication touchpoints. Next, was a calculation of metrics, where there is an assessment of how both the media and content contribute to the overall IMC effectiveness. Key metrics included both qualitative and quantitative measures. Media was assessed using measures such as brand touchpoint recall (quantitative), and involvement (qualitative), while content metrics for effectiveness included content recall (quantitative) and content uniqueness (qualitative). The calculation of overall IMC effectiveness was then evaluated in the final step. It is in the final step where there is a deep analysis of the media and content, so as to inform what the high-impact triggers for effectiveness are, with a focus on optimisation and managerial decision making, that results in enhanced IMC performance.

Evidence of synergy is also beginning to emerge from the media, as they move beyond reach and frequency data to provide a more holistic measure of the value of their clients' media investment. Consider that you are reading a magazine and see and advert for a car. The advert lists a website, so you grab your device and type in the URL. You look at the featured car, but take no further action. Then, over the next two weeks, your Facebook feed features adverts showing the very car you were interested it. The next day you are on the internet and a banner advert pops us noting that there is an end-of-financial-year sale at a dealership. You call the phone number listed in the banner advert and speak to a salesperson. You decide to visit the dealership the next day and take the car for a test drive. With the added bonus of a promotion where you will receive one year of free fuel, you decide to buy the car. How do you measure the impact of media synergy? Each of these marketing communication elements worked together to achieve the outcome. While synergy seems inherent in the act of integration, proving its contribution to marketing communication is a difficult and often elusive task. There is some supporting evidence, but little to confirm the notion that marketing communication budgets should be going further in an integrated campaign.

Return on investment

Return on investment (ROI) has been a metric used extensively in marketing communication measurement. Its strength lies in its ability to interpret historical data through regression analysis to show return over time and also which marketing communication activity performed the best.

In taking ROI as a starting point, Schultz et al developed two further ROI models, including return on brand investment (ROBI) and return on consumer investment (ROCI).[55] Both of these tools were more sophisticated than their ROI forerunner, by switching the unit of analysis from the marketing communication activity to the consumer response. Furthermore, these models allowed for synergy, rather than trying to isolate and measure it.

An expansion on this work is return on touchpoint investment. A touchpoint is a tangible and specific channel through which the customer interacts with the brand. By understanding the financial value of each touchpoint, managers can align them with IMC objectives and budget allocation.[56]

In Australia, the focus of the groundbreaking work of the Australian Marketing Institute (AMI) is also on ROI. Its marketing metrics toolkit aligns marketing performance tools with measures of company profitability and shareholder value. In advertising, many full-service agencies take an ROI approach. Draft FCB head of strategic services, Jonathan Samengo, said, 'We have developed a whole way of thinking that is fundamentally based around integration, accountability and return on ideas. Right from the beginning we ask, "What does success look like for the client?" and you would be amazed how often agencies don't ask that question up front.'[57]

The national body of Australian advertisers, AANA, suggests media auditing services as a means to improve ROI. Currently, between 20% and 30% of Australia's leading advertisers subscribe to these kinds of services to assess the efficacy of their media plans and executions. This contrasts with a survey from the World Federation of Advertisers, which showed that 90% of Europe's advertisers employed media auditing services.[58]

In conclusion, there are many metrics in practice and in development that seek to evaluate the IMC process or IMC outputs or results. However, there is no one universal standard for IMC measurement. As Tom Duncan suggests, integration is often such a complex process that return on investment modelling or cost-benefit analysis does little to show its true worth.[59] Even traditional marketing communication research methods, designed to measure mass media impact, are often inadequate for detecting what IMC sets out to achieve. Clearly, this new discipline needs new research tools to identify the interactions that IMC generates. In IMC perspective 12.2   , you can read about the complexities of determining ROI across platforms.

♻ IMC perspective 12.2

MARKETING METRICS AND EFFECTIVENESS

The right data provides an opportunity to determine ROI across platforms. Marketers want to ensure they are putting their campaigns in the channels that will get results, meaning that that can optimise budgets.

In today's digital era, organisations are investing in online communication, and consumers are spending more time with their digital devices—using smart devices for mobile web search and app usage. The digital ecosystem provides an opportunity for tracking and attribution, where digital touchpoints are assigned some amount of credit in moving a consumer from seeing an ad on a device to an online sale.

Attribution is of great interest to advertisers; however, the challenges are undeniable. While an online search or a click on a banner ad may result in a lead or sale, such online behaviour may in fact have been cultivated over a number of years, through traditional brand-building activities, including events, and television advertising. In fact, these offline brand-building activities may be a driver of an online sale, irrespective of any online communication. Further challenges arise in terms of cross-device usage. Unless a user is logged in across their devices, tracking capability is limited and attribution accuracy is compromised.

Certainly, while there are known flaws with attribution online, cross-channel attribution is also filled with complexity. Cross-channel seeks to understand how a consumer interacts with a brand across the different channels it is actively using for a campaign. Multiple channels can each be credited with achieving a sale or a lead, and depending on the internal reporting structure within an organisation, it may mean there is over-reporting.

The complexity grows when you consider that, according to *B&T Magazine*, the norm is for online shoppers to use multiple devices when purchasing online. In fact, in a recent study by Google, 40% of consumers in the UK and US start a purchase activity on one device and

finish it on another. For example, they may browse for clothing on a smartphone, but complete the transaction days later on their PC. Unless a user is identified across their devices (e.g. through a Google login), there isn't a way to identify that same individual across the board. This means that attribution is impacted because the brand cannot identify and track the customer along the pathway to purchase.

Determining the effectiveness of the communication ecosystem, which includes online and offline paid, owned and earned media, is highly desirable, yet the growing number of channels and devices are creating challenges for attribution. Measuring the success in marketing channels is integral to strategic planning.

According to James Libor, senior marketing planning and efficiency executive at Virgin Holidays, key performance indicators (KPIs) and objectives were focused on attributing the last click with the actual sale, emphasising the role of the last click, but not really representing how the other touch points contributed to that final click when the sale was made. What they really wanted to know was the role of all touchpoints such as retail stores, call centres, websites, online channels and devices. Libor notes that they set out to better understand the contribution of each channel so that they could confidentially allocate budget to the various touchpoints, rather than an over investment in the final click.

There are many tools for measuring marketing. Marketers often use the wrong metrics to measure, or those who use the right tools use them badly. Often there is no consensus on which ones are right for the job. Without this consensus, the use of marketing metrics is not endorsed at senior management or board level and marketing's contribution to the financial life of the company goes unacknowledged.

Marketers are frustrated at the lack of a common language and a common process that demonstrates the value marketing provides to business. They seek a common set of practices that measures not just short-term performance, but longer-term values which capture the health and value of the brand.

Faced with this problem, the Australian Marketing Institute (AMI) sought to align these marketing-performance tools with measures of company profitability and shareholder value. The AMI commissioned the University of New South Wales's Centre of Applied Marketing to develop the marketing metrics toolkit.

Phase 1 was the development of the Marketing Performance World Best Practice Library. This in itself is a significant contribution to marketing performance, containing a review of all books, articles and syndicated works. Phase 2 was the development of the Marketing Metrics Framework, which audits industry needs and facilitates an integrated management system. As part of this framework, more than 180 marketing metrics standards have been defined and associated with best-practice methods of planning, data collection and measurement.

Phase 3 was a survey of users and suppliers of marketing metrics. The research identified 17 frequently used marketing metrics. Top of the list were sales (in terms of units and revenue) at 88%, sales income (82%), awareness (79%), advertising and Public Relations expenditure

(75%), total marketing expenditure (73%) and ROI (72%). The less frequently used metrics were price sensitivity/elasticity (30.4%), customer lifetime value (24.7%) and shareholder value (20.7%). This became the benchmark survey and was followed up with a survey of chief executive officers (CEOs) and chief financial officers (CFOs)—the latter assessing what they needed to evaluate marketing activities and how well they believed chief marketing officers (CMOs) to be performing. Subsequently, greater alignment in needs between these three senior executive groups (CEOs, CFOs and CMOs) became possible.

Phase 4 was the developmental stage, involving field testing of marketing metrics and reporting on implementation. Phase 5 brought all of the previous phases together in a toolkit for industry application. The toolkit guides marketers through the measurement process using exemplars of planning, analysis and reporting, as well as computational tools for calculating metrics. It has the potential to become the common language and set of processes that Australian marketers will adopt and that marketing executives and boards will endorse. The resource website is designed to assist organisations to identify and select the key metrics they should be measuring and it allows them to incorporate these measures into a practical dashboard.

An ongoing sixth phase is implementation. As part of their overall goal to encourage more effective marketing through the use of the metrics toolkit, the AMI has recently launched a specific toolkit called 'Marketing for Good'. This toolkit, for use by not-for-profit organisations, provides practical guidelines for conducting strategic and customer-centred marketing programs that will use appropriate metrics to measure their effectiveness.

The marketing metrics toolkit continues to attract the attention of marketers and marketing associations internationally. It is a measure of the innovation and dedication of the AMI. However, its real impact will be felt in the Australian marketing community only when more marketers pick up the tools and select the right metrics to measure performance.

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SUMMARY

This chapter introduced you to issues involved in measuring the effects of advertising and IMC. These issues include rationales for testing, reasons companies do not test, and the review and evaluation of various research methodologies. We arrived at a number of conclusions:

1. Research to measure effectiveness is important to the IMC program.
2. Not enough companies test their marketing communication.
3. Problems exist with current research methodologies.

In addition, we reviewed the criteria for sound research and suggested some ways to accomplish effective studies.

All marketing managers want to know how well their IMC programs are working. This information is critical to planning, since program adjustments and maintenance are based on evaluation of current strategies. Problems often result when the measures taken to determine such effects are inaccurate or used improperly.

This chapter demonstrated that testing must meet a number of criteria (defined by PACT) to be successful. These evaluations should occur both before and after the campaigns are implemented.

A variety of research methods were discussed, many provided by syndicated research companies such as Ipsos, MSW.ARS and Nielsen. Many companies have developed their own testing systems and there has been an increase in testing through the internet.

Single-source research data were discussed. These single-source systems offer strong potential for improving the effectiveness of ad measures in the future, since commercial exposures and reactions may be correlated to actual purchase behaviours.

It is important to recognise that different measures of effectiveness may lead to different results. Depending on the criteria used, one measure may show that an ad is effective while another states that it is not. This is why clearly defined objectives and the use of multiple measures are critical in determining the true effects of an IMC program.

In closing, this chapter looked at the unique challenges of IMC measurement. It presented a number of alternative measurement directions including process measures, measurement of synergy and return on investment. It also identified some new initiatives in the area of marketing communication evaluation.

KEY TERMS

DISCUSSION QUESTIONS

1 If you were being interviewed for a graduate marketing assistant position and the interviewer asked you the following question, how would you answer? 'Do you agree that the only reasons marketers use advertising research to measure effectiveness is to look efficient and keep the creative agency on its toes?'

2 '*When* to measure is as important as *what* to measure when planning a marketing communication strategy.' Discuss what this statement might mean, giving some practical case histories as illustrations.

3 What are the essential principles of effective copy testing? If you had to put them in order of importance, which one would you put first and which one would you put last? Explain your reasoning.

4 Compare and contrast lab tests with field tests, making sure you comment on when each method might be more appropriate.

5 Some brands choose to test their advertising online. What are the benefits of this method and for what brands would it be most suited? Find some examples of brands using online testing.

6 Eye-tracking and brain-wave measurement are two of the increasingly popular methods of communication effectiveness research. Search online and find suppliers of these research services. What advice and benefits do they offer to advertisers and their agencies?

7 Tracking methods often support advertising effectiveness winners in competitions such as the Effies. Go online and find three Effie case studies that make use of brand tracking. How well do they support the case for effectiveness?

8 If growth is dependent on accurate measurement for each member in the marketing communication industry (brand owners, agencies and media owners), what innovations in measurement are needed in the future?

9 Explain why it is so difficult to measure the effectiveness of an IMC program that uses multiple communication disciplines and different media types.

10 The chapter concludes with a quote from Harold Mitchell in which he pleads for measurement not to suffocate creativity. This has always been a concern, even when David Ogilvy championed the early use of research in advertising. Do you think such concerns are justified? When does research make ideas bigger and when does it kill creativity?

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CASE STUDY 3A

JETSTAR: LIFE'S TOO SHORT FOR SMASHED AVO

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Background

In January 2017, Jetstar launched a massive international fare sale on its flights. Prices were as low as $99 one-way, with some flights less than half the price of the standard fare.

The campaign was inspired by a 2016 article by *The Australian* columnist and KPMG partner Bernard Salt, about what he deemed '*the evils of hipster cafes*'. The article suggested that if young people stopped spending AU$22 a week on 'smashed avocado with crumbled feta on five-grain toasted bread' then perhaps they could afford a mortgage.

Marketing strategy

Jetstar has positioned itself as a low-cost airline against other competitors in the aviation industry. One of its slogans is, 'All day everyday low fares', and it offers customers a high-quality in-flight experience at an affordable price. Its target market is buyers with different needs and demands based on their behaviour and characteristics, such as frequency of consumption, buyer-readiness and loyalty. Their targeting strategy as always been attracting a market that have a simple need to reach their destination at the cheapest rates.

Jetstar's distribution channel allows consumers to connect with its products in many ways—for instance, through newspaper advertisements, physical travel agents, online travel agents, its own online website booking service, its own outlets, and phone reservations. Jetstar believes in selling directly to customers, but it also understands the importance of intermediaries and their ability to drive sales promotion. Over the years, Jetstar has seen significant growth in its online sales; 60% of its sales are from direct bookings and 40% are driven by agents. The company's aim is to drive its customers to book flights directly through its website without any involvement from intermediaries such as online travel agents (OTAs).

Target market

Jetstar's target market has an average annual income of >AU$70 000. They spend their money on travel for leisure, relaxing, experiences and exploring.

Jetstar's 'major target market being leisure travellers and aged between 18 and 59 and mostly females, who are highly price sensitive' demonstrates the price-conscious nature of Jetstar's main customers.

Message strategy

Jetstar's pricing strategy focuses on it being the lowest-cost airline service provider. The company has put in place a 'price-beat guarantee' whereby it assures customers that if they can find a Jetstar flight at a cheaper cost than the one listed on Jetstar.com, it will beat that price by 10%. This is to provide customers with the certainty that it will always offer them the lowest price possible. The brand incentive to customers is to 'book at Jetstar.com for the lowest cost guaranteed'.

For this particular campaign, the message was structured around offering cheaper flights as an alternative to millennials than spending their money on avocado toast. This value proposition was phrased in such a way that it would make sense to those millennials—making it seem very feasible that a flight could cost little more than the amount they might be spending on avocado toast. By creating that resonance with its audience, Jetstar was able to convince them to take up the offer and buy tickets.

In line with the overall corporate strategy, the offer was run exclusively on Jetstar's website alongside all other sales. This was in order to remain in line with the company's competitive strategy to retain as much customer ownership as possible—rather than its agencies having this ownership. Part of the benefit of this is that 'owning' the customer enables Jetstar to gain enough customer insight to help make their experience enjoyable and satisfactory.

Source: Jetstar

Source: Jetstar

Media

Jetstar's main mission is to target customers looking to travel at a low cost. To target this segment, Jetstar has been using both traditional and digital mediums. The budget is divided equally (50%–50%) for both mediums. By following integrated marketing communications, a carefully crafted and strategically placed message should be served across multiple types of media. Jetstar partners with Hardie Grant Media as its official publisher and advertising sales agency.

Traditional media

Jetstar uses a number of traditional media channels as part of its IMC strategy. The brand has been targeting its audience through TV for many years, for instance. One advantage of using TV as a medium is that audiences can both listen to and watch the advertisements. TV reaches a larger audience compared to local newspapers and radio stations, and it does so in a short time span.

Jetstar has also used radio as an advertising channel; this is because of the reach that radio offers and, more specifically, because its radio messaging is focused on the low-price guarantee, which is a more rational approach. With its emotive appeal, TV focuses more on inspiring the audience to travel.

Jetstar also uses strong in-flight media for its promotions. The airline's monthly in-flight magazine was redesigned and relaunched in October 2018. In addition to its standard magazine, Jetstar Asia also publishes a separate bimonthly magazine.

Ambient signage delivers unprecedented dwell time and maximum exposure to all of Jetstar's customers throughout its flights. Ambient works for the duration of the flight in one of the most captive, unsaturated environments imaginable, with ambient signage sampling reaching up to 166 000 customers per month.

Digital media

In addition to the print editions, publisher Medium Rare also works closely with Jetstar's content team to create dedicated stories and videos for the airline's digital channels, including Jetstar.com and targeted electronic direct mail. The Jetstar focus when it comes to digital platforms is on search engine marketing.

Jetstar.com is a sticky, uncluttered website where visitors spend an average of 16 minutes searching for flights and the inspiration to make their holiday special, making it a superior marketing environment. With 1 887 000 unique audience visitors (it is the second-biggest airline website behind Qantas) and 13 437 000 page impressions, Jetstar uses its website to full advantage.

Jetstar's electronic direct mail communications include: 'inspiration', itinerary confirmation, web boarding pass, flight preparation, cart abandonment, ticket upgrade, pre-departure, inflight (and reminder), and pre-return emails.

In the age of social media, the airline also benefits from having a strong presence on different social media platforms. Its Facebook page includes images, videos and posts—mainly linked back to Jetstar.com in order to generates leads.

Jetstar joined Twitter in 2009 and has been using the platform heavily to promote and advertise its brand. Tweets include videos and articles, both of which navigate the audience directly to its website.

Its Instagram postings consist of videos featuring stunning locations in Australia and other Jetstar destinations. To capture the target audience's interests, videos are posted on a regular basis.

DISCUSSION QUESTIONS

1 Compare and contrast the messaging strategy that Jetstar uses to that of a premium brand such as Etihad. What are the differences and the similarities?

Jetstar's messaging strategy differs from Etihad's because they are targeting different segments of the market. Although both companies are in the travel industry, Jetstar targets the budget segment of the market while Etihad targets the premium segment. Since Jetstar flights are almost always cheaper than Etihad's, it is able to compare its lowest flight prices to an overpriced avocado toast. Etihad can't do the same as its lowest prices are substantially more expensive. Overly cheap pricing would hurt Etihad's premium brand image and its ability to differentiate itself as a luxury provider of travel. While Jetstar's integrated marketing communication (IMC) offers a value proposition to its customers, Etihad offers opulence and magnificence. Similarities are seen in both airlines' use of adventure, family and comfort as themes throughout their IMC campaigns.

2 What were the benefits of using digital media vs traditional media for the Jetstar campaign?

Digital media is usually cheaper to deliver to customers relative to traditional media. This can be seen with Jetstar's email database. The airline is able to reach millions of people who have signed up to receive its promotional content for no more than the cost of putting together the material. Digital media is also much more interactive than traditional media. Jetstar's customers have the ability to like, comment and share content to which they relate. This gives it a great opportunity to connect and interact with customers. Social media gives Jetstar the ability to respond to customer inquiries in a quick manner and collect valuable data on both its brand and customers.

3 What are the most appropriate sales promotion tools that Jetstar can apply to its brand?

Jetstar currently uses loyalty points and air miles to keep its customers coming back for their future travel needs. They have also partnered with Mastercard to offer two different credit cards: the Jetstar Mastercard and the Jetstar Platinum Mastercard. It uses promotional tools such as the two-for-one offer, where customers pay for a one-way ticket and get a round-trip flight. Since Jetstar's customers are mostly budget conscious, they can also use sales tools like discounting to lower the already low prices. Jetstar's brand represents value and its position in the market is that of a low-cost leader, so prices should always be at the forefront of promotional sales tools.

CASE STUDY 3B

KICKING GOALS WITH MELBOURNE CITY FC

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Background

The Melbourne City 'Maccas Family Pass Promotion' was a two-week-long promotional partnership between McDonald's and the Melbourne City Football Club. The concept was simple: customers who bought a large value meal at McDonald's were given a unique promotional code with their meal. The code, when redeemed online, unlocked two adult and two child tickets (with a combined market value of $70) to the first game of the Melbourne City FC season. The promotion was designed to run across several digital platforms including social media, email marketing and television advertisements that were screened in McDonald's stores.

Source: Aaron Roeth Photography

The first game of the season was a particularly exciting match-up, seeing Melbourne FC and Sydney FC square off in a blockbuster event. Both are significant teams from the two most populous states in Australia, and both boast substantial fan bases. As such, this was seen as a low-cost and high-value promotion for both Melbourne FC and McDonald's.

Campaign goals

Campaign goals can include 'soft' measures, such as brand equity, awareness and loyalty, or 'hard' measures, such as sales, revenue or market share. Specifically, the goals of McDonald's were:

- To demonstrate the partnership between Melbourne City and McDonald's
- To reinforce McDonald's support of football in Australia
- To incentivise customers to visit a McDonald's restaurant.

The goals from Melbourne City's point of view were:

- To attract a new audience—families
- To collect their corresponding data—so they could be strategically targeted in future campaigns.

In terms of marketing metrics, Melbourne City believed that achieving this would ultimately improve awareness of the team, engagement with the team, and event participation (membership and ticket sales).

Target market

A target market is a subset of the larger market with which a company feels it has a competitive advantage—and where it will be profitable, in terms of potential revenue, to spend marketing resources.

In this case, the primary target market was families who hadn't previously attended a Melbourne City FC match. This was predicated on the understanding that as a market, families are not conservative in the sense that they are not traditional; rather, they are open to changing behaviours and trying something new. Furthermore, families have the added advantage of 'starting 'em young' because children and young people are included in the family unit. This translates into greater ticket sales as children ask their parents to attend matches, as well as heightened brand equity as they develop into active fans. A secondary target market was the pre-existing fans, with the goal to strengthen an already-existing bond.

Message

Typically, a promotional message might include components such as:

- The appeal—an attention-grabbing element using humour, adventure, emotion, and so on.
- The value proposition—what does the customer get?
- The tagline/catchphrase—the brand mantra to make it more memorable.

The Melbourne City case is interesting because there wasn't a clear message conveyed via these traditional channels. Rather, it was a simple promotional campaign with a no-strings attached offer—in exchange for a small piece of input on the website and the purchase of a value meal, $70 worth of tickets could be redeemed and used to attend the live event. The campaign focused on building customer relationships through the personal experience (of attending the event) and not through a message, a phrase or words concerned with brand reinforcement.

In advertising, it is important to recognise the campaign's messaging goal in order to devise a successful advertising strategy. In this campaign, the message was to participate with the sales promotion and attend the event.

The advertising strategy was generic—they were selling the category rather than the specific brand. In this case, the excitement of experiencing the event at the stadium was implied, without words and marketing hype telling the market what to feel. In summary, this case had a value proposition focused on families and extended a fun and economical invitation: come along for no cost and enjoy a new experience together.

Media

The campaign illustrated the benefits of digital media in contemporary advertising. To support McDonald's message, commercials associated with the campaign were shown in McDonald's stores over the two weeks of the program. However, the primary digital channel for the campaign, based on the target market profile and the objectives, was Facebook. It facilitated effective and efficient communication with the market, and it provided immediate, trackable and actionable results.

Melbourne City also used Google AdWords, a major competitor to Facebook in providing advertising solutions to marketers. The benefit of digital media such as AdWords is that it can track the interests of a target market by monitoring their online behaviour, recording their clicks and navigation habits.

The Melbourne City campaign integrated traditional and digital media. Integrated marketing communication generally requires more than one solution as each piece of technology and each type of media has its own strengths and weaknesses, necessitating a blended approach across diverse channels.

In the example of this campaign, McDonald's applied a more traditional strategy alongside its digital approach—six of the stores had staff dressed in Melbourne City merchandise. It was a point-of-sale promotion that reinforced the campaign messages—and it worked. These stores had a particularly large uplift in sales as a result of this additional promotion.

With a limited budget, the primary strategy was to focus on digital media, which can be used to access particular relevant consumer groups and allows for the collection and analysis of metrics, unlike most forms of traditional media such as print advertisements. This approach is a good investment for future digital-based campaigns too. In initiating the use of multiple types of digital platforms, for example, they can consequently be compared and evaluated. Another benefit was gaining a deeper understanding of the geographic reach of the campaign throughout Victoria and how best to access the target market across the region.

Success

The campaign was seen as extremely successful: it attracted the target audience (families) and satisfied this market's need by providing a live experience of matches as well as a quality family activity.

Another measure of success was the collection of data. Of the 15 000 tickets redeemed in the campaign, 4500 people attended the match. The collection of this data enabled tailored messages and surveys to be sent to those who did and did not attend. This ultimately led to the development of new strategies to target those people who didn't attend the match using their promotional ticket.

From McDonald's point of view, the brand succeeded in demonstrating both its positive relationship with the Melbourne City Football Club as well as its support for football in Australia. For Melbourne City, this same partnership was reaffirmed in the consumer's minds, and they were furthermore able to develop new strategies for connecting to their market.

DISCUSSION QUESTIONS

1 What are the best ways to contact and engage the customers who actually attended the match, so that they become loyal attendees?

- Direct marketing through email, phone, social media and texting
- Free giveaways as promotional items
- Set up competitions for members, where winners get the chance to interact with their favourite team/player
- Special benefits for members and awards/perks for long-term membership
- Promotional and interactive events.

2 What were the benefits of using digital media compared to traditional media platforms?

- Cost: it was a lot cheaper than using traditional media platforms.
- Tracking: tracking is viable and very simple compared to traditional media, which relies on long-term measurement tools; social media, on the other hand, is relatively quicker.
- Targeting: it is very specific in terms of isolating who the brand or product wants to involve, i.e. families (traditional media would have to reach out to them through various channels).
- Participation: social media allows one-on-one business-to-consumer (B2C) interaction, which is practically impossible using traditional media.
- Intimacy: traditional media broadcasts to millions of people at once, robbing it of the specificity and dialogue that can be achieved through social media (although traditional is considered as more 'real', especially in 'real life'—staff dressed in footie jerseys, for example).

In terms of the disadvantages, certain groups—for instance, parents and grandparents—are more used to traditional media, so it may sometimes be better to focus on traditional media.

3 When should sales promotions that aren't about a brand message be used by organisations such as Melbourne City?

- To keep fan-following at a certain level and gradually increase it—sales promotions can be undertaken to keep fans engaged and develop a sense of belonging with the team.
- To increase consumer experience—for instance, providing gifts or perks to members of five years or more to enhance personalised relationships.
- To exhibit advantages for loyal fans—such as having a player or two from the team announce a visit to a special member, thus increasing attractiveness.
- To provide discounts for members and to increase sales—it is always a good idea to increase

revenue.

- To bring attention to social cause endorsements—supporting good causes will amplify fan-following.

MARKETING COMMUNICATION DISCIPLINES

In Part 4, we take an in-depth look at the evolution, current practice and challenges for the future of advertising, public relations, sales promotion, direct marketing and personal selling.

13

ADVERTISING

LEARNING OBJECTIVES

LO 13.1   To define advertising—looking at its importance and its function.
LO 13.2   To trace the history of advertising in Australia and New Zealand.
LO 13.3   To explore the changing advertising environment.
LO 13.4   To discuss the future of advertising, including digital media and interactive
                 advertising.
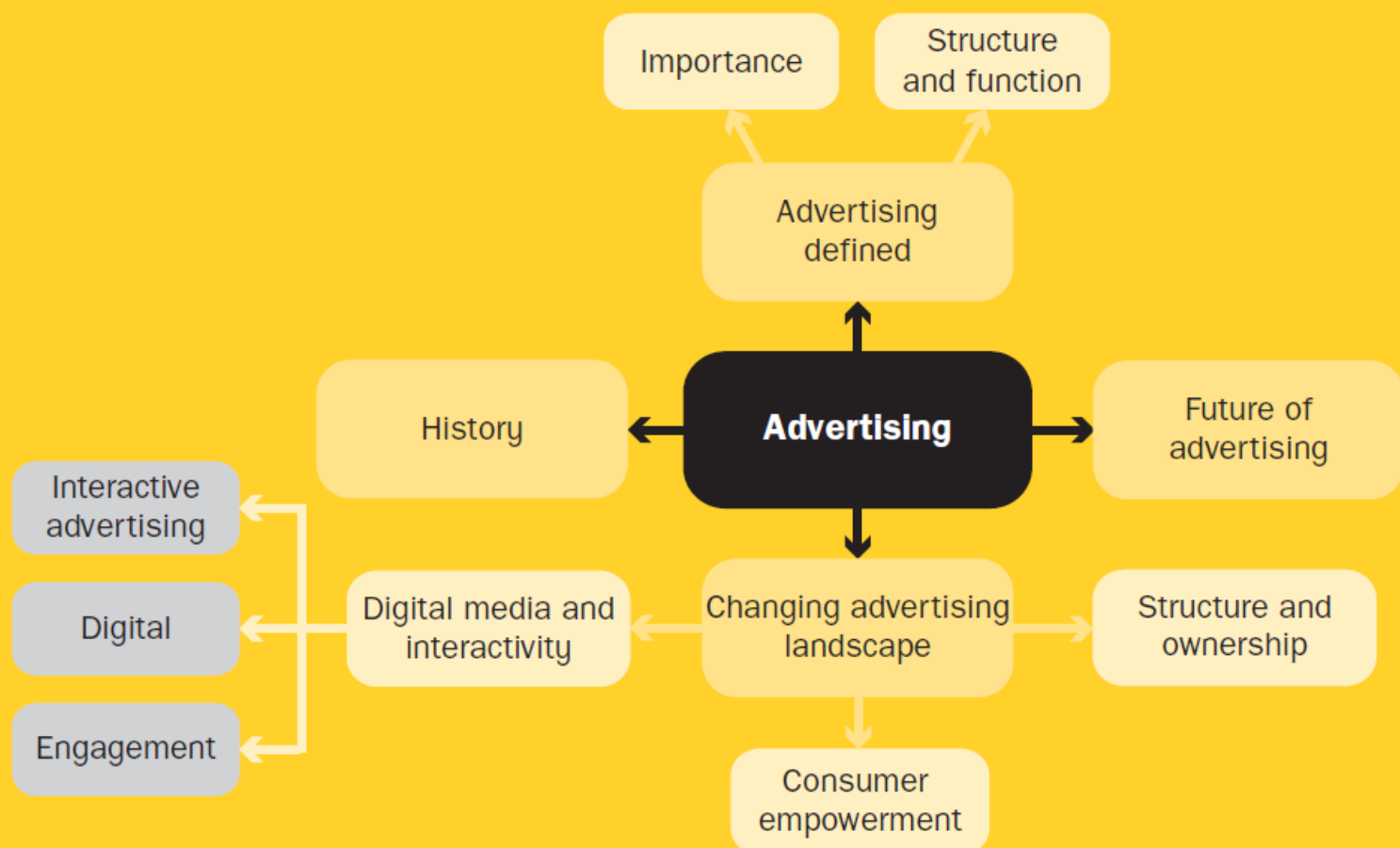
AD AGENCIES CAMPAIGN FOR SOCIAL GOOD

Advertising is not just used to sell 'products'. An area that is growing in importance is social marketing, whereby activities are used to achieve change for the social good. This includes campaigns on public health, the environment, issue awareness and behaviour change—such as anti-smoking, STI prevention, skin cancer awareness, safe driving, environmental sustainability and animal conservation. Major advertising agencies have been behind some of these campaigns, working on a 'pro bono' basis. For the advertising industry, this means *'the provision of creative, production and/or media placement services by agencies to community or non-profit organisations at a reduced or no fee'.*

Pro bono work for organisations is growing, forming an important part of corporate social responsibility (CSR) programs in order to 'give back' to the community. Examples of CSR activities include pro bono services, community partnerships, volunteering, charitable donations, workplace giving programs and community service work. While companies such as McDonalds and Woolworths, and industries including the legal, medical, accounting and educational fraternity, are acknowledged for their CSR activities, the work undertaken by advertising agencies may be known only to those close to the advertising industry.

Yet many multinational advertising organisations, such as WPP and Publicis Groupe, promote their pro bono activities, report them in their annual reports, list the not-for-profit organisations for whom they have worked, and identify the cost of such work. These organisations have put a significant amount of effort into this kind of 'social investment'; there are also aspects that seem to be more for corporate social benefit to the provider in a number of ways, including staff relations, creativity, reputation and status.

A study that analysed pro bono work undertaken by advertising agencies identified a number of advantages for the agency, which are noted below.

Civic responsibility: generally seen as the main reason for doing some kind of pro bono work, as people, issues and charities need help, so ad professionals can use their skills for the public good, for altruistic reasons.

Creative opportunity: as the campaign is being created for free or at a reduced cost, the agency can be more creative than some more conservative paying clients would be willing to risk, which can assist in the professional development of staff.

Motivate staff: it can be a way to motivate individual staff members, using the campaign to enhance their skills, grow their confidence, increase morale and generally refresh them.

Gets exposure: a successful campaign can be newsworthy and so can become an opportunity for the agency to get exposure in the industry community, as well as with the general public, and to showcase its capabilities.

Increase profile and prestige: some agencies see this as an opportunity to increase the profile, image and prestige of the agency, even the reputation of the industry in general, as well as offering the possibility of producing an award-winning campaign.

Pro bonos can attract paying clients: finally, the chance to be creative and gain exposure and prestige can lead to a major business objective of attracting other, paying clients.

Exhibit 13.1 This pro bono advertisement for the Salvation Army raises awareness of domestic violence.

Source: Collective ID, Ireland Davenport, The Dress–Salvation Army

One powerful example was created by the agency Ireland Davenport for the Salvation Army in South Africa to highlight the issue of domestic violence. In 2015 there was an online controversy regarding the colour of a dress, with millions of people commenting on whether the dress was 'white and gold' or 'blue and black'. Based on the worldwide buzz from this controversy, the agency developed an advertisement with a 'bruised' model wearing a copy of the dress containing the headline, 'Why is it so hard to see black and blue', along with the message 'The only illusion is if you think it was her choice. One in six women are victims of abuse. Stop abuse against women.' It included contact details for those who need support.

Within a few hours of the ad being published, more than 16 million people had seen it on social media, and news items were being run on it around the world, as well as articles in such magazines as *Cosmopolitan* and *Adweek*. The result was beyond expectations as the advertisement made a global impact in sending an important message about domestic

violence.

Sources: Laine Lister, 'When the going gets tough', *B&T Weekly*, 8 August 2008, 8; Anna Rappoport, *Advertising Pro Bono: Why Advertising Agencies Should Support Nonprofit Organizations*, BSBA Honors Degree, 2008; Salvation Army Media Release, 'Salvation Army advertising campaign a worldwide phenomenon', 6 March 2015, https://www.salvationarmy.org.za/south-african-salvation-army-advertising-campaign-becomes-worldwide-phenomenon/ (accessed 20 February 2019); D S Waller, 'Does doing good do good?: How pro bono work may benefit advertising agencies', *Journal of Advertising Research*, *50*(4), 2010, pp. 440–9; David S Waller & Roman Lanis, 'Corporate social responsibility disclosure of advertising agencies: an exploratory analysis of six holding companies annual reports', *Journal of Advertising*, 38 (1), 2009, 109–21.

TESTING FOR CAMPAIGN DEVELOPMENT

Testing may occur at various points throughout the development of an ad or a campaign: (1) concept generation research; (2) rough, prefinished art, copy or commercial testing; (3) finished art or commercial pretesting; and (4) market testing of ads (posttesting).

Concept generation and testing

Table 12.2 outlines the process involved in **concept testing**, which is conducted very early in the campaign development process in order to explore the targeted consumers' response to a potential ad or to evaluate marketing communication alternatives. Positioning statements, copy, headlines and illustrations may all be under scrutiny. The material to be evaluated may be just a headline or a rough sketch of the ad. The colours used, typeface, package designs and even point-of-purchase materials may be evaluated.

Objective	Explores consumers' responses to various concepts as expressed in words, pictures or symbols.
Method	Alternative concepts are exposed to consumers who match the characteristics of the target audience. Reactions and evaluations of each are sought through a variety of methods, including focus groups, direct questioning and survey completion. Sample sizes vary depending on the number of concepts to be presented and the consensus of responses.
Output	Qualitative and/or quantitative data are evaluated and alternative concepts are compared.

Table 12.2 Concept testing

One of the more commonly used methods for concept testing is focus groups, which usually consist of six to 10 people in the target market for the product. Companies have tested everything from product bundles to advertising concepts to sales promotional ideas to events using focus groups. The number of focus groups used varies depending on group consensus, strength of response and the degree to which participants like or dislike the concepts. Fewer than 10 groups are usually enough to test a concept effectively.

While focus groups continue to be a favourite of marketers, they are often overused. The methodology is attractive in that results are easily obtained, directly observable and immediate. A variety of issues can be examined, and consumers are free to go into depth in areas they consider important. Also, focus groups don't require quantitative analysis and many managers are uncertain about research methods that require statistics. Weaknesses with focus groups are shown in Table 12.3. Clearly, there are appropriate and inappropriate circumstances for employing this methodology.

The results are not quantifiable.
Sample sizes are too small to generalise to larger populations.
Group influences may bias participants' responses.
One or two members of the group may steer the conversation or dominate the discussion.
Consumers become instant 'experts'.
Members may not represent the target market. (Are focus group participants a certain type of person?)
Results may be taken to be more representative or definitive than they really are.

Table 12.3 Weaknesses associated with focus group research

Another way to gather consumers' opinions of concepts is mall intercepts, where consumers in shopping centres are approached and asked to evaluate rough ads or copy. Rather than participating in a group discussion, individuals assess the ads via questionnaires, rating scales or rankings. New technologies allow for concept testing over the internet, where advertisers can show concepts simultaneously to consumers throughout Australia and New Zealand, garnering feedback and analysing the results almost instantaneously. Digital methods are becoming increasingly popular given the cost savings and time efficiencies associated with these research methods. Tyson foods, for example, uses a Tinder-like app called Upsiide, where consumers swipe over products, indicating whether they like or dislike a product concept (Exhibit 12.7   ). It provides a gamefied approach to gathering insight.[25] Intuitive apps allows a user-friendly interface that provides rapid feedback about concepts and packaging.
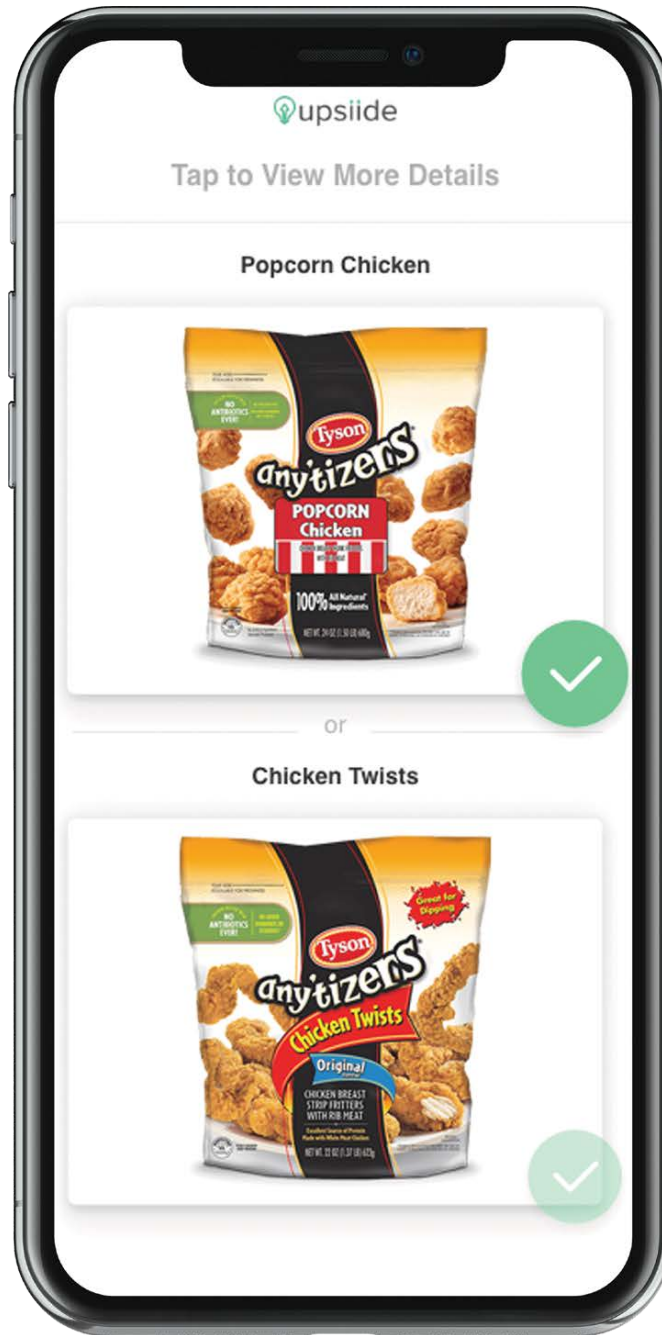
Exhibit 12.7 Testing via an app, where consumers swipe what they 'like' and 'don't like' provides rapid concept feedback.

Source: DIG Insights

Rough art, copy and commercial testing

Because of the high cost associated with the production of an ad or marketing communication idea (many television commercials or advergames or iPhone apps cost hundreds of thousands of dollars to produce), advertisers are increasingly spending more money testing a rendering of the concept at early stages. Slides of the artwork posted on a screen or animatic and photomatic roughs may be used to test at this stage. (See Table 12.4 for an explanation of the terminology.)

A rough commercial is an unfinished execution that may fall into three broad categories:		
Animatic rough	*Photomatic rough*	*Live-action rough*
Succession of drawings/cartoons	Succession of photographs	Live motion
Rendered artwork	Real people/scenery	Stand-in talent

Still frames	Still frames	Minimal crew
Simulated movement:	Simulated movements:	Limited props/minimal opticals
Panning/zooming of frame/rapid sequence	Panning/zooming of frame/rapid sequence	Location settings
A finished commercial uses:		
Live motion/animation		
Professional talent		
Specialised crew		
Exotic props/studio sets/special effects		

Table 12.4 Rough testing terminology

But cost is only one factor. The test is of little value if it does not provide relevant, accurate information. Rough tests must indicate how the finished commercial would perform. Some studies have demonstrated that these testing methods are reliable and the results typically correlate well with the finished ad.[26]

Most of the tests conducted at the rough stage involve lab settings, although some on-air field tests are also available. Popular tests include comprehension and reaction tests and consumer juries. Again, the internet allows field settings to be employed at this stage.

1. *Comprehension and reaction tests.* One key concern for the marketer is whether the ad or marketing communication conveys the meaning intended. The second concern is the reaction it generates. Obviously, the marketer does not want an ad that evokes a negative reaction or offends someone. **Comprehension and reaction tests** are designed to assess these responses (which makes you wonder why some ads are ever brought to the marketplace). Tests of comprehension and reaction do not employ one standard procedure. Personal interviews, group interviews and focus groups have all been used for this purpose, and sample sizes vary according to the needs of the client, typically ranging from 50 to 200 respondents.
2. *Consumer juries.* This method uses consumers who are representative of the target market to evaluate the probable success of a marketing communication idea. **Consumer juries** may be asked to rate a selection of layouts or copy versions presented in paste-ups on separate sheets. The objectives sought and methods employed in consumer juries are shown in Table 12.5. Sample questions asked of jurists are shown in Table 12.6.

Objective	Potential consumers are asked to evaluate ads and give their reactions to and evaluation of them. When two or more ads are tested, viewers are usually asked to rate or order the ads according to their preferences.
Method	Respondents are asked to view ads and rate them according to either (1) the order of merit method or (2) the paired comparison method. In the former, the respondent is asked to view the ads and then rank them from one to *n* according to their perceived merit. In the latter, ads are compared only two at a time. Each ad is compared to every other ad in the group and the winner is listed. The best ad is that which wins the most times. Consumer juries typically employ 50 to 100 participants.

| Output | An overall reaction to each ad under construction as well as a ranking of the ads based on the viewers' perceptions. |

Table 12.5 Consumer juries

1. Which of these ads would you be most likely to read if you saw it in a magazine?

2. Which of these headlines would interest you the most and encourage you to read the ad further?

3. Which ad convinces you most of the quality or superiority of the product?

4. Which layout do you think would be most effective in causing you to buy?

5. Which ad did you like best?

6. Which ad did you find most interesting?

Table 12.6 Questions asked in a consumer jury test

While the jury method offers the advantages of control and cost-effectiveness, serious flaws in the methodology limit its usefulness:

- *The consumer may become a self-appointed expert.* One of the benefits sought from the jury method is the objectivity and involvement in the product or service that the targeted consumer can bring to the evaluation process. Sometimes, however, knowing they are being asked to critique ads, participants try to become more *expert* in their evaluations, paying more attention and being more critical than usual. The result may be a less than objective evaluation or an evaluation of elements other than those intended.

- *The number of ads that can be evaluated is limited.* Whether *order of merit* or *paired comparison* methods are used, the ranking procedure becomes tedious as the number of alternatives increases. Consider the ranking of 10 ads. While the top two and the bottom two may very well reveal differences, those ranked in the middle may not yield much useful information.

- *A halo effect is possible.* Sometimes participants rate an ad or direct-mail piece as good on all characteristics because they like a few aspects and overlook specific weaknesses. This tendency, called the **halo effect**, distorts the ratings and defeats the ability to control for specific components. (Of course, the reverse may also occur—rating an ad poorly due to only a few bad attributes.)

- *Preferences for specific types of advertising may overshadow objectivity.* Ads that involve emotions or pictures may receive higher ratings or rankings than those employing copy, facts or rational criteria. Even though the latter are often more effective in the marketplace, they may be judged less favourably by jurists who prefer emotional appeals.

Some of the problems noted here can be remedied by the use of ratings scales instead of rankings. But ratings are not always valid either. Thus, while consumer juries have been used for years, questions of bias have led researchers to doubt their validity. A more recent incarnation of the consumer jury is the online panel, which provides a similar perspective in the online environment.

Pretesting of finished ads

Pretesting finished ads is very common. At this stage, a finished advertisement or sales promotion or direct marketing piece is used. As it has not been presented to the market, changes can still be made before the media launch. Many researchers believe testing the ad in final form provides better information. Several test procedures are available for print and broadcast ads, including both laboratory and field methodologies.

Print methods include portfolio tests, analyses of readability and dummy advertising vehicles. Broadcast tests include theatre tests and on-air tests. Both print and broadcast may use physiological measures.

Pretesting finished print messages

A number of methods for pretesting finished print ads are available, including portfolio tests, readability tests and dummy advertising vehicles.

Portfolio tests

Portfolio tests are a laboratory methodology designed to expose a group of respondents to a portfolio consisting of both control and test ads. Respondents are then asked what information they recall from the ads. The assumption is that the ads that yield the *highest recall* are the most effective.

While portfolio tests offer the opportunity to compare alternative ads directly, a number of weaknesses limit their applicability:

1. Factors other than advertising creativity or presentation may affect recall. Interest in the product or product category, the fact that respondents know they are participating in a test or interviewer instructions (among others) may account for more differences than the ad itself.
2. Recall may not be the best test. Some researchers argue that for certain types of products (those of low involvement), ability to recognise the ad when shown may be a better measure than recall.

One way to determine the validity of the portfolio method is to correlate its results with readership scores once the ad is placed in the field. Whether such validity tests are being conducted or not is not readily known, although the portfolio method remains popular in the industry.

Readability tests

The communication efficiency of the copy in a print ad can be tested without reader involvement. This test uses the **Flesch formula**, named after its developer, Rudolph Flesch, to assess readability of the copy by determining the average number of syllables per 100 words. The human interest appeal of the material, length of sentences and familiarity with certain words are also considered and correlated with the educational background of target audiences. Test results are compared to previously established norms for various target audiences. The test suggests that copy is best comprehended when sentences are short, words are concrete and familiar, and personal references are drawn.

This method eliminates many of the interviewee biases associated with other tests and avoids gross errors in understanding. The norms offer an attractive standard for comparison. The main disadvantage is that this method tests format, rather than content. The copy may become too mechanical and contributing elements such as creativity cannot be addressed. Improving the readability of poor copy is of little value.

To be effective, this test should be used only in conjunction with other pretesting methods. (However, readability testing is a useful tool for student assignment writers and can easily be enabled on all word-processing software!)

Dummy advertising vehicles

In an improvement on the portfolio test, ads are placed in 'dummy' magazines developed by an agency or research company. The magazines contain regular editorial features of interest to the reader, as well as the test ads, and are distributed to a *random sample* of homes in predetermined geographic areas. Readers are told the magazine publisher is interested in evaluations of editorial content and asked to read the magazines as they normally would. They are then interviewed on their reactions to both the editorial content and the ads. Recall, readership and interest-generating capabilities of the ads are assessed.

The advantage of this method is that it provides a more natural setting than the portfolio test. Readership occurs in the participant's own home, the test more closely approximates a natural reading situation and the reader may go back to the magazine, as people typically do.

However, the dummy magazine shares the other disadvantages associated with portfolio tests. The testing effect is not eliminated and product interest may still bias the results. Thus, while this test offers some advantages over the portfolio method, it is not a guaranteed measure of the advertising's impact.

While all of the previously described measures are available, the most popular form of pretesting of print ads typically involves a series of measures. Companies such as Millward Brown and Ipsos offer copy-testing services that have improved on many of the shortcomings cited above. The tests can be used for rough or finished ads and are most commonly conducted in the respondents' homes. For example, Millward Brown's link copy test includes measures of emotional responses to ads, assessing metrics such as enjoyment, engagement, likes and dislikes to address overall emotional response. Ipsos' Next*Print global copy testing methodology also offers multiple measures, as shown in Table 12.7 .

Objective:	To assist advertisers in copy testing of print advertisements to determine (1) main idea communication, (2) likes and dislikes, (3) believability, (4) ad attribute ratings, (5) overall likeability and (6) brand attribute ratings.
Method:	Tests are conducted in current issues of newsstand magazines such as *People, Better Homes & Gardens* and *Newsweek.* The recall measure consists of 150 responses. Diagnostic measures range from 105 to 150 responses. Highly targeted audiences are available through a version known as the targeted print test.
Output:	Standard scores and specific diagnostics.

Table 12.7 Ipsos' Next*Print global copy testing

Pretesting finished digital ads

While a variety of methods for pretesting digital ads are available, the most popular are theatre tests, on-air tests and physiological measures.

Theatre tests

A traditional laboratory method for pretesting finished commercials is **theatre testing** . In theatre tests participants are invited by telephone, mall intercepts or tickets in the mail to view pilots of proposed TV programs. In some instances, the show is actually being tested, but more commonly a standard program is used so that audience

responses can be compared with normative responses established by previous viewers. Sample sizes range from 250 to 600 participants.

On entering the theatre, viewers are told a draw will be held for gifts and they are asked to complete a product preference questionnaire asking which products they would prefer if they win. This form also requests demographic data. Participants may be seated in specific locations in the theatre to allow observation by age, sex and so on. They view the program and commercials, and a form asking for evaluations is distributed. Participants are then asked to complete a second form for a draw so that changes in product preference can be noted. In addition to product or brand preference, the form may request other information, such as:

- interest in and reaction to the commercial
- overall reaction to the commercial as measured by an adjective checklist
- recall of various aspects of the commercial
- interest in the brand under consideration
- continuous (frame-by-frame) reactions throughout the commercial.

The methods of theatre testing operations vary, though all measure brand preference changes. For example, many of the services now use videotaped programs with the commercials embedded for viewing in one's home or office rather than in a theatre. Others establish viewing rooms in shopping centres or hotel conference rooms. Some do not take all of the measures listed here. Others ask the consumers to turn dials or push buttons on a keypad to provide the continual responses. An example of one methodology available in the Asia–Pacific region is shown in Table 12.8 .

Rank	Brand	Ad description	Ipsos super score	Super Bowl quarter
1	Tide	It's Yet Another Tide Ad [Clydesdales & Mr Clean]	92.8	3
2	NFL	Touchdown Celebrations to Come	92.5	3
3	M&M's	Human	88.1	1
4	Ameritrade	All Night Long	82.4	1
5	Universal	Skyscraper (Movie)	79.6	1
6	Groupon	Who Wouldn't	75.5	4
7	Tide	It's Yet Another Tide Ad Again [Tennis]	75.5	4
8	Tourism Australia	Dundee	71.6	2
9	Jeep	Jeep Jurassic	68.9	3
10	Scientology	Curious?	68.9	3
11	Paramount	Mission Impossible: Fallout (Movie)	66.6	2
12	Tide	It's Another Tide Ad [Old Spice]	65.3	2

13	Universal	Jurassic World: Fallen Kingdom (Movie)	62.6	1
14	Amazon	Alexa Loses Her Voice	61.5	4
15	Paramount	A Quiet Place (Movie)	60.8	1
16	Sprint	Evelyn	59.6	1
17	Doritos/Mountain Dew	Blaze vs Ice	58.9	1
18	SquareSpace	Make It Happen	55.8	2
19	Persil ProClean	Game Time Stain Time	55.2	2
20	Kia	Feel Something Again	54	3

Table 12.8 Ipsos ranked unconscious responses to Super Bowl ads in a theatre setting using biometric measures.
Source: © 2016-2019 Ipsos

In 2018, Ipsos wanted an internal view of how consumers respond unconsciously to ads, so it hosted a live Super Bowl study in a theatre full of football fans. The company fitted out each fan with technology to capture their biometric responses to advertising (read more about how neuromarketing is used to study consumer responses in IMC Perspective 12.1). The study setting was a theatre, and fans were given food and a drink before watching the Super Bowl live. Ispos wanted an 'in context' measure; it was seeking real-time emotional reactions to the Super Bowl ads. While measures such as those by Ace Metrix (see Exhibit 12.5) measure conscious responses to Super Bowl ads, Ipsos measured emotional responses. In Table 12.7 , you can see the ranking of Super Bowl ads based on emotional responses. Ipsos determined that the top five Super Bowl adverts for 2018 were: Tide—'It's Yet Another Tide Ad'; NFL—'Touchdown Celebrations to Come—Dirty Dancing Spoof'; M&M's—'Human'; Ameritrade—'All Night Long'; and Universal Movies—'Skyscraper'.

Those opposed to theatre tests cite a number of disadvantages. First, they say the environment is too artificial. The lab setting is bad enough, but asking respondents to turn dials or, as one service does, wiring people for physiological responses, removes them from a natural viewing situation. Second, the contrived measure of brand preference change seems a bit hard to believe. Critics contend that participants will see through it and make changes just because they think they are supposed to. Finally, the group effect of having others present and overtly exhibiting their reactions may influence viewers who did not have any reactions themselves.

Proponents argue that theatre tests offer distinct advantages. In addition to control, the established norms (averages of commercials' performances) indicate how one's commercial will fare against others in the same product class that were already tested. Further, advocates say the brand preference measure is supported by actual sales results.

Despite the limitations of theatre testing, most major consumer-product companies have used a version of it to evaluate their commercials. This method may have shortcomings, but it allows them to identify strong or weak commercials and to compare them to other ads.

On-air tests

Some of the companies conducting theatre tests also insert the commercials into actual TV programs in certain test

markets. Typically, the commercials are in finished form, although the testing of ads earlier in the developmental process is becoming more common. This is referred to as an **on-air test** and often includes single-source ad research (discussed later in this chapter). Ipsos, the MSW Group and Nielsen are well-known providers of on-air tests.

On-air testing techniques offer all the advantages of field methodologies, as well as all the disadvantages. Further, there are negative aspects to the specific measures taken through the on-air systems. One concern is associated with **day-after recall scores**, the primary measure used in these tests. In an examination of real-world advertising, result, recall and persuasion pretests, while often employed, do not fare well in respect to reliability and/or validity.[27] However, the testing services believe their methods overcome many criticisms, and most still use recall as one of the primary measures of effectiveness. Both Ipsos and the MSW Group claim their pretest and posttest results yield the same recall scores nine times out of ten—a strong indication of reliability and a good predictor of the effect the ad is likely to have when shown to the population as a whole.

In summary, on-air pretesting of finished or rough commercials offers some distinct advantages over lab methods and some indications of the ad's likely success. Whether the measures used are as strong an indication as the providers say, remains in question.

Physiological measures

A resurgent method of pretesting finished commercials involves a modified laboratory setting in which physiological responses are measured. These measures indicate the receiver's *involuntary* responses (those over which the individual has no control, such as heartbeat and reflexes) to the ad, theoretically eliminating biases associated with the voluntary measures reviewed to this point. Refer to IMC Perspective 12.1 to learn about how brands such as Honda use physiological measures to test their adverts. Physiological measures used to test both print and broadcast ads include pupil dilation, galvanic skin response, eye tracking and, most recently, brain waves (see Exhibit 12.8):

Exhibit 12.8 Physiological measures used to test both print and broadcast ads include pupil dilation, galvanic skin response, eye tracking and, most recently, brain waves

Source: Curtin Business School

1. *Pupil dilation.* **Pupillometrics** is higher cost that some methodological problems. The method is designed to measure dilation and constriction of the pupils of the eyes in response to stimuli. Dilation is associated with action and constriction involves the body's conservation of energy.

   Advertisers have used pupillometrics to evaluate product and package design as well as to test ads. Pupil dilation suggests a stronger interest in (or preference for) an ad or implies arousal or attention-getting capabilities. Other attempts to determine the affective (liking or disliking) responses created by ads have met with less success.

2. *Galvanic skin response* (*GSR*). Also known as **electrodermal response (EDR)**, GSR measures the skin's resistance or conductance to a small amount of current passed between two electrodes. Response to a stimulus activates sweat glands, which in turn increases the conductance of the electrical current. Thus, GSR/EDR activity might reflect a reaction to advertising. Difficulties associated with this testing method have resulted in its infrequent use today.

3. *Eye tracking.* A methodology that is more commonly employed is **eye tracking** (see Table 12.9), in which viewers are asked to view an ad while a sensor aims a beam of infra-red light at the eye. The beam follows the movement of the eye and shows the exact spot on which the viewer is focusing. The continuous reading of responses demonstrates which elements of the ad are attracting attention, how long the viewer is focusing on them and the sequence in which they are being viewed. Eye tracking can identify strengths and weaknesses in an ad. For example, attractive models or background action may distract the viewer's attention away from the brand or product being advertised. The advertiser can remedy this distraction before airing the ad. In other instances, colours or illustrations may attract attention and create viewer interest in the ad. Eye tracking has increasingly been used to measure the effectiveness of websites, online ads and emails.[28]

Objective	Tracks viewers' eye movements to determine what they read or view in print ads and where their attention is focused in TV commercials, websites or billboards.
Method	Fibre optics, digital data processing and advanced electronics are used to follow eye movements of viewers and/or readers as they process an ad.
Output	Relationships between what readers see, recall

and comprehend. Scan movement paths on print ads, billboards, commercials, print materials and websites. (Can also be used to evaluate package designs.)

Table 12.9 Eye movement research

4. *Brain waves*. **Electroencephalographic (EEG) measures** can be taken from the skull to determine electrical frequencies in the brain. These electrical impulses are used in two areas of research: alpha waves and hemispheric lateralisation:

   - *Alpha activity* refers to the degree of brain activation. People are in an alpha state when they are inactive, resting or sleeping. The theory is that a person in an alpha state is less likely to be processing information (recall correlates negatively with alpha levels) and that attention and processing require moving from this state. By measuring a subject's alpha level while viewing a commercial, researchers can assess the degree to which attention and processing are likely to occur.

   - *Hemispheric lateralisation* distinguishes between alpha activity in the left and right sides of the brain. It has been hypothesised that the right side of the brain processes visual stimuli and the left processes verbal stimuli. The right hemisphere is thought to respond more to emotional stimuli, while the left responds to logic. The right determines recognition, while the left is responsible for recall.

If these hypotheses are correct, advertisers could design ads to increase learning and memory by creating stimuli to appeal to each hemisphere. However, some researchers believe the brain does not function laterally and an ad cannot be designed to appeal to one side or the other. Using technologies originally designed for the medical field, such as positron emission tomography (PET), functional magnetic resonance imaging (fMRI) and electroencephalography (EEG), neuroscientists have teamed up with marketers to examine physiological reactions to ads and brands through brain-scan imaging. By monitoring brain activity directly, scientists are learning how consumers make up their minds by measuring chemical activity and/or changes in the magnetic fields of the brain as well as how they react to commercials.

Testing in the marketplace

The fact that the marketing communication campaign has been implemented does not mean there is no longer a need for testing. The pretests were conducted on smaller samples and may in some instances have questionable merit, so the advertiser must find out the effect of the communication in the marketplace. In this section, we discuss methods for posttesting. Some of the tests are similar to the pretests discussed in the previous section and are provided by the same research companies.

Posttests of print ads

A variety of print posttests are available, including inquiry tests, recognition tests and recall tests.

Inquiry tests

Used in both consumer and business-to-business market testing, **inquiry tests** are designed to measure effectiveness on the basis of inquiries generated from any IMC material appearing in various print media. The inquiry may take the form of the number of coupons returned, phone calls generated, website hits or direct inquiries through reader cards. If you phoned in response to an ad in a local newspaper recently, perhaps you were asked how you

found out about the company or product or where you saw the ad. This is a very simple measure of inquiry.

More complex methods may involve (1) running the ad in successive issues of the same medium, (2) running **split-run tests**, in which variations of the ad appear in different copies of the same newspaper or magazine, or (3) running the same ad in different media. Each of these methods yields information on different aspects of the strategy. The first measures the *cumulative* effects of the campaign. The second examines specific elements of the ad or variations on it. The final method measures the effectiveness of the medium rather than the marketing communication itself.

While inquiry tests may yield useful information, weaknesses in this methodology limit its effectiveness. For example, inquiries may not be a true measure of the attention-getting or information-providing aspects of the message. The reader may be attracted to an ad, read it and even store the information, but not be motivated to inquire at that particular time. Time constraints, lack of a need for the product or service at the point when the ad is run, and other factors may limit the number of inquiries. But receiving a small number of inquiries doesn't mean the ad was not effective. It depends on the objectives of the advertising in the first place. Attention, attitude change, awareness and recall of copy points may all have been achieved. At the other extreme, a person with a particular need for the product may respond to any ad for it, regardless of the specific qualities of the ad.

The major advantages of inquiry tests are that they are inexpensive to implement and they provide some feedback with respect to the general effectiveness of the marketing communication or medium used. But they rely on human memory and are usually not very effective for comparing different versions or specific creative aspects.

Recognition tests

Perhaps the most common posttest of print ads is the **recognition method** (sometimes called aided recall), originally devised by researcher Daniel Starch and now offered by GfK Group. The Starch Ad Readership Report lets the advertiser assess the impact of an ad in a single issue of a magazine, over time or across different magazines. Starch provides advertisers with proof of effectiveness, with a survey of readers being scored on their involvement in copy placed in specific issues of newspapers, magazines, and business and professional publications. The basis of a Starch Ad Readership Report is shown in Table 12.10.

Objective	Determining recognition of print ads and comparing them to other ads of the same variety or in the same magazine.
Method	Samples are drawn from 20 to 30 urban areas reflecting the geographic circulation of the magazine. Personal interviewers screen readers for qualifications and determine exposure and readership. Samples include a minimum of 200 males and females, as well as specific audiences where required. Participants are asked to go through the magazines, look at the ads and provide specific responses.
Output	Starch Ad Readership Reports generate three recognition scores: • Noted score—the percentage of readers who remember seeing the ad. • Seen–associated score—the percentage of readers who recall seeing or reading any part of the ad identifying the product or brand. • Read-most score—the percentage of readers who report reading at least half of the copy portion of the ad.

Table 12.10 The Starch Ad Readership Report

Starch claims that (1) the pulling power of various aspects of the ad can be assessed through the control offered, (2) the effectiveness of competitors' ads can be compared through the norms provided, (3) alternative ad executions can be tested and (4) readership scores are a useful indication of consumers' *involvement* in the ad or campaign. (The theory is that a reader must read and become involved in the ad before the ad can communicate. To the degree that this readership can be shown, it is a direct indication of effectiveness.)

Of these claims, perhaps the most valid is the ability to judge specific mechanical aspects of the ad. Many researchers have criticised other aspects of the Starch recognition method (as well as other recognition measures) on the basis of problems of false claiming, interviewer sensitivities and unreliable scores:

1. *False claiming.* Research shows that in recognition tests, respondents may claim to have seen an ad when they did not. False claims may be a result of having seen similar ads elsewhere, expecting that such an ad would appear in the medium or wanting to please the interviewer. Interest in the product category also increases the reporting of ad readership. Whether this false claiming is deliberate or not, it leads to an over-reporting of effectiveness. On the flip side, factors such as interview fatigue may lead to an under-reporting bias—that is, respondents not reporting an ad they did see.
2. *Interviewer sensitivities.* In any research involving interviewers, there is a potential for bias. Respondents may want to impress the interviewer or they may fear looking unknowledgeable if they continually claim not to recognise an ad. There may also be variances associated with interviewer instructions, recordings and so on, regardless of the amount of training and sophistication involved.
3. *Reliability of recognition scores.* Starch admits that the reliability and validity of its readership scores increase with the number of insertions tested, which essentially means that to test just one ad on a single exposure may not produce valid or reliable results.

Measuring readership in a multiplatform era is a challenge. Acknowledging the reality that a significant part of print readership is going online, Starch Digital was offered for the first time in 2012. The value provided by norms and the fact that multiple exposures can improve reliability and validity may underlie the decisions to employ this methodology.[29]

Recall tests

There are several tests to measure recall of print ads. Perhaps the best known of these are the Ipsos Next*Print test and the Gallup & Robinson Magazine Impact Research Service (MIRS). These **recall tests** are similar to those discussed in the section on pretesting broadcast ads in that they attempt to measure recall of specific ads. In recall tests, interviewers ask respondents to recall any advertising they might have seen in a magazine. This is usually done unaided (with no prompts) and provides the best measure of the respondents' short-term memory of an advertisement. Sometimes interviewers might mention the names of specific print ads in the magazine: 'Do you remember seeing an advertisement for Chanel?' This is aided recall, or if the actual ad is shown to the respondents, the question becomes, 'Do you remember seeing this ad?' and the test is then one of recognition.

The quality of creative together with the medium impact on recall and recognition. Findings from Marketo suggest that 90% of brand messages received are forgotten within 48 hours.[30] Any challenges to the established mental model will create cognitive complexity. It is important, however, not to oversimplify messages to the point that the brain switches off, or to make them so familiar that the brain doesn't process the message.

On the plus side, it is thought that recall tests can assess the ad's impact on memory. Proponents of recall tests say that the major concern is not the results themselves but how they are interpreted. In one very interesting study examining which advertising performance metrics to use out of over 100 possible options available and collected, AT&T, with Nielsen, was able to conclude that roughly one-third of the sales generated by television advertising could

be attributed to message and brand recall (the remaining two-thirds was accounted for by media weight). This was its conclusion after looking to see which of the many metrics were statistically significant—recall was the one![31]

It isn't just the content, but the channel used for communicating that impacts on recall. Research has noted that owned and earned media is more effective in generating recall and recognition among existing brand users. Further, in a fragmented media environment, cross-platform advertising build brands more effectively, enabling the brain to build recall and recognition.[32] Another study looking at the relationship between creativity and effectiveness concluded that marketers should allocate their resources to developing creative ads because these ads will achieve greater recall effects more quickly with fewer repetitions and will have an impact for longer.[33]

Posttests of broadcast or digital commercials

Globally, one of the most publicised posttests of broadcast commercials occurs every year during the US Super Bowl. The interest in the commercials is almost as strong as the interest in the game itself. And it has become a Super Bowl tradition, along with the prematch entertainment, to find each year's most-liked commercial. To facilitate this, Ace Metrix measures 500 consumers who watch and score each ad across a standardised range of metrics. In 2018, based on the highest combined score for attention and likeability, Toyota's 'Good Odds' ad received an attention score of 836, followed by M&M's 'Human', with an attention score of 785. Tourism Australia's 'Dundee' scored an impressive 745 for attention and 717 for likeability. In Table 12.11   , you can review the list of the Top 10 performing Super Bowl adverts for 2018.

Rank	Brand	Ad title	Length	Attention score	Likeability score
1	Toyota	Good Odds	1:00	836	795
2	M&M's	Human	0:30	785	786
3	Mountain Dew Doritos	Doritos Blaze vs Mountain Dew Ice	1:00	791	755
4	Verizon	Answering the Call	1:00	785	753
5	Universal Studios Resorts	Vacation Quarterback	0:30	772	762
6	Jeep	Jeep Jurassic	1:00	782	750
7	Amazon Echo	Alexa Loses Her Voice	1:30	760	754
8	NFL	Touchdown Celebration	1:00	744	711
8	Australia	Dundee	1:00	745	717
9	Budweiser	Stand by You	1:00	732	717
10	Hyundai	Hope Detector	1:00	733	712

Table 12.11 Super Bowl: the world's most popular posttest
Source: Ace Metrix, Inc.

This Super Bowl tradition is just one way of posttesting broadcast commercials. The most common provide a

combination of day-after recall tests, persuasion measures and diagnostics. Test marketing and tracking studies, including single-source methods, are also employed.

Day-after recall tests

The most popular method of posttesting employed in the broadcasting industry for decades was the Burke day-after recall (DAR) test. While a number of companies offered day-after recall methodologies, the 'Burke test' for all intents and purposes became the generic name attached to these tests. While popular, day-after recall tests also had problems, including limited samples, high costs and security issues (ads shown in test markets could be seen by competitors). In addition, the following disadvantages with recall tests were also suggested:

1. DAR tests may favour unemotional appeals because respondents are asked to verbalise the message. Thinking messages may be easier to recall than emotional communications, so recall scores for emotional ads may be lower.[34] However, new research has questioned this traditional assumption, demonstrating that emotional appeals in well-executed commercials can increase recall. The study provides empirical evidence that recall (when used in combination with other measures) is a valid measure of advertising effectiveness—even in emotional advertising.[35]
2. Program content may influence recall. The programs in which the ad appears may lead to different recall scores for the same brand. The net result is a potential inaccuracy in the recall score and in the norms used to establish comparisons.[36]
3. A pre-recruited sample may pay increased attention to the program and the ads contained therein because the respondents know they will be tested the next day. This effect would lead to a higher level of recall than really exists.

The major advantage of day-after recall tests is that they are field tests. The natural setting is supposed to provide a more realistic response profile. These tests are also popular because they provide norms that give advertisers a standard for comparing how well their ads are performing. In addition to recall, a number of different measures of the commercial's effectiveness are now offered, including persuasive measures and diagnostics.

Persuasive measures

As noted earlier in our discussion of pretesting digital commercials, a measure of a commercial's persuasive effectiveness is gathered by asking consumers to choose a brand that they would want to win in a draw and then—after exposure to the ad—ask the question again. In theatre settings this is accomplished by announcing a series of prize draws, with viewers indicating which of the brands they would choose if they won. In field settings, it is accomplished by taking a brand preference measure when the video is delivered and then again the next day. Some of the services offer additional persuasion measures, including purchase intent and frequency-of-purchase criteria.

Diagnostics

In addition to measuring recall and persuasion, copy-testing companies also provide diagnostic measures. These measures are designed to determine viewers' evaluations of the ads, as well as how clearly the creative idea is understood and how well the proposition is communicated. Rational and emotional reactions to the ads are also examined. A number of Australian and New Zealand companies––including local branches of international research firms MSW. ARS and Millward Brown—offer diagnostic measures.

Comprehensive measures

While each of the measures just described provides specific input into the effectiveness of a commercial, many

advertisers are interested in more than just one specific input. Thus, some companies provide comprehensive approaches in which each of the three measures described above can be obtained through one testing program.

Table 12.12 describes one such comprehensive, locally available program, Ipsos' Next* TV test.

Objectives	To assist advertisers in copy testing of their commercials through multiple measures to determine (1) the potential of the commercial in terms of impacting sales, (2) how the ad contributes to brand equity, (3) how well it is in line with existing advertising strategies and objectives and (4) how to optimise effectiveness.
Method	Consumers are recruited to evaluate a TV program, with ads embedded into the program as they would be on local prime-time television. Consumers view the program on a DVD or dedicated subscription television program within their homes to simulate actual field conditions.
Output	Related recall (day-after recall) scores; persuasion scores, including brand preference shifts, purchase intent and frequency, brand equity differentiation, and relevance and communication; and reaction diagnostics to determine what viewers take away from the ad and how creative elements contribute to or distract from advertising effectiveness.

Table 12.12 Ipsos Next*TV test

Test marketing

Many companies conduct tests designed to measure their marketing communication in specific test markets before releasing them nationally. The markets chosen are representative of the target market. For example, a company may test its ads in Adelaide, Perth or Brisbane, if the demographic and socio-economic profiles of these cities match the product's market. A variety of factors may be tested, including reactions to the ads (for example, alternative copy points), the effects of various budget sizes or special offers. The ads run in finished form in the media where they might normally appear, and effectiveness is measured after the ads run.

The advantage of test marketing is realism. Regular viewing environments are used and the testing effects are minimised. A high degree of control can be attained if the test is designed successfully. Test marketing is common for website optimisation and apps. Two versions of a web page or app can be compared based on how people engage with the site. People are randomly served variants of a web page, and analytics can inform which of the pages is leading to conversion. For the makers of the popular video game *SimCity*, market testing saw them serve different web page versions to the market, and the differences in outcomes were marked! In Exhibit 12.9 you can see that the original web page displayed a pre-order incentive in an attempt to drive pre-sales of the game. In the variation of the web page, that pre-order incentive was removed. The second web page resulted in better conversion, with 43.4% more sales. It seems that the pre-order incentive wasn't needed in the market, which created an opportunity for the makers of *SimCity* to maximise their revenue.[37] This study demonstrated just how much could be learned from research conducted in a field setting but with some experimental controls. It also showed that proper research can provide strong insights into the impact of marketing communications.

Test marketing has been made easier in the digital era. You can test keywords to see which Google AdWord will generate conversions. Facebook has creative split testing to test different digital ad formats. This makes it easy to test ad formats, visuals and headlines that get results. Just like the *SimCity* test markets, each person sees only one variant of the Facebook advert, and it allows businesses to experiment and work out what works! Test marketing can provide substantial insight into the effectiveness of advertising if care is taken to minimise the negative aspects of such tests.

Single-source tracking studies

Since the 1980s the focus of many research efforts has been on single-source tracking methods. **Single-source tracking methods** track the behaviours of consumers from the television set to the supermarket checkout counter. Participants in a designated area who have subscription TV and agree to participate in the studies are given a card (similar to a credit card) that identifies their household and gives the research company their demographics. The households are split into matched groups. One group receives an ad through their subscription television while the other does not, or alternate ads are sent to each. Their purchases are recorded from the barcodes of the products bought. Commercial exposures are then correlated with purchase behaviours.

Earlier we mentioned the use of single-source ad research in pretesting commercials. One study demonstrated that the single-source method can also be used effectively to posttest ads, allowing for a variety of dependent measures and tracking the effects of increased ad budgets and different versions of ad copy—and even ad effects on sales.[38]

A 10-year study conducted by Information Resources' BehaviorScan service demonstrated the long-term effects of advertising on sales. The study examined copy, media schedules, ad budgets and the impact of trade promotions on sales in 10 markets throughout the USA and concluded that advertising can produce sales growth as long as two years after a campaign ends.[39] (The study also concluded that results of copy recall and persuasion tests were unlikely to predict sales reliably.) A number of single-source methods have been used, among them BehaviorScan (Information Resources) and MarketSource. Nielsen's Scantrack is another commonly employed single-source tracking system in Australia and New Zealand.

Many advertisers believe these single-source measures will change the way research is conducted due to the advantages of control and the ability to measure directly the marketing communication effects on sales. A number of major corporations and ad agencies are now employing this method, including those in the automotive, entertainment, financial services, packaged goods and pharmaceutical industries. While single-source testing is a valuable tool, it still has some problems. One researcher says, 'Scanner data focus on short-term sales effects, and as a result capture only 10 to 30 per cent of what advertising does.'[40] Others complain that the data are too complicated to deal with, as an overabundance of information is available. Still another disadvantage is the high cost of collecting single-source data. While the complexity of single-source data resulted in a slow adoption rate, this method of tracking advertising effectiveness became widely adopted in the 1990s by the research companies mentioned earlier (Gallup & Robinson, Millward Brown and Ipsos).

Tracking print/digital ads

One of the more useful and adaptable forms of posttesting involves tracking the effects of the ad campaign by taking measurements at regular intervals. **Tracking studies** have been used to measure the effects of advertising on awareness, recall, interest and attitudes towards the ad or brand as well as purchase intentions. Personal interviews, phone surveys, shopping mall intercepts, mail surveys and online panels have been used. Sample sizes typically range

from 250 to 500 cases per period (usually quarterly or biannually). Tracking studies yield perhaps the most valuable information available to the marketing manager for assessing current programs and planning for the future.

The major advantage of tracking studies is that they can be tailored to each specific campaign or situation. A standard set of questions can track effects of the campaign over time or through the consumer purchase funnel. In a study by the research organisation Yankelovich and the Television Bureau of Advertising (TVB), it was shown that the effectiveness of advertising depends on the product category and where the consumer is in the purchase funnel.[41] The advertising medium impact varied as the consumer moved through the stages. The effects of various media can also be determined, although with much less effectiveness. Tracking studies have been used, too, to measure the differential impact of different budget sizes, the effects of flighting, brand or corporate image, and recall of specific copy points. Table 12.13 summarises some of the factors suggested by Tiffany Hancock that might be measured using tracking studies. Hancock notes that tracking studies can be used to measure the impact of various IMC tools, not just advertising.[42] As you will see later in the chapter, however, it is often difficult to quantify some of the measures suggested. Finally, when designed properly, as shown in Table 12.14, tracking studies offer a high degree of reliability and validity.[43] Some of the problems of recall and recognition measures are inherent in tracking studies, since many other factors may affect both brand and advertising recall. Despite these limitations, however, tracking studies are a very effective way to assess the effects of marketing communication campaigns.

Market share	Response rates
Penetration rates	Unit sales
Operating ratios	ROMI (return on marketing investment)
Gross margin percentage	Budget factors
Net profit percentage	Cost per customer acquisition

Table 12.13 Factors to measure in tracking studies
Source: Tiffany Hancock, 'Did it work? Tracking tips for marketing campaigns', *Rural Telecommunications*, May/June 2004, pp. 32–6.

1. Properly defined objectives
2. Alignment with sales objectives
3. Properly designed measures (e.g. adequate sample size, maximum control over interviewing process, adequate time between tracking periods)
4. Consistency through replication of the sampling plan
5. Random samples
6. Continuous interviewing (that is, not seasonal)
7. Evaluation of measures related to behaviour (attitudes meet this criterion; recall of ads does not)
8. Critical evaluative questions asked early to eliminate bias
9. Measurement of competitors' performance

10. Scepticism about questions that ask where the advertising was seen or heard (TV always wins)

11. Building of news value into the study

12. 'Moving averages' used to spot long-term trends and avoid seasonality

13. Data reported in terms of relationships rather than as isolated facts

14. Integration of key marketplace events with tracking results (e.g. advertising expenditures of self and competitors, promotional activities associated with price changes in ad campaigns, introductions of new brands, government announcements, changes in economic conditions)

Table 12.14 Factors that make or break tracking studies

Source: James F Donius, 'Marketing tracking: a strategic reassessment and planning tool', *Journal of Advertising Research,* 25(1), February/March 1985, pp. 15–19.

In summary, you can see that each of the testing methods considered in this chapter has its strengths and its limitations. None is foolproof, yet used in combination (as our PACT principles suggest) they can deliver some measure of the effectiveness of the marketing communication material at concept, development and finished stages.

The next section looks at campaign evaluation. It considers how we know the IMC program has achieved its objectives, by considering both process measures and campaign outcomes.

NEW INITIATIVES IN MEASUREMENT

In the preceding sections, we have seen much progress made in evaluating marketing communication, from the testing of the elements of marketing communication to optimise their impact to the development of outcome measures, to evaluating an integrated campaign. However, this is not enough. Again and again, academics and advertisers talk of the need to invest more in measurement.

There are many reasons for this, as we can see in Figure 12.3 . Essentially, though, traditional and innovative media are competing for marketing communication dollars with more measurable and accountable disciplines such as direct marketing and sales promotion, and more outcome-focused media such as the internet or mobile. The different media types, such as press or outdoor, have to prove their worth to agencies and advertisers by offering a reliable and behaviour-orientated metric. Together, media as an industry faces the imperative to develop a cross-media metric to facilitate better decision making for agencies and advertisers and perhaps demonstrate synergy. And the bottom line is that advertisers have to justify their marketing communication investment within their organisation. As executive chairman of the Mitchell Communication Group, Harold Mitchell, suggests, 'The scrutiny of advertising performance has intensified and marketing directors who have ambitions to get a seat on the board need to prove the worth of their campaigns'.[60]
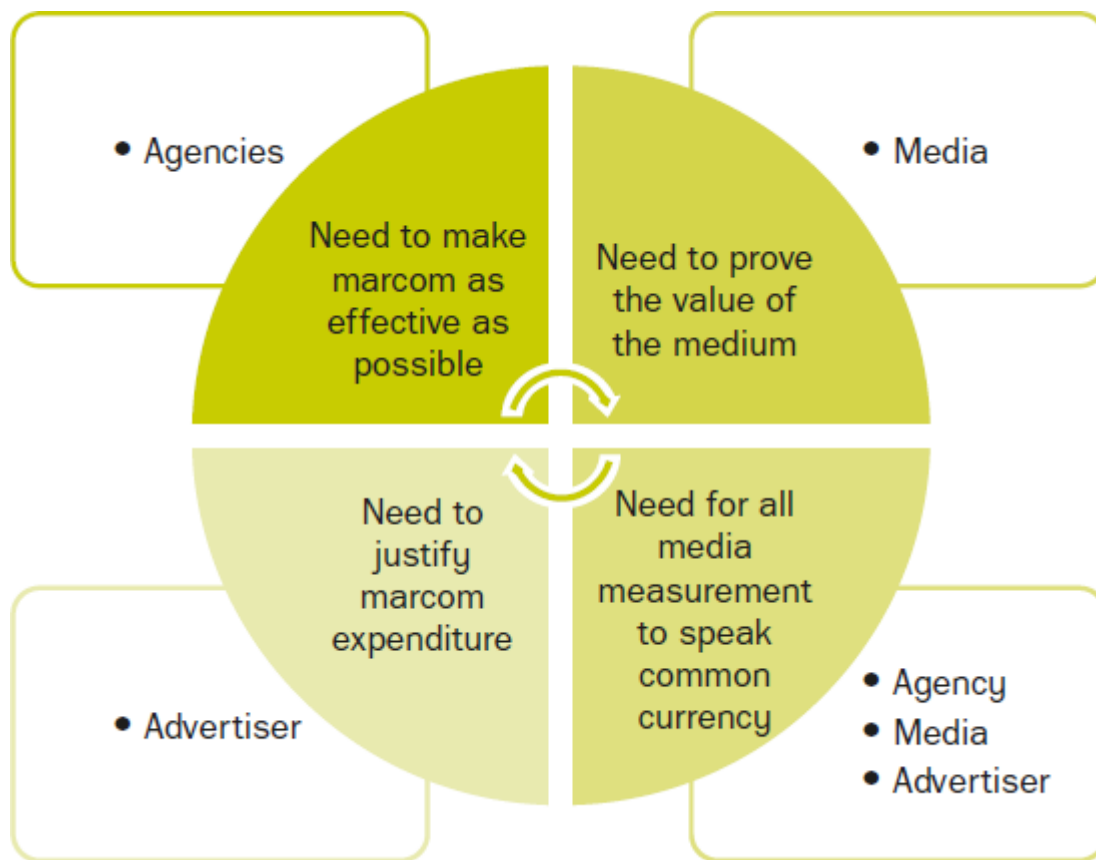
Figure 12.3 The need for further measurement in IMC

In all of these agendas, there is one commonality—that is, 'Growth is dependent on measurement'.[61] This means growth for the agency in terms of billings, growth for the medium in terms of expenditure, growth for media as an industry and growth for the product or service, which, after all, is the focus of all this attention. The following section presents the most recent work in this area.

Isolating the effect of media

Life would be so easy if every media could substantiate media investment by the number of page impressions and click-throughs. The ease of measurement of online media compared to the more traditional mass media has not only seen media budgets diverted online, but has also encouraged the frenetic activity of many different media types in measurement.

Magazines are a great example. Pacific Magazines in conjunction with McNair Ingenuity Research sought to isolate the effects of advertising in its magazines. To do so, it measured a range of actions that consumers might take as a result of seeing the advertising—things like visiting a website, making a recommendation, seeking out a product and purchasing a product. This moves measurement in the medium from the traditional, ill-defined *opportunity to see* to more concrete behavioural measures.[62]

Another innovation described as 'a world-class currency for outdoor' is MOVE. The Measurement of Outdoor Visibility Exposure (MOVE) metric cost more than $10 million to develop and encompasses 60 000 different sites in five capital cities. Using data from 14 400 separate surveyed areas and factoring this against 112 different demographic combinations, it calculates the *likelihood to see,* rather than merely the *opportunity to see.* It does this by multiplying the opportunity to see by the visibility index.[63]

Although the metric does not provide any measure of cut-through or qualitative data, it is a global first to include all roadside, transport and retail formats. MOVE was developed in cooperation with the Media Federation of Australia.

Cross-media measurement

In Henry Assael's comprehensive review of cross-media research, he makes the point that this kind of research is not new, but that the emphasis has changed—from silos to synergy. As we have already seen in this chapter, many early research articles talked about television combined with one other medium rather than true multimedia research. More recently, emphasis on integrated marketing communications as applied to media planning means a greater focus on interactive rather than main media effects. An IMC perspective has also led to increased interest in single-source data as a basis for media selection. However, Assael concludes that systems are needed to measure cross-media consumption for individual consumers and most importantly to relate media interactions to purchase behaviour.[64]

AANA chief executive John Broome in 2018 noted that technology is moving fast and that measurement currencies need to catch up. Measurement systems are still two to three years away from cross-media channel measurement.[65] While advertisers are clear about what they want to measure, the ability to deliver such insights remains a challenge, with individual media being more focused on evolving their own measures, so a 'single currency' or measurement and cross-media measurement is less of a priority.[66]

Digital platforms

As we have seen throughout the text, digital platforms are an integral part of the IMC program. In campaigns such as *The best job in the world,* digital platforms were no stand-alone touchpoints, but an opportunity for seamless engagement. To harness this potential, Martin and Todorov (2010) propose a digital framework that integrates the brand into people's everyday lives.[67] The brand can deliver high engagement value and provide value and

relevance in the context of each consumer's location and activity, across a multichannel, integrated environment. Martin and Todorov suggest, 'The *Day in the Life Continuum* illustrates the breadth of touchpoints where brands may interact with consumers, according to the required time, activity, location and platform. From televisions to game consoles and personal computers and in-store kiosks, mobile devices and netbooks, a range of new marketing media can be leveraged to keep people tuned in by seamlessly integrating brands into their everyday lives'.[68]

The UK has been using IPA's TouchPoints data-fusion system, Timescape, the first consumer-centric multimedia database, to good effect, since 2006.[69] The US TouchPoints tool followed in 2010 and developed a similar audience measurement system whereby consumers complete an iPhone-based electronic diary in which they report on their daily activities, media usage and mood, entering the information at regular intervals (around half an hour) throughout the day.[70] By entering this information, TouchPoints has a 360-degree view of people's lives.

TouchPoints revealed that in the UK, adults are watching around eight hours of media (television, radio, social networking services and cinema) per day. When are people shopping the most? On Saturdays between 11.30 am and midday. And what about Netflix habits? Well, nearly 30% of adults are watching Netflix each week.[71] In Exhibit 12.10 you can see how TouchPoints constructs a summary of daily media touchpoints and behaviours, which allows advertisers to identify the ways in which a brand can connect with its audience.

Exhibit 12.10 TouchPoints helps to identify all media touchpoints and opportunities for a brand to connect
Source: Shutterstock/Chinnapong

The sort of information TouchPoints brings together to inform the brand about opportunities to connect include the time, the moment, the motivation and the media. In Exhibit 12.11 , you will find connection moments for Baileys Irish Cream whiskey. As you can see, 4 pm during a commute or school run could be an opportune time for radio, OOH or sampling, while between 8 pm and 11 pm, as the target market are relaxing in front of the TV and are 'in the moment', TV and digital offer a key media opportunity.

Exhibit 12.11 TouchPoints indicates opportune connection moments, motivations and media touchpoints

Source: Glow Images/Hero/Corbis

Social media

Murdough makes a good point about the difference between digital and social media. He suggests, 'Social media can seem very challenging, and at times even impossible, to measure with regard to its effects. At its core, digital measurement is contingent on controlling the customer experience and laying tracking hooks along the way to understand response and subsequent behaviour. However, social media's foundation challenges this very tenet: the consumer is now in control after all!'[72] Murdough proposes a continuous, iterative process shown in Figure 12.4 . This begins by mapping measurement objectives to project goals and establishing benchmarks for success. The second phase involves defining how social platforms could be leveraged to reach and interact with the target audience and achieve the objectives. Phase three is the design of tactics and venues and their translation into measures such as technical tracking hooks and performance reporting tools. These may include tools such as enterprise listening platforms (ELPs), text mining, platform application programming interface (API) tools and site analytics solutions. The next phase is deployment, which monitors activity against expectation. Here, quality assurance of data-collection methods is assessed, performance reports validated and data from multiple sources is aggregated. The final phase is optimisation, where everything comes together to report performance against objectives. In this phase, opportunities are identified and any shortcomings remedied.[73]

Concept	Definition	Design	Deployment	Optimisa...
What are the brand's target accomplishments of developing customer relationships?	How can the targets be achieved via social platforms?	What platforms and strategies are the most fitting for the brand?	Are the observed outcomes of the campaign aligned to expectations?	All the pre... stages co... together a... actionable... and insigh...

Figure 12.4 Social media measurement process
Source: Adapted from Chris Murdough, 'Social media measurement: it's not impossible', *Journal of Interactive Advertising,* 10(1), 2009 pp. 94–9

The final word in this chapter goes to executive chairman of the Mitchell Communication Group, Harold Mitchell. Mitchell contends that while performance accountability is perhaps the single most important issue for marketing communication, he warns against paralysis by analysis. 'Today there is a very real concern that digital accountability could suffocate creativity, breaking the core of the most profitable aspect of marketing. In our industry, we still need the people capable of creating and selling the big ideas. We also need clients who have the courage and imagination to back their own judgment and run with them.'[74]

ADVERTISING DEFINED: YOU'VE BEEN WATCHING IT ALL YOUR LIFE, BUT EXACTLY HOW DO YOU DEFINE IT?

Advertising is everywhere! In some ways, you are probably already a bit of an advertising expert as you have seen examples all of your life. As a child, you would have seen outdoor advertising flashing past from your baby booster seat in the back of the car, grown up watching movies and television, flicked through the local newspaper, and seen sponsored content while scrolling online. You are one of the first generation to observe advertising from the totally different viewpoint of a digital native, having played your first computer game while your parents struggled to find the on/off switch. So with all this wealth of viewing experience, what exactly is advertising?

When we watch television at home, or check out our Facebook page, or drive to the cinema listening to the car radio, we see/hear advertising messages from our perspective as a consumer. We do not analyse ads in relation to their target markets, or their competitors or previous campaigns. We either like it or we don't even bother remembering it. It engages us, or we mentally switch off. So on our journey to understanding advertising in this textbook, we are going to see advertising and marketing communication in general from several different perspectives—from the consumer's perspective, from the agency's perspective, from the **client's** perspective, and from the perspective of **integrated marketing communication (IMC)**, which is the term used to denote the strategic mix of communication elements.

To understand advertising, it is important to watch and analyse (decode) advertisements. It might be the <u>Page 424</u> same ad, but now we notice how similar the tactics are to those of their competitors. (How can Myer and David Jones both sign up celebrity models to create a point of difference?) We might notice the strong corporate colours (always red for Coke, or purple for Cadbury) or the excellent art direction, or observe that a great idea was killed by poor execution. However, we can now also fast forward through the program and the ads, or look online in order to find ads that connect more with consumers.

Advertising has traditionally been defined as any paid form of non-personal communication about an organisation, product, service or idea by an identified sponsor.[1] The *paid* aspect of this definition reflects the fact that the space or time for an advertising message must generally be bought in the first place if we are to maintain some control over the message. An occasional exception to this is the community announcement or pro bono advertising discussed in the opening vignette, whose advertising space or time is donated by the media to a non-profit organisation or worthy cause. Such announcements may be broadcast on late-night television at a time slot that no other advertiser has booked, or on a newspaper page that has not been sold.

The *non-personal* component means that advertising typically involves mass media (TV, radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The non-personal nature of advertising means that there is generally no opportunity for immediate measurable feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser

must consider how the audience will interpret and respond to it.

Changes to the environment in relation to consumers, technology and the media, in light of moves towards one-to-one communication, have caused the notion of advertising as being non-personal to be challenged. A further recommendation has been to delete the 'mass' aspect of mass media, suggesting there are more customised or even personalised opportunities for interaction. The revised definition says that 'Advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.'[2]

This is the definition of advertising that we will use in the text because it embodies both the function and future of advertising. It retains the traditional characteristic that advertising is paid communication by an identifiable sponsor that attempts to persuade the receiver. However, it eliminates the descriptors of non-personal or mass media communication that may restrict what we consider to be advertising in digital media (see Chapter 3   ) or social media (see Chapter 4   ), such as the internet, mobile networks, 'advergames' or other technology-enabled channels. It also informs, reminds, engages and entertains along the way to persuasion.

Advertising is a complex process that is still evolving. Undoubtedly, one of the most successful **advertising campaigns**   in Australia for a long time, the *Crocodile Dundee trailer ad* campaign for Tourism Australia, used just one television advertisement in the US during the Super Bowl to create the buzz. With a potential audience of 110 million viewers, it was supported by digital media and public relations (see Exhibit 13.2   , Appendix   ).

CHRIS HEMSWORTH DANNY McBRIDE

THE SON OF A LEGEND RETURNS HOME

DUNDEE

COMING SOON, MATE

#DUNDEEMOVIE   RIMFIRE FILMS   DUNDEEMOVIE.COM

The importance of advertising

While the definition of advertising may have been challenged and changed, its importance has not. Advertising is the best-known and most widely discussed form of marketing communication, because it is where all marketing communication began. Indeed, many people do not make the distinctions that we will make in this textbook and will instead describe everything from packaging to product placements, SMS to shop-a-dockets, telemarketing to testimonials, and word of mouth to Woolworths' shopping trolleys as 'advertising'. It is the complexity of advertising that exercises our minds as we attempt to redefine, plan, manage and measure its effects and relationships in a contemporary communication environment.

Advertising is an enormous global business, with advertising expenditure estimated at US$5578 billion in 2018.[3] From the low point of 2009, where spend was down almost 15% on 2008 due to the global financial crisis (GFC), turnaround occurred in 2010 to pre-GFC levels. Recovery is aligned globally, with emerging markets such as China and Russia leading with double-digit growth, whereas developed markets have merely stabilised. However, the markets of Europe continue to experience challenging conditions and ad spend growth has been stunted. As for spending by region, North America is the largest regional ad market, followed closely by Asia–Pacific, with Western Europe ranking third.

The 2016–2018 change in **global advertising** expenditure by region is shown in Table 13.1.

	2016	2017	2018
Worldwide	524.5	547.37	576.98
North America	188.68	193.66	202.37
Asia–Pacific	176.42	187.49	200.81
Western Europe	92.06	94.85	97.46
Latin America	36.41	38.77	40.88
Middle East and Africa	17.47	18.09	20.22
Central and Eastern Europe	13.46	14.52	15.24

Table 13.1 Global advertising spending, by region (in billions of US dollars)

Advertising is an integral part of our social and economic systems. It is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. In our complex society, advertising has evolved into a vital communication system for consumers, businesses and government. The ability of advertising to deliver carefully prepared messages to target audiences has given it a major role in the marketing programs of most organisations. Companies ranging from large multinational corporations to small retailers rely on advertising to help them market products and services. In market-based economies, consumers have learned to rely on

advertising for information they can use in making purchase decisions. Governments and other not-for-profit organisations use advertising to influence behaviour and communicate social change initiatives. Members of the public are used to learning, through advertising campaigns, about social justice issues or public policy requirements. Empowered by interactive technology, consumers now initiate communication with advertisers as well, changing the dynamics of advertising from a mass media push to a conversation. Tables 13.2 and 13.3 show the advertising expenditures of the 10 leading advertisers in Australia and New Zealand.

Rank	Advertiser group/advertiser	Key brands
1	Wesfarmers Ltd	Coles, Bunnings, Target, Kmart, Officeworks, First Choice Liquor, Liquorland, Vintage Cellars
2	Harvey Norman Holdings	Harvey Norman, Domayne, Joyce Mayne
3	Woolworths Ltd	Woolworths, Big W, Dan Murphy's, Dick Smith, BWS (Beer Wine Spirits)
4	Telstra Corporation Ltd	Telstra, Sensis
5	Reckitt Benckiser	Nurofen, Finish, Dettol, Pine O Cleen, Strepsils, NapiSan, Air Wick, Harpic, Aeroguard, Mortein
6	Toyota Motor Corporation	Toyota, Lexus, Hino
7	Australian Commonwealth Government	Depts of Health & Ageing, Climate Change & Energy Efficiency, Defence, Medibank Private, Meat & Livestock Australia
8	My Chemist	My Chemist, Chemist Warehouse, My Beauty Spot
9	NSW Government	Destination NSW, Cancer Institute, Transport NSW, Rural Fire Service
10	McDonald's Family Restaurants	McDonald's Family Restaurants, McCafé

Table 13.2 Top 10 advertisers in Australia, 2016

Rank	Advertiser
1	Foodstuffs NZ Ltd
2	Harvey Norman
3	The Warehouse Group
4	Progressive Enterprises (Woolworths)
5	Reckitt Benckiser

6	Brand Developers
7	Spark
8	Vodafone
9	Farmers
10	NZ Lotteries

Table 13.3 Top 10 advertisers in New Zealand, 2016
Note: All advertising expenditure estimates are based on published rate cards

There are several reasons why advertising is such an important part of many marketers' marketing communication programs. First, advertising is still the most cost-effective way to reach large audiences with an advertising message. This makes it a very important marketing communication tool, particularly for organisations whose products and services are targeted at **mass markets**. Network 7, for example, was Australia's leading network in 2018, delivering a 'total people' audience share of 30.7%. Network 9 followed, taking a 27.3% audience share, while Network 10 came third place for the year, with a 17.3% share, just ahead of the national broadcaster, the ABC, at 16.9% and finally SBS had 7.7% audience share. Channel Nine broadcast the most-watched TV series for the year, which was *Married at First Sight*, with an average audience of almost two million viewers, while Channel Seven had the highest ratings for a TV event with the AFL Grand Final peaking at over 3.3 million viewers nationally.[4] Thus, for marketers who are interested in building or maintaining brand awareness and reaching a mass consumer audience at one time, there is no effective substitute for **free-to-air television**.[5]

Advertising is also a valuable tool for building company or **brand equity** as it is a powerful way to provide consumers with information as well as to influence their perceptions. Advertising can be used to create favourable and unique images and associations for a brand, which can be very important for companies selling products or services in highly competitive markets and those that are difficult to differentiate on the basis of functional attributes. **Brand image** plays an important role in the purchase of many products and services, and advertising is still recognised as one of the best ways to build a brand.

For example, a brand that was little known in Australia, Canadian Club Whisky (see Exhibit 13.3), gained a new lease of life through the power of advertising. The advertising campaign set out to question Australia's beer-drinking culture by presenting someone who says, 'I don't like beer any more', and then asking, 'The Big Question: Over beer?'. It then offers Canadian Club as an alternative to beer. The advertising resulted in Canadian Club's best year of sales in Australia, with it being the brand with the largest growth in the spirit category.[6]
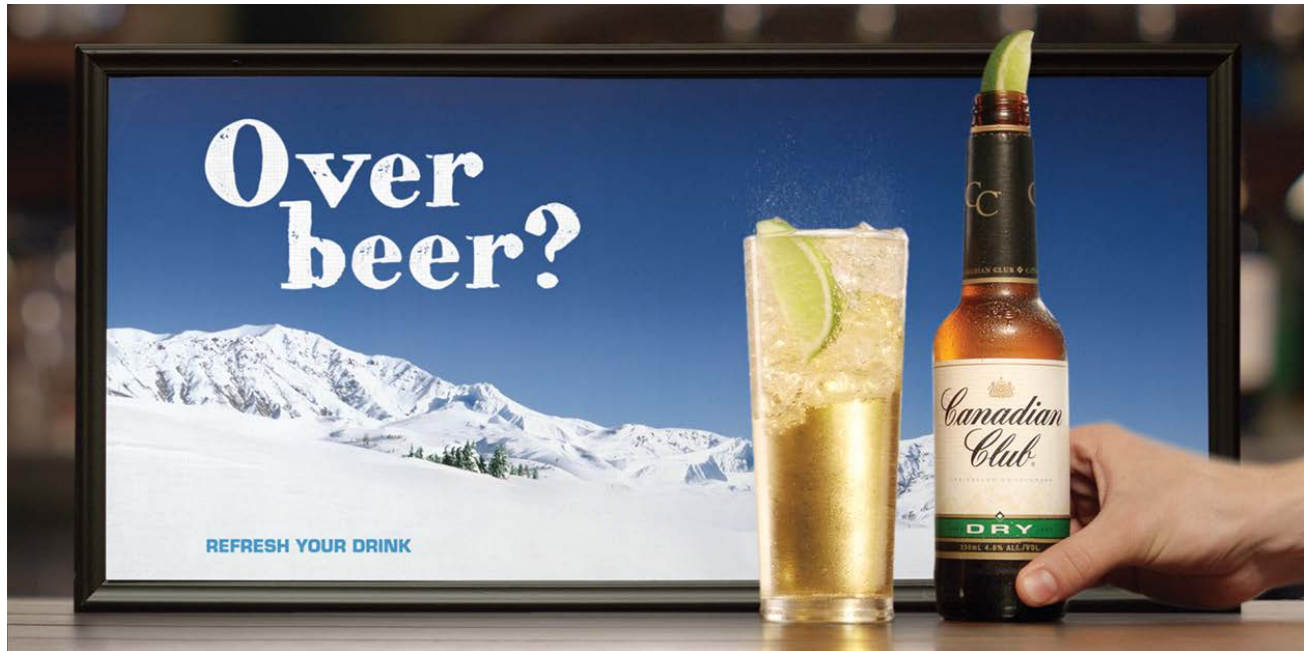
Exhibit 13.3 Canadian Club successfully questioning Australia's beer-drinking culture
Source: The Monkeys and Canadian Club

The nature and purpose of advertising differs from one industry to another and across situations. Companies selling products and services to the consumer market generally rely heavily on advertising to communicate with their target audiences, as do retailers and other local merchants. Advertising for specific brands such as consumer products is designed to stimulate **selective demand**. However, advertising can also be undertaken by an industry to stimulate **primary demand** for a product category, such as the *You never lamb alone* campaign for the Australian Meat and Livestock Corporation.

In addition, advertising is used extensively by companies that compete in the business and professional markets to reach current and potential customers. For example, business-to-business (B2B) marketers use advertising to perform important functions such as building awareness of the company and its products, generating leads for the sales force, reassuring customers about the purchase they have made, or helping create a favourable image of the company.

B2B marketers generally target their advertising to reach key decision makers in other companies and often run their ads in business publications such as magazines and newspapers, although television and the internet are the largest categories for B2B ad spending. Many products such as personal computers, tablets, smartphones and printers, along with services such as finance and banking, telecommunications and insurance, are marketed to both business customers and consumers. Thus, marketers sometimes develop ad campaigns that serve both markets.[7]

To sum up, Figure 13.1 describes the most common types of advertising.

ADVERTISING TO CONSUMER MARKETS

National advertising

Advertising done by large companies on a nationwide basis or in most regions of the country. Most of the ads for well-known companies and brands that are seen on prime-time TV or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand and its

features, benefits, advantages or uses, and to create or reinforce its image so that consumers will be predisposed to purchase it.

Retail/local advertising

Advertising done by retailers or local merchants to encourage consumers to shop at a specific store, use a local service or patronise a particular establishment. Retail or local advertising tends to emphasise specific patronage motives such as price, hours of operation, service, atmosphere, image or merchandise assortment. Retailers are concerned with building store traffic, so their promotions often take the form of direct-action advertising designed to produce immediate store traffic and sales.

Primary- versus selective-demand advertising

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasises the reasons for purchasing a particular brand.

An advertiser might concentrate on stimulating primary demand when, for example, its brand dominates a market and will benefit the most from overall market growth. Primary-demand advertising is often used as part of a promotional strategy to help a new product gain market acceptance, since the challenge is to sell customers on the product concept as much as to sell a particular brand. Industry trade associations also try to stimulate primary demand for their members' products, among them cotton, milk, orange juice, pork and beef.

ADVERTISING TO BUSINESS AND PROFESSIONAL MARKETS

Business-to-business advertising

Advertising targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. Industrial goods are products that become a physical part of another product (raw materials or component parts), are used in manufacturing other goods (machinery) or are used to help a company conduct its business (e.g. office supplies, computers). Business services such as insurance, travel services and healthcare are also included in this category.

Professional advertising

Advertising targeted at professionals such as doctors, lawyers, dentists, engineers or teachers to encourage them to use a company's product in their business or professional operations. It might also be used to encourage professionals to recommend or specify the use of a company's product by end users.

Trade advertising

Advertising targeted at marketing channel members such as wholesalers, distributors and retailers. The goal is to encourage channel members to stock, promote and resell the manufacturer's branded products to their customers.

Functions and structure of ad agencies

Developing and implementing an advertising campaign is usually a complex and detailed process involving the efforts of many people. As consumers, we generally give little thought to the individuals or organisations responsible for creating the clever advertisements that capture our attention, the websites we visit, the videos we watch online or the contests and sweepstakes we hope to win. But for those involved in the marketing process, it is important to understand the nature of the industry and the structure and functions of the organisations involved.

The advertisers, or clients, are the key participants in the process. They have the products, services or causes to be marketed, and they provide the funds that pay for the marketing communications program. The advertisers also assume major responsibility for developing the marketing plan and making the final decisions regarding the advertising and promotional program that will support it. The organisation may perform most of these efforts itself, either through its own advertising or marketing communications department or by setting up an in-house agency.

While some clients prepare their own advertising in-house, most advertising is created by an **advertising agency**. This is an outside firm that specialises in the creation, production and/or placement of the communications message and that may provide other services to facilitate the marketing and promotions process. Many large advertisers retain the services of a number of agencies, particularly when they market a number of products.

These range in size from a one- or two-person operation to large organisations with more than 100 employees, and they vary in the services offered and functions performed. A **full-service agency**, for example, offers a full range of marketing, communication and promotional services, including account planning, creating and producing the advertising, performing research and selecting media. It may also offer other marketing communication services such as sales promotion, direct marketing and interactive capabilities, package design, public relations and publicity.

Other advertising agencies, such as **creative boutiques**, are smaller and more specialised agencies that have creative personnel such as writers and artists on staff, but do not have media, research or account-planning capabilities. Creative boutiques have developed in response to some companies' desire to use only the creative services of an outside agency while maintaining control of other marketing communication functions internally. Although most creative boutiques work directly for companies, full-service agencies often subcontract work to them when they are very busy or want to avoid adding full-time employees to their payrolls. An advantage of these smaller agencies is their ability to turn out innovative, creative work quickly and without the cumbersome bureaucracy and politics of larger agencies. Many companies also prefer working directly with a smaller creative boutique because they can get more attention from and better access to creative talent than they would at a larger agency.

Media agencies are communications specialists who concentrate on the increasingly complex tasks of understanding people's attitudes and use of media. They then advise their clients accordingly on who to target and

how best to engage them through the various communication channels. The most common services include media research, strategic planning, media negotiation and placement. Media agencies work closely with the client and often with several creative agencies. They tend to be larger than creative agencies because they need to work across the breadth of media options available and they will often handle several brands owned by each client company.

Because media-buying agencies purchase such large amounts of time and space, they receive large discounts and can save the agency or its direct clients money on media purchases. A major development in the purchasing of advertising media in recent years has been the rapid growth of **programmatic buying**, which refers to the wide range of technologies that are automating the buying, placement and optimisation of advertising media.[8] Programmatic buying originated in the purchase of digital advertising space, where there are a myriad of options available to marketers and the purchase process is automated and often based on real-time bidding. However, programmatic buying is expanding beyond digital media as it is being used to purchase television advertising time as well.

Regardless of the agency structure, there are a number of key functions in advertising. Each function is a job opportunity. So as you read through the following section, find your dream job in advertising.

Account management

Account service, or account management, is the link between the ad agency and its clients. Depending on the size of the client and its advertising budget, one or more account executives or **account directors** liaise with the client. The **account executive** is responsible for understanding the advertiser's marketing and marketing communication needs and interpreting them to other agency personnel. He or she coordinates agency efforts in planning, creating, placing and producing ads. The account executive also presents agency recommendations and obtains client approval.

As the focal point of the agency–client relationship, the account executive must know a great deal about the client's business and be able to communicate this to specialists in the agency working on the account.[9] The ideal account executive has a strong marketing background as well as a thorough understanding of all phases of the advertising process.

Planning

Many large full-service agencies maintain a research or planning department whose function is to gather, analyse and interpret information that will be useful in developing strategies to guide the advertising decisions for their clients. This can be done through primary research—where quantitative and qualitative studies are designed, executed and interpreted by the **account planners**—or through the use of secondary (previously published) sources of information.

Planners use this research to really understand the consumers and their attitudes (who they are, what they think, what they value and what needs they have that the product can fill) and thus become the consumer advocate in the agency. Their understanding is typically transformed into a consumer insight and becomes the advertising strategy that underpins the campaign development.

Media

The media function of an agency is to analyse, select and contract for space or time in the media that will be used to

deliver the client's advertising message. The media role is to develop a contact strategy, or media plan, that will reach the target market and effectively communicate the message. Since most of the client's ad budget is spent on media time or space, this agency or department must develop a plan that communicates the right message with the right audience at the right time and place, in the most cost-effective way. The media role is a strategic part of the agency business. An agency's ability to negotiate prices and effectively use the vast array of media vehicles, as well as other sources of customer contact, is equally as important as its ability to create ads.

Creative

The creative agency or department, under the guidance of the **creative director**, is responsible for the creation and execution of advertisements. The individuals who conceive the ideas for the ads and write the headlines, subheads and body copy are known as **copywriters**. They may also be involved in determining the basic appeal or theme of the campaign and often prepare a rough initial visual layout of the print ad or television commercial.

While copywriters are responsible for what the message says, the art department is responsible for how the ad looks. For print ads, the art director and graphic designers prepare layouts—the plans of what the ad will look like and from which the final artwork will be produced. It is usual for a copywriter and art director to work together as a team.

Production

Once the copy, layout, illustrations and mechanical specifications have been completed and approved, the ad is turned over to the **production** department. Most agencies do not actually produce finished ads; they hire printers, engravers, photographers, typographers, digital artists and other suppliers to complete the finished product. For broadcast production, the approved **storyboard**, which is a sequence of frames or panels that depict the commercial in still form, must be turned into a finished commercial. The production department may supervise the casting of people to appear in the ad and the setting for the scenes as well as choose an independent production studio. The department may hire an outside director to turn the creative concept into a commercial. Copywriters, art directors, account executives, account directors, account planners and representatives from the client side may all participate in production decisions, particularly when large sums of money are involved.

IMC PERSPECTIVE 13.1

AUSTRALIAN ADVERTISING TODAY: DIGITAL IS CHANGING EVERYTHING

How has the growth of digital impacted on our definition, understanding and use of advertising? Technological improvements such as speed of bandwidth and the growth of wireless have made it easy for us to connect with each other. Search engines such as Google, Yahoo! and Bing are second nature to us now and increase the accessibility of information and entertainment. We don't need to go too far back to find that consumers used to spend less than half an hour online each day, whereas according to Roy Morgan, Australians now spend more time on the internet than working.

Only a few years ago, when planning a new campaign for a client, advertising agencies would conceive and develop advertising primarily for mass media channels, such as television, radio and print, with an online component included as an add-on that directed the audience to the same information on the website or delivered downloadable brochure-ware.

Now, digital marketing, social networking, video sharing, blogging and tweeting are the order of the day, with other media seen as add-ons. Facebook has over two billion active members worldwide, Twitter boasts 500 million accounts, and more than five billion videos are viewed each day on YouTube, making it one of the most visited sites online. Video-on-demand, catch-up television and many subscription channels are narrowcasting to high-definition flat-screen televisions that can also be connected to laptops and gaming consoles.

Mobile phones have become an important part of our lives as 88% of us now own one and many of us find them indispensable. Smartphones are owned by 68% of us and the figure is growing! There are more than two million apps for us to choose from, many of which are designed to facilitate making purchases, such as comparison shopping, locating bars and restaurants, or having discount coupons delivered to our phones. Many marketers are developing mobile marketing programs that can deliver messages and promotional offers directly to consumers' mobile devices and can be targeted to specific locations and consumption situations. The uptake of tablet devices has also been swift, with around 11.2 million users in Australia.

The pace of technological change presents a significant challenge to advertisers, who must now adapt their integrated marketing communication programs to stay relevant. Advertisers will have little choice but to embrace these changes and view them as an opportunity to connect digitally rather than as a threat.

As each new medium has come along, there have been dire predictions that it will usurp all others—think radio, then television and now the internet—yet maybe this time they are right. Digital has changed advertising. Expenditure and creative energies are increasingly focused on digital and the best way to engage a more fickle, easily distracted and globally connected consumer.

Sources: Brian Steinberg, 'Social TV is getting down to business—advertisers seem less interested in check-ins than affecting purchasing', *Ad Age,* 19 November 2012 (accessed 4 February 2013); Roy Morgan 'Australians spending more time online than working', Roy Morgan Findings No. 7665, 23 July 2018, http://www.roymorgan.com/findings/7665-time-spent-working-and-media-march-2018-201807200811 (accessed 20 February 2019); Statista, 'Number of smartphone users in Australia', 2018, https://www.statista.com/statistics/467753/forecast-of-smartphone-users-in-australia/ (accessed 20 February 2019).

Table 13.4 lists the top advertising agencies in Australia and New Zealand.

AUSTRALIA Ad agency		NEW ZEALAND Ad agency	
1	Clemenger BBDO, Melbourne	1	DDB New Zealand

2	The Monkeys, Sydney	2	Colenso BBDO, Auckland
3	Che Proximity, Melbourne	3	FCB New Zealand
4	R/GA, Sydney	4	Saatchi & Saatchi New Zealand
5	Leo Burnett, Melbourne	5	Clemenger BBDO, Wellington
6	BMF, Sydney	6	Ogilvy & Mather New Zealand
7	McCann, Melbourne	7	Barnes, Catmur & Friends Dentsu, Auckland
8	MediaCom, Melbourne	8	TBWA, Auckland
9	Leo Burnett, Sydney	9	Y&R New Zealand
10	TBWA\Melbourne	10	M&C Saatchi New Zealand/ Publicis Mojo, Auckland

Table 13.4 Australia and New Zealand's top agency rankings

THE FUTURE OF ADVERTISING

The death of advertising

In 1994, Rust and Oliver wrote an article for *The Journal of Advertising* announcing the death of advertising. They wrote:

> Mass media advertising as it is currently known is dying. Advertising agencies are restructuring to accommodate a harsher advertising climate, agency income is flat, agency employees are being laid off, direct marketing is stealing business from traditional and the growth of sales promotion and integrated marketing communications both come at the expense of traditional advertising. The reason for advertising's impending demise is the advent of new technologies that have resulted in the fragmentation of media and markets, and the empowerment of consumers.[22]

Yet over two decades later, advertising is a multibillion-dollar global industry. As we have seen in this chapter, advertising has transformed from the first classified-like advertisements to interactive engagement online. We are seeing changes in advertising expenditure, agency structure and the use of multiple channels and multiple platforms to deliver a consistent message.

The way we think about advertising and the way we practise it as a discipline have also changed. Advertising has altered from a great execution to a strong strategy, inspired by consumer insight. It changed when we moved from print to radio, and again when television was introduced to the media mix. All of these media have survived and the advertising industry has learned how to embrace them. The technology that is driving the current challenges will provide further opportunities for advertising to grow and adjust. All of us in the advertising industry will learn from the experience.

Most importantly, technology is a driver of integration and we have seen in this book how the dominance of advertising as the major form of marketing communication has been replaced with a more strategic and integrated approach incorporating all communication elements. This new discipline of integrated marketing communication or IMC has grown to encompass advertising, not as a replacement for it but as a natural evolution to better suit the needs of a connected audience. It is not the same old advertising, but we are not the same old consumers either! An important change has been the growth of interactive advertising.

Digital media and interactive advertising

Digital media is different from traditional media because it allows consumers to increase exponentially the impact of their communication by using platforms such as web communities, viral email, instant messaging, mobile phones, Facebook, LinkedIn, YouTube, Instagram, Twitter and Pinterest. The power of digital media lies in the proliferation of information technology, which enables continuous electronic updates and instant communication with multiple individuals simultaneously. In particular, it is the power of the internet to provide mobility and 'anytime anywhere' media access.

The digital shift occurred only in the past ten years, overtaking TV and print to be the leading advertising medium. Digital media has also made advertising interactive. **Interactive advertising** is 'the paid and unpaid presentation and promotion of products, services and ideas by an identified sponsor through mediated means involving mutual action between producers and consumers'.[23]

Exhibit 13.5 Digital media enables consumer communication across a broad spectrum of platforms, such as Instagram and Facebook
Source: Shutterstock/Rawpixel.com

It is similar to the definition of advertising presented earlier in this chapter, but highlights a couple of key differences. First is the fact that not all interactive advertising is paid for. This perhaps defines interactive advertising, as it opens up free digital media channels for both marketers and non-marketers. You, for example, could post a video on YouTube without having to pay the cost of a 30-second commercial. The second difference is the need for mutual action, or interaction, between marketers and consumers. This content creation and mutual sharing is typically driven by digital platforms.

All of this makes interactive advertising a powerful marketing communication tool. Interactive advertising offers a number of benefits, including the following: it increases the efficiency and quality of consumer decisions, by increasing customer involvement; it reduces information asymmetry, by promoting trust through reciprocity in information exchange; and consumer feedback, in turn, improves marketers' messages, customer support and product development. In sum, interactive advertising produces greater efficiency, trustworthiness and quality.[24]

In this interactive environment, information processing is dependent upon both consumer-controlled function (reasons for internet use, goal directedness and information processing) and advertising-controlled structure (characteristics of the message). Rodgers and Thorson brought consumer-controlled and advertiser-controlled aspects together in the interactive advertising model (IAM), shown in Figure 13.3 .[25]

Motives Consumer-controlled	**Cognitive tools** Consumer-controlled	**Ad structures** Advertiser-controlled	**Outcomes** Consumer-controlled
Motives (e.g. research, social media, online shopping,entertainment) shape processing modes on a general spectrum from serious to playful	Motives influence cognitive functions such as memory or attitude	Cognitive tools interact with ad **types** (is it a political ad? A PSA?), **formats** (is it a pop-up? A banner?) and **features** (is it objective? Subjective?)	The result of the interaction constitutes the outcome. Was the ad forgotten, ignored, acted upon, or able to prompt a further action?

Figure 13.3 The interactive model of advertising
Source: Shelly Rodgers & Esther Thorson, 'The interactive advertising model: how users perceive and process online ads', *Journal of Interactive Advertising* 2000, 1(1), pp. 42–61.

Getting to grips with interactive advertising

The new reality for advertisers, as shown in the interactive advertising model (Figure 13.6), is the existence of a greater number of consumer-controlled aspects than advertiser-controlled. For consumers, the most popular consumer-controlled interactive

media are online social networks such as Facebook, YouTube, Instagram and Twitter. So how does the advertiser interact with consumers across many new consumer-controlled interfaces in a natural, legitimate and social manner without being accused of interrupting, interloping or snooping?

And herein lies the challenge to advertisers. How do you tap into this dynamic network of communication without alienating it? Social networking strategist Lauren Papworth suggests, 'Pure social media is about being involved. It's where you come to network with a question or a problem, not with a solution. Often it is about asking people to create content around a product, or to help create a campaign to become engaged with a product,'[26] Telstra social media adviser Mike Hickinbotham puts it perhaps a bit more plainly. 'Companies have three options with social media. The first is to ignore it, the second is to listen and the third is to get in there and participate. I would suggest every single company should at least listen.'[27]

Kraft, for example, listened when an online competition to name a new product for the Australian market backfired. Social networks shouted their disapproval of the chosen name, iSnack 2.0, and lobbied the company to choose an alternative. This is a good example of online interaction. In this case, the initial outcome was a negative reaction to the proposed name that resulted in the final choice of a more acceptable consumer-generated name.

Another great use of interactive social media drew inspiration from the idea that the digital platform can be used for sharing photos. The Bonds' Birthday Project not only used social media but also advertising on television and out-of-home, and a healthy dose of public relations. The concept was to get one Australian to claim each date from the day Bonds began in 1915 until the end of December 2012—all 35 301 dates! In fact, more than 90 000 photos were uploaded and the site crashed under the volume of uploads. Other companies that have run campaigns asking people to share photos of themselves enjoying the product include Coca-Cola and Corona.

Not only have organisations asked customers to send photos showing their products—they can also ask them to make their advertisements. Fan-made advertisements have been used by several companies as part of a competition, including Doritos and Tesla. For several years, Doritos ran a competition called 'Crash the Super Bowl', with the winning entry to be aired during the Super Bowl (see Exhibit 13.6).

Exhibit 13.6 Doritos encouraging fan engagement—'You make it. We air it'
Source: Frito-Lay North America, Inc.

All in all, these are very successful campaigns for delivering **engagement** and sales results because they are able to tap into our desire to connect with each other and the brand. Everyone is connected through people we know or people that Malcolm Gladwell calls 'connectors' in his book *The Tipping Point*.[28] The impact of interactivity and social media on marketing communication and in particular on consumer engagement is of such importance that Chapter 4 is devoted to it.

So is it the death of advertising? I don't think so. According to advertising scholar Jef Richards, 'The Death of Advertising? I think that's in the book of Revelation. It's the day when people everywhere become satisfied with their weight, their hair, their skin, their wardrobe, and their aroma.'[29]

♻ IMC PERSPECTIVE 13.2

THE FUTURE OF ADVERTISING AGENCIES: HOW BEST TO SERVE CLIENTS

Life was simple when marketers concentrated on the three Ps of marketing (product, price and place) and left the agency to get on with the fourth P—promotion—on their behalf. There was a level of confidence in the full-service agency's ability to provide advertising solutions to drive sales growth. Departments within the agency got on with the business of advertising campaign development. Insight into the human condition came about through focus group research. The account planning team would champion the needs of the consumer from their detailed research into the brief. This would help creatives come up with a well-designed ad campaign that the in-house media department or affiliated media agency would roll out in mainstream media after negotiating good deals on behalf of the marketer client from media owners such as newspaper and magazine publishers, television networks and radio stations. It was relatively easy to tag on sales promotions or salesforce activities after the campaign was produced, hopefully consistent with the campaign theme, but with no guarantees that they would be. Or perhaps there would be a direct mail element for existing customers, but it would be handled by the direct marketing agency, so there would be no need to worry about it. Then some launch publicity was discussed with the PR agency and set up for the beginning of the campaign. Finally, it was just a case of waiting for the sales results to roll in.

So what has changed? What are marketers expecting of agencies? Why do agencies need to do things differently? Well, for one thing, digital has come along and shaken everything up. As marketers look at what interests consumers, how they make decisions and how they are spending their (play and work) time in a connected and social world, they know they need to integrate digital into their communications to have any chance of successful sales outcomes. The reality of communication is still interaction and engagement—it just happens differently today.

So is the solution to tack on a digital agency to the existing range of agency providers and manage the integration as best you can through your lead agency and the marketing department? Or, is it to source an agency provider with some digital strategists and contacts in social media and let them muddle through? Perhaps the best thing is to do it all yourself within the marketing department umbrella? All options are possible and they do all occur, delivering different levels of success and sanity for the chief marketing officers. But there is much discussion about how it could be so much better if only the agency redefined itself to embrace the future.

Joseph Jaffe, consultant, author and expert on innovation, marketing, digital and social media, suggests that the agency of the future will become known for one or two core competencies—generation and/or integration. He explains it as follows: the 'generator' agencies will be responsible for the process of generating ideas, solutions and paths to consumers' hearts and minds. They will be media neutral and won't have to worry about how the idea works. They will be judged on their ability to translate their ideas into communication and programs that build the business and the brand. The 'integrator' agencies will be responsible for deciding how the ideas will work in practice, across the most suitable channels. Is advertising the solution or, rather, should it be training customer-focused sales staff? They will be driven by what it takes to connect with consumers and they will be measured accordingly.

To advance the development of the agency of the future he discusses the need for educated and well-trained professionals who get the 'whole picture' and understand the strengths and weaknesses of all marketing communications without fear or favour towards any one.

The agency of the future will surely evolve to serve the needs of the brands, brand owners and consumers of the future. The advertising industry has slowly evolved to (more or less) embrace the rising popularity of the internet. From depending on an 'interruption' model to get its brand messages across, the industry

now accepts the need for an engagement model. The engagement model has to work harder to offer a more complete customer experience but with more easily measured behavioural metrics. Audiences that are engaged with brands and have a meaningful or entertaining dialogue see utility beyond just the communication value. Instead, it is an integral and not-to-be-taken-away part of the brand.

Good advice suggests that the agency of the future will have a global focus, acknowledging that brands connect with audiences across languages and cultural borders. Agencies will also need to keep up with whatever emerging technologies are being embraced by consumers and decide if and how brands should utilise them. Placing equal value on the analytics from big data and powerful creativity will serve agencies well—because that's what their clients need.

Sources: Dan Gregory, 'On the future of agencies', *Marketing,* July 2012, pp. 66–70; Joseph Jaffe, 'The agency of the future', www.imediaconnection.com (accessed 12 September 2013); Rishad Sukhia, 'Desperately wanted—a digital agency for the future', 7 May 2013, www.brightlabs.com.au (accessed 12 September 2013); Hayes Roth, 'What could advertising look like in 2020?', 28 February 2013, www.landor.com (accessed 12 September 2013); Anon, 'The future of advertising agencies—omnipotent, or omnishambles?', *The Economist,* 3 August 2013, www.economist.com (accessed 12 September 2013); Jay Baer, 'The 10 strengths of the agency of the future', www.convinceandconvert.com (accessed 12 September 2013); Mitch Joel, 'What the marketing agency of the future will do differently', Harvard Business Review Blog Network, 15 March 2013, www.hbr.org (accessed 18 September 2013)

SUMMARY

Advertising has evolved from a 'push' by marketers to reach mass market audiences to something more complex and interactive. The definition has been updated to take into account advertising's changed role and responsibilities in a digital, fragmented and mobile media world.

While the definition of advertising may have been challenged in the past decade, its importance has not, and an increasing amount of money is spent on it. Advertising is big business worldwide, as it is in Australia and New Zealand. It is an integral part of our social and economic system, bringing together organisations and their customers, whether in a business-to-business, business-to-consumer or social-marketing setting. Advertising is relevant to both the largest and the smallest of organisations and all those in between.

Advertising continues to be the best way to reach large numbers of people, with an ability to increase brand equity and achieve a variety of objectives, from building awareness and providing information, to giving reassurance or encouraging an intention to respond.

Advertising in Australia and New Zealand can be traced back to the 1800s. The first advertisers were department store retailers, manufacturers of medicinal cures and importers of products from overseas, who used the newspapers and magazines of the day to advertise their merchandise. It was not until the 1900s that advertising agencies emerged, providing guidance on how best to write ads and place them in newspapers, magazines, radio and other places to catch the population's attention.

The use of an advertising agency to help in the development, execution and administration of any advertising program involves the efforts of many participants, including the advertiser or client, ad agencies and providers of collateral services. Many companies use advertising agencies to help develop and execute their programs.

Major changes took place in the advertising industry as large agencies merged with or acquired other agencies and support organisations, forming larger advertising organisations, or superagencies, that could provide clients with integrated marketing communication services worldwide.

The advertising landscape continues to undergo transformation as technology changes advertising to a shared dialogue between marketers and consumers, and consumer with consumer. The emergence of consumer empowerment in the digital environment has led to the development of an interactive advertising model and new models of engagement. These concepts lay the foundations for our exploration of how marketing communication continues to evolve, and why IMC has emerged.

KEY TERMS

DISCUSSION QUESTIONS

1 The opening vignette presents a discussion on the use of advertising by non-profit and charitable organisations. What is the value of these types of organisations using advertising as a form of communication? What other non-profit organisations regularly advertise, and what is their message?

2 Consider the Top 10 advertisers shown in Tables 13.2 and 13.3. Discuss the types of organisations they are and what the main purpose of their advertising is likely to be. See if you can find out if these lists have changed in the past 10 years. Comment on whether the lists have or have not changed and why.

3 Identify the numerous types of communication that the average person might describe as 'advertising'. Does it matter whether or not they understand and define advertising correctly? What about the student of advertising? Does it matter if he or she is able to specifically define advertising?

4 Collecting ads from the past is a hobby for some people. See if you are able to find any online resources that have examples of old ads. Choose a brand that is in existence today and compare and contrast its current ad with the old ad in terms of style, logo, slogan and message used. Why has or hasn't it changed?

5 Why might a company choose to use a creative boutique rather than a full-service agency? Find an example of a company that uses a creative boutique and discuss why the decision to use such a boutique may be appropriate for this organisation.

6 Discuss the role of media agencies. Find out who the major agencies are and who their clients are. Why are some of the clients of media agencies other agencies?

7 What does a digital strategist do? Search recruitment websites, trade publications and industry associations for position descriptions. What are the skills needed today and in the future? Is this the career for you?

8 Discuss some of the ways technology is making it possible for consumers to avoid advertising messages and the impact this is having on the advertising and media industries.

9 Select a brand that you believe epitomises the impact of the interactive advertising model as shown in Figure 13.3. Explain your choice.

10 Research the use of consumer or fan-made content as part of an advertising campaign. What problems can these organisations experience as part of such a campaign? What guidance would you give to an advertiser considering a similar engagement activity?

ENDNOTES

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ONLINE RESOURCES

Below are some online resources for advertising content which you may find useful:

AdAge Datacenter: https://adage.com/datacenter/ – provides analysis of the advertising and media industry, profiles of agencies and media companies.

AdAge Creativity: http://creativity-online.com/ – the Creative wing of AdAge.com with access to some great creative news.

Ad Forum: https://www.adforum.com/ **–** will get you to award winning ads from around the world.

Ad News: http://www.adnews.com.au/ – Aussie advertising news. Some great content. A great mix of campaigns and articles about advertising trends.

Advertising Week: Adweek.com – some free content is available online including potentially useful webinars.

B&T Australian Advertising News: http://www.bandt.com.au/ – A good resource for local news about advertising in Australia. Registering to get on their mailing list is optional.

Communication Council: www.communicationscouncil.org.au – the Communications Council is the peak professional non-profit industry body representing companies in the Australian advertising industry.

Content Marketing Institute: want to create branded content? Learn all about it here.

Gruen TV: http://www.abc.net.au/tv/programs/gruen/ – Gruen has been running for 10 years now. They feature Australia's top advertising executives discussing advertising both Australian and around the world.

Mumbrella: https://mumbrella.com.au/ – an Australian marketing and media industry news website.

14

PUBLIC RELATIONS AND PUBLICITY

LEARNING OBJECTIVES

LO 14.1 To recognise the unique and collective role and value of public relations, publicity and corporate advertising in the integrated marketing communication mix.

LO 14.2 To build starting skills to measure the effectiveness of public relations and publicity.

LO 14.3 To examine the applications, advantages and disadvantages of publicity as earned media.

LO 14.4 To understand the types of corporate advertising and its advantages and disadvantages as paid media.
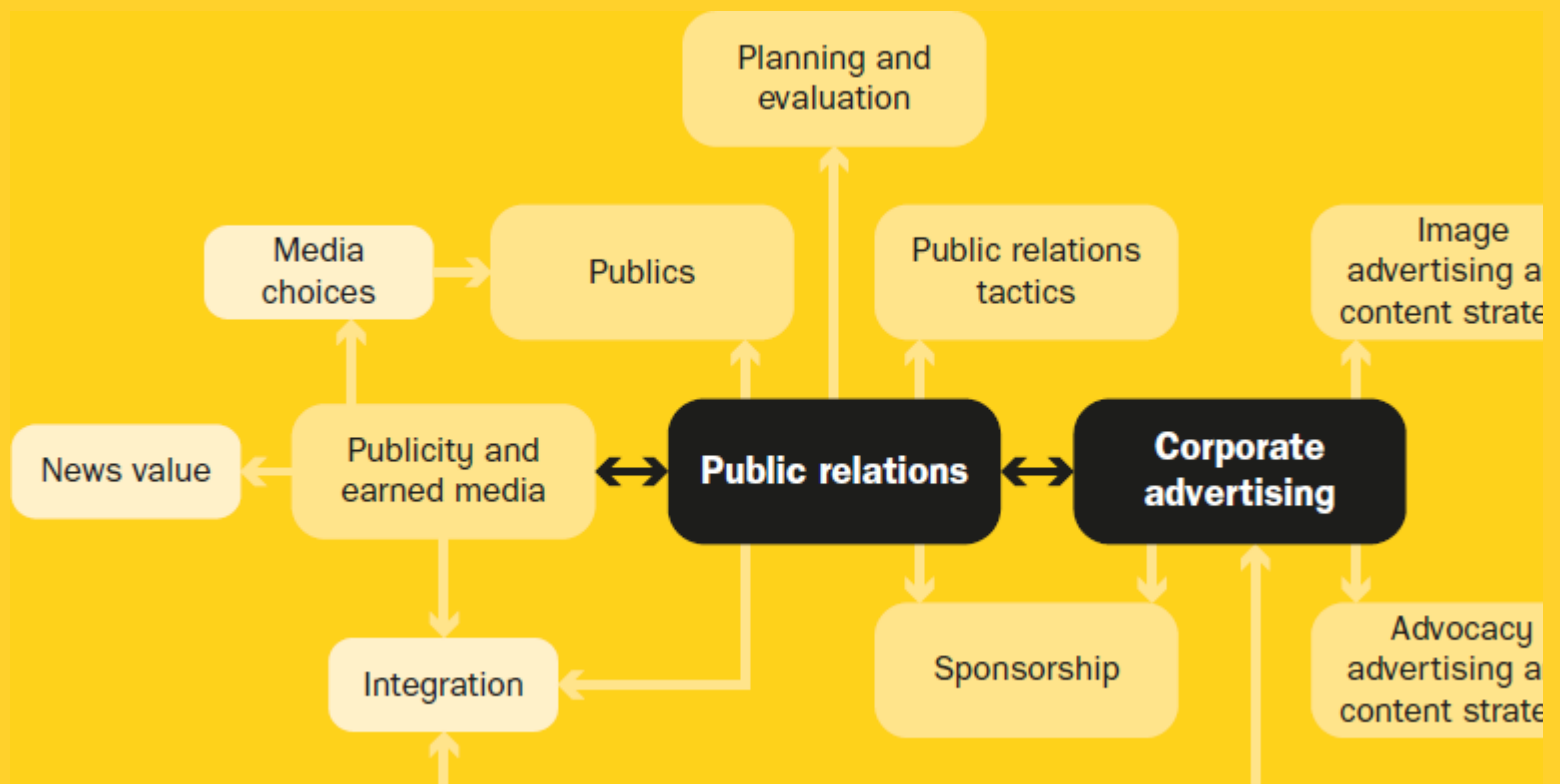
HEY TOSSER! WHEN PUBLIC RELATIONS ADDS A CREATIVE EDGE TO INCREASE ENGAGEMENT

Littering presents an environmental and social problem to most towns and cities across the world. In New South Wales (NSW), the Premier set a target to reduce the volume of litter in the state by 40% by 2020. While advertising campaigns had received high recall, message fatigue was a concern. NSW Environment Protection Authority (EPA) has invested in litter prevention advertising campaigns since 2000.

A different approach was needed to increase public engagement and encourage positive behaviour change to prevent littering, report littering and encourage people to pick up litter. This vignette takes you through the creative public relations process developed by Horizon Communication Group when responding to a brief from the NSW EPA.

To address NSW EPA's public engagement, Horizon (a public relations consultancy) devised a strategy to track the onward journeys of local litter. It created a world-first idea—fitting 40 water bottles with GPS trackers and launching them into waterways across NSW. The launch sites were determined to represent waterways in metropolitan and non-metropolitan areas of the state. The 'litter tracking study' was designed as a way to cut through to gain earned media attention and create content for a sustained time period via earned and shared media platforms. In addition, it established interest and created connections with NSW residents who could see what was happening in their local areas.

In March 2017, 40 water bottles were deliberately tossed into waterways by government officials, enabling the Environment Minister to launch the campaign. The journeys these bottles took were then tracked for one month and updates were shared on Facebook.

A video tracking the launch site and journeys of these water bottles can be seen here: https://www.epa.nsw.gov.au/your-environment/litter-and-illegal-dumping/epa-work-prevent-litter/using-bottles-track-litter. Depending on their launch site, some bottles stayed close to home, some were trapped in local mangroves, others travelled 45 km, and some ended up in a rubbish tip.

Exhibit 14.1 The *Hey Tosser*! campaign aims to encourage positive behaviour change
Source: Shutterstock/Ddekk

With the bottles launched in March 2017, the five-week campaign also embedded additional and equally important campaign elements. First, to complement media commentary, Horizon created emotive and localised social media/advocacy content to encourage peer conversations about littering. Second, an education campaign about the impact of litter encouraged stakeholders to put their rubbish in a bin or take it with them. Third, a focused business-to-consumer model was employed so that stakeholders could be reached through organisations that they already knew and trusted such as NSW Taxi Council. The organisations shared campaign content through their customer channels.

In summary, the public relations tactics for this campaign included:

- creative concept of GPS-fitted water bottles
- launch of campaign
- ministerial briefing kit
- media releases and media kit
- video of litter study
- images to support earned media
- social media content
- stakeholder engagement and outreach.

In this chapter, you'll learn about some of these tactics and their unique and collective contribution to marketing communication.

Exhibit 14.2 The *Hey Tosser*! campaign found that a bottle launched in Vaucluse, Sydney, travelled 45 km along the Eastern Australian coastline to Cronulla
Source: Shutterstock/Ramunas Bruzas

Following any campaign, it is important to evaluate its effectiveness. Horizon reported that more than 200 media stories were earned or generated using this campaign, with a reach of 18 million people nationally. The group also noted an increase in recall of the *Hey Tosser!* campaign (up to 80% from 72% in 2016) and a rise in the number of people who now knew how to report litter from vehicles (up to 39% from 18% in 2016).

NSW EPA continues its litter-prevention campaign, and in November 2018 launched a new series of social media ads, developed by Paper Moose, to build awareness around littering and pollution. These ads depict cartoon marine animals who are affected by litter such as cigarette butts and ice-cream wrappers and take action to return the litter to their human owners. Let's see how NSW EPA tracks towards its goal in 2020 and beyond.

Source: NSW EPA; Horizon Communication Group

The lead-in to this chapter clearly demonstrates the power of earned and shared media in its traditional and digital forms, particularly how it can be leveraged to support ongoing interest in a campaign. Later, this chapter shares initial insights about how to harness public relations during crises. No matter if it is positive or negative, publicity or earned media is often out of the control of the organisation. While organisations cannot vet the content of earned media, its power as a credible and independent tool makes it a valued part of marketing communication strategy.

The value of publicity, public relations and corporate

advertising

Publicity, public relations and corporate advertising contribute important program elements that may be of great benefit to organisations. They are key parts of the overall integrated marketing communication effort that must be managed and coordinated with the other elements of the mix.

The activities behind these three areas do not always have the specific objectives of product or service promotion or sales targets. Typically, the activities and outputs of public relations, publicity and corporate advertising are designed to raise awareness, change behaviours, restore trust, build leadership or company profiles, or change attitudes towards an organisation or issue. This chapter explores the roles of public relations, publicity and corporate advertising, the advantages and disadvantages of each, and the process by which they are employed.

HISTORY OF ADVERTISING: WHERE MARKETING COMMUNICATION BEGAN IN AUSTRALIA AND NEW ZEALAND

When the First Fleet arrived in Botany Bay in 1788, along with an assortment of future citizens, a printing press was stowed in the hull of one of the ships. However, the struggle to survive was greater than the need for a media industry and the printing press was not put to use until almost a decade later. The first advertisement ever produced in Australia was on 8 March 1800—a poster for a double-feature performance of *The Recruiting Officer* and *The Virgin Unmasked.*[10] The first newspaper advertisements followed three years later in the *Sydney Gazette* and quickly gained popularity in the new colony. Advertising everything from clothing to imported delicacies to cures for baldness, the newspaper advertisements used emotive words and often-inflated claims to entice the population, as illustrations were not permitted in newspaper advertising.

The first magazine advertisement appeared in the *Australian Magazine: Compendium of Religious, Literary and Miscellaneous Intelligence* on 1 May 1821. However, it took an enterprising merchant, Mr Percy Hordern, to really get the presses rolling. In 1890, he used the first ever full-page advertisement to announce his drapery sale. This not only set his customers scrambling, but his competitors as well. Advertising became a part of the way of doing business and it was not long after that an English visitor described the *Melbourne Herald* as 'the paper written on the back of Myer ads'.[11]

To service the flourishing advertising industry, advertising agents set up shop as early as 1901. HMC Cowdrey opened the first advertising service agency in Sydney and placed the first full-page illustrated advertisement in the *Sydney Morning Herald* in the same year. In 1906, the US-based Weston Company moved into the developing market of Australia, followed by a legion of US and local advertising agencies within the decade. The largest of these was Catts-Patterson, the agency now called George Patterson Y&R, which has dominated the advertising industry in Australia ever since. The AdNews Advertising Hall of Fame was set up in 2009 to honour those who had most keenly influenced the advertising industry in Australia. Norman Catts was one of the 12 original inductees.

By 1911 the advertising agencies were numerous enough and united enough to begin to demand commission from the media for the advertisements they placed. This move was led by the US-based agencies, which enjoyed the additional income stream at home. To protect this fledgling income, advertising agencies began to form industry associations. The first was in Melbourne in 1912. Then in 1946, the national Australian Association of Advertising Agencies was formed. This became the Advertising Federation of Australia, and then changed its name to the Communications Council, the key advertising agency body that exists today. Commercial radio arrived in 1923 and television was introduced to showcase the Melbourne Olympics in 1956.

For some people, collecting old ads and advertising memorabilia is an absorbing hobby that explores the popular culture of the day and provides a perspective on the everyday life of the times. Likewise the

history and development of brands is sometimes of great interest to the various stakeholders in an organisation and becomes the subject of corporate histories. For example, the ad in Exhibit 13.4   is an advertising image for Qantas from the 1960s.

Exhibit 13.4 Qantas ad from the 1960s. How different are the travel campaigns today!
Source: Qantas Airways Limited

Across the Tasman, advertising industry development followed a similar pattern. Records show that John Inglis

Wright left a printing business in Scotland to set up Dunedin's first advertising agency in 1906. This was five years before the New Zealand newspaper publishers set up the Newspaper Proprietors Association. This association established an early accreditation system, issuing letters of commendation to agencies such as Wright's which the newspaper group considered creditworthy. It legitimised the advertising process, but did little to spur its growth.

By 1927, there were 11 accredited advertising agencies in New Zealand, five with multiple offices. The fledgling industry received an unexpected boost during World War II. The advertising opportunity created by government advertising projects was both a financial lifeline as well as a demonstration of the importance of advertising in delivering a political message. The New Zealand Association of Advertisers was established soon afterwards, in 1950.[12]

But it wasn't until New Zealand tuned in to television that the advertising industry really switched on. The resulting influx of multinational advertising agencies changed the dynamics of the industry. New Zealand stalwarts such as J Ilott Advertising sold out to Ted Bates & Company in the early 1960s. The power base of the industry shifted to Wellington, closer to the centre of population. Today, most of the government advertising business is still handled out of Wellington.[13] As in Australia, the advertising industry in New Zealand grew with the adoption of mass media and the advertising landscape in both countries has always been one of change.

THE CHANGING ADVERTISING LANDSCAPE

Changing structure and ownership

During the late 1980s and into the 1990s, the advertising industry underwent major changes, as large agencies merged with or acquired other agencies and support organisations to form large advertising organisations, or **superagencies**. These superagencies were formed so that agencies could provide clients with better integrated marketing communication services worldwide. Some advertisers became disenchanted with the superagencies and moved to smaller agencies that were flexible and more responsive.[14] However, during the mid-1990s the agency business went through another wave of consolidation as a number of medium-sized agencies were acquired and became part of large marketing communication organisations such as Omnicom Group, WPP Group and the Interpublic Group of companies. Many of the medium-sized agencies were acquired by or forged alliances with larger agencies because their clients wanted an agency with international communication capabilities, aligned with larger organisations giving them access to an international network of agencies. The consolidation of the agency business continued into the new millennium as large agencies such as Fallon Worldwide, Leo Burnett, Saatchi & Saatchi and even Mojo were acquired by the giant French holding company Publicis Groupe.

The advertising holding companies have mirrored the changes in communication in the sense that their acquisitions began with agencies specialising in areas such as public relations, direct marketing and sales promotion. They were driven by the need to offer their clients an ever-broader range of integrated marketing communication services.[15] Over the past few years, it has been digital acquisitions that have dominated the global holding companies' activities. Globally, there are seven major holding companies dominating the communication world—WPP, Omnicom, Publicis, Interpublic, Dentsu, Havas and Aegis. Dentsu has been on the move recently, actively looking to expand its influence from its base in Japan.[16]

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According to the Deloitte report 'Advertising Pays', in Australia the advertising industry directly employs around 56 000 people, and in aggregate is associated with the employment of over 200 000 people. Further, the annual expenditure on advertising is worth almost 1% of GDP.[17]

The advertising industry had recovered from the global financial crisis of 2008–09 by 2011. The Commercial Economic Advisory Service of Australia (CEASA)[18] estimated the breakdown of advertising expenditure in Australia by media as shown in Figure 13.2 .
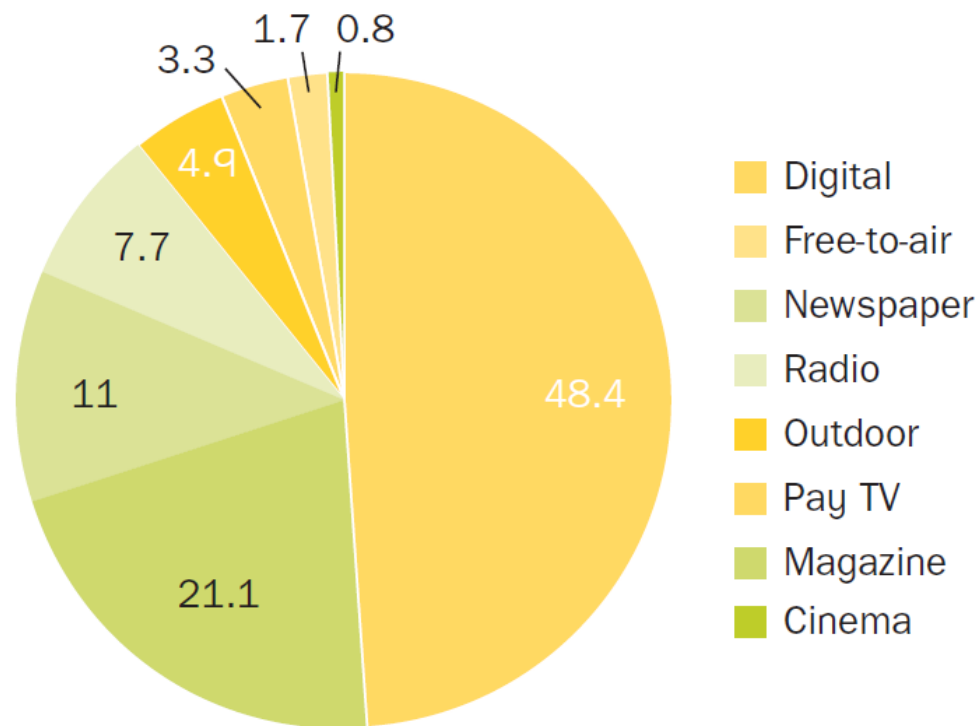
Figure 13.2 Breakdown of advertising expenditure in Australia by media, 2016

Media specialist Harold Mitchell has predicted that the growth of the internet is responsible for the biggest change to the media environment, commenting that 'People will continue to watch free-to-air television when there is something that they are interested in, but there are many other technology options led by the internet, pay TV and iPods that are competing for their time. The new digital media forms afford a significant opportunity to add quality to the level of communications we have had in the past.'[19]

While New Zealand is small by international standards, its media environment is complex and increasingly fragmented. Ad expenditure for 2017 was NZ$2.572 billion.[20] For a population of 4.79 million, digital media was 36.04% of media spend, followed by television (23.08%), newspapers (16.99%) and radio (11.05%).[21]

LO 14.1

PUBLIC RELATIONS

What is public relations? How does it differ from other elements of marketing communication? Let's start with a definition of *public relations.*

The definition of public relations

A variety of academics and books define **public relations (PR)**, but definitions offered by peak industry bodies provide some applied perspectives. The Public Relations Institute of Australia defines public relations in this way:

> *The deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation (or individual) and its (or their) publics.*

The Public Relations Society of America (PRSA) dedicates time to sharing the history of public relations. In 1982, the society argued that 'public relations helps an organisation and its publics adapt mutually to each other' (https://www.prsa.org/all-about-pr/). However, following membership discussion and a vote, and recognising the present-day importance of engagement and relationship-building, the PRSA adopted the following modern definition of public relations:

> *Public relations is a strategic communication process that builds mutually beneficial relationships between organisations and their publics.*

One of the key features of public relations, as distinct from advertising and marketing, is its focus on publics or stakeholders that are relevant to an organisation. In this way, public relations considers not only customers but publics; for example, shareholders looking to invest, employees undergoing structural change, community members affected by the construction of a new motorway or powerline, and governments and representatives that can influence policy changes.

According to the PRSA, public relations is a management function within organisations. In this role, public relations practitioners cultivate the expertise to be able to:

- anticipate and examine public attitudes and opinions towards issues or events that might positively or negatively influence or spill over to affect organisational relationships (e.g. public perception towards uranium mining and Indigenous affairs)
- advocate for publics' positions on issues to support activities appropriate to multiple stakeholders or parties
- build trust and reputation in the organisation and its leaders and protect trust and reputation following crises

- build, maintain, or regain acceptance of an organisation, its products and services to support sales and market performance
- work with the marketing and advertising discipline to support overall communication goals for the organisation.

One of the foundational academic definitions comes from *Cutlip and Center's Effective Public Relations*, where public relations is defined as 'the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its success and failure depends'.[1]

Public relations is multifaceted. It involves much more than activities designed to sell a product or service. An effective public relations program may combine all of the elements listed above and be executed over a year with periods of evaluation and review.

The way in which companies and organisations use public relations might best be viewed as a continuum. At one end of the continuum is the use of public relations practice with a primary responsibility to maintain mutually beneficial relationships between the organisation and its publics. In this case, customers or potential customers are only part of numerous publics—employees, investors, community members, special-interest groups and so on. Under this style, marketing and public relations are separate departments; if external agencies are used, they are separate agencies. At the other end of the continuum, public relations is considered primarily as a marketing communications function.

Within many organisations, managers envisage both strong marketing and public relations or communication departments that work closely together, blending their talents to provide the best overall image of the company and its product or service offerings and enhancing the important relationships that protect the organisation's position. Often, specialised public relations expertise is needed and organisations will engage a **public relations consultancy** to manage campaigns or issues or crises.

This integration or convergence in the practice of public relations, marketing and advertising stems also from the convergence of media systems and how they are consumed by publics including consumers.[2]

Integration of public relations and advertising has been a long-standing topic of interest for academics from both disciplines.[3] Supa examined public relations and advertising practitioner perceptions of practice. The research found mutual respect between the professions, but there was less enthusiasm about 'being forced into a single silo'.

This chapter acknowledges the distinct role of public relations in terms of relationships and its resulting contribution to the trust and reputation of organisations, leaders and brands. Yet, at the same time, public relations contributes strongly to the IMC process and marketing and sales objectives of brands and organisations. With today's 24-hour global news cycle and a consumer-empowered communication environment driven by social media platforms, coordination and integration of messages and activities is more critical than ever for marketing-focused organisations.

Integrating public relations into the IMC mix

Given the broad responsibilities of a public relations program and practitioner, the issue for this text is how to integrate public relations into the IMC mix. While there are many designs for marketing and public relations,[4] this text focuses on the way public relations contributes to the IMC mix. Other texts and courses will offer a deeper

insight into and experience of comprehensive public relations practice.

There are many public relations activities that support marketing objectives. Marketing objectives that may be aided by public relations activities include raising awareness, informing and educating, gaining understanding, building trust, giving consumers a reason to buy and motivating consumer acceptance. A few of these activities are outlined next.

- *Building marketplace excitement before advertising breaks or instead of it.* The announcement of a new product, for example, is an opportunity to obtain publicity, create hype, and dramatise the product, thereby increasing the effectiveness of ads and encouraging sales. Whenever Apple introduces its latest product or a new movie is launched, a great deal of anticipation is created through public relations prior to the availability of the products or cinema experience. For Apple, there is always extensive media coverage in many major world cities, creating interest in the features available and the potential uses for the product—not to mention the status of ownership that comes with being an early adopter of the latest technology. In October 2018, Apple CEO Tim Cook launched updated versions of its iPad Pro and MacBook Air a few days ahead of them being available for purchase (see Exhibit 14.3   ). To support the sales launch, Apple invited journalists from around the world to the product launch and also made its team available for media interviews, including Chief of Design, Sir Jonathan Ive. Apple also prepared, ahead of time, content to support sales, including videos that highlight the differences between existing and new MacBook Air products. Apple has a budget for paid media or advertising but not all products or services are in the same position, requiring them to create newsworthy moments by sharing products or services with appropriately aligned prominent journalists or linking issues with seasonal calendars or events such as tax time or the festive season.

- *Improving return on investment or ROI.* By reducing overall marketing costs at the same time as delivering meaningful marketing outcomes, marketing public relations helps improve return on investment (ROI). Publicity or earned media can often be achieved at lower cost than traditional paid advertising, although it is important to recognise the costs behind publicity as sometimes it is inaccurately referred to as 'free'. Next time you read the news online or via social media, see if you can identify how much of the content is driven by public relations. For instance, a post or story about seeking a lottery winner or winners provides publicity for Tabcorp and similar lottery companies around the world. A feelgood story that notes a search is on in a particular suburb for a winner gets media coverage at national and local levels. This kind of coverage can help maintain awareness and create interest in products or services in a cost-effective way for marketing teams.

- *Creating news out of advertising design ideas.* Advertising practice itself can be the focus of publicity. The award-winning design concept of the *Trash Isles* was created to draw media, government and community attention to the large mass of trash or plastic, equivalent to the size of France, in the Pacific Ocean. This environmental problem was largely ignored and was not recognised as a critical problem for countries. Advertising agency AMV BBDO, on behalf of clients Plastic Oceans Foundation and LADbible, created a country called 'Trash Isles' and lodged membership as an official country with the United Nations on World Oceans Day to draw attention to the problem and trigger a response from governments. Through the campaign, Trash Isles was registered as a country and sought to recruit citizens. This generated videos, posts and media stories, which resulted in 200 000 citizens and half a billion people reached. Although it originated in an advertising agency, it showcases the use of shared and earned media working collaboratively to gain the attention of key audiences using direct appeals. After winning a Cannes Lions award, the Global Executive Director at Plastic Oceans Foundation, Julie Andersen, said, 'We believe in the value of creativity and its ability to serve as a powerful tool for awareness. Trash Isles is a perfect example of multiple sectors coming together to create a campaign that has done exactly that.'[5]

- *Influencing the influentials.* By providing information or product access to opinion leaders or early adopters of products, brands and organisations can, in turn, influence others. For example, when Qantas launched its 16-hour direct service from Perth to London, it invited key influencers to be passengers on the inaugural flight. The blogs and news stories that resulted helped future passengers prepare for the long flight time and learn about the reliability of the service.

Exhibit 14.4 The *Trash Isles* tongue-in-cheek campaign urged people to become citizens of the Pacific Ocean trash mass, the 'world's first country made of trash', to raise awareness of the issue

- *Defending products at risk and giving consumers a reason to buy.* By taking constructive actions to defend or promote a company's products, public relations can actually give consumers a reason to buy the products. Animal protection groups in Australia have been using the media to raise awareness of farming practices that they believe are inhumane and to encourage governments to change policies and consumers to purchase animal products such as pork, chicken and eggs from brands that support more humane practices. This publicity approach has included one-off stories through to activist-driven current affairs shows on alleged poor practice that have then generated further significant media campaigns.

There are a number of advantages to using public relations in the marketing mix:

- It can amplify and add credibility to shared media or creative advertising campaigns.
- It can achieve marketing goals in a cost-effective way by gaining attention of and acceptance from customers.
- It can support relationships between multiple stakeholders, leading to longer-term advantages for organisations.

To these advantages, industry practitioner Chris Frantz writes in Forbes about the role of public relations in the marketing context:[6]

- Public relations can amplify the message through earned media based on established relationships with key journalists.
- Public relations can help mitigate negative reactions to controversial advertisements.
- Public relations can help improve search engine optimisation.
- Public relations can tailor content to reader needs and build value beyond the transaction.

More generally, there are some disadvantages to public relations, including:

- There is a lack of control over how the brand, product, service or organisation is covered by the media.
- Public relations content is most effective when it is tailored to the needs of publics, making it challenging to simply insert advertising message strategies such as slogans or in some cases, product names.
- Even when the best foundations are laid, if a more prominent event occurs, earned media space will cover that story over a promotional one.

To be effective, public relations, whether it is part of the marketing mix or operates to support comprehensive programs, requires data. However, in practice, marketing surveys rarely include questions or items needed by public relations decision makers. Moving towards more collaborative practice from the outset of a campaign provides useful inputs into the creative aspects of planning and also important insights when evaluating campaigns.

PRACTISING PUBLIC RELATIONS

The process of public relations practice and its integration into the IMC mix involves a series of formative, creative and evaluative tasks. These key processes will be outlined next.

Behind perception, attitude and behaviour measures

Public relations is concerned with people's perceptions, attitudes and behaviours towards an organisation, its leaders or perhaps even a social or environmental issue related to a product or service. By knowing how people perceive organisations, issues or events, assess the key players involved and engage with them, public relations practitioners can create and adjust strategies and activities to reflect the needs of stakeholders. Of course, solutions to problems of perception, attitudes and behaviours require more than communication. They often need the organisations or stakeholders involved to acknowledge issues and change practices. Let's explore these with a case study.

Think about your bank, or if you have more than one, your primary bank. What do you expect of it now and into the future?

Banks, like other corporations, operate in global, national and local communities. In December 2017, a Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established by the Governor-General of the Commonwealth of Australia. Following a period of review, on 28 September 2018, an interim report was released by the Commissioner, the Honourable Kenneth Madison Hayne AC QC. This report[7] reveals some cases of misconduct, including the forging of customer signatures and the practice of charging advice fees to customers who had died, and shows that even when misconduct was revealed, it was not punished or the consequences did not align with the seriousness of the cases. The report goes on to identify a number of case studies (e.g. Aussie Home Loans broker misconduct, ANZ processing errors, and fees for no service —AMP and CBA).

In the context of a royal commission, how we as consumers trust our bank or banks compared to all banks is of interest. Deloitte, through market research firm Ipsos, surveyed 2072 Australians via an online survey. When asked to consider banks in general, 21% of respondents believed banks had customer interests at heart, but this rose to 36% when respondents reflected on their own bank. When it came to keeping promises, the survey found that 26% of respondents believed banks in general would keep their promises and 49% believed their own banks would keep their promises. According to Deloitte, customers expect banks to keep their promises, be respectful, be reliable and acknowledge any mistakes.

Due to their concerns about public perceptions, many privately held corporations, publicly held companies, utilities and media survey public attitudes. The reasons for conducting such research are many, but include the following:

1. *It provides input into the planning process.* Once the company has determined public attitudes, these become the starting point in the development of programs designed to maintain favourable positions or change unfavourable ones.
2. *It serves as an early-warning system.* Once a problem exists, it may require substantial time and money to correct. By conducting research, the company may be able to identify potential problems and handle them effectively before they become serious issues.
3. *It secures support internally.* If research shows that a problem or potential problem exists, it will be much easier for the public relations arm to gain the support and resources it needs to address this problem.
4. *It increases the effectiveness of the communication.* The better a public relations team understands a problem, the better the company can design communications to deal with it.[8]

For the banking sector, Deloitte conducted the poll mentioned above as an attempt to create an Australian Trust Index, and establish its role in supporting the financial services and other industries to address trust-related issues. However, public relations agencies such as Edelman have been examining global trust and credibility, through their own surveys for 18 years. You can learn more about Edelman's trust barometer via https://www.edelman.com/trust-barometer.

Research or data are often the triggers for identifying opportunities or problems that can be addressed by public relations solutions. Not all research involves nationally representative surveys like the one identified above. Sometimes, depending on the resources available and the timeliness of a response, it can take the form of desktop research, or it may be secondary research of media coverage and social media sentiment, or a review of industry research or papers. There are limitations in all types of research and these should be acknowledged in the planning process.

Establishing a public relations plan

It is always best to systematically plan for public relations. Formal planning gives you the chance to ensure resources are optimised to achieve business outcomes. Smith outlines four phases of public relations planning: (1) formative research to analyse the situation, organisation and publics; (2) strategy to establish goals and objectives and formulate action and response strategies; (3) tactics to choose and implement communication tactics; and (4) evaluative research to evaluate the public relations plan.[9]

Alongside these four phases, public relations practitioners should also consider ethical and moral standards and contingency planning should issues arise during a planning timeframe. Public relations practice should follow ethical guidelines and principles. Membership organisations such as the Public Relations Institute of Australia have a code of conduct that outlines these activities.

Business outcomes are best achieved when there is alignment between public relations and marketing communication plans. For the most part, public relations and marketing communication plans will include the same baseline structure, such as research, objectives, strategy, tactics, implementation schedule and evaluation. Assuming you're in a marketing communication role, Table 14.1 provides some questions you might want to use to evaluate the validity and effectiveness of a public relations plan.

Planning area	Criteria	Score

Client brief	To what extent does the plan articulate an appropriate response to the client brief?	1 (limited) to 5 (excellent)
Research and target publics or audiences	To what extent does the research identify perception, attitude or behaviour baselines and explore ways to address them? Are the methods appropriate to provide a substantial evidence base? Have key publics or audiences and their interconnections been identified? Is there a sufficient understanding of social and media sentiment?	1 (limited) to 5 (excellent)
Goals	To what extent do the goals align with the client brief and the business objectives for the campaign?	1 (limited) to 5 (excellent)
Objectives	To what extent are objectives related to the research, and are they specific, measurable, attainable, relevant and time-bound?	1 (limited) to 5 (excellent)
Strategy	To what extent is the strategy creative and able to gain the attention of key publics and audiences?	1 (limited) to 5 (excellent)
Tactics	To what extent do the tactics align with the strategy and are they effective and efficient?	1 (limited) to 5 (excellent)
Implementation schedule	To what extent does the implementation schedule consider the timeframe of the campaign and scheduling of tactics to align with marketing communication and other organisational activities?	1 (limited) to 5 (excellent)
Evaluation	To what extent does the campaign evaluation prove the value of the campaign in terms of addressing objectives and delivering on business objectives?	1 (limited) to 5 (excellent)

Table 14.1 Questions for evaluating public relations plans

The questions in Table 14.1 and the four-phase planning process tie in with the promotional planning process stressed throughout this text.

Developing and executing the public relations program

Because of the broad role that public relations may be asked to play, the public relations program may need to extend beyond promotion. A broader definition of the target market, additional communications objectives, and different messages and delivery systems may be employed. Let us examine this process.

Categorising and communicating to relevant audiences

The targets of public relations efforts may vary, with different objectives for each. Some may be directly involved in selling the product; others may affect the company in a different way (for instance, they may be aimed at shareholders or legislators). These audiences may be internal or external to the company.

Internal audiences are usually made up of employees; however, some organisations also include members and shareholders in this group. **External audiences** include many groups such as community members, customers, suppliers, regulators, media, key influencers and opinion leaders. Some of these groups will have closer ties to the organisation than others and may be segmented further.

It may be necessary to communicate with these groups on an ongoing basis for a variety of reasons, ranging from ensuring goodwill to introducing new policies, procedures or even products. A few examples follow.

Employees

Maintaining morale and showcasing the results of employees' efforts are often prime objectives of the public relations program. Organisational intranets, email notices, electronic direct mails, newsletters, videos, bulletin boards, awards ceremonies and events, and annual briefings and reports are some of the methods used to communicate with employees.

Personal methods of communicating may be as formal as an established grievance committee or as informal as an office Christmas party. Other social events, such as corporate bowling teams or picnics, are also used to create goodwill.

Shareholders

You may think an annual report (like the one in Exhibit 14.5 for the Australian company Qantas) provides shareholders and the share market only with financial information about the company. While this is one purpose, annual reports are also a communication channel—they can be used to inform the audience about why the company is or is not doing well, outline future plans and provide other information that goes beyond numbers.

Exhibit 14.5 Annual reports serve a variety of purposes
Source: Qantas Airways Limited

For example, Yum! Brands, which comprises brands such as KFC, Pizza Hut and Taco Bell, presents its annual report with a letter from CEO Greg Creed that highlights the key capabilities of the organisation and its competitive advantage, insights that go beyond the financial reporting aspect of the annual report. Investors and other stakeholders can go on to read the financial highlights and access further material as well as review corporate social responsibility (CSR) activities for the group and brands at a country level. For example, KFC Australia's CSR activities include the KFC Youth Foundation, which helps build confidence in people aged under 25, reflecting the fact that 90% of KFC employees fit this age range (https://www.kfc.com.au/kfc-youth-foundation).

Companies can also use annual reports to fend off potential public relations problems. McDonald's provides an annual report and CEO letter to shareholders. In his 2017 letter, McDonald's President and CEO Steve Easterbrook notes commitments to advancing beef sustainability, improvements in packaging, and commitments to nutritional improvements. These statements and actions may help alleviate shareholder and consumer concerns about waste, as well as promote programs to provide information on food and nutrition and encourage physical activity.[10] Other companies use similar strategies, employing shareholders' meetings, video presentations and various forms of direct mail. Companies use these approaches to generate additional investments as well as to promote goodwill.

However, activist groups can also use shareholderdirected communication opportunities to influence company behaviour. At the Qantas annual general meeting in October 2018 (see Exhibit 14.6   ), the Australasian Centre

for Corporate Responsibility asked Qantas to review its policy of transporting asylum seekers when requested by the federal government. This motion was not supported.

Exhibit 14.6 Qantas annual general meeting
Source: Getty/Bloomberg/Contributor

Consumers

One of the key publics or stakeholder groups most aligned with marketing and advertising is consumers. Consumers are the people or organisations who seek information about, buy or experience products or services offered in a marketplace. From a public relations perspective, an organisation wishes to maintain the *goodwill* of its consumers. If consumers think a company is not socially conscious, they may take their loyalties elsewhere. Suppliers may be inclined to do the same. From an integrated perspective, an organisation will seek to understand consumers, their perceptions, attitudes, behaviours or intended behaviours. The Deloitte survey noted earlier in this section outlines an example of consumer surveys.

Community

People who live and work in the community where a company is located or doing business are often the target of public relations efforts. The term *community* can refer to a group of people in a wider sense than just those in the local area affected by company actions. Communities can refer to state or territory areas or, in some cases, go beyond geographical boundaries. Community relations activities can involve engagement activities to support understanding and educational outcomes. For example, Seqwater is a dam operator in south-east Queensland. It runs an H_2O Kids program to build understanding of the natural and urban water cycle, the role of catchments, how we use water, and the future of water.

Civic and business organisations

The local Rotary, Lions, Legacy and other non-profit civic organisations also serve as gatekeepers of information. Companies' financial contributions to these groups, speeches at organisation functions and sponsorships are all

designed to create goodwill. Corporate executives' service on the boards of non-profit organisations also generates positive public relations.

Governments

Public relations work with governments can take multiple forms. Two will be outlined here. First, public relations, often through public affairs roles in organisations, attempts to influence government decision makers and agencies at local, state and national levels. One method of influence is lobbying, a process where organisations seek to advocate for and influence government policies or decisions. Lobbyists need to register themselves to federal and state government lists to ensure they are acting with transparency, integrity and honesty. Public relations agencies often feature on lobby registers.

Successful lobbying may mean immediate success for a product, while regulations detrimental to the company may cost it millions. For example, imagine for a moment what Therapeutic Goods Administration (TGA) approval of a product can mean for sales, or what could happen to the beer and wine industries if television advertising were banned. The pharmaceutical industry, medical associations, environmentalists, developers and trade unions are just some of the groups who frequent the corridors of parliament houses around Australia attempting to influence government legislation in their favour.

In another instance, government can undertake reactive or proactive campaigns to educate community members about new legislation or behaviours designed to improve their outcomes. For example, when there are major changes to occupational health and safety policy, child-care and immunisation policies and payments, the relevant departments will launch communication campaigns to educate the public.

The Queensland government ran a campaign about influenza to encourage community members to understand how the flu is spread, helping them to make decisions to keep everyone well and avoid sharing sickness (see Exhibit 14.7).

Exhibit 14.7 State government communicates its public health message
Source: © The State of Queensland (Queensland Health) 1990–2019; CC BY-ND 3.0

Governments also invest in projects that support social and economic outcomes for their constituents. The North Queensland Stadium is a joint project of the Queensland government, Australian government and Townsville City Council and is supported by both the National Rugby League and the North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016.

The Queensland Department of Housing and Public Works is leading the delivery of this uniquely North

Queensland project. The project's vision includes celebrating the local lifestyle and climate, delivering high-quality public spaces, attracting investment and supporting urban regeneration. The social and economic outcomes have been further enhanced by maximising employment, supply and training opportunities for local people and communities.

To deliver this project, a stakeholder engagement program was required to strengthen relationships between project partners and key local stakeholders, who represent the Townsville community. This program includes the development of a communication plan that engages and informs the community, builds anticipation for the stadium and promotes its benefits during a multi-year design and construction period.

An impression of the stadium and its proximity to local infrastructure is illustrated in Exhibit 14.8 .

Exhibit 14.8 The Queensland state government has invested in the North Queensland Stadium Project
Source: © The State of Queensland—Department of Housing and Public Works 2009–2019

Financial groups

In addition to current shareholders, potential shareholders may be relevant target markets for public relations efforts. Financial advisers, lending institutions and others must be kept abreast of new developments as well as of financial information, since they offer the potential for new sources of funding. Media releases, corporate reports, keynote speeches and interpersonal communication play an important role in providing information to these publics.

Public relations tactics

There are many public relations tactics, from those related to earned media (see the publicity section in this chapter) to other, more relationship-focused ideas. Some examples of these tactics are outlined below.

Community-oriented activities

Many corporations enhance their public image through involvement in the local community. Such involvement may take many forms, including membership of local organisations, contributions to or participation in community events, and setting up stalls at local fetes or shopping centres. A common style of community

engagement is a 'town hall' meeting where people come together to talk through issues of relevance to their geographic communities. For example, the South Australian Country Fire Service (CFS) held community meetings to provide face-to-face information about a bushfire event. Town hall meetings can be set up by businesses and governments to update or support community members around events or issues that affect and often anger or concern them.

Speeches

The opportunity for leaders in an organisation to give a speech and connect with key audiences is a useful public relations tool. Sometimes speeches are part of other communication events, such as annual general meetings for companies listed on the Australian Securities Exchange (ASX). At other times, public relations decision makers will look for or create opportunities for their leaders to deliver speeches through, for instance, business events or at the National Press Club. Public relations writers can craft speeches to gain attention and deliver key messages that can be easily understood and remembered, and which generate impact through attitudinal or behavioural responses.

Organisational newsrooms

Linked to publicity, many businesses and government bodies create a newsroom on their website. This newsroom houses information including media releases, newsletters, speeches and pictures, and can also include ways to seek information from the organisation through contact forms.

Issues and lifestyle research to generate media

Again, with a publicity orientation, some public relations campaigns integrate consumer research to create data for news stories that are credible and make an everyday topic more interesting. Anecdotal reports from public relations practitioners suggest that these surveys need a minimum of 1000 respondents to be deemed newsworthy by journalists. For example, almost a decade ago, Panadol launched its Rapid Handipak, a product package designed to target young adult women. Panadol worked with a public relations agency, Pulse Communications, to conduct research to identify the contents of the audience's handbags and what they say about their owner's personality. These findings were communicated to lifestyle media, resulting in coverage. While this example is from many years ago, it illustrates how research can be used to creatively drive content for non-newsworthy issues.

Key opinion leaders

Public relations campaigns may use collaborations with subject matter leaders such as academics to provide expert commentary on topics. These experts would feature in publicity materials but also be available for launch or product/sales-related events. They are used based on their subject matter expertise, credibility and trust. In some cases, key opinion leaders may be similar to influencers or micro-influencers, but their level of expertise is often the key point of differentiation, rather than their reach or connectivity.

Audio and video content creation

For some campaigns, public relations practitioners will create prerecorded audio and video content to drive social conversations and complement media relations activities. For example, some organisations may distribute audio or video content via social media platforms and to newsrooms to help fill content in radio news.

Meetings and presentations

Public relations involves both public-facing and inward-facing activities. Meetings to discuss and build relationships, discuss key issues or present research insights and policy changes with key decision makers in governments or industry bodies are often an important part of the public relations toolkit.

Testing tactics

Before a public relations tactic is implemented with intended audiences, the message strategy and material should be tested with representative audiences to ensure its effectiveness. This focus testing of message and tactic can help improve the content of public relations activities and at the same time serve as a relationship-building approach with involved audiences.

How to operate in the absence of a formal plan

For some companies, their public relations programs involve little more than media releases, media kits for trade shows, social media alerts and new product announcements. Further, these tools are often not designed into a formal public relations effort, but rather are used only as needed. In other words, no structured program for conducting public relations is evident. As noted earlier, the public relations process is an ongoing one, requiring formalised policies and procedures for dealing with problems and opportunities. Just as you would not develop an advertising program without a plan, you should not institute public relations efforts haphazardly.

There are some cases where planning is fast, informal or adaptive. When crises occur, an organisation may be able to draw on its crisis communication plan, but other factors may limit its relevance or applicability, requiring a public relations leader to map a strategy quickly to lead communication.

Advantages and disadvantages of public relations

Like its counterparts in marketing and advertising, public relations has both advantages and disadvantages.

Advantages include the following:

1. *Credibility.* Because public relations communications that appear as editorial or earned content are not perceived in the same light as advertising—that is, the public does not realise the organisation either directly or indirectly paid for them—they tend to have more credibility. The fact that the media are not being compensated for providing the information may lead receivers to consider the news as more truthful and credible. For example, an article in a newspaper or magazine discussing the virtues of Panadol as noted previously may be perceived as much more credible and gain more attention from audiences than an advertisement for a particular product from Panadol.
2. *Cost.* In both absolute and relative terms, the cost of public relations is very low, especially when the possible effects are considered. While a company can employ public relations agencies and spend millions of dollars in the area, public relations activities themselves, especially media relations, often require time and brainstorming resources rather than the need to pay for space in magazines or on news programs or breakfast shows. Despite the small cost outlay, this work still achieves strategy and objectives.
3. *Avoidance of clutter.* Because they are typically perceived as news items, public relations messages are not subject to the clutter of ads. A story regarding a new product introduction or breakthrough is treated as a

news item and is likely to receive attention.

4. *Lead generation and influencing potential.* Information about technological innovations, medical breakthroughs and the like results almost immediately in a multitude of inquiries. These inquiries may give the company some quality sales leads. In addition, different topics may attract the attention of key influencers who share the stories with their audiences.

5. *Ability to reach specific groups.* Because some services or products appeal to only small market segments, it is not feasible to engage in advertising or promotions to reach them. If the company does not have the financial capabilities to engage in promotional expenditures, the best way to communicate with these groups is through public relations.

6. *Image building.* Effective public relations helps to develop a positive image and repair damage to the image. A strong image is insurance against later misfortunes. In 2018, three players in the Australian men's cricket team were involved in a ball-tampering scandal: Captain Steve Smith, Vice Captain David Warner and Cameron Bancroft. This resulted in their resignation, and the stepping down of coach Darren Lehmann. Cricket Australia launched an independent investigation; in late October, the review noted that Cricket Australia contributed to the culture surrounding the scandal. In response, Cricket Australia Chairman David Peever committed to addressing 42 recommendations in the report and to moving the game forward.

In terms of disadvantages, public relations may misfire through mismanagement and a lack of coordination with the marketing department. When marketing and public relations departments operate independently, there is a danger of inconsistent communications, redundancies in efforts and so on.

The key to effective public relations is thus to establish a good program, worthy of public interest, and to manage it properly. To determine if this program is working, the company must measure the effectiveness of the public relations effort.

MEASURING THE EFFECTIVENESS OF PUBLIC RELATIONS

As with the other IMC program elements, it is important to evaluate the effectiveness of the public relations efforts. In addition to determining the contribution of this program element to attaining communications objectives, evaluation offers other advantages.

1. It tells management what has been achieved through public relations activities.
2. It provides management with a way of measuring public relations achievements quantitatively.
3. It gives management a way of judging the quality of public relations achievements and activities.

Measuring the effectiveness of public relations programs should start with the campaign objectives. Objectives that are clearly written and point to a specific outcome will help guide the evaluation methods. Evaluation primarily involves three main steps: collecting data before a campaign to understand baselines, collecting data following a campaign to illustrate the outcomes of public relations activities, and analysing and interpreting the data in light of the campaign objectives.

The Public Relations Institute of Australia (PRIA) introduced a measurement and evaluation framework for the industry in 2017 (see Figure 14.1). The framework starts with a clear understanding of the organisation and its objectives as the driver for public relations inputs, activities, outputs, outcomes and impact. Research, of some kind, underpins each of these elements but is particularly relevant in the following key areas. First, under inputs, research can be used to provide the baseline perceptions, attitudes and behaviours of target audiences that can be used to guide evaluative research. Second, under outputs, or the tactics of public relations, research can be used to test message strategy and content. Third, under outcomes, research on changes to perceptions, attitudes and behaviours can be measured to evaluate the effectiveness of the campaign. And fourth, following from that, impact research such as insight into policy changes can be undertaken to examine the influence of the campaign.
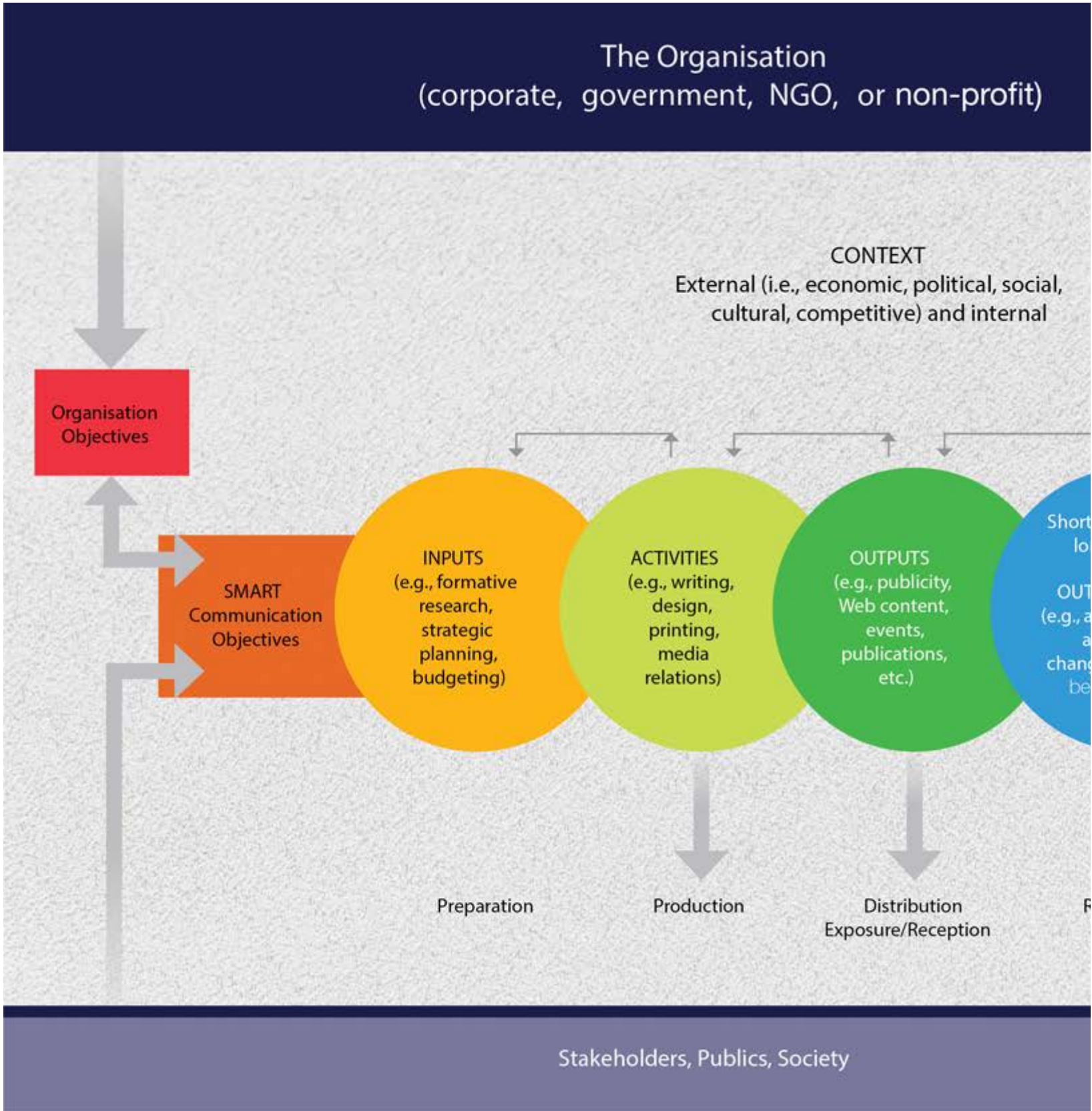
Figure 14.1 PRIA evaluation framework

Source: The 2017 Public Relations Institute of Australia (PRIA)'s Measurement and Evaluation Framework

Data can be collected using a range of techniques, including media content analysis, focus groups, opinion surveys, interviews, **external audits** and observation, and by assessing behaviour statistics such as attendance, complaint levels and internet site hits.

Some organisations may use a combination of measures, depending on their specific needs. These may include impression counts, awareness and preference studies, in-house assessments, press clipping counts, social media and reputation tracking studies. These latter two evaluative elements are elaborated next.

Reputation measures

Many organisations engage outside providers to track reputation measures. One of these groups is the Reputation Institute, which provides a means to measure and manage reputation. This is done through RepTrak, a management tool for reputation assessment, which evaluates reputation against dimensions including products and services, innovation, workplace, governance, citizenship, leadership and performance. For example, take a look at the Reputation Institute's website, where you can find a number of case studies on reputation tracking by industry. KLM Royal Dutch Airlines uses RepTrak to focus on reputation and uses data to support communication with the board and guide storytelling content around the dimensions noted above (see Exhibit 14.9   ).

Exhibit 14.9 RepTrak case study
Source: Reputation Institute, https://www.reputationinstitute.com/why-reputation-institute/airline-expertise

Social media measurement

Social media is ubiquitous within public relations and its related discipline areas. Using social media engagement to support evaluation is key, yet it is a challenge. Jiang, Luo and Kulemaka interviewed senior communication managers in the USA to explore how they measure social media.[11] Managers reported that a direct link from social media use to return on investment (ROI) is lacking and there is a need for organisational leaders to support social media's intangible value. Following Forrester Research's 4-I model, the authors propose that social media evaluation goes beyond analytics to cover involvement, interaction, intimacy and influence in the ways outlined in Figure 14.2   .

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Figure 14.2 Preliminary social media measurement model
Source: Hua Jiang, Yi Luo, Owen Kulemeka, 'Social media engagement as an evaluation barometer: Insights from communication executives', *Public Relations Review*, 2016, 42(4), 679–691

PUBLICITY AS A STRATEGY

Publicity refers to the generation of news about a person, product or service that appears in broadcast or print media. It is the 'earned' part of media in the PESO model, which comprises paid, earned, shared and owned media. These types of media or channels are critical to an organisation's marketing communication efforts in the creation of a message and its distribution. Publicity may be generated by the organisation or simply be about the organisation, brand or product, reflecting positive and negative aspects. To many marketers, publicity and public relations are synonymous. However, publicity is a subset of the public relations effort.

There are several major differences between public relations and publicity. First, publicity is typically a *short-term* strategy, while public relations is a concerted program extending over a period of time. Second, publicity is directed towards the media as a channel to communicate with key publics. Much of today's public relations efforts use direct communication with key publics to generate shared media, thereby bypassing the mediating effect of earned media, often via print, online, radio and television news.

In most organisations, publicity is controlled and disseminated by the public relations department or outsourced to a public relations agency. In this section, we discuss the role publicity plays in the promotional program and some of the ways marketers use and react to these communications.

The power of publicity

One of the factors that most sets publicity apart from the other program elements is the sheer power this form of communication can generate. Unfortunately for marketers, this power is not always realised in the way they would like it to be. Publicity can make or break a product or even a company.

Why is publicity so much more powerful than advertising or sales promotion? First, publicity is highly credible. Unlike advertising and sales promotions, publicity is not usually perceived as being sponsored by the company (and in negative instances, it never is). So consumers perceive this information as more objective and they place more confidence in it.

Publicity information may be perceived as endorsed by the medium in which it appears. For example, publicity regarding a new car design or feature will have promotional impact if it is reviewed by *Top Gear Australia.*

Still another reason for publicity's power is its news value and the frequency of exposure it generates. When the publicity is positive, companies stand to benefit. When it is not, companies may suffer negative consequences such as lost sales, impacts on image and even litigation. How to respond to these instances is the topic of IMC Perspective 14.1.

♻ IMC PERSPECTIVE 14.1

NEGATIVE PUBLICITY: COMPANIES AND INDUSTRIES HAVE TO DEAL WITH CRISIS MANAGEMENT

There are many in the business world who believe that any publicity—including negative publicity—is good for the company. The authors of this book are not to be included in this group. We could cite numerous examples, including Facebook, United Airlines, BP, Toyota, AMP, Oxfam and Takata, to support our position. Being in the news and earning media coverage does not always result in positive images or trustworthiness. Effective responses, on the other hand, may lead to gains in both of these areas. The issue is in how to respond.

In 2018, a customer in Queensland ingested a needle hidden in a strawberry. He was treated in hospital and released. Following the contaminated case in Queensland, a joint press conference between Queensland Police and Queensland Health was held. At this event, Queensland Health's Chief Health Officer advised that strawberries were safe to eat but should be cut up before consumption. One hashtag that emerged on social media during the strawberry sabotage was: #cutmeupdontcutmeout.

Naturally, these reactions create alarm in customers and operational concerns for strawberry farmers and retailers. What began as a Queensland case quickly extended beyond state borders, with further contaminated cases reported by authorities in New South Wales, South Australia and Western Australia.

Several brands of strawberries were found to be contaminated, with goods being sold in supermarkets across Australia. Following this news, some supermarkets, including Coles, ALDI and IGA, withdrew strawberries from their shelves. Woolworths removed sewing needles from its shelves as a precaution.

In addition, the needle contamination extended beyond strawberries, leading to alleged copycat cases or pranks involving needles in bananas and mangoes. The federal government announced an increase in penalties associated with conviction, including a prison term increase from 10 to 15 years.

Initially, strawberry farmers themselves did not say much via the news. Queensland Strawberries communicated via Facebook. But in this case, the community showed great support for strawberry farmers and strawberries, flocking to pick their own strawberries at farms across Queensland.

ABC Radio Brisbane and The Prince Charles Hospital Foundation created a Day of Sundaes event, bringing the strawberry sundae, made famous at the EKKA (Royal Queensland Show), to King George Square. The sundaes were made with strawberries from Queensland farmers. The event was a great way for people to support strawberry farmers and for the organisers to build goodwill. It resulted in sales of 14 000 sundaes made from 750 kg of strawberries, and involved hundreds of volunteers, contributing $50 000 to strawberry growers.

The groundswell of support for this event occurred because, at the time, the crisis was recognised as being outside of the farmers' control. Crises have many causes that can be within or external to the organisation. Following the strawberry crisis, Food Standards Australia and New Zealand made several recommendations, including the need for a national coordination of communication.

Crisis management is an important area of public relations, which is most often played out in media relations and publicity.

Source: ABC News

The bottom line is that publicity is news, and people like to pass on information that has news value. Publicity thus results in a significant amount of free, credible, word-of-mouth information regarding the company and its products.

Gaining publicity

To gain publicity, it is important to understand what drives media or journalists. A story or strategy must be deemed newsworthy or be engineered to be seen as having news value. Journalists are trained to evaluate information based on several key areas: impact on readers/viewers/listeners; timeliness of information and its immediate relevance; prominence or authority opinion or voice; proximity and geographic/other relevance to readers; conflict or social problems of prominence; and human interest, concern or care.

To see news values in action, take a look at a newspaper—a printed one when you next visit a coffee shop or your parents' home—or watch a television news broadcast. The way the journalists and producers/editors 'produce' news or earned media are determined by balancing these elements.

Much media content or earned media originates through public relations. To continue to achieve earned media, it is always useful to think about these news values in action and work out the angle of your story and pitch to the journalist or producer.

The control and dissemination of publicity

Publicity can work well for marketers. Publicity on the need for added home security over the holidays often sees an increase in sales of alarms and locks. And news on the latest fashion item out of the USA or Europe will see fashionistas placing orders at their high-end designer stores or buying online. A publicity shot of the Duchess of Cambridge or Duchess of Sussex will see the same dresses sell out around the world within hours. In addition, television stories on the benefits of moderate red wine consumption can lead to added interest at the bottle shop. There are many more examples of the positive impact publicity can have.

Control of earned media or publicity is not always in the hands of company decision makers. In some instances, it is the company's own mistakes that allow information to leak out—or it is shared deliberately by disgruntled employees.

In their efforts to manage publicity and public relations, marketers are continuously learning more about these areas. Courses are offered by many universities and industry bodies and blogs are written on how to manage publicity. Books cover how to make a presentation, whom to contact, how to issue a media release and what to know about each medium addressed, including social media platforms, TV, radio, newspapers, magazines and direct-response advertising. Because this information is too extensive to include as a single chapter in this text, we provide a small selection of tools next, but suggest you make use of the books and YouTube resources available on this subject for additional insights.

The public relations toolkit for earned media

One of the most important public relations functions related to marketing communication is the process of gaining earned media. A number of public relations tools are available for this purpose, including media releases, story pitches, media conferences, exclusives and interviews.

Pitching or responding to media

Publicity can be proactively and positively earned by the organisation or it can be proactively sought by the journalist. If an organisation has a relevant news story, the public relations department is likely to call the journalist or producer and share the idea with them on the phone or via an email. The journalist will determine its relevance and follow up on any lead. In some cases, journalists call organisations to seek comment on issues or matters that affect the organisation. Public relations departments should be ready to field these calls and decide how to respond, noting that 'no comment' is rarely a viable option.

The media release

A media release is a formal written tool that mimics the structure of a news story. It is designed to capture news values at the same time as positioning the organisation, its product or services, or its view on an issue in a strategic perspective. To be used by the media, the information must be factual, true and of interest to the medium as well as to its audience. The source of the **media release** can do certain things to improve the likelihood that the 'news' will be disseminated, such as ensuring that it reaches the right target audience, making it interesting and easy to pass along.

To be viewed by a journalist, the information in a media release must be relevant to the audience of the medium to which it is sent. For example, companies listed on the Australian Securities Exchange may issue a media release on their latest financial results to the editor of the business section of a major metropolitan newspaper. However, they are unlikely to get much response from sending their release to the editor of *Vogue.* Information on the release of a new single is likely to be of more interest to radio presenters than to TV public affairs reporters.

Media conferences

We are all familiar with **media conferences** held by political figures when introducing new policy, talking about an election win, or in the lead-up to a tropical cyclone or similar weather event. Although used far less often by organisations and corporations, this form of delivery can be very effective. The topic must be of major interest to a specific group if it is to gain coverage as it is difficult to get journalists and television crews to give up their time to attend an event unless there is something they can get there that isn't covered in a written brief.

Usually, major accomplishments (such as awarding the next location for the Olympics) or major breakthroughs (for instance, medical cures) warrant a media conference. At a local level, community events, local developments and the like may receive coverage. Sports teams may use this tool to attract fan attention and interest when a new star is signed or when one is retiring.

Exclusives

Although most public relations efforts seek a variety of channels for distribution, an alternative strategy is to offer one particular medium exclusive rights to the story if that medium reaches a substantial number of people in the target audience. Offering an **exclusive** may enhance the likelihood of acceptance, but it may also annoy other media outlets with whom you need to build a long-term relationship. As you watch television over the next few weeks, watch for the various networks' and local stations' exclusives. Notice how the media actually use these exclusives to promote themselves rather than focus on the topic of the story, further supporting the idea that you need to engage with the particular media outlet to stay informed. In some instances, however, the term *exclusive* may not be quite what you think—with different media appearing to release almost identical stories at the same time.

Interviews

When you watch TV, read magazines or view online news videos, pay close attention to the media interviews. Media interviews are a chance for a journalist and organisational leader or spokesperson to answer a series of questions related to a key topic. One of the best examples of media interviews is via ABC's *7.30* with Leigh Sales. Take a look at how she interviews various people, from politicians to sports stars.

Media interviews can be challenging because a journalist will push for answers to difficult questions or pose scenarios or situations designed to challenge the interviewee. Public relations provides media training support to help media spokespeople be able to respond.

Advantages and disadvantages of publicity

Publicity offers the advantages of credibility, news value, significant word-of-mouth communications and a perception of being endorsed by the media. Beyond the potential impact of negative publicity, two major problems arise from the use of publicity: timing and accuracy. The timing of the publicity is not always completely under the control of the marketer. Unless the media thinks the information has very high news value, the timing of the media release is entirely up to the media—if it gets covered at all. Thus, the information may be released too late to make an impact. Another disadvantage relates to how the content is used or translated by the journalist. Inaccurate information, omissions or other errors may result. Sometimes, when you see a publicity piece that was written from a media release, you wonder if the two are even about the same topic.

SUMMARY

This chapter examined the role of the IMC elements of public relations, publicity and corporate advertising. We noted that these areas contribute to the marketing and communications effort of organisations and brands in distinct ways from other IMC elements. The reasons for this special treatment are that: (1) they are typically not designed to promote a specific product or service and; (2) their intent differs from sales- or purchase-orientated communication.

Public relations was shown to be useful in marketing and non-marketing-orientated roles. In many companies, public relations is a separate department operating independently of marketing; in others, it is considered a support system. Many large companies have an external public relations consultancy, just as they have an outside ad agency.

In the case of publicity or earned media, another factor enters the equation: lack of control over the communication the public will receive. In public relations and corporate advertising, the organisation remains the source and retains much more control. Publicity often takes more of a reactive than a proactive approach, yet it may be a more critical factor to the success of a product or organisation than all other forms of promotion combined.

Corporate advertising also has a valued place in the IMC mix, but to be effective it must be used with each of the other elements, with specific communications objectives in mind.

Finally, we noted that measures of evaluation and control are required for each of these program elements, just as they are for all others in the IMC mix. We presented some methods for taking such measurements and some evidence showing why it is important to use them. As long as the elements of public relations, publicity and corporate advertising are considered integral components of the overall communications strategy, they must respect the same rules as the other IMC mix elements to ensure success.

KEY TERMS

DISCUSSION QUESTIONS

1   You are the director of a public relations agency and are sitting in a meeting with the director of an advertising agency. Your client, the chief marketing officer, asks you if public relations should replace advertising as the primary means of introducing a new product. What arguments would you make in favour of this and what arguments do you expect the director of the advertising agency to make? How would you advise the marketing director to respond and why?

2   The chapter discusses the multiple publics, stakeholders and audiences involved in public relations. Think about some of the cases you've read about in this chapter and other cases or events you've come across and identify which groups have been affected and why.

3   There is a saying that 'any publicity is good publicity'. Discuss what you think about this statement and consider how this relates to the Royal Commission into banking, strawberry contamination, and a more recent crisis you can recall.

4   Think about a large corporation such as a technology company, airline or retail group. Take a look at its online newsroom and select a couple of media releases. Examine how it aligns with the news values discussed in this chapter.

5   Consider how an organisation might evaluate its sponsorship in the future. Identify three key research questions and data collection methods that could be used in such an evaluation exercise.

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15

SALES PROMOTION, DIRECT MARKETING AND PERSONAL SELLING

LEARNING OBJECTIVES

LO 15.1   To understand the role of sales promotion in a company's integrated marketing communication program and to examine why it is increasingly important.

LO 15.2   To examine the various objectives of sales promotion programs.

LO 15.3   To look at the types of consumer- and trade-orientated sales promotion tools and the factors to consider in using them.

LO 15.4   To examine the development and reasons for the growth of direct marketing communication.

LO 15.5   To define the role and relationships of direct marketing and interactive media in an IMC program.

LO 15.6   To identify the advantages and disadvantages of direct marketing communication.

LO 15.7   To identify the scope, and advantages and disadvantages of personal selling.
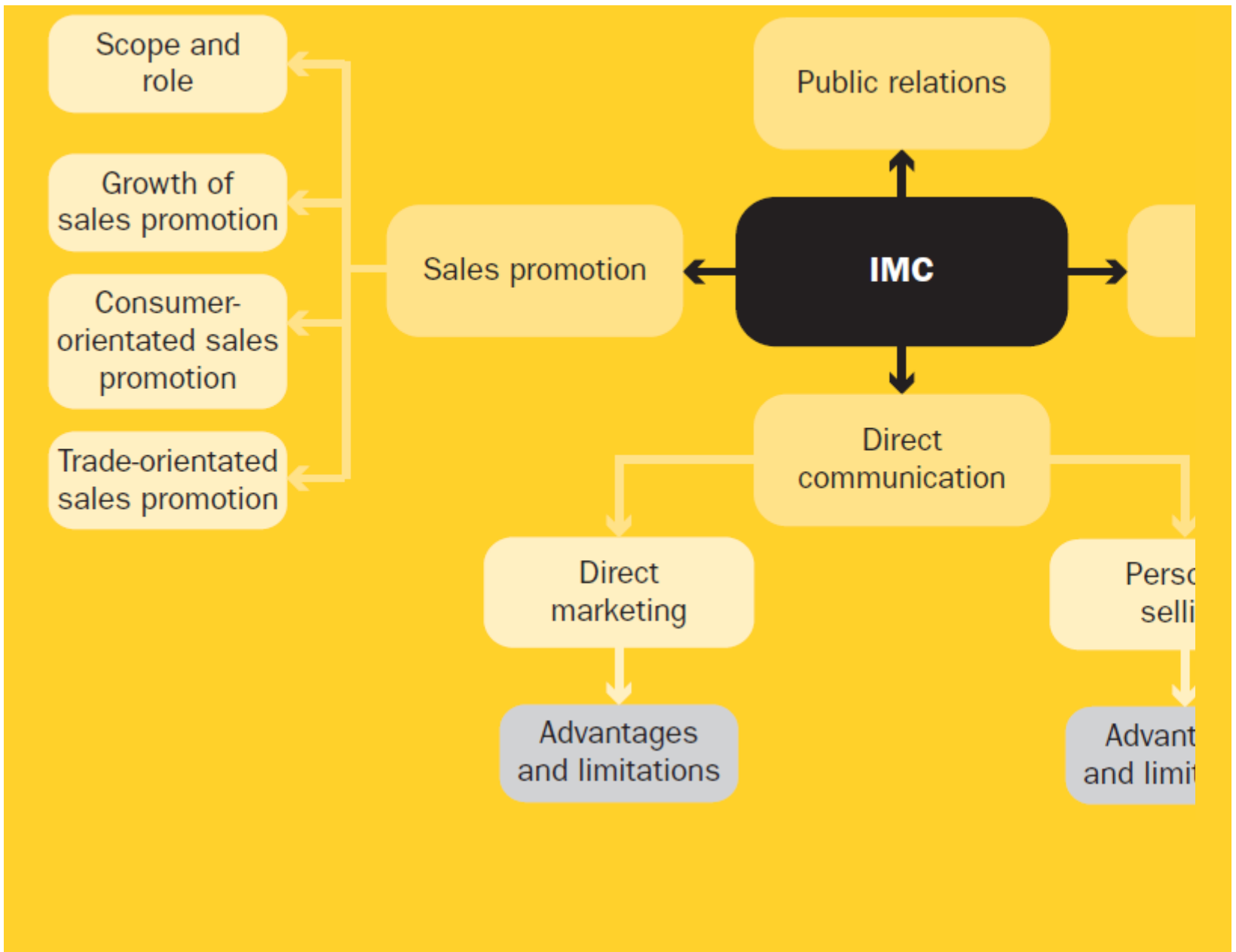
COMMUNICATING WITH DIFFICULT-TO-REACH PEOPLE: LANDHOLDERS

How do marketers communicate with people to whom they want to send a message? Maybe they run an ad campaign, post a message on Facebook, send out a tweet, make a phone call, send an email? Any or all of the above might be effective. But sometimes none of these communication efforts seems to work and the customers you want don't seem to want to hear from you. You know who they are, but you just can't reach them. In the primary industry sector, for example, farms may be managed by older people, individually run or too busy at different times of the year, and so the people running them don't bother with calls, emails or social media unless it's a crisis—and they don't have time to watch TV or read magazines. In these circumstances, you have to do some research and put yourself in their shoes to come up with something relevant and smart, which may not include traditional advertising or the internet.

Landholder participation in conservation programs is vital for achieving environmental goals so it's very important to improve communication with landholders, such as farmers, graziers and retired landowners. However, there is concern that these landholder groups have low awareness of, and participate little in, incentives that encourage engagement with national resource management (NRM) programs, so they have proven to be a 'difficult-to-reach' target market. Previous studies have described landholder segments as 'traditional farmers', 'lifestylers' (also known as hobby farmers), and 'absentee'. So how can we contact and communicate these programs to difficult-to-reach landholders?

A study that interviewed communications practitioners within Australian organisations involved with promoting NRM programs provides some insights into how communication with difficult-to-reach landholders might be improved. The participants were asked what communication channels they currently used, and which they generally found to be most effective. Personal contact (equivalent to personal selling) was most often mentioned, followed by print media (including direct marketing media such as newsletters and booklets), organised events and electronic media.

Exhibit 15.1 Many landholders and their families can be difficult to reach, so various strategies are needed to contact them
Source: Blend Images LLC/Ariel Skelley

According to one communication manager, they use a:

> *... series of organised face-to-face meetings, shed meetings, that is probably the number one effective way that we communicate with them, because you can write things and put things in the newspaper, but unless you're actually face-to-face with them, they tend not to pick up that information... We also target the industry field day shows, we know that they'll be there in droves, we back it up with handing out information and posters.*

Others included some traditional print media as the most effective channel, for instance:

> *Well, our monthly newsletter, surprisingly enough* [is most effective], *the community really likes them.*

A few participants suggested that communication was best conducted indirectly. Word-of-mouth through other farmers and local champions was suggested:

> *I personally believe and I think that no matter how many different types of communication we do use to try and entice those people it's really farmer to farmer that will help those … nobody from a bureaucracy is going to switch them over.*

A combination approach is also encouraged, such as using newsletters, field days, mailing lists and working through neighbours:

> *… they're a difficult one because all you can do is … go to their landholding, direct mail and … through their neighbours I think you get that peer pressure … [and] that diffusion of information to them.*

The results indicated that differing communication strategies were used and perceived as necessary to reach different groups of landholders. The participants also recognised that some groups are more difficult to reach, but it can be worth the effort to use a portfolio of strategies. Clearly, it is not just a matter of one media strategy fits all, or just placing an online advertisement or Facebook post to get to a particular target market.

Sources: Mark Morrison et al., 'Communicating information to difficult-to-reach landholders: perspectives of natural resource management communication practitioners', *Australasian Journal of Environmental Management*, 22(3), 2015, pp. 315–28; Mark Morrison et al., 'Segmenting landholders for improving the targeting of natural resource management expenditures', *Journal of Environmental Planning and Management*, 55, 2012, pp. 17–37; David J Pannell et al., 'Understanding and promoting adoption of conservation by rural landholders', *Australian Journal of Experimental Agriculture*, 46, 2006, pp. 1407–24.

Many companies rely on a variety of marketing **communication mix elements** to send messages to the marketplace, which includes sales promotion, direct marketing and personal selling. Even though the internet has changed how we communicate, there is justification for employing several elements to increase the touchpoints in the marketplace, send brand reminders to reinforce the message to consumers, and use elements that might be better able to gain the attention of people, particularly if they are hard to reach. In this chapter, we discuss direct marketing and personal selling and their role as effective communication tools.

If you look in your wallet, the chances are you'll find a petrol voucher on a docket, a Frequent Flyer card, or a loyalty card from your favourite coffee shop. All of these are sales promotions. We keep them with us because they add value to products and services that we would normally purchase anyway. We get something for nothing: a free cup of coffee (after we purchase 10), a cheap pizza on Tuesday, 4 cents off our petrol, and we live in the hope of a free airline ticket, if we could only afford the flights to accumulate the points in the first place. But what we often don't realise is that marketers are also offering sales promotions to wholesalers and retailers, as an incentive to stock and push their products.

Also, while some use different intermediaries and media, an increasing number are also going directly to the customer. These companies believe that some IMC tools, such as advertising and publicity, are effective in creating brand image, conveying information and/or creating awareness. However, using direct communication can generate an immediate behavioural response, particularly if a sales promotion is involved. Whether the direct communication is delivered through direct-response channels or through the personal selling activities of a sales force, they can make valuable contributions to effective communication with customers as part of the IMC program.

This chapter focuses on the role of sales promotion in a company's IMC program. We examine how marketers use both consumer- and trade-orientated promotions to influence the purchase behaviour of consumers as well as wholesalers and retailers. We also consider direct marketing, before examining the role of personal selling, and the way in which it contributes to the IMC mix.

CORPORATE ADVERTISING

As part of a suite of tools available to organisations, corporate advertising can be used to promote or position the company or brand, by enhancing its image, taking a strong position on a social issue or cause, or seeking direct involvement in an action. In this form, corporate advertising adds value to the public relations function. Energy companies often dedicate resources to corporate advertising campaigns designed to reposition their link to positive issues.

Exhibit 14.10 BHP's *Think big* campaign sought to reconnect the company with the Australian community
Source: Shutterstock/Natee Meepian

BHP released a national corporate advertising campaign, *Think big*, in 2017, for the first time in over 30 years, in order to reconnect with the Australian community and give greater awareness to the contribution it makes to Australia—both economically and socially. The campaign includes information about BHP's history, its people and more recently the role of its products in building a sustainable future—for example, the role of copper in electric vehicles. In addition, the campaign has been extended to a more localised version—*To me that's big*—which puts a focus on BHP activities in specific communities, such as its partnership with the Raine Island Recovery Project.

Corporate advertising can be used by companies that sell direct to the consumer market as well as those who operate primarily at a business-to-business level. The term '**corporate advertising**' tends to be used as a catch-all for any type of advertising run for the direct benefit of the corporation rather than its products or services. For the purposes of this book (and in an attempt to bring some perspective to the term), we use it to describe any type of advertising designed to promote the organisation itself rather than its products or services. Increasingly, consumers are looking to the company behind the product as a factor in their decision making, so this has enhanced the importance of corporate advertising in the wider integrated marketing communication mix.

Objectives of corporate advertising

Corporate advertising may be designed with two goals in mind: (1) creating a positive image for the company; and (2) communicating the organisation's views on social, business and environmental issues. Some more specific applications include:

- boosting employee morale and smoothing employee relations
- helping newly deregulated industries ease consumer uncertainty and answer investor questions
- enabling diversified companies to establish an identity for the parent company rather than relying solely on brand names.[12]

As these objectives indicate, corporate advertising is targeted at both internal and external audiences and involves the promotion of the organisation as well as its ideas.

Types of corporate advertising

Marketers seek attainment of corporate advertising's objectives by implementing image, advocacy or cause-related advertising. Each form is designed to achieve specific goals.

Image advertising and content strategies

One form of corporate advertising is devoted to promoting the organisation's overall image. **Image advertising** may accomplish a number of objectives, including creating goodwill both internally and externally, establishing a position for the company and generating resources, both human and financial.

One form of image advertising is designed to enhance or reinforce brand image and can use the positioning of content such as advertisements and publicity. Ads are often designed to create an image of the company in the public mind; for example, the earlier image of BHP's corporate advertising campaign. Another example of positioning advertising or content comes from The Star Entertainment Group. If you visited the Gold Coast before 2017, you're probably familiar with Jupiters Hotel and Casino. But from March 2017, this property was rebranded as The Star Gold Coast, reflecting the Star Entertainment Group's consistent property branding across Australia. The rebranding of a well-loved brand is a long-term initiative, and in this case was accompanied by major go-to-market campaigns, including one during the Gold Coast 2018 Commonwealth Games which highlighted the major partnership as well as the improved resort facilities. As part of the rebranding, the group issued a media release to provide more details of the name change and embed that new name into practice, and promoted the launch via Instagram (see Exhibit 14.11). While the post got a number of likes, not all of the comments were positive, requiring effective social media content management.

Exhibit 14.11 The Star Gold Coast
Source: Shutterstock/Darren Tierney

It is important to remember that a positive corporate image cannot be created from just a few advertisements. Quality of products and services, innovation, sound financial practices, good corporate citizenship and wise marketing are just a few of the factors that contribute to the overall image. In addition, the type of product marketed and emotional appeal also factor.

Another form of image-based advertising is around image repair or **crisis recovery advertising** , where companies use advertising as part of a crisis recovery toolkit to show remorse and support business recovery.

In 2018, KFC stores in the United Kingdom ran out of chicken. The shortage was due to a supply issue and led to the temporary shutdown of stores. KFC responded to manage the incident via earned and social media platforms, but once the supply issue was resolved, it returned with an apology-based advertising campaign. By rearranging the letters of KFC to FCK, the chain apologised for its mistake (see Exhibit 14.12   ).

Exhibit 14.12 Crisis recovery advertising used by KFC when UK shops ran out of chicken

Source: KFC and Mother London. The KFC name, logo and related marks are trademarks of KFC Corporation and/or its related companies and are used with permission

Sponsorship

Corporate sponsorship of charities and causes has been a key part of the public relations mix for decades. Sponsorship provides important links that enable organisations to demonstrate their community approach as well as providing direct benefits for the sponsored organisation. Some sponsorships are short term, but most are more strategic and involve strong alignment between the goals of both or multiple organisations. Through this considered alignment, all parties have greater potential to meet the value proposition and achieve better social and environmental outcomes.

Exhibit 14.13 Queensland Museum experts will collaborate with BHP for Project DIG
Source: Getty/Bradley Kanaris/Stringer

One example of sponsorship is the connection between BHP Billiton and the Queensland Museum Network (QMN). In 2008, BHP staff discovered a fossilised bone on their South Walker Creek mining site in Queensland. The team contacted QMN about the finding and have worked together ever since to promote and preserve Queensland's unique biodiversity. The partnership was further cemented in 2018 with the announcement of a five-year collaboration, Project DIG, which aims to transform how Queensland Museum explores and shares its research and collections with students and scientists, no matter where they are in the world. The organisations are working together to use world-class 3D-scanning capabilities and interactive visualisation technologies to modernise museums' research capabilities and provide opportunities for innovators, researchers and students to come together to discover solutions to complex problems of international relevance. The partnership demonstrates how business and cultural organisations can work together effectively, sharing expertise and resources to deliver important outcomes for society.

While some companies sponsor specific events or causes with primarily traditional public relations objectives in mind, a separate and more marketing-orientated use of sponsorships is also on the increase. Such **event sponsorships** can take on a variety of forms, from single events to whole seasons. For example, KIA sponsors Australia's premier tennis tournament, the Australian Open; Lexus is the key sponsor for the Melbourne Cup; and Sunsuper sponsors the Sunsuper Riverfire, a fireworks display that signals the end of the Brisbane Festival. These sponsorships leverage connections between the organisations and brands and the communities that support each of these events.

Many marketers are attracted to event sponsorship because it gets their company and product names in front of consumers. By choosing the right events for sponsorship, companies can attain visibility among their target market. This requires good research and a well-executed strategy.

Many companies are attracted to event sponsorships because effective IMC programs can be built around them, and promotional tie-ins can be made to local, regional, national and even international markets. Companies are finding event sponsorships an excellent platform from which to build equity and gain affinity with target audiences as well as being a good public relations tool. Some companies will seek to sponsor existing events, with the benefit of already seeing the success of the event, whereas others will want to be involved in the creation of a special event that best positions their brand values. This gives the organisation more control and will often limit the opportunity for others to be involved in the sponsorship, thereby reducing confusion in the marketplace.

Most companies focus their marketing efforts on specific market segments and are always looking for ways to reach these target audiences. Many marketers are finding that sales promotion tools such as event sponsorships, contests, sweepstakes and sampling are very effective ways of reaching specific geographic, demographic, psychographic and ethnic markets.

Event sponsorship has become a good sales promotion tool for reaching specific target markets. Golf tournaments are a popular event for sponsorship by marketers of luxury cars and other upscale products and services. The golf audience is affluent and highly educated, and marketers believe that golfers care passionately about the game, leading them to form emotional attachments to brands they associate with the sport. And, as you can see, a variety of companies believe there is a marketing advantage to be gained from this relationship.

Like any other relationship, however, risks must be assumed by both sides in such agreements. Poor performance on each party's behalf could affect the other. But poor performance can also be an opportunity for sponsorship. In late 2015, Tropfest, a world-renowned platform that showcases short films, was cancelled by its co-founder, John Polson, citing poor financial management. A few weeks later, Polson announced the festival was saved thanks to corporate event sponsorship from CGU. He stated: 'Thanks to the support given by CGU Insurance, we're now able to restore Tropfest for the filmmakers whose work was put on hold, for our fans and of course for the suppliers and partners who all give so much to make the world's largest short film festival a reality. It's the comeback story of the decade.'[13]

CGU, the commercial insurance arm of IAG, used this sponsorship as a means to showcase the challenges facing small businesses, especially those that were affected by the sudden cancellation of Tropfest. The sponsorship was announced at a press conference and also incorporated publicity and television commercials. Following this sponsorship, Tropfest fans and filmmakers shared their appreciation via social media.

A major issue that continues to face the event sponsorship industry is incomplete research. As marketers continue to become more interested in ROI, they will want more evidence that event sponsorship is effective and that it is a good return on their investment. It is important that the outcomes of the sponsorship are clearly identified and agreed by both parties. While some type of return will always be important, the manifestation of that return will vary under each proposal. Many organisations that are frequently approached for sponsorship publish their sponsorship guidelines and proposal templates to help simplify the process and set out their expectations early in the negotiation.

One of the challenges to event marketers––—and an opportunity to ambush marketers (those that take advantage of events organised by others)––—is to make sure the right company is associated with the sponsorship. Surveys of the community's knowledge of the Olympic sponsors always reveal many companies being associated with the Games who are not the official sponsors. These groups have used marketing and public relations activities that raise their profile during the Olympics period, often using a sports-related flavour, and that awareness is mistaken by the community as direct sponsorship. There is often discussion as to whether ambush marketing is ethical practice. While this is an issue that will continue to be debated, it is important for organisations to think about how consumers will see their campaigns, as the right approach will reinforce the company's values. However, an inappropriate approach may work against building strong support from consumers.

Advocacy advertising and content

A third major form of corporate advertising addresses social, business or environmental issues. Such **advocacy advertising** is concerned with propagating ideas and elucidating controversial social issues of public importance in a manner that supports the interests of the sponsor.[14]

While still portraying an image for the company or organisation, advocacy advertising and content does so indirectly, by adopting a position on a particular issue rather than promoting the organisation itself. Advocacy advertising has increased in use over the past few years and has also met with increased criticism. The ads or content may be sponsored by a company or by a trade association and are designed to tell readers how the organisation operates or explain management's position on a particular issue. Sometimes advertising is a response to negative publicity or to the company's inability to place an important message through its regular public relations channels. At other times, the company just wants to get certain ideas accepted or to have society understand its concerns.

The Minerals Council of Australia created a national advertising campaign to counter opinions or perspectives in public opinion. The campaign, *Making the future possible*, uses television, cinema, radio and online advertising. These ads showcase the use of technology in mining and provide personal case studies of innovation in mining family businesses.

Another form of advocacy advertising, **issue ads**, are increasingly appearing in the media. While considered a form of advocacy advertising, issue ads may have no affiliation with a corporate or trade sponsor but may be sponsored by an organisation to bring attention to something it considers to be an important issue. These issues may include cyberbullying, energy use, political freedom, homelessness, education and nutrition.

Advantages and disadvantages of corporate advertising

Corporate advertising can enhance public perception and encourage goodwill in companies.[15] A number of reasons for the increased popularity of corporate advertising become evident on examining the advantages of this form of communication.

1. *It is an excellent vehicle for positioning the company.* Companies, like products, need to establish an image or position in the marketplace. Corporate image ads are one way to accomplish this objective. A well-positioned product is much more likely to achieve success than one with a vague image or no image. In some cases, corporate advertising can buffer stakeholder perceptions of brands or companies undergoing crisis or negative publicity.
2. *It takes advantage of the benefits derived from public relations.* Corporate advertising can complement earned and shared media content, reinforcing the message in more direct or emotive ways. In some cases, corporate advertising may gain the attention of potential stakeholders and trigger information seeking or other behaviours, too.
3. *It can reach select and general markets.* Corporate image advertising is often targeted to selected markets such as investors and managers of other companies. However, corporate advertising can also be targeted to the general public.

Some of the disadvantages of corporate advertising were alluded to earlier in the chapter. To these criticisms, we can add the following.

1. *Questionable effectiveness.* There is no strong evidence to support the belief that corporate advertising works. The effects of corporate advertising can incorporate a broad range of outcomes, including direct and indirect effects on publics, making it a difficult field to assess.[16]
2. *Constitutionality and/or ethics.* Some critics contend that since larger companies have more money, they can control public opinion unfairly. Similarly, many consumers see such advertising as unjust and immediately take a negative view of the sponsor. An academic study that examined companies with cases of social irresponsibility between 1995 and 2011 showed that organisations in this sample increased corporate advertising expenditure to help reduce the negative effect of corporate social irresponsibility.[17] The authors argue that by increasing corporate advertising, organisations reduced the negative influence of corporate social irresponsibility on performance.[18]

LO 15.1

THE SCOPE AND ROLE OF SALES PROMOTION

Sales promotion has been defined as 'a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objective of creating an immediate sale'.[1] There are several important aspects to this definition.

First, sales promotion involves some type of inducement that provides an extra incentive to buy. This incentive is usually the key element in the promotion. It may be a coupon or price reduction; the opportunity to enter a contest, game or sweepstake; a money-back refund or rebate; or an extra amount of a product. The incentive may also be a free sample of the product to stimulate future purchase, or a premium (such as a discount music voucher) on a cereal box.

An extra incentive could also be kicking the winning goal for Australia. Heineken, sponsor of the Formula 1 Australian Grand Prix, engaged its target market with a promotion where they can join a chatbot party by launching 'Heineken Chatbot' on Facebook Messenger.[2] As part of its Formula 1 *More than a race* campaign, the chatbot asks users questions about the Grand Prix and why they deserve to be one of the five winners of a Grand Prix VIP experience (see Exhibit 15.2). This, like most sales promotion, adds value to the product. While advertising appeals to the mind and emotions to give the consumer a reason to buy, sales promotion appeals more to the wallet and provides an incentive to purchase a brand now.
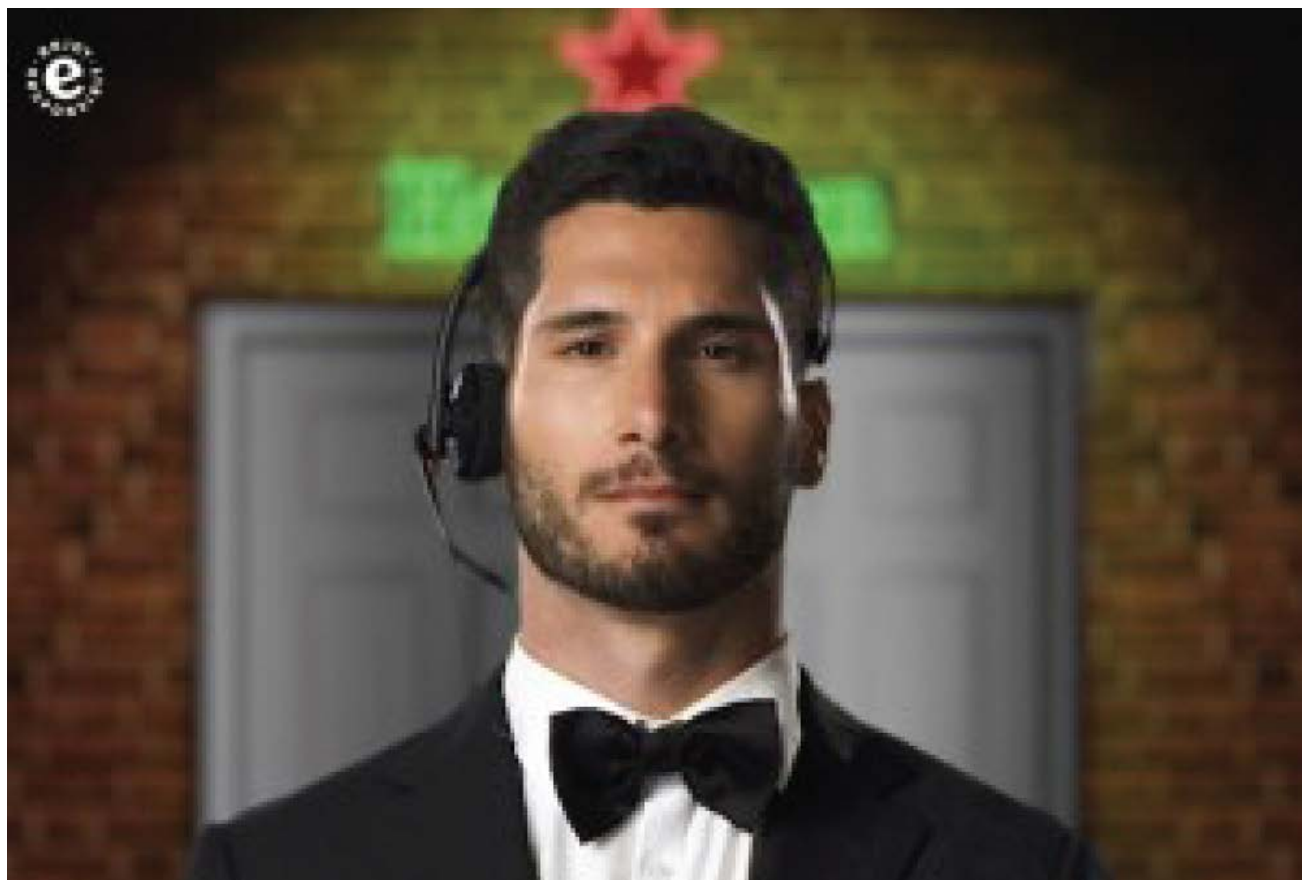
Trade-orientated sales promotions can also provide the same kind of inducement to marketing intermediaries such as wholesalers and retailers. A trade allowance or discount gives retailers a financial incentive to stock and promote a manufacturer's products. A trade contest directed towards wholesalers or retail personnel gives them an extra incentive to perform certain tasks or meet sales goals, such as the trade promotions run by Panasonic to promote their high-definition plasmas during the Rugby World Cup.

A second point is that sales promotion is essentially an acceleration tool, designed to speed up the selling process and maximise sales volume.[3] By providing an extra and immediate incentive, sales promotion techniques can motivate consumers to purchase a larger quantity of a brand or shorten the purchase cycle by encouraging them to take more immediate action.

Companies also use limited-time offers such as price-off deals to retailers or a coupon with an expiry date, such as Dreamworld's Pass for unlimited theme park entry until Christmas, to accelerate the purchase process.[4] Sales promotion attempts to maximise sales volume by motivating customers who have not responded to advertising. The ideal sales promotion program generates sales that would not be achieved by other means. However, as we will explore later, many sales promotion offers end up being used by current users of a brand rather than attracting new users.

A third point regarding sales promotion activities is that they can be targeted to different parties in the marketing channel. As shown in Figure 15.1, sales promotion can be broken into two major categories: consumer-orientated and trade-orientated promotions. Activities involved in **consumer-orientated sales promotions** include sampling; couponing; offering premiums, contests, sweepstakes, refunds and rebates, bonus packs, price-offs (discounts/sales) and **frequency programs**; and event marketing. These promotions are directed at consumers, the end purchasers of goods and services, and are designed to induce them to purchase the marketer's brand.
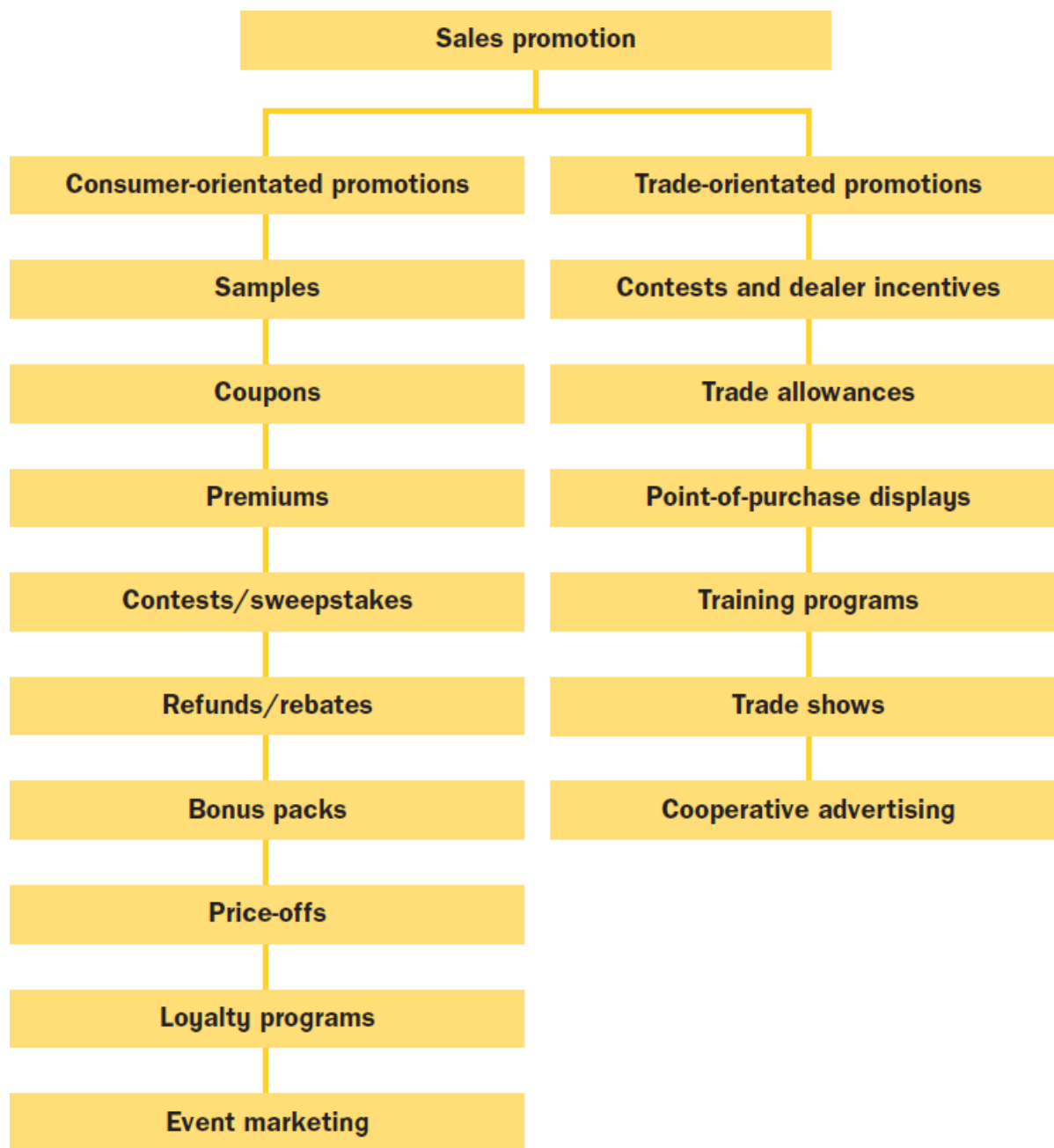
Figure 15.1 Types of sales promotion activities

Consumer-orientated promotions are part of a promotional pull strategy; they work along with advertising to encourage consumers to purchase a particular brand and thus create demand for it. Consumer promotions are also used by retailers to encourage consumers to shop in their particular stores. Many retailers offer loyalty programs such as flybuys, or sponsor contests or programs, such as Coles's sponsorship of *MasterChef,* to increase store patronage.

Trade-orientated sales promotion includes dealer contests and incentives, trade allowances, point-of-purchase displays, sales training programs, trade shows, cooperative advertising and other programs designed to motivate distributors and retailers to carry a product and make an extra effort to push it to their customers. Many marketing programs include both trade- and consumer-orientated promotions, since motivating both groups maximises the effectiveness of the IMC program.

While this is the traditionally accepted definition of sales promotion, involving incentives, acceleration and different participants in the marketing channel, there are many who would add a fourth criterion to this list— brand building. While sales promotion has largely been about instant gratification, a more strategic orientation regards sales promotion as part of the IMC process, contributing to longer-term marketing and corporate outcomes such as brand building.[5] It is not just sales that are being used to measure the effectiveness of sales

promotion—marketers also use measures such as awareness, knowledge, response rates, retention rates, lead generation and media impressions to evaluate how effective sales promotion has been.[6]

Limited quantity versus limited time messages

Sales promotion offers an incentive to create an immediate sale. This is essentially a scarcity message, telling us that the availability of the incentive is limited, so act now or miss out. Sales promotions as scarcity messages come in two types—limited time (available for a predefined period) and limited quantity (e.g. first 100 customers only). For example, one of the biggest shopping days of the year, which is growing in interest in Australia, is Black Friday, the first Friday after Thanksgiving in the US.[7] Here, there are both limited time restrictions and limited quantity restrictions, with quotas placed by retailers on the best deals. In an example of a successful limited quantity-driven sales promotion, Pepsi developed a creative tie-in to the movie Back to the Future Part II by creating 6500 bottles of a limited-edition soft drink called 'Pepsi Perfect' that was featured in the movie (see Exhibit 15.3   ).[8]

Exhibit 15.3 Pepsi Perfect was featured in the movie *Back to the Future II* and the 6500 limited edition bottles that Pepsi offered as a creative tie-in immediately sold out
Source: PepsiCo

Such messages generally have a positive impact on our evaluation of and attitude towards the product or service being promoted, raising its perceived value in our eyes. In addition, scarcity messages typically accelerate the purchase, creating a higher willingness to buy and a lower propensity to look further. While both types of scarcity messages increase our intention to purchase, limited quantity scarcity, which creates a greater sense of competition among consumers, raises our purchase intention most. Not only do people want a product more because it is scarce, but they want it most when others are competing for it.[9]

THE GROWTH OF SALES PROMOTION

Until the 1980s, nearly half of marketers' dollars was spent on advertising campaigns designed to create or reinforce brand awareness and build long-term loyalty. However, from the late 1980s, a fundamental change had occurred in the way most consumer-product companies were marketing their products. The proportion of the marketing budget allocated to sales promotion rose sharply, while the amount spent on media advertising declined. Currently, estimates are that marketers spend between 60% and 75% of their budgets on sales promotion, with the remainder being allocated to media advertising.[10] PwC's *Global Entertainment and Media Outlook* predicts that online will average 9.4% compound growth to command an advertising investment of $4.85 billion in 2017, far beyond free-to-air television expenditure at $3.57 billion.[11] And this perhaps highlights the greatest potential for sales promotion.

The implementation of digital channels, such as microsites, social networks, video-sharing sites and mobile phones, as part of sales promotion strategy will increase as marketers follow consumers to where they live and shop. Viral marketing will be another way of extending the boundaries of promotion; for instance, a prize is often offered for the most viral player—the one who passes the sales promotion on to the highest number of people. New platforms such as online video, growing by 44% annually in Australia, or even branded entertainment, including event marketing, sponsorship, product placement and games, could be incorporated as part of the sales promotion strategy.[12]

Even social media has redefined sales promotion. When Australian consumers were asked what they wanted from the brands they followed on Facebook, the top responses were discounts (64%), giveaways (54%), product information (48%) and coupons (41%).[13] It was a similar response for opt-in email, where people signed up to receive discounts and promotions (58%) or to get free items and giveaways (51%). It was a little different on Twitter, where the top two reasons for following a brand were to keep up to date (45%) and get company alerts (36%), although 35% still followed for the free stuff and 29% to get discounts.[14]

But let's not forget the humble coupon. In the USA alone, over 310 billion manufacturers' coupons are distributed a year. Of those, three billion were redeemed, generating an average saving of $10.75 per person.[15] In the UK, 448 million coupons were redeemed, creating a value of $2.65 billion.[16] And now in addition to free-standing inserts and in-advertising coupons, we have a host of virtual coupons, including online Shopadocket.com.au and eWallet. In a survey, 37% of shoppers said they wished all coupons were digital.[17]

Reasons for the increase in sales promotion

Increased sophistication and a more strategic role and focus have elevated the discipline and its role in the IMC program of many companies.[18] In the past, sales promotion specialists would be brought in after key strategic branding decisions were made. **Sales promotion agencies** were viewed primarily as tacticians whose role was to develop a promotional program such as a contest, sweepstakes, coupons or sampling program that could create a short-term increase in sales. However, many companies are now making sales promotion specialists part of their strategic brand-building team. Sales promotion agencies have expanded their IMC capabilities as well as their expertise in branding, helping their clients build relationships with their customers.

Another factor contributing to the increase in the importance of sales promotion is technology. For example, user-

generated content has added new interest to games, contests and sweepstakes; an example is companies that ask the public to upload video or picture entries to be considered for a competition.

In Australia, the industry body, Australasian Promotion Marketing Association (APMA), includes sales promotion agencies and organisations involved in sampling, in-store, database, experiential marketing and events marketing. APMA sums up the uses of sales promotion in Table 15.1   .

Promotion marketing techniques are now being used both tactically and strategically to:
generate brand awareness and trial
generate brand switching
generate brand loyalty
generate impulse purchase
assist in establishing brand image/positioning
build long-term brand equity
give consumers a brand experience.

Table 15.1 Australasian Promotional Marketing Association defines the uses of sales promotions

Changing economic conditions change consumers

In recent years, more Australian shoppers are actively looking for specials than remaining loyal to a preferred brand. Quantum Market Research for Australia SCAN calls these people 'dealoholics'.[19] Much of this frugal behaviour and price sensitivity was born out of the global financial crisis, but it has created an enduring attitude where shoppers are opposed to paying full price, believing the product will be on special soon. As many as 65% of Australian adults believe they will always be able to purchase goods on special.[20] And one in three Australians vow to 'still look for cheaper grocery brands even when economic conditions improve', according to the AC Nielsen.[21]

Some believe this 'dealaholic' attitude is a product of retailer training, encouraged by the widespread use of promotions. Whatever the cause, the proliferation of sales promotions has undoubtedly shifted price perceptions. Despite this insistence on a bargain, Australians' knowledge of the price they pay is relatively weak, with almost half unsure of purchase price. In some heavily promoted categories such as beer and bread, shoppers believe the promoted price is actually the normal price.[22]

Another reason is that many purchase decisions are made at the point of purchase by consumers who are increasingly time-sensitive and facing too many choices. In supermarkets, up to 80% of the buying decisions are made in-store, where people are very likely to respond to sales promotion deals.[23] Buying a brand that is on special or advertised through in-store media can simplify the decision-making process and solve the problem of overchoice.

The growing power of retailers

The power shift in the marketplace from manufacturers to retailers has also encouraged an increase in sales promotion. For many years, manufacturers of national brands had the power and influence; retailers were just passive distributors of their products. Consumer-product manufacturers created consumer demand for their brands by using heavy advertising and some consumer-orientated promotions, such as samples, coupons and premiums, and exerted pressure on retailers to carry the products. Retailers did very little research and sales analysis; they relied on manufacturers for information regarding the sales performance of individual brands.

In recent years, however, several developments have helped to transfer power from manufacturers to retailers. With the advent of optical checkout scanners, loyalty-card data and sophisticated in-store computer systems, retailers have gained access to data concerning how quickly products turn over, which sales promotions are working, which products make money and who is buying them.[24] Retailers use this information to analyse sales of manufacturers' products and then demand discounts and other promotional support from manufacturers of lagging brands. Companies that fail to comply with retailers' demands for more trade support often have their shelf space reduced or even have their product dropped.

Another factor that has increased the power of retailers is the consolidation of the grocery store industry, which has resulted in larger chains with greater buying power and clout. Woolworths and Coles dominate 75% of the grocery market in Australia, pressuring manufacturers to provide deals, discounts and allowances. Consolidation has also given large retailers more money for advancing already-strong private-label initiatives, and sales promotion is the next step in the marketing evolution of private-label brands (i.e. generic/house brands). Private-label brands in various packaged-good categories (such as foods, drugs, health and beauty-care products and even beer) are giving national brands more competition for retail shelf space and increasing their own marketing, including the use of traditional sales promotion tools. Private labels have increased margins for retailers and also helped build brand loyalty. In Australia, 25% of total grocery sales are private label. The Coles private label accounts for 21% of its packaged-goods sales and Woolworths 18%. While this might seem high, it is half that of the UK and Germany, where private labels account for more than 50% of packaged-goods sales.[25]

Exhibit 15.4 Retailer Woolworths' rewards card program enables it to derive data abouts its customers and products
Source: Shutterstock/Catrin Haze

Private labels can be found in 95% of Australian homes, where consumers consider them to be as good as branded products. In fact, over 50% of the milk sold in Australia is private label. This is forcing brands both to consolidate and be more competitive. For example, New Zealand dairy brand Fonterra, which once had 21 brands operating in Australia, has now dropped to eight—and could be just four or five in the future.[26] National brand leaders also need to be more price-competitive and develop more innovative sales promotion programs to attract the consumer dollar and loyalty.

Declining brand loyalty

Increased promotional sensitivity and the growing adoption of private labels have impacted brand loyalty, with consumers purchasing more on the basis of price, value and convenience. Some consumers will always be willing to buy their preferred brand at full price without any type of sales promotion offer. However, more often consumers look for deals when they shop, switching back and forth among a set of brands they view as essentially equal. These brands in their decision set are all perceived as being satisfactory and interchangeable, and consumers purchase whatever brand is on special or for which they have a coupon.

Increased promotional sensitivity

Marketers are making greater use of sales promotion in their marketing programs because consumers respond favourably to the incentives it provides. A study found that 25% of consumers are buying packaged-goods brands that are on sale over their preferred brands and 23% are making product selections based on loyalty card discounts.[27] An obvious reason for consumers' increased sensitivity to sales promotion offers is that they save money. Another reason is that many purchase decisions are made at the point of purchase by consumers who are increasingly time-sensitive and facing too many choices. Some studies have found that up to 70% of purchase decisions are made in the store, where people are very likely to respond to promotional deals.[28]

Many marketers, as well as retailers, often condition consumers to wait for discounts through sales, special offers and coupons, which makes it very difficult for them to sell their merchandise at full price. Surveys have shown that consumers are 50% more price-sensitive than they were 25 years ago—and for good reason.[29] Marketers issue more than 300 billion coupons globally each year, or nearly 1000 per person. They also use rebates, buy-one-get-one-free offers, special sales events, price-off deals and other discounts to attract price-sensitive consumers. Consumers are not naive; they know that manufacturers or retailers will offer some type of promotion that encourages them to wait for the next deal rather than purchasing a product at full price.

Brand proliferation

A major aspect of many companies' marketing strategies over the past decade has been the development of new products. Australian consumers have more brands from which to select than their counterparts in the USA, the UK or Europe. In the deodorant category, for example, Unilever Australia dominates, with a 64% market share, yet it uses advertising to discriminate between its brands such as Lynx, Rexona, Impulse and Dove.[30] The market has become saturated with new brands, which often lack any significant advantages that can be used as the basis of an advertising campaign. Thus, companies increasingly depend on sales promotions to entice consumers to try these brands and encourage repeat purchase.

Sales promotions are also important in getting retailers to allocate some of their precious shelf space to new brands. The competition for shelf space for new products in stores is enormous. Supermarkets carry

an average of 30 000 products. Retailers favour new brands with strong sales promotion support that will bring in more customers and boost their sales and profits. Many retailers require special discounts or allowances from manufacturers just to handle a new product. These 'slotting fees' or 'allowances', which are discussed later in the chapter, can make it expensive for a manufacturer to introduce a new product.

Fragmentation of the consumer market

As the consumer market becomes more fragmented, marketers are turning to more segmented, highly targeted approaches, often in specific regional markets. For example, fast-food restaurants and takeaway pizza chains—such as Pizza Hut—spend a high percentage of their marketing budget on local tie-ins, email marketing and promotions designed to build traffic and generate sales from their trade areas.

Marketers are also shifting more of their IMC efforts to direct marketing, which often includes some form of sales promotion incentive. Many marketers use information they get from premium offers, trackable coupons, rebates and sweepstakes to build databases for future direct-marketing efforts. As marketers continue to shift from media advertising to direct marketing, promotional offers will probably be used even more to help build databases, which enable marketers to communicate individually with target consumers and transform mass-media tools into ways of doing one-to-one marketing.[31]

Short-term focus

Many businesspeople believe the increase in sales promotion is motivated by marketing plans and reward systems geared to short-term performance and the immediate generation of sales. Some think the packaged-goods brand management system has contributed to marketers' increased dependence on sales promotion. Brand managers use sales promotions routinely, not only to introduce new products or defend against the competition, but also to meet quarterly or yearly sales and market-share goals. The sales force, too, may have short-term quotas or goals to meet and may also receive requests from retailers and wholesalers for sales promotions. Thus, representatives may pressure marketing or brand managers to use sales promotions to help them move the products into the retailers' stores. The reliance on sales promotion is particularly high in mature and slow-growth markets, where it is difficult to stimulate consumer demand through advertising. This has led to concern that managers have become too dependent on the quick sales fix that can result from a promotion.

Increased accountability

In addition to pressuring their managers and sales force to produce short-term results, many companies demand to know what return they are getting from their marketing communication expenditure. Results from sales promotion programs are generally easier to measure than those from advertising or PR. Many companies are demanding measurable, accountable ways to relate IMC expenditure to sales and profitability. For example, some companies use checkout scanner data to monitor promotions and track the results they generate on a daily basis, which can also determine compensation for marketing personnel.[32]

Managers who are being held accountable for producing results often use price discounts or coupons, since they produce a quick and easily measured jump in sales. It takes longer for an ad campaign to show some impact and the effects are more difficult to measure. Marketers are also feeling pressure from the trade as powerful retailers demand sales performance from their brands.

Competition and penetrating the clutter

The markets for many products are mature and stagnant, and it is increasingly difficult to boost sales through advertising. Exciting, breakthrough creative ideas are difficult to come by, and consumers' attention to mass-media advertising continues to decline. Rather than allocating large amounts of money to run dull ads, many marketers have turned to sales promotion to gain or maintain a competitive advantage.

Many companies are tailoring their trade promotions to key retail accounts and developing strategic alliances with retailers that include both trade and consumer promotional programs. A major development in recent years is cooperative marketing, whereby a manufacturer collaborates with an individual retailer to create a customised promotion that accomplishes mutual objectives. Retailers may use a promotional deal with one company as leverage to seek an equal or better deal with its competitors.

Combining a sales promotion with advertising can also break through the clutter prevalent in most media today. A premium offer may help attract consumers' attention to the advertising, as will a contest or sweepstakes.[33] Promotional messages regarding sweepstakes, games and contests are prevalent in magazine ads, while coupons and sales offers are used most in newspaper advertising.[34]

The growth of digital marketing

Another factor that has contributed to the increased use of sales promotion is the digital marketing revolution. Many marketers now use the various forms of online marketing to implement sales promotion programs as well as to measure their effectiveness. Promotional offers have also become commonplace in various forms of online advertising, including mobile marketing as a way of attracting the attention of consumers or encouraging them to take action.

Concerns about the increased role of sales promotion

While marketers acknowledge the importance of sales promotion to generate immediate sales, they are equally concerned about its long-term effect on brand equity. Brand equity is an intangible asset of added value or goodwill that results from consumers' favourable image, impressions of differentiation or strength of attachment to a brand.

Some critics argue that sales promotion increases come at the expense of brand equity and every dollar that goes into sales promotion rather than advertising devalues the brand.[35] Proponents of advertising argue that marketers must maintain strong brand position and value if they want to differentiate their brands and charge a premium price for them. They say advertising is still the most effective way to build the long-term value of a brand—it informs consumers of a brand's features and benefits, creates an image, and helps build and maintain brand loyalty. Many are concerned that if the trend towards spending more on sales promotion at the expense of media advertising continues, brands may lose the equity that advertising helped create and be forced to compete primarily on the basis of price. Many of these concerns are justified, but not all sales promotion activities detract from the value of a brand.

CONSUMER-ORIENTATED SALES PROMOTION

Objectives of consumer-orientated sales promotion

Not all sales promotion activities are designed to achieve the same objectives. As with any IMC tool, marketers must plan consumer promotions by conducting a situation analysis and determining the sales promotion's specific role in the integrated marketing communication program. Marketers must decide what the sales promotion is designed to accomplish and to whom it should be targeted. Setting clearly defined objectives and measurable goals for their sales promotion programs forces managers to think beyond the short-term sales fix (although this can be one goal). While the basic goal of most consumer-orientated sales promotion programs is to induce purchase of a brand, the marketer may have a number of different objectives for both new and established brands, which are discussed below.

Obtaining trial and repurchase

One of the most important uses of sales promotion techniques is to encourage consumers to try a new product or service. While thousands of new products are introduced to the market every year, as many as 90% of them fail within the first year. Many of these failures are due to the fact that the new product or brand lacks the promotional support needed either to encourage initial trial by enough consumers or to induce enough of those trying the brand to repurchase it. Many new brands are merely new versions of an existing product without unique benefits, so advertising alone cannot induce trial. Sales promotion tools have become an important part of new brand introduction strategies; the level of initial trial can be increased through techniques such as sampling, couponing and offering refunds.

The success of a new brand depends not only on getting initial trial but also on inducing a reasonable percentage of people who try the brand to repurchase it and to establish ongoing purchase patterns. Sales promotion incentives, such as coupons or refund offers, are often included with a sample to encourage repeat purchase after trial (see Exhibit 15.5).
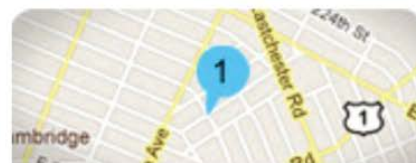
Exhibit 15.5 Sampling or demonstration programs encourage trial of new products such as disposable contact lenses, as shown in this offer from Acuvue

Source: VISTAKON®, Division of Johnson & Johnson Vision Care, Inc.

Increasing consumption of an established brand

Many marketing managers are responsible for established brands competing in mature markets, against established competitors, where consumer purchase patterns are often routine. Awareness of an established brand is generally high as a result of cumulative advertising effects, and many consumers have probably tried the brand. These factors can create a challenging situation for the brand manager. Sales promotion can generate some new interest in an established brand to help increase sales or defend market share against competitors.

One way to increase product consumption is by identifying new uses for the brand. Sales promotion tools such as recipe books, calendars or iPhone apps that provide utility and show various ways of using the product can often accomplish this. Another strategy for increasing sales of an established brand is to use sales promotions to attract

non-users of the product category or users of a competing brand. Attracting non-users of the product category can be very difficult, as consumers may not see a need for the product. Sales promotions can appeal to non-users by offering an extra incentive to try the product, but a more common strategy for increasing sales of an established brand is to attract consumers who use a competing brand. This can be done by giving them an incentive to switch, such as a coupon, sampling, premium offer, bonus pack or price deal (see Exhibit 15.6   ).

Exhibit 15.6 Pepper Lunch offering $5 off to encourage customers
Source: Pepper Lunch

Defending current customers

With more new brands entering the market every day, and competitors attempting to take away their customers through aggressive promotional efforts, many companies are turning to sales promotion programs to hold present customers and defend their market share. A company can use sales promotion techniques in several ways to retain its current customer base. One way is to load them with the product, taking them out of the market for a certain time. Special price promotions, coupons or bonus packs can encourage consumers to stock up on the brand. This not only keeps them using the company's brand but also reduces the likelihood that they will switch brands in response to a competitor's promotion.

Targeting a specific market segment

Most companies focus their marketing efforts on specific market segments and are always looking for ways to reach their target audiences. Many marketers are finding that sales promotion tools such as contests and sweepstakes, events, coupons and samplings are very effective ways of reaching specific geographic, demographic, psychographic and ethnic markets. Sales promotion programs can also be targeted to specific user-status groups, such as non-users, light or heavy users. For example, Myer promotes free gifts with purchases of Clarins products to its heavy users of cosmetics, and designer workwear to its young professionals. In addition, promotions programs can be developed to coincide with peak sales periods such as Christmas or summer for certain products and services.

Enhancing integrated marketing communication and building brand equity

A final objective for consumer-orientated promotions is to enhance or support the IMC effort for a brand or company. While building or maintaining brand equity was traditionally viewed as something that was done through media advertising, it has also become an important goal for marketers as they develop their sales promotion programs. Companies are asking their sales promotion agencies to think strategically and develop promotional programs that can do more than simply generate short-term sales. They want promotions that require consumers to become more involved with their brands and offer a way of presenting the brand essence in an engaging way. Many marketers are recognising that a well-designed and executed promotion can be a very effective way of engaging consumers and differentiating their brands. Sales promotion techniques such as contests or sweepstakes and premium offers are often used to draw attention to an advertising campaign, to increase involvement with the message and product or service, and to help build relationships with consumers.

LO 15.3

Consumer-orientated sales promotion techniques

Sampling

Marketers use various sales promotion techniques to meet the objectives just discussed. Figure 15.2 shows the extent to which these consumer promotions are used by packaged-goods companies. One of the most common sales promotion techniques is sampling.

Promotion type	Percentage of respondents

Couponing—consumer direct — 100%

Discount promotions — 98%

Couponing in retailers' ads — 93%

Couponing—in-store (shelf dispenser, handouts) — 88%

Sampling new products — 85%

Sampling established products — 78%

Money-back offers/other refunds — 78%

Premium offers — 78%

Electronic retail promotions — 76%

Sweepstakes — 73%

Internet promotions — 71%

Contests — 66%

Prepricing (on product package) — 58%

Other — 27%

Figure 15.2 Types of sales promotions used by packaged-goods manufacturers

Sampling involves giving consumers some quantity of a product for no charge to induce trial. About 70 million US consumers receive a sample every quarter. Of those, about a third buy the product they try in the same shopping trip.[36] Therefore, sampling is generally considered the most effective way to generate trial, although it is also the most expensive. It is often used to introduce a new product or brand to the market. However, sampling is equally appropriate for established products. Manufacturers of packaged-goods products such as food, healthcare items, cosmetics and toiletries are heavy users of sampling (see Exhibit 15.7).

Exhibit 15.7 Tetley using free samples online to get people to try a new flavoured tea.
Source: TATA Global Beverages

Benefits and limitations of sampling

Marketers invest in sampling because they perceive that it offers a number of unique and important benefits. First, samples are an excellent way of inducing trial as they provide consumers with a risk-free way to try the products. One study found that the vast majority of consumers receiving a sample either use it right away or save it to use some time later.[37] Sampling generates much higher trial rates than advertising or other sales promotion techniques.

Getting people to try a product leads to a second benefit of sampling—consumers experience the brand directly, gaining a greater appreciation of its benefits. This can be particularly important when a product's features and benefits are difficult to describe through advertising. Many foods, beverages and cosmetics have subtle features that are most appreciated when experienced directly.

While samples are an effective way of inducing trial, the brand must have some unique or superior benefits for a sampling program to be worthwhile. Otherwise, why would the consumer bother switching? The costs of a sampling program can be recovered only if it converts a number of consumers to become regular users of the brand at the full retail price.

Another possible limitation of sampling is that the benefits of some products are difficult to gauge immediately, and the learning period required to appreciate the brand may require supplying the consumer with larger amounts of the brand than are affordable. An example would be an expensive skin cream that is promoted as preventing or reducing wrinkles but has to be used for an extended period before any effects are seen.

Sampling methods

Door-to-door sampling, in which the product is delivered direct to the prospect's residence, is used when it is important to control where the sample is delivered. This distribution method is very expensive because of labour costs, but it can be cost-effective if the marketer has information that helps define the target market or if the

prospects are located in a well-defined geographic area.

Sampling through the mail is common for small, lightweight, non-perishable products. You have probably found some shampoo or laundry detergent in your letterbox at some stage. A major advantage of this method is that the marketer has control over where and when the product will be distributed and can target the sample to specific market areas. Many marketers are using information from geo-demographic target marketing programs to better target their sample mailings. The main drawbacks to mail sampling are postal restrictions and increasing postal rates.

In-store sampling is increasingly popular, especially for food products, such as pasta sauces. The marketer hires temporary demonstrators who set up a table or booth, prepare small samples of the product and pass them out to shoppers. The in-store sampling approach can be very effective for food products, since consumers get to taste the item and the demonstrator can give them more information about the product while it is being sampled. Demonstrators may also introduce further sales promotions such as a price reduction to encourage immediate trial purchase. While this sampling method can be very effective, it can also be expensive and requires a great deal of planning, as well as the cooperation of retailers.

On-package sampling, where a sample of a product is attached to another item such as a free conditioner with a shampoo, is another common sampling method. This procedure can be very cost-effective, particularly for multiproduct companies that attach a sample of a new product to an existing brand's package. A drawback is that since the sample is distributed only to consumers who purchase the item to which it is attached, the sample will not reach non-users of the carrier brand. Marketers can expand this sampling method by attaching the sample to multiple carrier brands and including samples with products not made by their company.

Event sampling has become one of the fastest-growing and most popular ways of distributing samples. Many marketers use sampling programs that are part of IMC programs that feature events, media tie-ins and other activities, which provide consumers with a total sense of a brand rather than just a few tastes of a food or beverage or a trial size of a packaged-goods product. Event sampling can take place in stores as well as at a variety of other venues such as concerts and sporting events.

Couponing

The oldest, most widely used and most effective sales promotion tool is the coupon. **Coupons** have been around since 1895, when the US company C W Post Co. started using the penny-off coupon to sell its new Grape-Nuts cereal. Coupon redemption declined from 1999 to 2006, but has since risen.[38] Its new popularity has no doubt been a product of the economic conditions. In fact, 'stretching their budgets' was the top response (37.4%) in a survey, which asked why consumers were using more coupons.[39]

Another reason for the use of coupons over the past several decades has been the vast number of coupons distributed through retailers. As Figure 15.2 shows, coupons are the most popular sales promotion technique, as they are used by nearly all of the packaged-goods companies.

Advantages and limitations of coupons

Coupons have a number of advantages that make them popular sales promotion tools for both new and established products. First, they make it possible to offer a price reduction only to those consumers who are price-sensitive. Such consumers generally purchase because of coupons, while those who are not as concerned about price buy the

brand at full value. Coupons are generally regarded as second only to sampling as a promotional technique for generating trial. Since a coupon lowers the price of a product, it reduces the consumer's perceived risk associated with trial of a new brand. Coupons can encourage repurchase after the initial trial.

Coupons can also be useful promotional devices for established products. An example of this is the coupon books produced by fast-food retailers such as Red Rooster, which offer hungry customers two-for-one offers or special price incentives. They can encourage non-users to try a brand, encourage repeat purchase among current users and get users to try a new, improved version of a brand. Coupons may also help coax users of a product to trade up to more expensive brands.

But there are a number of problems with coupons. First, it can be difficult to estimate how many consumers will use a coupon and when. Second, it is difficult to prevent the coupons from being used by consumers who already use the brand. Instead of attracting new users, coupons can end up reducing the company's profit margins among consumers who would probably purchase the product anyway. Other problems with coupons include low redemption rates and high costs. Couponing program expenses include the face value of the coupon redeemed plus costs for production, distribution and handling of the coupons. However, marketers should track coupon costs very carefully to ensure that their use is economically feasible.

Coupon distribution

The internet has become the fastest-growing means of coupon distribution, with about 137 million print-at-home coupons and 27.5 million eCoupons redeemed a year.[40] Its popularity is easily explained by its global reach, its ability to target certain types of consumers and its cost-saving virtues. There are no distribution costs and no production costs to print large numbers of coupons. Despite this, free-standing inserts (88.8%) are still the most popular distribution method for coupons, followed by in-ad (2.6%), magazine on-page (1.2%), electronic checkout (1.0%), direct mail (0.7%) and handout (0.6%).[41]

Another way to distribute coupons that is growing rapidly is through mobile marketing whereby coupons are sent directly to mobile phones. Marketers use various social media platforms such as Facebook, Twitter and Instagram and are also working with companies such as Cellfire,[42] which distribute coupons to the mobile devices of consumers who sign up for its service. Mobile coupons have become particularly popular among younger generations of consumers,

An Australian innovation is the shop-a-docket shown in Exhibit 15.8, where coupons printed on the reverse side of supermarket receipts are put into the hands of consumers. This trend has spread to automatic teller machine receipts, train or bus tickets and even library borrowing receipts. It seems that anywhere you spend money there is an opportunity to save it.

Exhibit 15.8 Shop-a-Docket puts coupons in everyone's hands
Source: © Six Little Hearts

Premiums

If you don't want to reduce the cost of the product or service through a coupon, you could always add value through a premium. A **premium** is an offer of an item of merchandise or service that is either free or at a low price, and which is an extra incentive for purchasers. Many marketers are using value-added premiums that reflect the quality of the product and are consistent with its image and positioning in the market. The two basic types of offers are the free premium and the self-liquidating premium.

Free premiums

Free premiums are usually small gifts or merchandise included in the product package or sent to consumers who mail in a request along with a proof of purchase. In- or on-package free premiums include toys or other items included in fast-food meals, as well as samples of one product included with another.

Package-carried premiums have high impulse value and can provide an extra incentive to buy the product.

However, several problems are associated with their use. First, there is the cost factor, which results from the premium itself as well as from the extra packaging that may be needed. Finding desirable premiums at reasonable cost can be difficult, particularly for adult markets, and using a poor premium may do more harm than good.

Since most free mail-in premiums require the consumer to send in more than one proof of purchase, they encourage repeat purchase and reward brand loyalty. But a major drawback of mail-in premiums is that they do not offer immediate reinforcement or reward to the purchaser, so they may not provide enough incentive to purchase the brand. Few consumers take advantage of mail-in premium offers, with the average redemption rate only 2% to 4%.[43]

Free premiums have become very popular in the restaurant industry, particularly among fast-food chains such as McDonald's. McDonald's has become the world's largest toy maker on a unit basis, commissioning about 750 million toys per year for its Happy Meals (Exhibit 15.9). Many of the premium offers used by the fast-food giants have cross-promotional tie-ins with popular movies and can be very effective at generating incremental sales. The company uses movie tie-ins, including DreamWorks and Pixar, as the basis for many of its Happy Meal promotions.[44]

Exhibit 15.9 McDonald's toy available in time for the release of *Spider-Man: Into the Spider-Verse*. The company sells so many Happy Meals it has become a leading toy maker
Source: Shutterstock/Aiman Khair

Self-liquidating premiums

Self-liquidating premiums require the consumer to pay some or all of the cost of the premium plus handling and mailing costs. The marketer usually purchases items used as self-liquidating premiums in large quantities and offers them to consumers at lower-than-retail prices. The goal is not to make a profit on the premium item but rather just to cover costs and offer value to the consumer.

In addition to cost savings, self-liquidating premiums offer several advantages to marketers. Providing value to consumers through the premium, products can create interest in the brand and goodwill that enhances the brand's image. These premiums can also encourage trade support and gain in-store displays for the brand and the premium offer. Self-liquidating premiums are often tied directly to the advertising campaign, so they extend the advertising message and contribute to consumer franchise-building for a brand. However, self-liquidating

premium offers have the same basic limitation as mail-in premiums: a very low redemption rate.[45] Low redemption rates can leave the marketer with a large supply of items with a logo or some other brand identification that makes them hard to dispose of. Thus, it is important to test consumers' reaction to a premium incentive and determine whether they perceive the offer as valuable. Another option is to use premiums with no brand identification, but that detracts from their image-building value.

Contests and sweepstakes

Contests and sweepstakes are an increasingly popular consumer-orientated promotion because, as one expert has noted, many consumers have a 'pot of gold at the end of the rainbow mentality' and think they can win the big prizes being offered.[46] An online directory of sales promotions, www.lottos.com.au, lists more than 1800 current competitions that Australians can enter. The lure of sweepstakes and promotions has also been influenced by the 'instant-millionaire syndrome' that has derived from huge cash prizes given by many state lotteries in recent years. Marketers are attracted to contests and sweepstakes as a way of generating attention and interest among a large number of consumers.

There are differences between contests and sweepstakes. A **contest** is a promotion where consumers compete for prizes or money on the basis of skills or ability. The company determines the winners by judging the entries or ascertaining which entry comes closest to some predetermined criterion (e.g. picking the person who scores first in a sports event). Contests usually provide a purchase incentive by requiring a proof of purchase to enter or an entry form that is available from a dealer or through an advertisement.

A **sweepstake** is a promotion where winners are determined purely by chance. Entrants need submit only their names for the prize draw, often on an official entry form. Another form of sweepstake is a **game**, which also has a chance element or odds of winning, such as scratch-off cards with instant winners. Some games occur over a longer period and require more involvement by consumers. Promotions where consumers must collect game pieces are popular among retailers and fast-food chains as a way to build store traffic and repeat purchases.

Because they are easier to enter, sweepstakes attract more entries than contests. They are also easier and less expensive to administer, since every entry does not have to be checked or judged. Choosing the winning entry in sweepstakes requires only the random selection of a winner from the pool of entries, or the generation of a number to match those held by sweepstake entrants. Experts note that sweepstakes present marketers with a fixed cost, which is a major advantage when budgeting for a promotion. Many companies are developing contests, sweepstakes and games that are interactive and delivered by mobile phones or the internet.[47]

Problems with contests and sweepstakes

While the use of contests and sweepstakes continues to increase, there are some problems associated with these types of promotions. Many sweepstake or contest promotions do little to contribute to brand building for a product or service and may even detract from it. The sweepstake or contest often becomes the dominant focus rather than the brand, and little is accomplished other than giving away substantial amounts of money or prizes. Some companies have cut back or even stopped using them because of concern over their effectiveness and fears that consumers might become dependent on them.[48]

Numerous legal considerations affect the design and administration of contests and sweepstakes and most companies use consultants that specialise in this to avoid any legal problems. A final problem with contests and sweepstakes is participation by professionals or hobbyists who submit many entries but have no

intention of purchasing the product or service.

Refunds and rebates

Refunds   (also known as rebates) are offers by the manufacturer to return a portion of the product purchase price, usually after the consumer supplies some proof of purchase. For example, a computer may come with a $100 rebate from the manufacturer. Consumers are generally very responsive to rebate offers, particularly as the size of the savings increases. Rebates are used by makers of all types of products, ranging from packaged goods to major appliances, cars and computer software.

Packaged-goods marketers often use refund offers to induce trial of a new product or encourage users of another brand to switch. Consumers may perceive the savings offered through a cash refund as an immediate value that lowers the cost of the item, even though those savings are realised only if the consumer redeems the refund or rebate offer. Redemption rates for refund offers typically range from 1% to 3% for print and point-of-purchase offers and 5% for in- or on-package offers. Refund offers can also encourage repeat purchase. Many offers require consumers to send in multiple proofs of purchase. The size of the refund offer may even increase as the number of purchases gets larger.

There are some problems associated with refunds and rebates. Many consumers are not motivated by a refund offer because of the delay and the effort required to obtain the savings. They do not want to be bothered saving cash register receipts and proofs of purchase, filling out forms, mailing in the offer or redeeming online.[49] When small refunds are being offered, marketers may find other promotional incentives such as coupons or bonus packs more effective. They must be careful not to overuse rebate offers and confuse consumers about the real price and value of a product or service. Also, consumers can become dependent on rebates and delay their purchases, or purchase only brands for which a rebate is available. Many retailers have become disenchanted with rebates and the burden and expense of administering them.[50]

Bonus packs

Bonus packs   offer the consumer an extra amount of a product at the regular price by providing larger containers or extra units. Haircare manufacturers such as Sunsilk may offer a buy-one-get-one-free for shampoos and conditioners, or L'Oréal may promote 20% more at no extra cost. Bonus packs result in a lower cost per unit for the consumer and provide extra value as well as more product for the money. There are several advantages to bonus pack promotions. First, they give marketers a direct way of providing extra value without having to get involved with complicated coupons or refund offers. The additional value of a bonus pack is generally obvious to the consumer and can have a strong impact on the purchase decision at the time of purchase.

Bonus packs can also be an effective defensive manoeuvre against a competitor's promotion or introduction of a new brand. By loading current users with large amounts of its product, a marketer can often remove these consumers from the market and make them less susceptible to a competitor's IMC efforts. Bonus packs may result in larger purchase orders and favourable display space in the store if relationships with retailers are good. They do, however, usually require additional shelf space without providing any extra profit margins for the retailer, so the marketer can encounter problems with bonus packs if trade relationships are not good. Another problem is that bonus packs may appeal primarily to current users who would probably have purchased the brand anyway or to promotion-sensitive consumers who may not become loyal to the brand.

Promotional products

Half of the recipients of a promotional product say that their free tape measure or stress ball enhances their perception of the company. In fact, 55% keep the product for more than a year, 50% use it daily and 52% do business with the company after receiving a promotional product. Almost all Australians (91%) have at least one promotional product in their kitchen, because utility is typically promotional products' biggest benefit.[51] In one study, half of the respondents had taken action after receiving a promotional product, compared to 19% for TV advertising, 11% for online, 10% for print and 9% direct mail—with almost everyone (94%) remembering the name emblazoned on the product.[52] No wonder marketers spent more than $1.34 billion in Australia and $121 million in New Zealand on promotional products.

Loyalty programs

One of the fastest-growing areas of sales promotion is the use of **loyalty programs** (also referred to as continuity or frequency programs). Flybuys, a joint venture between the Coles Group and the National Australia Bank, is Australia's favourite shopping rewards scheme. The loyalty program has no fees, and participants scan their card every time they shop to accrue points from many different retailers and receive a choice of more than 1000 rewards. This sales promotion is now even easier to access with an iPhone app. Over 10 million people across two-thirds of Australian households have a flybuys card.[53]

Loyalty programs are also used by a variety of other retailers, including grocery stores, department stores, home centres, bookstores and even local coffee shops. Some are aimed at specific target markets, such as the HOYTS Rewards card for people who love going to the movies (Exhibit 15.10). While the card is their ticket to cheaper movies, the loyalty program informs its members about new movies and great deals through the website, email and mail-outs.

Exhibit 15.10 HOYTS Rewards has a discount for the movie of the week
Source: HOYTS

There are a number of reasons why loyalty programs have become so popular. Marketers view them as a way of encouraging consumers to use their products or services on a continual basis and as a way of developing strong customer loyalty. Many companies are also realising the importance of customer retention and understand that the key to retaining and growing market share is building relationships with loyal customers.

Frequency programs also provide marketers with the opportunity to develop databases containing valuable information on their customers that can be used to better understand their needs, interests and characteristics, as well as to identify and track a company's most valuable customers. These databases can also be used to target specific programs and offers to customers to increase the amount they purchase or to build stronger relationships with them. As frequency programs become more common, marketers will be challenged to find ways to use them as a means of differentiating their product, service, business or retail store. It has been argued that many of the loyalty programs developed by marketers are really short-term promotions that over-reward regular users and do little to develop long-term loyalty.[54]

Another popular loyalty program is 'Myer one'. Bernie Brooks, former chief executive officer of Myer, said, 'We firmly believe Myer one reinforces and promotes increased loyalty in our customers—it encourages repeat patronage and attachment to the Myer brand through relevant offers and rewards. Our research shows that our loyal Myer one members are the most engaged with the Myer brand.'[55]

Event marketing

Another type of consumer-orientated promotion that has become very popular in recent years is event marketing. It is important to make a distinction between event marketing and event sponsorships, as the two terms are often used interchangeably, yet they refer to different activities. **Event marketing** is a type of promotion where a company or brand is linked to an event or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service. Marketers often do event marketing by associating their product with some popular activity such as a sporting competition, concert, fair or festival. However, marketers also create their own events to use for promotional purposes.

An **event sponsorship** is an integrated marketing communications activity where a company develops actual sponsorship relations with a particular event and provides financial support in return for the right to display a brand name, logo or advertising message and be identified as a supporter of the event. Event marketing often takes place as part of a company's sponsorship of activities such as concerts, the arts, social causes and sporting events. An example of this is Supercheap Auto's sponsorship of the Bathurst 1000 (see Exhibit 15.11). Events can be an effective way to connect with consumers in an environment where they are comfortable with receiving a promotional message. Moreover, consumers often expect companies to be part of events and welcome their participation as they make the events more entertaining, interesting and engaging. Marketers can use events to distribute samples as well as information about their products and services or to actually let consumers experience their brands.

Exhibit 15.11 Supercheap Auto is the sponsor of the Bathurst 1000
Source: Supercars.com

The desire to connect with young males has encouraged the targeting of sports sponsorships. Sports was the most popular event sponsorship, followed by entertainment, tours and attractions and causes, then arts, festivals, fairs and events and associations.[56]

Summary of consumer-orientated promotions and marketer objectives

Figure 15.4 summarises the preceding sections to provide a guide to choosing the right sales promotion tool for targeting consumers. It identifies which sales promotion tools can be used to accomplish objectives and identifies whether the extra incentive or reward is immediate or delayed.[57] It should be noted that in Figure 15.3 some of the sales promotion techniques are listed more than once because they can be used to accomplish more than one objective. For example, loyalty programs can be used to retain customers by providing both immediate and delayed rewards. Shoppers who belong to loyalty programs sponsored by supermarkets and receive discounts every time they make a purchase are receiving immediate rewards designed to retain them as customers. Some loyalty promotions such as frequency programs used by airlines, car rental companies and hotels offer delayed rewards by requiring users to accumulate points to reach a certain level or status before the points can be redeemed. Loyalty programs can also be used by marketers to help build brand equity.

Marketing objective

Consumer reward incentive	Induce trial	Customer retention/loading	Support IMC program build brand equity
Immediate	• Sampling • Instant coupons • In-store coupons • In-store rebates	• Price-off deals • Bonus packs • In- and on-package free premiums • Loyalty programs	• Events • In- and on-package free premiums
Delayed	• Media- and mail-delivered coupons • Mail-in refunds and rebates • Free mail-in premiums • Scanner- and internet-delivered coupons	• In- and on-package coupons • Mail-in refunds and rebates • Loyalty programs	• Self-liquidating premiums • Free mail-in premium • Contests and sweepstakes • Loyalty programs

Figure 15.3 Choosing the right sales promotion tool for the objective

Our firm

All other firms	Cut back promotions	Maintain
Cut back promotions	Higher profits for all	Market to
Maintain promotions	Market share goes to all other firms	Mark stays profit

Figure 15.4 The sales promotion trap

While marketers use consumer-orientated sales promotions to provide current and potential customers with an extra incentive, they also use promotions to leverage trade support. Retailers are more likely to stock a brand, purchase extra quantities or provide additional support such as end-aisle displays when they know a manufacturer is running a promotion during a designated period.

TRADE-ORIENTATED SALES PROMOTION

Objectives of trade-orientated sales promotion

Like consumer-orientated promotions, sales promotion programs targeted at the trade should be based on well-defined objectives, measurable goals and a consideration of what the marketer wants to accomplish. Typical objectives for promotions targeted at marketing intermediaries, such as wholesalers and retailers, include obtaining distribution and support for new products, maintaining support for established brands, encouraging retailers to display established brands and building retail inventories.

Obtain distribution for new products

Trade promotions are often used to encourage retailers to give shelf space to new products. Manufacturers recognise that only a limited amount of shelf space is available in supermarkets, pharmacies, hardware stores and other major retail outlets. Thus, they provide retailers with financial incentives to stock new products. While trade discounts or other special price deals are used to encourage retailers and wholesalers to stock a new brand, marketers may use other types of promotions to get them to push the brand. Merchandising allowances can get retailers to display a new product in high-traffic areas of stores, while incentive programs or contests can encourage wholesale or retail store personnel to push a new brand.

Maintain trade support for established brands

Brands that are in the mature phase of their product life cycle are vulnerable to losing wholesale or retail distribution, particularly if they are not differentiated or face competition from new products. Trade deals induce wholesalers and retailers to continue to carry weaker products because the discounts increase their profit margins. Brands with a smaller market share often rely heavily on trade promotions, since they lack the funds required to differentiate themselves from competitors through media advertising. Even if a brand has a strong market position, trade promotions may be used as part of an overall IMC strategy. For example, Heinz has relied heavily on trade promotions to hold its market share position for many of its brands. Many consumer packaged-goods companies count on trade promotions to maintain retail distribution and support.

Encourage retailers to display established brands

Another objective of trade-orientated promotions is to encourage retailers to display and promote an established brand. Marketers recognise that many purchase decisions are made in the store, and promotional displays are an excellent way of generating sales. An important goal is to obtain retail store displays of a product away from its regular shelf location. A typical supermarket has approximately 50 display areas at the ends of aisles, near checkout counters and elsewhere. Marketers want to have their products displayed in these areas to increase the probability that shoppers will come into contact with them. Even a single display can increase a brand's sales significantly during a promotion.

Build retail inventories

There are several reasons why manufacturers want to load retailers with their products. First, wholesalers and retailers are more likely to push a product when they have high inventory levels rather than storing it in their warehouses or back rooms. Building channel members' inventories also ensures they will not run out of stock and thus miss sales opportunities. Some manufacturers of seasonal products offer large promotional discounts so that retailers will stock up on their products before the peak selling season begins. This enables the manufacturer to smooth out seasonal fluctuations in its production schedule and pass on some of the inventory carrying costs to retailers or wholesalers. When retailers stock up on a product before the peak selling season, they often run special promotions and offer discounts to consumers, to reduce excess inventories.

Types of trade-orientated promotions

Contests and incentives

Manufacturers may develop contests or special incentive programs to stimulate greater selling effort and support from reseller management or sales personnel. Contests or incentive programs can be directed towards managers who work for a wholesaler or distributor as well as towards store or department managers at the retail level. Manufacturers often sponsor contests for resellers and use prizes such as trips or valuable merchandise as rewards for meeting sales quotas or other goals.

Contests or special incentives are often targeted at the sales personnel of the wholesalers, distributors/dealers or retailers. These salespeople are an important link in the distribution chain because they are likely to be very familiar with the market, more frequently in touch with the customer (whether it be another reseller or the ultimate consumer), and more numerous than the manufacturer's own sales organisation. Manufacturers often devise incentives or contests for these sales personnel. These programs may involve cash payments made directly to the retailer's or wholesaler's sales staff to encourage them to promote and sell a manufacturer's product. Such payments are known as '**push money**'. For example, an appliance manufacturer may pay $25 push money to retail sales personnel for selling a certain model or size. In sales contests, salespeople can win trips or valuable merchandise for meeting certain goals established by the manufacturer. As shown in Table 15.2, these incentives may be tied to product sales, new account placements or merchandising efforts.

Product or program sales

Awards are tied to the selling of a product, for example:
- Selling a specified number of cases
- Selling a specified number of units
- Selling a specified number of promotional programs

New account placements

Awards are tied to:
- The number of new accounts opened
- The number of new accounts ordering a minimum number of cases or units
- Promotional programs placed in new accounts

Merchandising efforts

Awards are tied to:
- Establishing promotional programs (such as theme programs)

Table 15.2 Three forms of promotion targeted to reseller salespeople

While contests and incentive programs can generate reseller support, they can also be a source of conflict between retail sales personnel and management. Some retailers want to maintain control over the selling activities of their sales staff. They don't want their salespeople devoting an undue amount of effort to trying to win a contest or receiving incentives offered by the manufacturer. Nor do they want their people becoming too aggressive in pushing products that serve their own interests, instead of the product or model that is best for the customer. As a result, many retailers refuse to let their employees participate in manufacturer-sponsored contests or to accept incentive payments. Or retailers that do allow them often have strict guidelines and require management approval of the program.

Trade allowances

Probably the most common trade promotion is some form of **trade allowance**, a discount or deal offered to retailers or wholesalers to encourage them to stock, promote or display the manufacturer's products. Types of allowances offered to retailers include buying allowances, promotional or display allowances, and slotting allowances.

Buying allowances

A buying allowance is a deal or discount offered to resellers in the form of a price reduction on merchandise ordered during a fixed period. These discounts are often in the form of an **off-invoice allowance**, which means a certain per-case amount or percentage is deducted from the invoice. A buying allowance can also take the form of free goods; the reseller gets extra cases with the purchase of specific amounts (for example, one free case with every 10 cases purchased).

Buying allowances are easy to implement and are well accepted, and sometimes expected, by the trade. They are also an effective way of encouraging resellers to buy the manufacturer's product, since they will want to take advantage of the discounts being offered during the allowance period. Manufacturers offer trade discounts expecting wholesalers and retailers to pass the price reduction through to consumers, resulting in greater sales.

Promotional allowances

Manufacturers often give retailers allowances or discounts for performing certain promotional or merchandising activities in support of their brands, such as providing special displays away from the product's regular shelf position, running in-store promotional programs or including the product in an ad. The manufacturer generally has guidelines or a contract specifying the activity to be performed to qualify for the promotional allowance. The allowance is usually a fixed amount per case or a percentage deduction from the list price for merchandise ordered during the promotional period.

Slotting allowances

In recent years, retailers have been demanding a special allowance for agreeing to handle a new product. **Slotting allowances**, also called slotting fee, stocking allowances or introductory allowances, are fees retailers charge for providing a slot or position to accommodate the new product. Retailers justify these fees by pointing out the

costs associated with taking on so many new products each year, such as redesigning store shelves, entering the product into their computer systems, finding warehouse space and briefing store employees on the new product.[58] They also note they are assuming some risk, since so many new product introductions fail. Slotting fees can range from a few hundred dollars to $50 000 or more per store for a large retail chain. Manufacturers that want to get their products on the shelves nationally can face several million dollars in slotting fees.

Exhibit 15.12 The position of product on a supermarket shelf, or at the end of an aisle, can be important in reaching the customer

Source: Blend Images/Erik Isakson

Retailers can continue charging slotting fees because of their power and the limited availability of shelf space in supermarkets relative to the large numbers of products introduced each year. Some retailers have even been demanding failure fees if a new product does not hit a minimum sales level within a certain time. The fee is charged to cover the costs associated with stocking, maintaining inventories and then pulling the product.[59] Large manufacturers with popular brands are less likely to pay slotting fees than smaller companies that lack leverage in negotiating with retailers.

Problems with trade allowances

Many companies are concerned about the abuse of trade allowances by wholesalers, retailers and distributors. Marketers give retailers these trade allowances so that the savings will be passed through to consumers in the form of lower prices, but companies such as Procter & Gamble claim that only 30% of trade promotion discounts actually reach consumers. Moreover, many marketers believe that the trade is taking advantage of their sales promotion deals and misusing the funds.

For example, many retailers and wholesalers engage in a practice known as forward buying, whereby they stock up on a product at the lower deal or off-invoice price and resell it to consumers at the standard price after the marketer's promotional period ends. Another common practice is diverting, whereby a retailer or wholesaler takes

advantage of the promotional deal and then sells some of the product purchased at the low price to a store outside its area or to an intermediary who resells it to other stores.

The problems created by retailers' abuse led Procter & Gamble (P&G), one of the country's most powerful consumer-product marketers, to try using **everyday low pricing (EDLP)**, which lowers the list price of over 60% of its product line by 10% to 25% while cutting promotional allowances to the trade. The price cuts leave the overall cost of the product to retailers at about the same as it would have been with the various trade allowance discounts.[60] P&G argued that EDLP eliminates problems such as deal buying, leads to regular low prices at the retail level and helps build brand loyalty among consumers. Yet the EDLP strategy caused great controversy in the trade, which depends heavily on promotions to attract consumers. Some retailers even took P&G products off the shelf, while others cut their ads and displays of the company's brands.

Displays and point-of-purchase materials

One of the most important consumer touchpoints, where the consumer comes into direct contact with the product, is at the point of sale. This is where manufacturers can catch people's attention, and communicate a reason to purchase to them—and it is where the majority of buying decisions are made. Point-of-purchase (POP) or point-of-sale (POS) displays are an important promotional tool because they can help a manufacturer obtain more effective in-store merchandising of products including traditional end-of-aisle displays, banners, posters, shelf cards, motion pieces and stand-up racks, and technology-driven innovations such as computerised shopping trolleys, heat-mapping technology, digital signage and infra-red audio zones.

From an IMC perspective, point-of-sale or in-store media are vital consumer touchpoints, providing direct communication channels between the brand and the consumer at the 'moment of truth'. Here they can be reminded of the advertising, the direct mail or the last time they used the product. POP displays are very important to marketers since many consumers make their purchase decisions in the store. In fact, some studies estimate that 60% of pharmacy buying decisions and 80% of supermarket buying decisions are made in-store.[61] Thus, it is very important for marketers to get the attention of consumers, as well as to communicate a sales or promotional message, through POP displays.

Sales training programs

A form of manufacturer-sponsored promotional assistance is sales training programs for reseller personnel. Many products sold at the retail level require knowledgeable salespeople who can provide consumers with information about the features, benefits and advantages of various brands and models. Cosmetics, appliances, computers, consumer electronics and sporting equipment are examples of products for which consumers often rely on well-informed retail sales personnel for assistance.

Manufacturers provide sales training assistance to retail salespeople in a number of ways. First, they may conduct classes or training sessions that retail personnel can attend to increase their knowledge of a product or a product line. These training sessions present information and ideas on how to sell the manufacturer's product and may also include motivational components. Sales training classes for retail personnel are often sponsored by companies selling high-ticket items or complex products such as personal computers, cars or ski equipment.

Another way manufacturers provide sales training assistance to retail employees is through their own sales force. Sales representatives educate retail personnel about their product line and provide selling tips and other relevant information. The reps can provide ongoing sales training as they come into contact with retail sales staff on a

regular basis and can update them on changes in the product line, market developments, competitive information and the like.

Manufacturers also supply resellers with detailed sales manuals, product brochures, reference manuals, comprehensive websites and other material. Many companies provide password-protected websites for retail sales personnel that include product information, product-use demonstrations and ideas on how to sell their products. These selling aids can often be used to provide information to customers as well.

Trade shows

Another important promotional activity targeted to resellers is the **trade show**, a forum where manufacturers can display their products to current as well as prospective buyers. In many industries, trade shows are a major opportunity to display one's product lines and interact with customers. They are often attended by important management personnel from large retail chains as well as by distributors and other reseller representatives.

A number of promotional functions can be performed at trade shows, including demonstrating products, identifying new prospects, gathering customer and competitive information, and even writing orders for a product. Trade shows are particularly valuable for introducing new products, because resellers are often looking for new merchandise to stock. Shows can also be a source of valuable leads to follow up on through sales calls or direct marketing. The social aspect of trade shows is also important. Many companies use them to entertain key customers and to develop and maintain relationships with the trade. One academic study demonstrated that trade shows generate product awareness and interest and can have a measurable economic return.[62]

Cooperative advertising

The final form of trade-orientated promotion we examine is cooperative advertising, where the cost of advertising is shared by more than one party. There are three types of **cooperative advertising**. Although the first two are not trade-orientated promotion, we should recognise their objectives and purpose.

Horizontal cooperative advertising is advertising sponsored in common by a group of retailers or other organisations providing products or services to the market. For example, car dealers located near one another or along the same street often allocate some of their ad budgets to a cooperative advertising fund. Ads are run promoting the location of the dealerships and encouraging car buyers to take advantage of their close proximity when shopping for a new car.

Ingredient-sponsored cooperative advertising is supported by raw materials manufacturers. Its objective is to help establish end products that include the company's materials and ingredients. Companies that often use this type of advertising include NutraSweet, whose artificial sweetener is an ingredient in many food products and beverages. Perhaps the best-known, and most successful, example of this type of cooperative advertising is the *Intel Inside* program, sponsored by Intel Corporation.[63] Under this program, computer manufacturers get back 5% of what they pay Intel for microprocessors in return for showing the Intel Inside logo in their advertising as well as on their PCs. The monies received from Intel must be applied to ads paid for jointly by the PC maker and Intel. The program has helped Intel grow its share of the microprocessor market from 56% in 1990 to nearly 80% by 2005 (Exhibit 15.13).

Exhibit 15.13 *Intel Inside* put Intel on top
Source: Shutterstock/Piotr Swat

The most common form of cooperative advertising is the trade-orientated form, **vertical cooperative advertising**, in which a manufacturer pays for a portion of the advertising a retailer runs to promote the manufacturer's product and its availability in the retailer's place of business. Manufacturers generally share the cost of advertising run by the retailer on a percentage basis (usually 50/50) up to a certain limit.

The amount of cooperative advertising the manufacturer pays for is usually based on a percentage of dollar purchases. If a retailer purchases $100 000 of product from a manufacturer, it may receive 3%, or $3000, in cooperative advertising money. Large retail chains often combine their co-op budgets across all of their stores, which gives them a larger sum to work with and more media options.

Cooperative advertising can take on several forms. Retailers may advertise a manufacturer's product in, say, a newspaper ad featuring a number of different products, and the individual manufacturers reimburse the retailer for their portion of the ad. Or the ad may be prepared by the manufacturer and placed in the local media by the retailer. Once a cooperative ad is run, the retailer requests reimbursement from the manufacturer for its percentage of the media costs. Manufacturers usually have specific requirements the ad must meet to qualify for co-op reimbursement, such as size, use of trademarks, content and format.

As with other types of trade promotions, manufacturers have been increasing their cooperative advertising expenditures in recent years. Some companies have been moving money out of national advertising into cooperative advertising because they believe they can have a greater impact with ad campaigns in local markets. There is also a trend towards more cooperative advertising programs initiated by retailers with catalogues, promotional events they are planning or advertising programs they have developed in conjunction with local media; they ask manufacturers to pay a percentage of the cost. These include catalogues from David Jones, Officeworks and JB Hi-Fi. Manufacturers often go along with these requests, particularly when the retailer is large and powerful.[64]

Sales promotion trap

A potential problem with consumer-oriented promotions is that a **sales promotion trap** or spiral can result when several competitors use promotions extensively.[65] Often a firm begins using sales promotions to differentiate its product or service from the competition. If the promotion is successful and leads to a differential advantage (or even appears to do so), competitors may quickly copy it. When all of the competitors are using sales promotions, this not only lowers profit margins for each firm but also makes it difficult for any one firm to hop off the promotional bandwagon.[66] This dilemma is shown in Figure 15.4 .

A number of industries have fallen into this promotional trap. In the cosmetics industry, gift-with-purchase and purchase-with-purchase promotional offers were developed as a tactic to get buyers to sample new products. But they have become a common, and costly, way of doing business.[67] Fast-food chains have also fallen into the trap, with frequent promotions offering a discounted lunch menu to budget-conscious consumers, providing them with consistent everyday value such as, say, a $5 lunchtime pizza.

The ease with which competitors can develop a retaliatory promotion and the likelihood of their doing so should also be considered. Marketers must be careful not to damage the brand franchise with sales promotions or to get the firm involved in a promotional war that erodes the brand's profit margins and threatens its long-term existence. Marketers are often tempted to resort to sales promotions to deal with declining sales and other problems when they should be examining such other aspects of the marketing program as channel relations, price, packaging, product quality or advertising.

DIRECT MARKETING AND PERSONAL SELLING

Defining direct marketing

Direct marketing is a system of marketing by which organisations communicate directly with target customers to generate a response or transaction. This response may take the form of an inquiry, a purchase or even a vote. One definition that has arisen from considering how both academics and practitioners view direct marketing states that, 'Direct marketing is a database-driven process of directly communicating with targeted customers or prospects using any medium to obtain a measurable response or transaction via one or multiple channels'.[68]

First, we must distinguish between direct marketing and **direct-marketing media**. Direct marketing is an aspect of total marketing—that is, it involves marketing research, segmentation, evaluation and the like. As you can see in Figure 15.5, direct marketing uses a set of **direct-response media** such as direct mail, telemarketing, interactive TV, print and the internet, including social media and email. These media are the channels by which direct marketers implement the communication process.

DM medium	DM technique
Interpersonal	Direct selling
Mail	Direct mail
	Catalogue selling
Telephone	Telemarketing
	SMS
Radio, television and print	Direct response advertising
Television	Electronic home shopping
Internet/email	Electronic interactive marketing

Direct marketing → Direct marketing
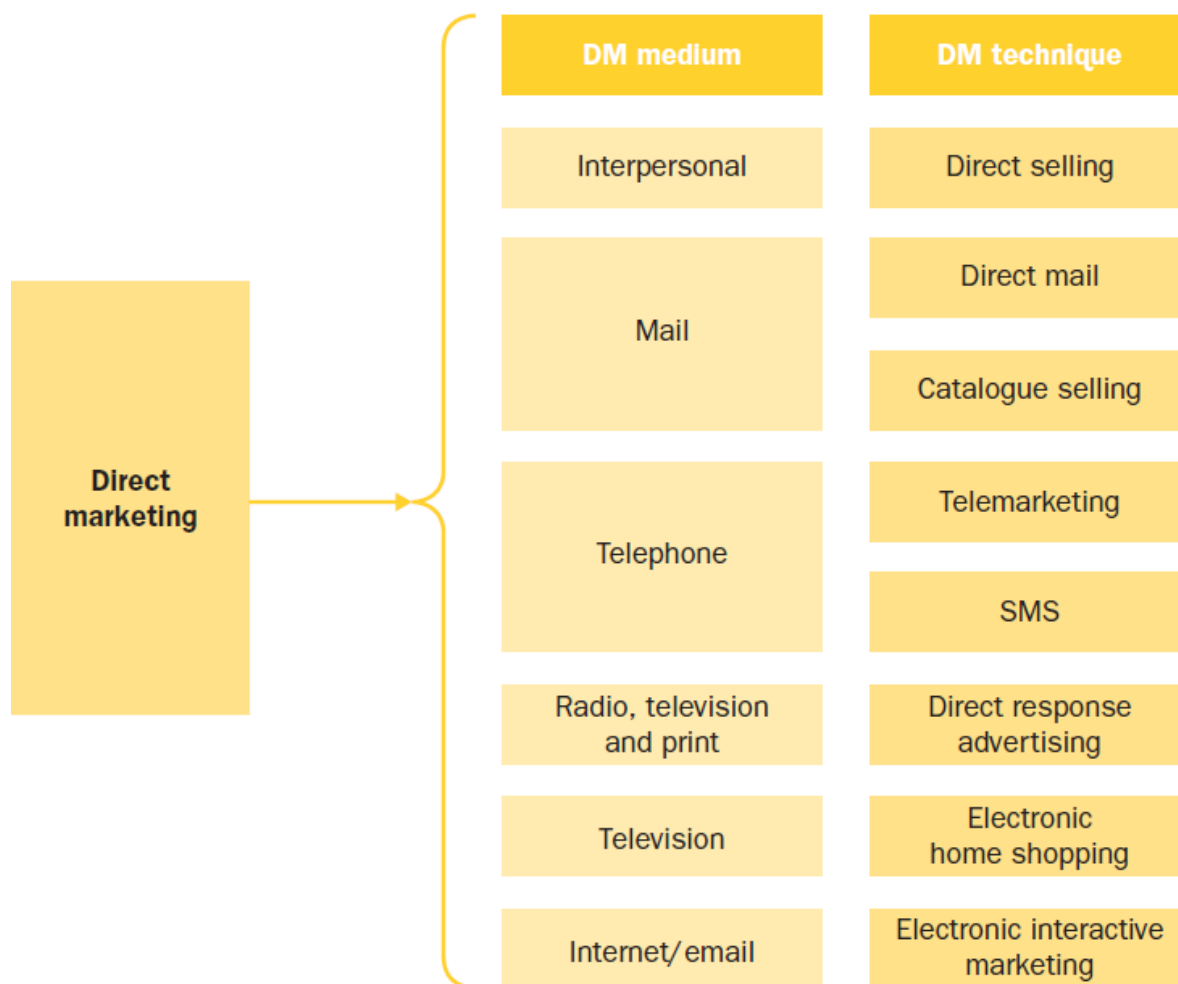
Figure 15.5 Direct marketing media and techniques

Direct marketing is a multibillion a year industry.[69] Companies that use this marketing method range from major organisations, such as the ANZ bank and the Commonwealth Government, to publishing companies, for instance, Time Life, and computer retailers like Dell. Business-to-business and industrial marketers are also significant users of direct marketing.

The growth of direct marketing

Direct marketing has been around since the invention of the printing press in the fifteenth century. In Australia, an early user of the mail-order catalogue was David Jones.[70] From the late 1800s, the department store released its catalogues and established a mail-order department to send goods around the country, catering particularly for rural communities that did not have easy access to retail outlets. Over the years the mail-order catalogue has grown with the population and become a barometer of the times, showing what everyday people wear. The historical significance of fashion through the ages can be seen in the pages of mail-order catalogues (see Exhibit 15.14   ).
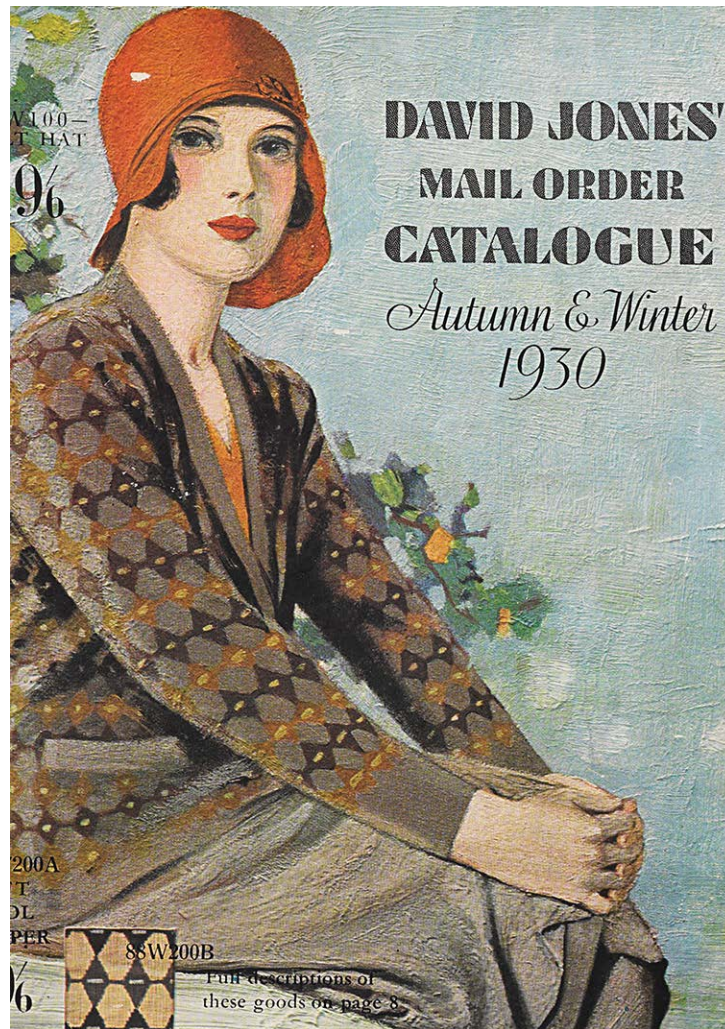
Exhibit 15.14 The cover of David Jones's Autumn/Winter 1930 mail-order catalogue
Source: David Jones

A number of factors in Australian society have led to the increased attractiveness of this medium for both buyer and seller, such as:

- *Consumer credit cards.* There are now more than 15.9 million credit cards and 37.5 million debit cards—bank, retail and so on —in circulation in Australia.[71] This makes it feasible for consumers to purchase both low- and high-ticket items through direct-response channels and assures sellers that they will be paid. Of course, not all credit card sales are made through direct marketing, but a high percentage of direct purchases do use this method of payment, and companies such as American Express, Diners Club, MasterCard and Visa are among the heaviest direct advertisers.

- *The changing structure of society and the market.* One of the major factors contributing to the success of direct marketing is that so many people are 'money rich and time poor'.[72] The incidence of dual-income families has meant more income. Women's participation in the labour force is currently at 60.5%,[73] which is very similar to New Zealand, with women's participation rates at 62.8%.[74] At the same time, the increased popularity of social activities, physical fitness, do-it-yourself crafts and repairs, and home entertainment has reduced the time available for shopping and has increased the attractiveness of online purchases. For some, no matter how attractive shopping centres make themselves, the retail shopping experience is not a leisure activity that they wish to pursue, and direct online purchasing makes these people's lives easier and happier!

- *Technological advances.* The rapid technological advancement of electronic media payment systems, computers and websites has made it easier for consumers to shop directly and for marketers to be successful in reaching the desired target markets. The ease and speed of shopping on the internet, for example, on Amazon.com, while having the purchase delivered to one's door is an attractive option.

- *Demand by marketers for greater accountability.* In an era when product and marketing managers and agency executives are

being asked to provide stronger evidence of what works and metrics to prove effectiveness, direct marketing communication lends itself to behavioural and measurable outcomes and, therefore, is more clearly accountable. Whether it is mail or telemarketing or social and search media, this ability to make continuous adjustments to activities and deliver accountability is a significant contribution to the continued growth of direct as it moves online.[75]

While some organisations rely on direct marketing solely to generate a behavioural response, for many others, direct marketing is an integral part of branding in the total IMC program. They use direct marketing to achieve outcomes in addition to sales goals and they integrate it with other program elements. We first examine the role of direct marketing in the IMC program and then consider the role of direct selling. Figure 15.6 captures the relationships and roles of direct marketing, direct response and the internet.
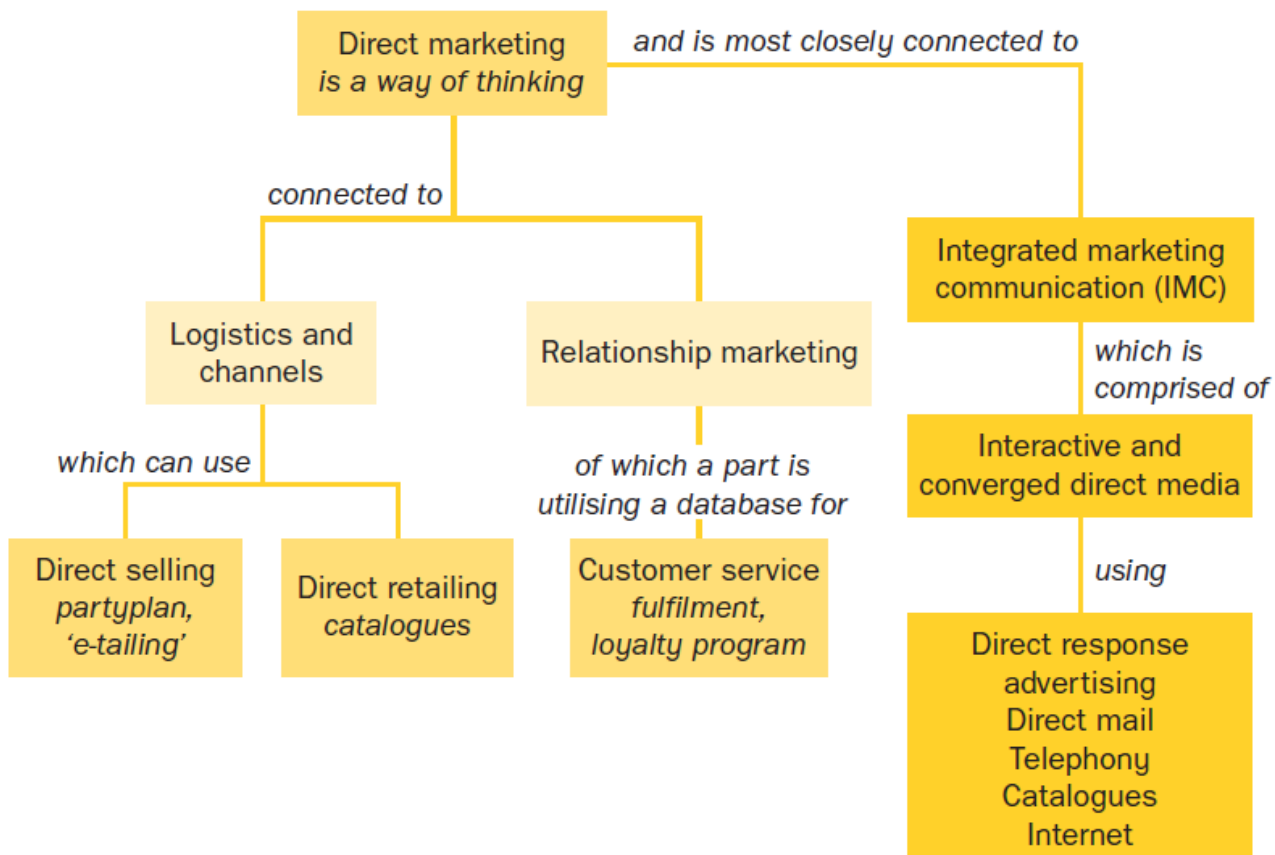
Figure 15.6 Roles and relationships of direct marketing, direct response and the internet

As we have seen from the definition, direct marketing is really a way of thinking about marketing. It is characterised by establishing as many direct interactions with customers as possible. Some of these interactions relate to logistics and channels inasmuch as they are part of the mechanisms to get products and services delivered directly to customers. The direct channels that might be used include retailing through catalogues and **direct selling** via person-to-person or internet selling (e-tailing).

The **database** is at the heart of direct marketing. It epitomises another set of interactions that collectively could be called relationship marketing. Relationship marketing requires a database to be effective and this database is integral in the delivery of customer service (fulfilling requests and running loyalty programs). This leaves integrated marketing communication as the most closely aligned direct channel of communication available to direct marketing. Direct IMC includes interactive and converged direct media such as direct mail, direct response advertising, telephony—telemarketing, SMS and mobile—catalogues and the internet, including social media such as Twitter and Facebook.

LO 15.5

Direct marketing objectives

The direct marketer usually seeks a direct response. The objectives of the program are normally behaviours or conative outcomes —for example, test-drives, votes, contributions, requests for more information, a sales call or an actual sale. A typical objective is

defined as the number of responses as a percentage of all those who were sent an offer. This may be only a very small percentage —perhaps a 2% to 3% response rate is all that is expected to deem the campaign successful—or it could be much higher. Many factors will influence the setting of the response rate objective. For example, it is usually the case that the better the relationship that exists between the organisation and the recipient, the better the response rate.

Not all direct marketing seeks a behavioural response, however, as many organisations use direct marketing to build an image, maintain customer satisfaction and inform and/or educate customers in an attempt to lead to future actions.

Developing a database

The success of a direct marketing program is tied to the ability to engage in *one-to-one marketing*. Direct marketers use a database to first segment and then target existing and prospective customers. The database is the key tool for one-to-one direct marketing and allows the marketer to implement more effective and efficient marketing communication.[76] Databases are used to perform the following functions:[77]

- *Improving the selection of market segments*. Some consumers are more likely to be potential customers than others. For example, companies such as Telstra can target only those on its database who make regular overseas calls with its international service products.
- *Stimulate repeat purchases*. Once a purchase has been made, the customer's name and other pieces of information are entered into the database. These people are proven direct marketing users, who offer high potential for repurchase.
- *Cross-sell*. Customers who demonstrate a specific interest also constitute strong potential for other products of the same nature. For example, Amazon always suggests related book titles to book purchasers.
- *Customer relationship management (CRM)*. The aim of CRM is to establish a relationship with one's customers through more personalised communications and better-targeted product or service offerings. For CRM to work effectively, a comprehensive database is required.

Sources of database information

There are many sources of information that are easily accessible for direct marketing databases:

- *The Australian Bureau of Statistics*. Census data provides information on almost every household in the country. Data includes household size, demographics, income, ownership and purchase behaviour for many different types of products and services.
- *Australia Post*. Postcodes and geo-demographic data provide information on both household and business locations. The Australian Lifestyle Survey database of over two million names is also available from Australia Post. The database is updated regularly through a survey that provides information on all aspects of purchase behaviour, intentions and demographic data.
- *Service providers*. There are many database providers, all promoting the usefulness, accuracy and timeliness of the specific database they represent. For example, Experion with its Mosaic geo-demographic database provides customer segmentation that classifies the population into 11 groups and 47 types.
- *Association for Data-driven Marketing and Advertising*. The direct marketers' trade organisation promotes the ethical use of direct marketing and provides statistical information on direct marketing use for its members.

Direct marketing strategies and media

Marketers must decide the message and offer to be conveyed, the medium to carry the message, the size of the budget and so on. Perhaps the major difference between direct-marketing programs and other IMC programs is with regard to the use of media. As was shown in Figure 15.5, direct marketing employs a number of media, including direct mail, landline and mobile telephones, direct-response broadcasting, the internet and print. Each medium is used to perform specific functions, although they all generally follow a one- or two-step approach.

In the **one-step approach**, the medium is used directly to obtain an order. You've probably seen TV commercials for products such as wrench sets, workout equipment or magazine subscriptions in which the viewer is urged to phone a toll-free number to place an order immediately. These companies accept credit card payments. Their goal is to generate an immediate sale when the ad is shown.

The **two-step approach** involves the use of more than one medium. The first effort is designed to screen, or qualify,

potential buyers. The second effort generates the response. This is known as **permission marketing** . For example, many companies use telemarketing or a direct-response advertisement to screen on the basis of interest, and then follow up interested parties with more information designed to achieve an order or use personal selling to close the sale. The person has given his or her permission to be contacted by having responded and asking for further information.

Direct mail

Direct mail may be addressed to you by name or may be unaddressed, including something like 'to the householder'. If it is unaddressed it is often called 'junk mail'—because it is unsolicited and is not seen as useful, probably because it is not well targeted. More advertising dollars continue to be spent in direct mail than in almost any other advertising medium.[79] The rapid shift to digital forms of communication is demonstrated by the decline in addressed letters posted.[80] For postal organisations worldwide, this is a trend that will continue, yet there is an increase in parcel delivery as online orders are fulfilled via mail delivery, hence a refocusing for the national postal carrier.[81]

Some advertisers shy away from direct mail, fearful of the image it might create or harbouring the belief that direct mail is useful only for low-cost products. Others think it would be cheaper to send an e-direct mail (email!). But many have used direct mail with impressive results, including respected large companies such as flybuys, Optus, Qantas, AGL, Medibank and Bupa, who have increased their expenditures in promotional mail.

Key to the success of direct mail is the **mailing list** , which constitutes the database from which names are generated, and the ability to segment markets. Lists have become more current and more selective, eliminating waste coverage. Segmentation on the basis of geography (usually through postcodes), demographics and lifestyles has led to increased effectiveness. The most commonly used lists are those of individuals who have already purchased direct-mail products.

While direct mail continues to be a favourite medium of many business-to-business advertisers, this medium has been seriously threatened by the internet. The lower cost of email and the convenience of the internet have raised concerns among traditional direct-mail marketers. Interestingly, the internet is both a threat and an opportunity, as internet companies have directed some of their expenditure to direct mail to drive potential customers to their sites. Many companies, particularly in the business-to-business market, have shifted from print to online catalogues, allowing them to save money and keep their information continuously updated.

Catalogues

Many companies use catalogues in conjunction with their more traditional sales and marketing communication strategies. Unaddressed catalogues are distributed to letterboxes, typically by grocery and retail outlets, to announce regular and seasonal price promotions. Requested and therefore addressed catalogues from companies such as Peter Alexander sell directly through the catalogues but companies also use them to inform consumers of product offerings available in their stores. Others that started out exclusively as catalogue companies have branched into retail outlets—among them are The Sharper Image and Oxfam. In addition to the traditional hard copies, catalogues are now available on the internet for both consumer and business-to-business customers (see Exhibit 15.15).

Exhibit 15.15 Online catalogue website Lasoo
Source: Salmat

Direct marketing on the medium of television therefore involves both direct-response advertising and **support** **advertising**. In **direct-response advertising**, the product or service is offered and a sales response is solicited, through either the one- or two-step approach previously discussed. Examples include ads for magazine subscriptions, exercise equipment and travel. Toll-free phone numbers are included so the receiver can immediately call to order. With the advent of digital TV, it is now easier for audience members to respond directly and ask for further information to be mailed or emailed. Direct-response TV encompasses a number of media, including direct-response TV spots like those just mentioned, infomercials and home shopping shows (teleshopping).

Infomercials

An **infomercial** is a long commercial that ranges from several minutes to an hour. Many infomercials are produced by advertisers and are designed to be viewed as regular TV shows. Today's infomercials use both one- and two-step approaches. As to their effectiveness, studies indicate that infomercials in their evolving forms are watched, and they do sell products.[82] This advertising medium is indeed effective with a broad demographic base, not significantly different from the infomercial non-shopper in terms of age, education, income or gender. Retail stores are benefiting from infomercials as well, as brand awareness leads to increased in-store purchases.

Home-shopping channels

The development of toll-free telephone numbers, combined with the widespread use of credit cards, has led to a rise in the number of people who shop via their TV sets on home-shopping channels. Jewellery, kitchenware, fitness products, insurance, household products and a variety of other items are now promoted (and sold) this way. The major shopping channel in the Australian marketplace is TVSN.

Print media

Magazines and newspapers are also used for direct marketing. Because these ads have to compete with the clutter of other ads and because the space is relatively expensive, response rates and profits may be lower than in other media. You can find many more specific direct-response ads in special-interest areas such as financial newspapers or travel, computer or hobby magazines.

Telemarketing and SMS

You probably do not have to be told about **telemarketing**, or sales by telephone. Both for-profit and charitable organisations have employed this medium effectively in both one- and two-step approaches. Telemarketing can be either outbound or inbound.

Outbound is typically sales calls *to* customers, whereas inbound is handling service calls *from* customers and is by far the larger activity of call centre employees. With web-enabled call centres, the exchange between customer and organisation can be conducted by phone, email or instant chat. Business-to-consumer and non-profit organisations such as Telstra or World Vision, as well as business-to-business marketers, for instance, Adobe Systems and Hewlett-Packard, use the direct-marketing medium effectively.

Problems associated with telemarketing include its potential for annoyance in the business-to-consumer market. It often seems as if every time you sit down to dinner you receive a phone call from someone trying to sell you something, asking for a donation or conducting a research survey. Consumer concerns led to the development of the 'Do Not Call' register, although charities and market research companies are exempt from the register. The 'Do Not Call' register has over eight million landline, mobile and fax numbers and is administered by the Australian Communications and Media Authority (ACMA). There are stringent financial penalties for any organisation that does not check or 'wash' its database to remove the DNC register's numbers before commencing any outbound telemarketing activity. There is also an industry standard to which organisations need to adhere.[83]

Database marketing has become so ubiquitous that many people, direct marketers included, have concerns about the security and privacy of the information on the database. In Australia, the *Privacy Act* and the *Spam Act* have both impacted on the industry, requiring it to devote considerable attention to upholding privacy principles. New Zealand has had a *Privacy Act* since 1993 and a long-standing self-regulated 'Name Removal Service' provided by the New Zealand Marketing Association.

Internet

The internet is a way to both communicate and sell directly. The first of these we will call digital communication, the other e-commerce. Direct digital communication is akin to direct mail online or email and, like regular mail, email can be highly targeted and relies on lists and databases. Email volume is high and growing; in one study, marketers said that email was the strongest-performing medium for ROI.[84] Personalisation and preferences should be taken into consideration and 'subscribe' and 'unsubscribe' are the opt-in and opt-out mechanisms used. Less-targeted and unwanted emails are known as spam. Because of the high volume of spam and the nuisance value it presents to consumers, the Australian government has legislated against it through the *Spam Act 2003* and several organisations have been prosecuted for infringing the Act.[85]

Online catalogues are also attractive for both online retailers and bricks-and-mortar retailers, either for direct sales or for generating store traffic.

Multichannel retailing is the e-commerce side of online marketing, with many organisations addressing the needs of those customers who state that they research products online but make their purchases through traditional outlets. Shoppers are becoming increasingly comfortable interacting with retailers across multiple channels, creating pressure for retailers to offer seamless integration across multiple touchpoints. This channel integration presents challenges for retailers, but also provides unique opportunities to create deeper engagement and more meaningful experiences for shoppers.[86] Interest in multichannel retailing has also taken off at the shopping centre level, with Westfield launching a virtual shopping mall that has over 100 stores.[87] While more and more consumers are becoming used to buying online, consumer sales still amount to less than business-to-business sales, and online sales represented only around 6% of retail spending.[88]

Direct selling

An additional element of the direct-marketing program is direct selling—the direct, personal presentation, demonstration and sales of products and services to consumers in their homes, clubs or workplace. Avon, Amway, Nutrimetics and Tupperware are some of the best-known direct-selling companies.

The three forms of direct selling are:

1. *Network-repetitive person-to-person selling.* The salesperson visits the buyer's home, job site or other location to sell frequently purchased products or services (for example, Amway, Enjo, Herbalife).
2. *Non-repetitive person-to-person selling.* The salesperson visits the buyer's home, job site or other location to sell infrequently purchased products or services (for example, Oxfam child sponsorship).
3. *Party plans.* The salesperson offers products or services to groups of people through home or office parties and demonstrations (for example, Tupperware, Nutrimetics, Guthy-Renker, Mary Kay).

While a number of products and services are sold through direct selling, complementary medicines (20%) and skincare (15%) are the most popular. There are in excess of 400 000 independent salespeople engaged in the industry in Australia, and the typical direct-selling representative is female (81%).[89] For most of the representatives, direct selling is not a full-time job but an opportunity to earn additional income and a way to get the product at a discount for themselves.

Evaluating the effectiveness of direct marketing

Measuring the effectiveness of direct-marketing programs is not difficult because they generate a direct response. Using the **cost per order (CPO)**, advertisers can evaluate the relative effectiveness of a direct-response ad in only a few minutes based on the number of responses generated in whatever medium the customer has been directed to. For example, by running the same ad on different television networks, a direct marketer can determine the relative effectiveness of the medium itself. If the advertiser targets a $5 return per order and a broadcast commercial (production and print) costs $2500, the ad is considered effective if it generates 500 orders. Similar measures have been developed for print and direct-mail ads.

ADVANTAGES AND LIMITATIONS OF DIRECT MARKETING

Many of the advantages of direct marketing have already been presented. A review of these and some additions follow.

1. *Selective reach.* Direct marketing lets the advertiser reach a large number of people and reduces or eliminates waste coverage. Intensive coverage may be obtained through the mail. While not everyone drives on freeways where there are billboards, or pays attention to TV commercials, virtually everyone receives mail. A good database allows for minimal waste, as only those consumers with the highest potential are targeted. It must not be forgotten that in today's environment of consumer empowerment, consumers themselves are in control of their own search behaviour and will selectively reach the direct marketers with whom they wish to do business.

2. *Segmentation capabilities.* Marketers can purchase lists of recent product purchasers, car buyers, credit card holders and so on. These lists may allow segmentation on the basis of geographic area, occupation, demographics and job title, to mention just a few. Combining this information with the geocoding capabilities of value segments, marketers can develop effective segmentation strategies.

3. *Frequency.* Depending on the medium used, it may be possible to build frequency levels. The program vehicles and time slots used for direct-response TV advertising are usually the most inexpensive available, so the marketer can afford to purchase repeat times. Frequency may not be so easily accomplished through the mail, since consumers may be annoyed to receive the same mail repeatedly. However, frequency can be built up in other ways by developing a multichannel strategy and being available in different media.

4. *Creative flexibility.* Direct marketing can take on a variety of creative forms, from flat mail to unique items and unusual sizes.

5. *Timing.* While many media require long-range planning and have long closing dates, direct-response advertising can be speedy to market. Email messages, for example, can be put together quickly and distributed to the target population. TV programs typically used for direct-response advertising are older, less-sought-after programs that are likely to appear on the station's list of available spots. Another common strategy is to purchase available time at the last possible moment to get the best price.

6. *Personalisation.* No other advertising medium can personalise the message as well as direct media. Households with members within different age brackets can be approached, and individual names included in the appeal. Car owners are mailed letters congratulating them on their new purchase and offering branded accessories.

7. *Costs.* While the CPM (cost per thousand) for direct mail may be very high on an absolute and a relative basis, its ability to specifically target the audience and eliminate waste coverage reduces the actual CPM. The ads used on TV are often among the lowest-priced available. Direct mail via the internet is extremely inexpensive. A second factor contributing to its cost-effectiveness is the cost per customer purchasing; because of the low cost of media, each sale generated is very inexpensive.

8. *Measures of effectiveness.* No other medium can measure the effectiveness of its communication efforts as

well as direct response. Feedback is often immediate and always accurate.

9. *Testing.* Direct marketing is one of the best in terms of its ability to test both the effectiveness of the overall program and specific aspects of it—databases, message concepts and timing can all be tested.

Limitations of direct marketing include the following.

1. *Image factors.* As noted earlier, the unaddressed mail and email segments of this industry are often referred to as junk mail or '**spam**'—internet junk mail. Many people believe unsolicited mail promotes junk products, and others dislike being solicited. This problem is particularly relevant given the increased volume of emails being delivered. Likewise, direct-response ads on TV are often low-budget ads for lower-priced products, contributing to the image that less-than-the-best products are marketed in this way. Many consumers find telemarketing to be irritating.

2. *Accuracy.* One of the advantages cited for direct mail and telemarketing was targeting potential customers specifically. But the effectiveness of these methods depends on the accuracy of the databases used. People move, they change occupations and so on, and if databases are not kept current, the selectivity will decrease. Computerisation has greatly improved the currency of databases and reduced the incidence of 'bad' names; however, the ability to generate lists is becoming a problem. The cost of generating a lead can range from a few dollars to as much as hundreds depending on its quality.

3. *Content support.* The ability of magazines to create mood contributes to the overall effectiveness of the ads they carry. In direct-response advertising, mood creation is limited to the surrounding program or editorial content. Direct-mail and online services are unlikely to create a desirable mood.

4. *Rising costs.* As postal rates increase, direct-mail profits are immediately and directly impacted. The same is true for print costs, which drive up the costs of mailers and catalogues. The low cost of email has led many companies to switch to this medium, but at the expense of accuracy in terms of targeting those to whom the message will be relevant—it produces an indiscriminate scatter of messages.

5. *Interactivity and negativity.* The demand of customers to be listened to has challenged some direct marketers. Customer satisfaction is no longer a secret between company and customer but is now shared in discussion forums online. If customers are not happy and an organisation does not respond in a timely and helpful manner, then it is immediately apparent to all if it is online; if it originated in any other medium, it may gravitate to online quickly.

6. *Do Not Call/Do Not Mail registers.* Organisations face penalties if they fail to respect the wishes of those who do not want to receive direct marketing communication.

LO 15.7

THE SCOPE OF PERSONAL SELLING IN THE IMC PROCESS

Customer relationship management is the way in which organisations manage personal selling in the broader integrated marketing communication environment. In Chapter 15 we recognise the importance of personal selling and the role it plays in the overall marketing communication effort. We will examine relevant aspects of personal selling now.

Personal selling involves selling through a person-to-person communication process. The emphasis placed on personal selling varies depending on the nature of the product or service being marketed, the size of the organisation and the type of industry. Personal selling often plays the dominant role in industrial companies or in a business-to-business setting, while in other companies, such as those dealing with highly advertised consumer non-durable goods, its role is less prominent.

Personal selling is typically under the control of the sales manager, not the marketing communication manager. Indeed, sales and marketing are often totally separate departments and yet several researchers have identified the benefits of them working more closely together.[90] To develop an effective IMC plan, a company must consider and integrate the roles and responsibilities of its sales force within the communication program. Strong cooperation between the departments is necessary.

Manufacturers may promote their products *directly* to consumers through advertising, sales promotions and direct-marketing efforts, or *indirectly* through resellers and salespeople. A sales force may call on customers directly—for example, in the insurance industry or real estate. It exists in most large corporations or smaller companies as a link to resellers or dealers in business-to-business transactions. Depending on the role defined by the organisation, the responsibilities and specific tasks of salespeople may differ, but ultimately these tasks are designed to help attain communication, sales and marketing objectives.

Personal selling differs from the other forms of communication presented thus far in that messages flow from a sender (or group of senders) to a receiver (or group of receivers) directly (usually face-to-face). This *direct* and *interpersonal communication* lets the sender immediately receive and evaluate feedback from the receiver. This communication process, known as **dyadic communication** (between two people or groups), allows for more specific tailoring of the message and more personal communication than do many of the other channels discussed. The message can be changed to address the receiver's specific needs and wants.

In some situations, this ability to focus on specific problems is mandatory; a standard communication would not suffice. Consider an industrial buying situation in which the salesperson is an engineer. To promote the company's products or services, the salesperson must understand the client's specific needs. This may mean understanding the tensile strength of materials or being able to read blueprints and technical specifications to understand the

requirements. Or say a salesperson represents a computer graphics company. Part of his or her responsibility for making a sale may involve the design of a software program to solve a problem unique to this customer. Mass communication cannot accomplish these tasks. It has been said jokingly that 'the distance between the salesperson and the potential buyer is the most important three feet in business'.[91]

Why is personal selling so important? Let's examine its role with respect to other marketing communication elements.

IMC PERSPECTIVE 15.1

THE NATURE OF PERSONAL SELLING

Like other aspects of the marketing communication mix, the responsibilities of personal selling are evolving as the marketing environment itself evolves. Moncrief and Marshall identify seven distinct stages of personal selling and the evolved selling process (see Table 15.3).

Traditional seven steps of selling	Transformative factors	Evolved selling process
1. Prospecting	Telemarketing Internet selling Organisational prospecting	Customer retention and deletion
2. Preapproach	Laptop account data Support staff	Database and knowledge management
3. Approach	Build a foundation	Nurturing the relationship (relationship selling)
4. Presentation	PowerPoint/multimedia Listening Team selling Multiple calls Value-added Buying centres	Marketing the product
5. Overcoming objections	Predetermining needs	Problem solving
6. Close	Identifying mutual goals	Adding value/satisfying needs
7. Follow-up	Increased effectiveness of	Customer relationship

| | communication through technology | maintenance |

Table 15.3 The evolution of the seven steps of selling

Each of the traditional selling steps has been transformed by a range of factors, including the wider introduction of technology, a stronger team focus and greater demands for a strategic contribution from sales. The transformative factors have been catalysts in adapting the selling process to one that is less sequential and more customer-centric. This reorientation of focus to consider the customer at the centre, combined with a less sequential selling approach, requires marketing communication strategies to be more effectively integrated with personal selling to achieve the maximum communication effect.

Relationship marketing

Personal selling is evolving from a focus on persuasive techniques used to sell a product or service to a much more marketing-orientated *partnership* with the customer. This new role requires much broader thinking and expertise on the part of the seller and a more extensive use of the various marketing communication tools with a focus on the database as a key tool to record the relationship. The modern salesperson is attempting to establish a long-term, symbiotic relationship with clients, working with them as a solutions provider.

Relationship marketing is defined as 'an organisation's effort to develop a long-term, cost-effective link with individual customers for mutual benefit'.[92] Rather than focusing on a short-term sale, the sales representative tries to establish a long-term bond. And rather than just selling, the sales department works with marketing to use techniques such as database marketing, message differentiation to different target markets and tracking of marketing communication effects to improve the relationship. For example, customer relationship management (CRM) tools are used by companies both large and small. These companies, including Dell, Telstra and ING Direct, make extensive use of their databases on purchase behaviour and frequency and duration of customer interactions to estimate profitability at the individual account level. Suppliers of software to assist in implementing CRM programs include SAP, Microsoft Dynamics and Oracle, all offering such services as customer analytics and databases management.

Relationship building also requires trust; if the customer does not trust the salesperson, there is no relationship and the sale will focus only on price. In a long-term relationship, the buyer and seller collaborate within the context of previous and future transactions.[93] According to some observers, adopting a CRM approach requires sales managers to develop non-traditional sales strategies, such as moving to a more strategic, less tactical approach, using emerging technologies to support this effort.[94]

Personal selling responsibilities

The salesperson can be classified as undertaking one of three roles: order taking, order making and order getting/strategic customer management.[95] Of course, not all companies treat each of these responsibilities the same, nor are their salespeople limited to only these tasks. Personal selling has evolved to include a variety of responsibilities at different levels. Let's discuss these job classifications and some of the responsibilities assigned to each.

1   *Locating prospective customers.* The process of locating new customers (often referred to as **prospecting**) involves the search for and qualification of prospective customers. Salespeople must follow up on **leads** (those who may become customers) and **prospects** (those who need the product or service). They must also determine whether these prospects are **qualified prospects** —that is, able to make the buying decision and pay for the product.

2   *Determining customers' needs and wants.* At this stage, the salesperson gathers more information on the prospect and decides the best way to approach him or her. The representative must determine what is important to the customer and make certain that this is the person who is capable of making the purchase decision. In some instances the salesperson may have to assist the customer in determining what he or she needs.

3   *Recommending a way to satisfy the customers' needs and wants.* Here the salesperson recommends a possible solution to the problem or needs of the potential customer. This may entail providing information the prospect had not considered, or identifying alternative solutions that might work. As noted earlier, the salesperson acts as a systems provider.

4   *Demonstrating the capabilities of the company and its products.* At this stage, the salesperson demonstrates the capabilities of the company and shows the prospect why that company is the obvious choice. As you might expect, corporate image is important to the salesperson.

5   *Closing the sale.* The key ingredient in any sales presentation is the **close** —getting the prospect's commitment. For many salespeople, this is the most difficult task. Many representatives are adept at prospecting, identifying customer needs and making presentations, but they are reluctant to ask for the sale. Most managers work with their sales force to close the sale and help reluctant or uncertain buyers make a decision.

6   *Following up and servicing the account.* The responsibilities of the sales force do not end once the sale has been made. Depending on the industry, the balance between keeping existing customers happy and attracting new ones might be a fine line. Maintaining customer loyalty, generating repeat sales and getting the opportunity to **cross-sell** —that is, sell additional products and services to the same customer—are some of the advantages of keeping customers satisfied through follow-up activities. In a relationship marketing (as opposed to a selling) orientation, follow-up is necessary and expected.

A primary advantage a salesperson offers is the opportunity to assess the situation firsthand and adapt the sales message accordingly (a *direct feedback* network). No other marketing communication element provides this opportunity so clearly. The successful salesperson constantly analyses the situation, reads the feedback provided by the receiver and shapes the message to specifically meet the customer's needs.

While you might expect this to be an easy task, it isn't always the case. Sometimes buyers will not or cannot express their needs accurately. At other times, the salesperson must become a problem solver for the client. More and more, salespeople are being asked to assist in the buyer's decision-making process. The more salespeople can become involved in planning and decision making, the more confidence the buyer places in them, and the more bonding there is in the relationship.

Even in industrial markets (where product specifications may be critical) or reseller markets (where product

movements and profits are important), many purchase decisions are made on what might be called non-rational criteria (not irrational, but involving factors beyond cost or other product benefits). Since it is generally believed these purchase situations involve less emotion and more rational thinking than many consumer purchases, this is an important insight.

Reviewing this list of responsibilities, it becomes clear that the salesperson of today is not a hustler. Table 15.4 provides a list of the 10 traits that are common to successful salespeople.

1. Knowledgeable
2. Professional
3. Thorough
4. Results-orientated
5. Problem solving
6. Relationship-orientated
7. Customer-focused
8. Responsive
9. Good communicator
10. Reliable

Table 15.4 Ten traits of effective salespeople
Source: Tom Reilly, *Value-Added Selling*, 3rd edn, New York: McGraw-Hill, 2010.

The importance of personal selling in the integrated marketing communication program should now be clear. This program element provides opportunities that no other form of message delivery does. But while the tasks performed by salespeople offer some distinct advantages to the marketing communication program, they also provide some limitations.

SUMMARY

For many years, advertising was the major marketing communication element for most consumer product companies. Over the past two decades, however, marketers have been allocating more of their promotional dollars to sales promotion. There has been a steady increase in the use of sales promotion techniques to influence consumers' purchase behaviour. The changing economic conditions, growing power of retailers, erosion of brand loyalty, increase in new product introductions, fragmentation of the consumer market, short-term focus of marketing and brand managers, and growth in advertising clutter are some of the reasons for this.

Sales promotion techniques can be classified as either consumer- or trade-orientated. Consumer-orientated sales promotion techniques include sampling, couponing, premiums, contests and sweepstakes, rebates and refunds, bonus packs, loyalty programs and event marketing. We looked at the characteristics of these promotional tools, along with their advantages and limitations. Various trade-orientated promotions include trade contests and incentives, trade allowances, displays and point-of-purchase materials, sales training programs, trade shows and cooperative advertising.

This chapter also presented the fields of direct marketing and personal selling and their versatility in achieving both direct communication and sales objectives as part of the integrated marketing communication mix. Direct and database marketing have become critical components of many truly integrated marketing programs. The nature of personal selling and the role it plays in the marketing communication mix in different circumstances were also discussed. In many industries (for example, industrial markets) the personal selling component may receive the most attention, while in others (for example, consumer non-durables) it plays a minor role.

Personal selling offers the marketer the opportunity for a dyadic communication process (a two-way exchange of information). Evaluation of the personal selling effort is usually under the control of the sales department, since sales is the most commonly used criterion. The marketing communication manager must assess the contribution of personal selling with non-sales-orientated criteria as well, integrating this element into the overall IMC program.

KEY TERMS

DISCUSSION QUESTIONS

1 Discuss how sales promotion can be used as an acceleration tool to speed up the selling or purchasing process and help increase sales volume. Is sales promotion a short-term strategy only? Why or why not?

2 Discuss the various factors that have led companies to shift more of their IMC budgets to sales promotion. Develop this into a list of the pros and cons of such a shift to sales promotion.

3 Discuss how the size and power of major retailers such as Coles and Bunnings are impacting on the marketing programs of consumer-product companies. What options, if any, do manufacturers have in dealing with the demands of these powerful retailers?

4 What is meant by trade-orientated sales promotion? Discuss the various types of trade promotions and the reasons why marketers use them.

5 Describe the various forms of cooperative advertising and the reasons they are used by marketers. Who are likely to be the main users of cooperative advertising? Do you think it extends a manufacturer's budget or dilutes its message?

6 Identify each direct-response medium. Find one example from each medium and explain whether you think it would generate a successful response for the marketer. Why or why not?

7 Many different types of organisations use database marketing. Name some organisations that may have your information in their databases. When do they use their databases to reach you and how effective are they in communicating with you? Do you have any specific recommendations for those who don't do an effective job?

8 What is the difference between the one- and two-step approaches to direct marketing? Give an example of the circumstances when each approach could be used.

9 Attitudes to data privacy seem to vary depending on age (older people seem to be more concerned than younger people) and medium (mobile seems to be more sensitive than email). Find out about this issue from industry websites (for example, the Association for Data-driven Marketing and Advertising and the Australian Interactive Media Industry Association). Discuss your views on data privacy and those of your friends and family members. How do they compare with those of the industry associations?

10 Effective salespeople seem to exhibit certain traits. Discuss what these traits are and why they seem to be so important. Do you think you have these traits? Would you be a good salesperson?

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CASE STUDY 4A

REBRANDING UNLIMITED: IMPROVING THE IMAGE OF WESTERN SYDNEY UNIVERSITY

JACKI MONTGOMERY • WESTERN SYDNEY UNIVERSITY

Introduction

Western Sydney University has 10 campuses, stretching from the Sydney central business district to the outer regions of Sydney's Greater West. Founded in 1989, it is currently ranked in the top 2% of universities worldwide (Times Higher Education World University Rankings, 2018). Western Sydney University offers a comprehensive range of degrees in a variety of disciplines to over 40 000 students. It's one of the most culturally diverse universities in Australia, with more than 60% of students being the first in their family to study at university. While its future is certainly promising, this hasn't always been the case. A decade ago, the image of the university was less than favourable. In 2015, the marketing team, led by Vice-President Angelo Kourtis, undertook a bold rebranding campaign that completely reinvigorated the image and ethos of the university.

Facing the challenge

Compared to other areas of Sydney, Western Sydney suffers greater socio-economic disadvantage, particularly in terms of higher levels of unemployment and lower levels of participation in higher education (Australian Bureau of Statistics, 2016). Many of Western's campuses are located in the less affluent parts of Western Sydney. Western was seen as a 'second-choice' university, not a university that students would aspire to attend. Research also showed that parents and high school students could not really define what the university stood for.

Rather than allow this to affect future student enrolments, Kourtis unveiled a new 'Western Sydney University' identity and the *Unlimited* brand campaign. The campaign was launched in 2015, with the goal of creating a new image for the university, one that would appeal to parents, students and the Greater Western Sydney community. Its aim was to inspire students to consider Western as their 'first-choice' university, a place where they could truly maximise their potential. The manifesto of the campaign was: 'to unlock the unlimited potential, unleash ambition', and position the university as a leading institution—not only in Western Sydney but on the world stage.

The importance of image advertising

Advertising campaigns that promote the values or 'personality' of a brand can help change perceptions and differentiate the brand from its competitors. For example, Apple established an image of innovation and creativity through its *Think Different* campaign, to set it apart from its rival, IBM. Optus associated its brand with the word 'yes' and developed campaigns promoting a 'can do' spirit. These brand campaigns helped to create a unique and enduring image for Optus, distinguishing it from the market leader, Telstra.

Perceptions of a brand, and what it stands for, can have a strong impact on sales and consumer loyalty. Positioning a brand is about changing the way people perceive that brand, and building a powerful and memorable image in the minds of consumers (Ries & Trout, 2001). The unique positioning of a brand is conveyed through a campaign's visual and verbal cues. It helps the brand stand out by standing for something, whether the brand is a product (YSL Opium—decadence), a service (Bendigo Bank—community), a person (any political candidate) or even a country (Australia —a spectacular and unique holiday experience).

Changing the image of Western Sydney University

Vice-President (People and Advancement) Angelo Kourtis relished the challenge of transforming the image of the university. He and his team initially worked with a leading market research agency to gather evidence about how the brand was perceived. Focus groups were held with prospective

students, current students, members of the community, employers, high school teachers and career advisers. Surveys were conducted. The research revealed that many young people living in Western Sydney felt that there was a stigma associated with the area, and the choice they made about not attending Western Sydney University was not about the university itself—it was more of a statement about the region, and not wanting to be associated with it.

Source: Western Sydney University

Kourtis sought to transform this lacklustre positioning, and the key message he wanted to communicate was that it doesn't matter where you've come from, it's where you're heading that's important. The new strategic direction was tested in focus groups, and was received positively, as an authentic representation of the university and its values.

Working closely with the advertising agency, the team knew that the most effective way to communicate this would be to showcase some of the transformational journeys of its graduates. They explored dozens of inspirational alumni journeys that captured the essence of 'unlimited' and commenced work on three short films about three ambitious alumni. Melissa Chiu, a survivor of Cyclone Tracy, studied Arts and now is the director of the Smithsonian Institution Hirshhorn Museum and Culture Garden. Jay Manley, Western's student project manager for the university's entry in the World Solar Challenge, was noticed and hired by Tesla Motors. Deng Thiak Adut's story demonstrated the transformational power of education to become a role model for many. Adut's story captured the public's heart. Once a child soldier in war-torn Sudan, he arrived in Sydney as a teenage refugee, worked and studied hard, and won a scholarship to study Law at Western Sydney University. Today, Adut is a successful criminal lawyer and the 2017 NSW Australian of the Year.

During the 12 months that the films were in production, Kourtis and his team grappled with whether they should rename the university without 'Western' in the title, and try to disassociate it from the region. Or, alternatively, should they play a leadership role by committing to the region, and working to elevate the narrative? At this critical point, they decided on the latter. Signalling their absolute commitment to this decision, they made a subtle yet critical name change: from 'University of Western Sydney' to 'Western Sydney University'—bringing the focus on the region to

the forefront.

The visual identity of the university was also revamped. Its colour palette was changed from blues to warm reds to evoke more of a sense of confidence, commitment and passion. The new logo clearly announced a focus on Western, with a capital 'W'.

The campaign was launched on Open Day, 30 August 2015. Open Day is a special day for universities, when prospective students and families visit the campuses and get a sense of what it might be like to study there. It was an ideal platform to launch the new brand, and the campuses were completely transformed with the new logo and colour palette. That evening, the 90-second film of Deng Thiak Adut's story went to air in prime time, during the TV programme *60 Minutes*. The TV spots were supported by billboards throughout Sydney, as well as an extensive social media campaign, a direct mail campaign to teachers and principals, and a brand launch event at the top of Sydney Tower.

Post-campaign success and commitment

Western Sydney University took a calculated risk in repositioning its brand. The campaign sought to change both the image of the university and the narrative of the region. This bold approach to rebranding could have resulted in negative backlash and controversy. While there was some initial public scepticism, a media conference turned the tide against some early negative press coverage.

The campaign was an unprecedented success. The Deng Thiak Adut film was picked up by local and international broadcasters. Engagement on social media wildly exceeded forecasts. On YouTube, the film reached two million views in seven days (Western Sydney University, 2015). In all, the film was viewed in 56 countries; it rose to five million views on social media, and was shared more than 151 000 times.

School-leaver interest increased instantly, as did staff morale. Attitude surveys reflected positive shifts in perception. The campaign received global acclaim, including the Silver Lion at Cannes Lions 2016, the Grand Prix Award at Spikes Asia 2016, the Ad Campaign of the Year at Mumbrella Awards 2016, and Best Advertising Film at the Australian Creative Excellence Showcase, 2016.

Western Sydney University now owns the platform of 'unlimited' in the Australian higher education sector. It holds a unique positioning: Western will empower students to reach their unlimited potential—if they are willing to work hard, be bold and be ambitious. It's a positioning that is continually reinforced through every touchpoint of the university. Adut's story illustrated the idea that you can come from any place and succeed on your own terms. That you can be unlimited in your potential. Western has continued to tell the stories of graduates who have achieved incredible success, through the medium of short film. These films are hosted on YouTube, and shared on social media. Western Sydney University has become known as the university that values equal opportunity, empowers individuals and transforms lives.

DISCUSSION QUESTIONS

1 Visit the Western Sydney University website, at www.westernsydney.edu.au, and describe some ways in which the website expresses and supports the positioning of 'unlimited potential'.

The tagline throughout the website: 'Find your unlimited'

- Search for courses, which suggests you 'Find your unlimited' in one of the many courses available
- Statistics supporting the choice of Western Sydney University include '#1 Uni in Sydney for Employer Satisfaction', with the supporting text 'Be the graduate more employers are looking for'
- The link to apply to Western Sydney University suggests you 'start your unlimited journey today'
- Images used of students throughout the website reflect a sense of confidence, determination and focus
- The alumni page presents 'Alumni Success Stories', outlining the numerous career paths of successful graduates who have aimed high and achieved great success
- The scholarships page presents a range of scholarships for 'Tomorrow's Leaders'.

2 Sometimes the choice of spokesperson can cause unexpected damage to a brand. Identify and discuss a brand that has suffered from its association with a celebrity or spokesperson, and the steps that the brand has taken to rebuild trust with consumers.

- Kendall Jenner for Pepsi (2017). Jenner appeared as a peacemaker between protestors and law enforcement, at a rally alluding to the 'Black Lives Matter' movement. The company was accused of trivialising the movement, and issued a public apology. In 2019, Pepsi launched a new campaign to reposition the brand, bringing its musical heritage to the fore as part of the marketing revamp.
- Lance Armstrong for Nike. Immediately after Armstrong was found guilty of using illegal performance-enhancing drugs in 2012, Nike terminated its contract with the disgraced cyclist, and issued a statement saying the company 'does not condone the use of illegal performance-enhancing drugs in any manner'. By including a 'morals clause' in its contract, Nike was able to terminate the agreement quickly, which prevented further damage to the sponsor's image, goodwill and reputation. Nike then focused on the promotion of its other endorsed athletes.

3 Select an image campaign for an expensive 'aspirational' brand (for example, BMW, Tiffany, Dior). Outline its unique positioning and describe how its positioning makes it stand out from the competition.

Chanel's positioning of 'spirited French elegance' draws its inspiration from founder Gabrielle 'Coco' Chanel. It has long used endorsements by iconic celebrities who also reflect the brand values of elegance, confidence and classic beauty—for example, Audrey Hepburn, Nicole Kidman and Keira Knightly. Its brand identity is instantly recognisable, particularly it's simple 'double C' black logo. In recent times, Chanel has focused on social engagement, and now boasts the most social followers of all luxury brands. Its aggressive social video strategy—posting more content, more regularly—has seen it outstrip its competitors in terms of engagement. It continues to stay true to its core values and reflects the personality of its historic founder.

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CASE STUDY 4B

POLLINATE ENERGY: HOW A SOCIAL ENTERPRISE CONVERTED HAPPY CUSTOMERS INTO SUCCESSFUL SALESPEOPLE

MICHAL ANN STRAHI LEVITZ • SAINT MARY'S COLLEGE OF CALIFORNIA
ROWAN PARKINSON • SYDNEY BUSINESS SCHOOL, UNIVERSITY OF WOLLONGONG

Bringing environmentally friendly technology to the slums of India and Nepal

Pollinate Energy was founded in 2012, and is an Australian social enterprise based in India and Nepal. The organisation's mission is to bring life-changing, environmentally friendly technology to the urban slums of India and rural Nepal, where the residents have little or no access to electricity and are thus experiencing what is referred to as energy poverty. The initial focus of Pollinate Energy was to provide affordable solar lighting that did not carry the significant health risks of the kerosene lamps commonly used by these populations. Starting with solar lanterns, Pollinate Energy later diversified into efficient stoves, water filters and other life-changing technologies and it is now expanding to a more extensive product line. The company has made a significant impact on its communities, with over 110 000 products sold across more than 1000 communities. The customers not only save money by no longer relying on kerosene but also benefit from non-polluting products that work more effectively and are better for the environment. Amazingly, a single solar lantern can abate 5.62 tonnes of CO_2 emissions per year! Customers receive the products after paying an initial deposit, and then make interest-free repayments over several weeks. Thus, trust is a critical component of each sales transaction at Pollinate Energy.

Source: Pollinate Energy

Reaching offline communities with personal selling and community networking

Personal selling is an important part of most businesses. However, it is especially critical within subsistence economies, where the target customers may not have access to the internet or other electronic media. In the case of Pollinate Energy, this has meant relying solely on personal selling to interact with customers. Within the targeted communities, face-to-face interaction with potential customers is the sole method of communication and distribution. Also, as with all marketing communications efforts, understanding the needs of the target market is critical for success.

Pollinate Energy, recognising this, has implemented a strategy that focuses on recruiting and developing salespeople from within the communities where their products are sold. Indeed, as an Australian company selling products in India, Pollinate Energy realised early on the importance of having local workers as the front lines of sales. They realised that English-speaking salespeople coming from non-Indian cultures would be unable to interact authentically with the locals of the slums in India, most of whom do not speak English. It was clear from the start that the company needed to develop a local workforce to properly interact with these communities. Adopting the approach that a local, empowered workforce also created opportunities for Pollinate Energy to further their impact, they offered training and meaningful employment to people interested in helping their peers.

Recognising the importance of sales staff

The vast majority of Pollinate Energy's customers have little to no access to the internet or any form of electronic media. In addition, they have little to no access to financial systems such as bank accounts or credit cards. As a result, face-to-face selling is currently the most effective way for it to reach its target market, and thus investing in the sales staff is critical. The company trains its salesforce using a variety of methods, including mentorship and team selling, with a focus on helping the salesforce develop and strengthen their relationships with customers.

At Pollinate Energy, the sales staff, called Pollinators, are a vital part of the business, and as such, a lot of care is taken to make sure they are trained, motivated and rewarded for their achievements. The majority of recruitment by Pollinate Energy is done by word-of-mouth in communities and neighbourhoods that have a similar demographic to the current employees. This word-of-mouth, assisted by posters around the communities, helps direct people who are interested in working for the company, while also raising awareness of the brand in each area. Once recruited, new Pollinators undergo a training period of six months that includes office training as well as hands-on field experience with more experienced Pollinators acting as mentors. Training is focused on building sales skills and confidence.

Pollinate Energy recognises the importance of taking care of its sales team, and acts accordingly. Pollinators are offered many benefits that are uncommon in these communities, to motivate ongoing work and to reduce their financial stress while enhancing their well-being and that of their families. All Pollinators are given access to education loans for their children, personal loans based on need, health insurance for themselves and their families, as well as a pension fund and smartphone with internet access, paid for by Pollinate Energy. The company also gives gifts and bonuses to Pollinators and their families during major cultural festivals and holidays—in short, it makes sure its employees feel valued. Like many sales teams around the world, Pollinators are paid a base salary and are further incentivised by a commissions structure that rewards both individual product sales and the reaching of monthly targets.

Offering incentives to customers who become brand ambassadors

In addition to rewarding its Pollinator salesforce, Pollinate Energy also offers incentives for early-adopting customers who bring in new customers from within their communities. These customers-turned-influencers act as informal ambassadors for the brand and are referred to by the company as Worker Bees. Worker Bees are financially rewarded for connecting Pollinators to new customers. They are often trusted members of their communities, and therefore act as a valuable point of connection between the company and many more potential customers.

Pollinators are encouraged to nurture relationships with members of the communities in which they work. Through training and an intentionally fostered culture that emphasises customer service and support, Pollinators have ensured a satisfaction rate of more than 90% among customers. Pollinate Energy knows that if the Pollinators are well trained and motivated, then the Worker Bees and customers will be happy and all involved will see the benefits of the products being sold, as well as the ongoing benefits brought to the community by the presence of the company.

The importance of knowing your customers

Understanding customers is a vital factor in gaining their trust and building a strong relationship. This is also the key to effective personal selling. It is the responsibility of the Pollinators to understand the culture, customs and concerns of their customers, as well as to be effective at identifying who the decision makers are for each household. They are then able to tailor their sales approach accordingly. Indeed, one of the advantages of personal selling over other marketing communication tools is that salespeople can observe and ask questions and tailor their messages as they go, based on what they learn. Most of the marketing decisions in these communities are carried out by the Pollinators, including the adjustment of selling strategy and communications, and the processing of feedback. Ongoing customer relationship-building and maintenance is a key part of the business's success, with credit falling to the well-trained Pollinators.

One of the responsibilities of the Pollinators is to identify potential recruits when servicing new communities. Monetary incentives are given for successful referrals of new recruits, with a referral bonus of 4000/5000 Indian rupees (AU$80/$100 at the time of writing, December 2018) for referring male and female recruits respectively. The extra incentive for referring female recruits comes from Pollinate Energy's aim to have 50% female representation among its Pollinators in 2019. As of mid-2018, the current female Pollinator representation was at 37.5%.

Sales leading to a positive social impact

Beyond simply selling products, part of the mission of Pollinate Energy since its establishment in 2012 has been to have a positive social impact on its customers. In India, Pollinate Energy is present in over 1000 communities that are experiencing various degrees of poverty, in six cities (Bangalore, Hyderabad, Kolkata, Lucknow, Kanpur and Tumkur). In Nepal, following a merger with Empower Generation in 2018, it currently operates in the rural districts of Kailali and Chitwan. The social impact and reach of the company have grown exponentially, with the number of products sold growing by an incredible 500% in 2018 alone. This explosion of success has greatly benefitted the customers' finances, health and environmental sustainability, saving them a total of approximately 1.2 billion Indian rupees (AU$23 470 200), which would have been spent on almost 29 million litres of kerosene. This reduction in kerosene consumption has prevented more than 65 000 tonnes of CO_2 emissions in the first six years since the company was founded. Such an incredible impact made in only six years is due to the diligent focus on personal selling and a culture of developing trusting positive relationships among Pollinators, customers and their communities.

The Pollinate Energy brand is established in the communities in which they work, and the company is known for providing durable, high-quality products with accessible and affordable interest-free payment options, reliable repair services and long warranties. These factors have set a strong foundation for trust between Pollinators and customers, underpinning a stable pathway for the growth of Pollinate Energy's distribution network.

DISCUSSION QUESTIONS

1   Why is it important for Pollinate Energy to recruit sales staff from the communities that it is targeting?

Recruiting salespeople from within these communities is especially important in order to both understand and communicate effectively with these potential customers. This is because there are differences in language, culture and, in some cases, religion that are important elements in properly connecting and conveying the

benefits of the product. It is also easier to gain trust when people know each other and are similar in terms of culture, ethnicity, language and social factors. People from outside the community may not fully understand the nuances of specific cultural norms and may also have more barriers to making a sale, such as lack of trust from locals.

2 Imagine you are a manager who wishes to utilise personal selling in Australia. In what ethnic communities would it be helpful to recruit sales staff from within the community? Explain your answer.

There are many acceptable answers. In ethnic and religious groups such as remote indigenous communities, orthodox Muslim communities or Chinese-centric communities, it may be most beneficial to have salespeople from within the community due to differences in language, dress norms and culture, etc. Members of the same ethnic community will be trusted more and will likely have a better understanding of the cultural rules and concerns.

3 What aspects of Pollinate Energy's Pollinators incentives do you think are most effective in motivating staff? What could be done to similarly motivate sales staff in Australia?

This is asking for the opinion of the reader. Answers could encompass the benefit of a base salary to relieve financial concern in periods of poor sales and the availability of health insurance and possible education loans for children of Pollinators. Taking away the immediate and/or life-threatening stressors from their lives with a base salary and medical insurance allows the Pollinators to focus more on work, benefitting everyone. Added incentives for increasing sales encourages salespeople to go above and beyond what they need to do to keep their jobs.

Applying this to Australia is more complex as the basic human needs, such as healthcare and education, for most Australians are met by the government. In order to offer similar levels of motivation from incentives, higher-order benefits may be needed in Australia, appealing to the social or personal needs of the salesperson. Elements such as offering luxury products or experiences as rewards for high performance, giving recognition awards for exceeding expectations and communication of appreciation from top management could offer additional motivation here. Of course, a base salary and added incentives such as commissions and extra rewards for passing the sales norms work in both India and Australia.

APPENDIX

FROM 'COMING SOON' TO 'COME SOON'—A CAREFULLY CONSTRUCTED TOURISM CAMPAIGN IN DISGUISE

How Tourism Australia mimicked a Hollywood film campaign to shift perceptions and compel US high-value travellers to put Australia at the top of their travel list.

The client

Tourism Australia is the government body responsible for promoting Australia as a desirable and memorable destination for business and leisure travel. Its purpose is to invite the world to experience the Australian way of life. With tourism being one of the largest contributors to Australia's economy, Tourism Australia plays a vital role in ensuring the prosperity and stability of the country. In line with this, its focus as a business is to deliver continued growth in tourism expenditure, with a 2020 goal of $115 billion. As the majority of spend comes from Chinese, US and UK travellers, these are seen as priority markets within Tourism Australia—critical to the industry's growth.

The challenge

The United States represents the second most important market for Tourism Australia in terms of expenditure, with approximately 718 000 visitors spending $3.7 billion a year.

Long-haul travel from the US grew by 11% in recent years, yet, Australia's share of US tourism remained stagnant at only 1.3%. While research showed that many in the US loved the idea of an Australian holiday—Australia ranked third in the world in terms of holiday desire—the 'tyranny of distance' meant they struggled to convert that desire into a visit. With popular destinations like Europe and the Caribbean so close to the US, Tourism Australia's traditional campaigns weren't presenting a compelling enough argument to spend an extra 10 hours on a plane.

Target audience

Tourism Australia's commitment to driving expenditure meant that its primary focus was set on high-value audiences that can drive booking intent. High-value travellers (HVTs) are described as audiences who:

- take long-haul trips on a regular basis

- are considering, or intending to, travel to Australia
- find one or more of Australia's key strengths (food and wine, aquatic and coastal, or nature and wildlife) important for destination selection
- represent 'high value' as they are willing to stay longer, spend more and visit multiple regions.

Rimfire Films Pty Limited and Tourism Australia

In researching this audience, it was uncovered that distance wasn't their only barrier to visiting Australia—it was also a matter of the uniqueness and fashionability of the destination. Outbound airline spend from the US increased by 9.2% in 2017, with the majority of American travellers heading to Asia.[1] This indicated both an increasing desire to travel and a willingness to travel far. Destinations such as Japan increased the immediacy to book because of their cultural cachet and perceived 'fashionability'.

Therefore, Tourism Australia knew that if it could develop a strong integrated marketing campaign focused on increasing the country's fashionability, it would propel the country to the top of the US travel agenda.

Communication objectives

The ultimate goal of the campaign was to drive increased consideration and bookings to Australia— specifically among the American HVTs. To deliver this, Tourism Australia set three distinct communications objectives.

Generate WOM and earned media

The campaign budget was not large enough to guarantee breakthrough against a target inundated with branded messages. Tourism Australia needed a strategy that would allow it to punch above its weight. Generating earned media aligned with the strategic focus. The content needed to be shareable.

Create affinity and desire for Australia in HVTs

Tourism Australia had to find a way to differentiate its offerings and cut through the category clutter to make Australia top of mind with its target. It needed to showcase specific, compelling travel experiences that HVTs could get only on an Australian vacation. The campaign couldn't just say, 'There's Nothing Like Australia', it needed to prove it to overcome the barrier of the additional travel time from the US.

Rimfire Films Pty Limited and Tourism Australia

Drive urgency among HVTs to book a trip to Australia for their next vacation

Lower-funnel, conversion-driving assets and time spent on Australia.com were key to driving bookings. The goal was to ensure HVTs were being served compelling, offer-driven assets that would get them to make 2018 the year they finally visited Australia.

Media strategy

To compete against tourism bodies across the globe, Australia needed to do something big—big enough to earn the cultural cachet to make the country the most talked about, and therefore fashionable, tourism destination...

Super Bowl Ad Associated Brands

Index of the brands with the most Super Bowl Ad associated digital content engagement between Jan. 1 – Feb. 1. 2018.
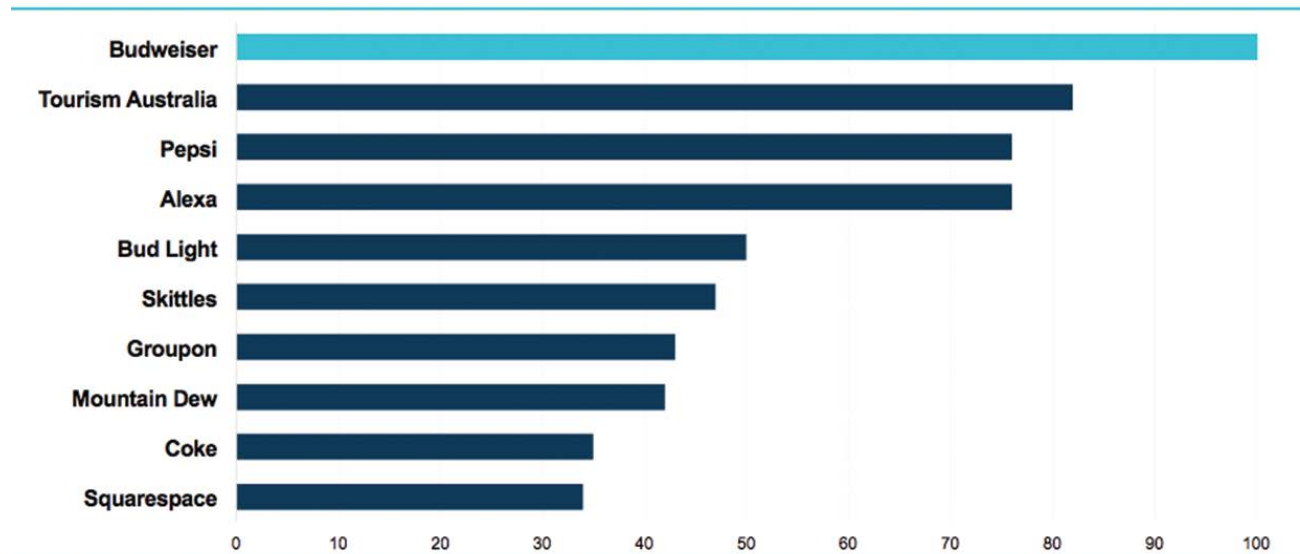
Rimfire Films Pty Limited and Tourism Australia

And in the US it doesn't get much bigger than the Super Bowl.

Not only is the Super Bowl the ultimate American cultural moment, it is also one of the last bastions of true advertising effectiveness. Advertisements that feature within the annual event deliver more impact than any other global platform.[2] In addition, 48% of HVTs tune into the game and they are 35.5 times more likely to watch than the average audience.[3] Its impact and reach also extends across the world, as it's widely regarded as the pinnacle of American sporting events. Knowing the Super Bowl was the biggest opportunity to influence the US audience, it became the priority focus.

From here it was essential to analyse the best Super Bowl campaigns to understand how to activate most effectively—after all, throughout the game there's almost an hour's worth of advertising to compete with. Through this process, Tourism Australia uncovered a unique opportunity. More and more brands were releasing their complete films prior to the game, as market research shows that those that do so enjoy significant increases in search volume, shares and overall reach—upwards of 2.5 times more views than ads aired on game day alone. While this is definitely important to maximise the hype and impact, in reviewing social conversations, a consistent theme came up: people were missing the element of surprise. It was important to tease the campaign to capitalise on the hype, but Tourism Australia didn't want to release the entire film and lose the element of surprise.

So, with that in mind, the media strategy needed to walk a fine line to deliver a Super Bowl-worthy effect: It needed the power to engage in the weeks prior to it, yet still hold something back to excite viewers about the experience

Creative strategy

With the platform in place, the next step was to ensure the creative content capitalised on the potential. The existing tagline, 'There's Nothing Like Australia', was designed to differentiate Australia, but prior campaigns featured generic imagery: vineyards and beach scenes that could have come from any number of countries in the competitive set. This 'category wallpaper' approach made misattribution easy, and the work felt indistinguishable from campaigns for other coastal

destinations.

But there's one thing Australia has that no other country does: Australians.

Australians are universally loved and revered due to their laidback, laconic and fun-loving philosophy on life. When people around the world, especially Americans, think about Australia, they imagine our iconic people: Chris Hemsworth, Steve Irwin, Margot Robbie, Hugh Jackman and so forth.

So the strategy was simple: *pair the unique nature of Australia with the unique nature of Australians.*

Rimfire Films Pty Limited and Tourism Australia

The big idea

When it comes to Australians, there is no bigger icon than Mick 'Crocodile' Dundee.

To this day, the primary US association with Australia is the iconic film *Crocodile Dundee,* the highest-grossing Australian film since its 1986 premiere. *Crocodile Dundee* was a tourism campaign disguised by Hollywood—a campaign that made Australia (and Australians) feel so desirable to 1980s America that Australia enjoyed the biggest tourism upswing in its history. It also revealed a core truth: Americans can't resist Aussie charm. Although they can get beaches, buildings and bush-walks elsewhere, they can't get Australians.

While there was an opportunity to leverage Crocodile Dundee as an ownable icon to connect with American tourists, it was the 'how' to do so that would create the cut-through. In analysing the best-performing Super Bowl ads of all time, one consistent theme came up: they had their finger on the cultural pulse, reflecting what was topical at that time. Through this came a serendipitous opportunity to achieve just that.

It turned out 2017 was widely recognised as the year of the big-budget reboot. Almost 70% of all new film and TV productions were reimaginations or extensions of previously loved classics. So Tourism Australia decided to bring Crocodile Dundee back, along with a star-studded Aussie cast, to excite

Americans about all things Australian once again. But, knowing it still needed a surprise factor, the idea came with a twist … it was all one giant tease—there was no movie. Just one epic trailer for the best destination on Earth.

IMC execution

If *Crocodile Dundee* could establish itself within the Super Bowl, there would be an unrivalled opportunity to showcase Australia's personality. By exploiting the *Crocodile Dundee* insight, the big idea was set to launch a reboot of the classic movie, titled *Dundee: The Son of a Legend Returns Home.* It was the movie that was not a movie at all, but a carefully constructed tourism campaign in disguise.

Traditional tourism advertising conventions were disregarded and instead those of a production company were adopted to bring the reboot to life. Understanding that this wasn't the first time this audience had been teased, and recognising that the digital revolution has made it easier than ever to distinguish an ad, the media execution went to extreme lengths to manufacture legitimacy. Following the process of any typical film, a trailer-heavy plan was built, knowing this would allow Tourism Australia to capitalise on the window before the Super Bowl without spoiling the ultimate reveal.

Keeping in mind the core objectives of driving visitation to Australia, all of the 'pseudo-movie' advertising needed to work towards one crucial goal: building a qualified but sizeable audience pool to retarget down the line with conversion assets. With this powerful idea, it was then possible to own the cultural moment that is the Super Bowl through the element of surprise. That is, *Dundee* was revealed as a campaign for Tourism Australia, successfully pranking America—creating an immediate and lasting impact.

The *Dundee* campaign was established through three considered phases that ensured the conviction of the idea and the power of the concept were sold. The phases included: (1) Tease; (2) Reveal; and (3) Invite. Across the three phases, the entire owned, earned, paid and shared (OESP) asset suite was utilised to deliver a truly integrated marketing campaign.

Phase 1: Tease

- **Task:** Drive legitimacy and generate interest and excitement in *Dundee* prior to the Super Bowl. Assets in this phase should encourage click-through in order to amass the largest pool of potential HVTs to target later
- **Channels:** Online video, TV, social media, banners

From the initial planning stages, it was clear that the integrated marketing campaign was more than just a TV spot. It was essential that planning extended beyond the ad itself and invited social interaction and encouraged sharing to secure the earned media.

To cement the legitimacy, a month prior to the Super Bowl a studio launched the campaign, as would happen for any typical film. This included behind-the-scenes 'leaks', PR releases and four blockbuster trailer drops that powered intrigue, supported by a comprehensive suite of 'official' assets (website, social handles, IMDb/wiki pages, digital, out-of-home). All were working towards a common goal of cementing *Dundee*'s legitimacy, and they later fuelled a powerful conversion-driving tourism campaign.

Rimfire Films Pty Limited and Tourism Australia

A PR push with the original Crocodile Dundee, Paul Hogan, drummed up further intrigue, while fan theories were entertained for the reboot on Reddit and The Weekly Planet podcast. All OESP touchpoints were considered, including 'ghost-serving' all digital content to avoid it being discovered that a tourism board was behind the film. This meant there wasn't a digital technical trail leading back to Tourism Australia—the wrong piece of technical code on their advertising or the Dundee website could have given the game away.

The communications approach focused on building the largest possible qualified pool of HVTs to retarget. As audiences engaged with the *Dundee* content prior to the commercial reveal, they were consequently added to a data pool that allowed future targeting with compelling booking assets based on consumer interests and common barriers to travel (e.g. too far).
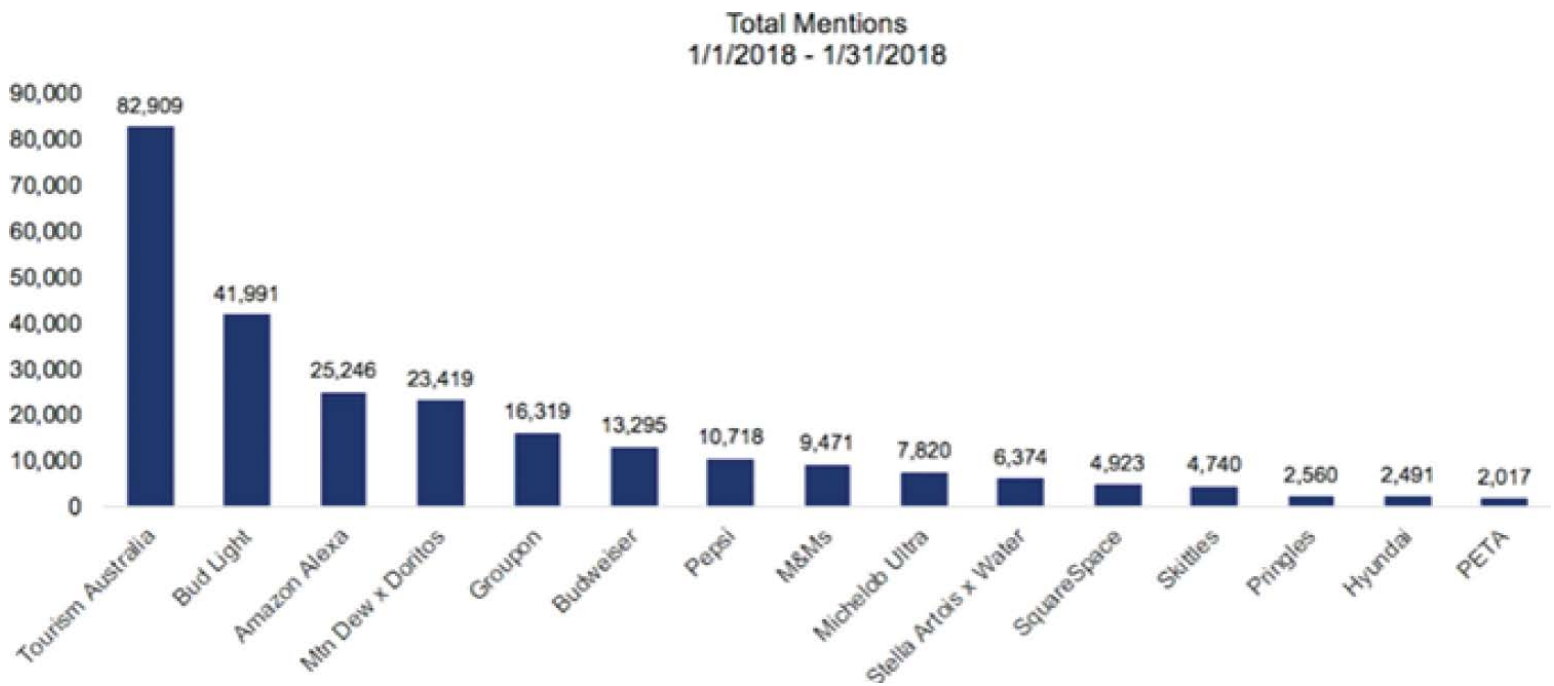
Rimfire Films Pty Limited and Tourism Australia

Phase 2: Reveal

- **Task:** Own the Super Bowl buzz and shift the heightened attention from the film to Tourism Australia, ultimately driving consumers to the site to build the audience pool for retargeting in the Invite phase
- **Channels:** 60-second spot in the NFL LII Super Bowl telecast, TV cut-downs, OLV, social media

During the Super Bowl, a 60-second 'full trailer' aired that revealed the playful prank. It was placed in the ad break before half-time (a time slot that has proven historically to have a significant impact). The film that received 82 909 mentions and global speculation was outed as a Tourism Australia campaign, and over 100 million viewers were now in the know.[4] Simultaneously, all media, including the www.dundeemovie.com website, social media channels and out-of-home, were flipped to become a tourism campaign, with the simple copy transition of 'coming soon' to 'come soon'. The messaging acted as the key reveal and drove mass awareness of Tourism Australia. From here, audiences were prompted to visit the Australia.com landing page.

Phase 3: Invite

- **Task:** Drive further engagement with Tourism Australia content and ultimately drive booking through Tourism Australia partners. Extend the life of the *Dundee* campaign with compelling content that can openly discuss Australian tourism
- **Channels:** Video series, performance banners, paid social, partnerships

As the ruse was revealed, it was then essential to use the momentum and awareness from phases 1 and 2 and transact those into holiday bookings. Utilising engagement from the number one most viewed Super Bowl campaign,[5] HVTs who had interacted with the campaign through phases 1 and 2 were simultaneously retargeted with compelling Australia itinerary-planning content.

Tourism Australia created and distributed *Why Australia?*, a content series featuring Australia's tourism experiences across their broad product pillars. They worked ahead of time with airline and online travel agency partners to create tailored offers and banners, segmented by respective pillars.

All three consecutive phases synced together to create notable improvements in US visitation to Australia, with the *Dundee* campaign driving significant uplift for partners.

Results

The *Dundee* campaign was exceedingly successful for Tourism Australia, leading to an 83% increase in intent to book, yielding a 6:1 ROI for earned coverage. In addition, a 50% desirability lift was seen in early brand measures. The IMC generated more than $85.1 million in estimated advertising value from 14 478 media articles; it reached nearly 900 million people on social; and received over 100 million views online.

However, in order to measure success, it is important to identify the results as per the objectives.

1. Top of funnel—generate word of mouth and earned media
   - $85.1 million equivalent advertising value (EAV)

- #1 most viewed Super Bowl campaign[6]
- Highest-ever-recorded recall for teaser/movie/videos in US entertainment category (Facebook)

2. Middle funnel—make Australia the #1 most desired, considered and intended destination
   - Generated 3.44 million visitors to owned channels, of which 97.5% were new to site, with an average visit time of 4.19 minutes
   - Uplift of +35% in flight search queries for Australia in the week after the Super Bowl
   - Paid lead generation rate four times greater than Tourism Australia's most successful US campaign

3. Lower funnel—grow the US market from $3.7 billion to $6 billion.

   Per tracking, it resulted in drastic improvements in terms of Australia as a travel destination:
   - +50% desirability
   - +32% consideration
   - +83% intent-to-book

Ultimately, with a booking curve that is traditionally six to eight months long, and available data for just three to four months of that, the results already show, at the time of writing, that Tourism Australia has initial reports and numbers that forecast success for 2020 and beyond.

About Tourism Australia

Tourism Australia is the Australian government agency responsible for promoting Australia to the world as a destination for leisure and business travel.

Tourism Australia's purpose is to increase the economic benefits of tourism to Australia by supporting the industry's shared Tourism 2020 strategy, which aims to grow overnight visitor expenditure to more than AU$1115 billion annually by the end of the decade.

The organisation seeks to grow demand for Australia's tourism experiences in 15 key markets across the globe by promoting the unique attributes that will entice people to visit.

Tourism Australia's activities include advertising, public relations and media programs, trade shows and programs for the tourism industry, consumer promotions, online communications and consumer research.

For more information visit www.tourism.australia.com.

About Universal McCann

Universal McCann (UM) was formed in 1997; however, its direct lineage goes back over 100 years. UM was originally the media-planning and buying arm of McCann-Erickson USA, Inc., a creative agency founded in 1912. In 1997, UM became its own entity, independent of McCann. In 2007, UM joined the newly created IPG Mediabrands to solidify the holding company's media clout and expertise across its global network.

UM is a global network with offices in more than 130 countries. It has invested to build a connected global network built around common infrastructure, shared processes and tools that drive consistency and accuracy to help its clients succeed in every market. At the heart of this is the Moments Planning

Process, which helps brands connect with consumers in the Moments that Matter. It has also made significant investments in talent and data.

UM was the first agency to break down internal silos and build fully integrated teams to drive better plans that create efficiency and value for clients. Its approach is to seamlessly blend Better Science with Better Art to drive Better Business Outcomes for clients.

About Droga5

Droga5 is an independent agency with offices in London and New York. It creates communications and experiences that ignite business growth, with brand purpose at the core. From integrated-marketing campaigns to business design—and everything in between—its work forges real connections with people and drives results through creativity and collaboration. Droga5 was founded in 2006 and has been recognised repeatedly by AdAge (US), including being on the AdAge US Agency A list every year between 2010 and 2018. Current clients include Chase, COVERGIRL, ESPN, Essentia, Google, Heineken, Hennessy, The Hershey Company, IHOP, Johnsonville, Kraft, MailChimp, The New York Times, Prudential, Sprint, Thorne, Under Armour and United Rentals. You can find out more at Droga5.com or @droga5.

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6   ibid.

GLOSSARY

A

absolute cost The actual total cost of placing an ad in a particular media vehicle.

account directors Senior account executives.

account executive The individual who serves as the liaison between the advertising agency and the client. The account executive is responsible for managing all of the services the agency provides to the client and presents the agency's point of view to the client.

account planners Account or strategic planners who use research to unlock consumer insight and provide a strategic way forward for a marketing communication campaign.

account planning A hybrid discipline in which research helps bridge the gap between account management and creative, using research and intuition to inspire creativity.

ad execution-related thoughts A type of thought or cognitive response a message recipient has concerning factors related to the execution of the ad such as creativity, visual effects, colour and style.

ad extensions A feature that shows extra business information within an ad, such as an address, phone number, store rating or more web-page links.

Ad Rank A value that's used to determine your ad position (where ads are shown on a page relative to other ads) and whether your ads will show at all.

advertising A paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.

advertising agency A company that specialises in the creation, production and placement of advertising messages. It may provide other services that facilitate the marketing communications process.

advertising appeal The basis or approach used in an advertising message to attract the attention or interest of consumers or influence their feelings towards the product, service or cause.

advertising campaigns Comprehensive advertising plans that consist of a series of messages in a variety of media that centre on a single theme or idea.

advocacy advertising Advertising that is concerned with the propagation of ideas and elucidation of social issues of public importance in a manner that supports the position and interest of the sponsor.

affect referral decision rule A type of decision rule where selections are made on the basis of an overall impression or affective summary evaluation of the various alternatives under consideration.

affiliates Local television stations that are associated with a major network.

AIDA model A model that depicts the successive stages a buyer passes through in the personal selling process including attention, interest, desire and action.

algorithm A piece of software that processes the raw inputs of the search index in order to determine which is most relevant website to display for a customer. The algorithm has evolved dramatically over time, and is thought to now consider over 200 different factors when determining the search results.

analytics The search for and interpretation of meaningful patterns in data; this is particularly useful in areas that provide a wide array of recorded information, for example, the online environment.

animatic A preliminary version of a commercial whereby a videotape of the frames of a storyboard is produced along with an audio soundtrack.

app Software application designed to run on smartphones, tablets and other mobile devices.

artificial intelligence (AI) A computer system that can do tasks which humans need intelligence to do, such as thinking, reasoning, learning and understanding language.

attitude towards the ad A message recipient's affective feelings of favourability or unfavourability towards an advertisement.

audience measurement Tool used to quantify the number of people in an audience for a piece of content or advertising. It includes measurement of radio listenership, TV viewing, newspaper and magazine readerships and traffic on websites. It can also include audience demographics and time spent with the medium.

average frequency The number of times the average household reached by a media schedule is exposed to a media vehicle over a specified period.

B

backlinks Any links from a third-party website that are directed to another, given website. They are further broken down into those that pass SEO value (followed links) and those to which search engines don't attribute any value (no-follow links).

behavioural bonding The process through which consumers develop attachments and loyalties to brands.

behaviouristic segmentation A method of segmenting a market by dividing customers into groups based on their usage, loyalties or buying responses to a product or service.

benchmark measures Measures of a target audience's status concerning response hierarchy variables such as awareness, knowledge, image, attitudes, preferences, intentions or behaviour; these are taken at the beginning of an advertising or promotional campaign to determine the degree to which a target audience must be changed or moved by a promotional campaign.

benefit segmentation A method of segmenting markets on the basis of the major benefits consumers seek in a product or service.

big data Extremely large data sets that may be analysed computationally to reveal patterns, trends and associations, especially relating to human behaviour and interactions.

big idea The central idea of the IMC campaign, translated into attention-getting, distinctive and memorable messages.

bleed page Magazine advertisements in which the printed area extends to the edge of the page, eliminating any white margin or border around the ad.

body copy The main text portion of a print ad. Also often referred to as copy.

bonus pack Special packaging that provides consumers with extra quantities of merchandise at no extra charge.

bounce rate Percentage of visitors who only saw a single page, had no interactions (downloads, email submissions, etc.), then left.

brand audit Commonly used as a starting point in planning activity. It helps us determine what a brand means to its different stakeholders—such as its customers, employees, the government or retailers.

brand contact (touch) points The occasions on which a person comes into contact with a brand in the course of his or her everyday activities.

brand equity The intangible asset of added value or goodwill that results from the favourable image, impressions of differentiation or the strength of consumer attachment of a company name, brand name or trademark.

brand identity The sum of all points of encounter or contact that consumers have with the brand, extending beyond their experience or outcome of using it.

brand image Similar to a brand identity, considered the most effective way to build a brand.

brand loyalty Preference by a consumer for a particular brand that results in its continual purchase.

brand name Important element that communicates product concept, attributes and meaning, which helps position the product in customers' minds.

brand symbol The trademark, or 'the mark of a trade', which represents the company or product as

an element, word or design.

brand touchpoints The occasions on which a person comes into contact with a brand in the course of his or her everyday activities.

brand utility The overall utility that the consumer associates with the use and consumption of the brand, including associations expressing both functional and symbolic utilities.

branded entertainment The combined use of an audiovisual program (such as TV, radio, podcast or videocast) and a brand to market a product or service. The purpose of a branded entertainment program is to entertain, while at the same time provide the opportunity for brands or products to be promoted.

branding The core identity, 'personality' and intangible associations in the advertiser's or consumer's mind of a particular product.

build-up approach A method of determining the budget for advertising and promotion by determining the specific tasks that have to be performed and estimating the costs of performing them.

C

central route to persuasion One of two routes to persuasion recognised by the elaboration likelihood model. The central route to persuasion views a message recipient as very active and involved in the communications process and as having the ability and motivation to attend to and process a message.

channel The method or medium by which communication travels from a source or sender to a receiver.

classical conditioning A learning process whereby a conditioned stimulus that elicits a response is paired with a neutral stimulus that does not elicit any particular response. Through repeated exposure, the neutral stimulus comes to elicit the same response as the conditioned stimulus.

classified advertising Advertising that runs in newspapers and magazines that generally contains text only and is arranged under subheadings according to the product, service or offering. Employment, real estate and automotive ads are the major forms of classified advertising.

click-to-call An important feature in web forms and customer relationship management software products that allows customers to get an immediate call back from a company.

clients The organisations with the products, services or causes to be marketed and for which advertising agencies and other marketing communication companies provide services.

close Obtaining the commitment of the prospect in a personal selling transaction.

cognitive dissonance A state of psychological tension or postpurchase doubt that a consumer may experience after making a purchase decision. This tension often leads the consumer to try to

reduce it by seeking supportive information.

cognitive responses Thoughts that occur to a message recipient while reading, viewing or hearing a communication.

combination rate A special space rate or discount offered for advertising in two or more periodicals. Combination rates are often available from publishers who own both morning and evening editions of a newspaper in the same market.

communication The passing of information, exchange of ideas or process of establishing shared meaning between a sender and a receiver.

communication mix elements Includes components of the communication message such as direct and interactive marketing, public relations, publicity and sponsorship, sales promotion and personal selling.

communication objectives Goals that an organisation seeks to achieve through its IMC program in terms of communication effects such as creating awareness, knowledge, image, attitudes, preferences or purchase intentions.

communication tasks Something that can be performed by and attributed to advertising such as awareness, comprehension, conviction and action.

Competition and Consumer Act 2010 Key competition law that protects consumers and is enforced by the Australian Competition and Consumer Commission. It replaced the *Trade Practices Act 1974*.

competitive advantage Something unique or special that a company does or possesses that provides an advantage over its competitors.

competitive parity method A method of setting the advertising and promotion budget based on matching the absolute level of percentage of sales expenditures of the competition.

comprehension and reaction tests Advertising testing to ensure receivers comprehend the message and to gauge their reaction to the same.

concentrated marketing A type of marketing strategy whereby a company chooses to focus its marketing efforts on one particular market segment.

concept testing A method of pretesting alternative ideas for an advertisement or campaign by having consumers provide their responses or reactions to the creative concept.

conditioned response In classical conditioning, a response that occurs as a result of exposure to a conditioned stimulus.

conditioned stimulus In classical conditioning, a stimulus that becomes associated with an unconditioned stimulus and one that is capable of evoking the same response or reaction as the unconditioned stimulus.

congruence (or fit) Signifies the degree of similarity of the visual or verbal elements across different media.

consumer behaviour The process and activities that people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires.

consumer empowerment The powers that consumers have to make choices and to influence marketers and each other.

consumer empowerment online The power afforded to consumers by the online environment, giving them the choice to opt in, be informed, participate, aggregate and feel liberated.

consumer insight A penetrating and discerning understanding of a consumer's crying need that unlocks an advertising opportunity.

consumer juries A method of pretesting that uses consumers who are representative of the target market to evaluate the probable success of a marketing communication idea.

consumer socialisation process The process by which an individual acquires the skills needed to function in the marketplace as a consumer.

consumer-orientated sales promotion Sales promotion techniques that are targeted at the ultimate consumer such as coupons, samples, contests, rebates, sweepstakes and premium offers.

contest A promotion whereby consumers compete for prizes or money on the basis of skills or ability, and winners are determined by judging the entries or ascertaining which entry comes closest to some predetermined criteria.

continuity A media scheduling strategy in which a continuous pattern of advertising is used over the time span of the advertising campaign.

cooperative advertising Advertising program in which a manufacturer pays a certain percentage of the expenses a retailer or distributor incurs for advertising the manufacturer's product in a local market area.

copy testing Research that is undertaken when a decision is to be made about whether advertising should run in the marketplace.

copywriter Individual who helps conceive the ideas for ads and commercials and writes the words or copy for them.

corporate advertising Advertising designed to promote overall awareness of a company or enhance its image among a target audience.

corporate social responsibility (CSR) The corporate conscience by which the business incorporates a

self-regulatory process that ensures it operates within the spirit of the law and in accordance with its own ethical and social standards.

cost per order (CPO) A measure used in direct marketing to determine the number of orders generated relative to the cost of running the advertisement.

cost per target audience rating point (C/TARP) A computation used by media buyers to compare the cost efficiency of broadcast programs that divides the cost of commercial time on a program by the audience rating.

cost per thousand (CPM) A computation used in evaluating the relative cost of various media vehicles that represents the cost of exposing 1000 members of a target audience to an advertising message.

cost-per-click (CPC) A funding model where the advertiser pays the publisher when someone clicks on its ad.

counterarguments A type of thought or cognitive response a receiver has that is counter or opposed to the position advocated in a message.

coupons A document or e-voucher exchanged for a financial discount with a product is purchased.

coverage A measure of the potential audience that might receive an advertising message through a media vehicle.

crawl The method search engine bots use to explore a given website, jumping from link to link to arrive at new pages. They will even jump outside the site to discover new parts of the web. Information from each page is extracted and stored in the index.

creative boutique An advertising agency that specialises in and provides only services related to the creative aspects of advertising.

creative director The individual in an agency responsible for the creative output of the agency, which is presented to the client. The creative output will include concepts, copywriting and art direction.

creative execution style The manner or way in which a particular advertising appeal is transformed into a message.

creativity Advertising creativity is the ability to generate fresh, unique and appropriate ideas that can be used as solutions to communication problems.

credibility The extent to which a source is perceived as having knowledge, skill or experience relevant to a communication topic and can be trusted to give an unbiased opinion or present objective information on the issue.

crisis recovery advertising Advertising used by companies to show their remorse for a crisis and as a means to recover from the effects of the crisis.

cross-media advertising An arrangement whereby opportunities to advertise in several different types of media are offered by a single company or a partnership of various media providers.

cross-media campaigns Campaigns that integrate messages across many different media such as print, television or online.

cross-sell A term used in personal selling that refers to the sale of additional products and/or services to the same customer.

culture The complexity of learned meanings, values, norms and customs shared by members of a society.

customer-centric approach Approach that puts the customer at the centre of all business practices.

customer-integrated marketing communication The customer's integration and sense making of all messages from any source, company-driven or stemming from other sources, which the customer perceives as communication, forming value-in-use for him/her for a specific purpose

customer-relationship management (CRM) Customer-relationship management (CRM) systems apply internet-based technologies such as email, websites, chat rooms, forums and other channels to achieve CRM objectives. It is a well-structured and coordinated CRM process that automates marketing, sales and customer service operations, improving interactions with customers and enabling businesses to customise their products and services to meet individual needs.

D

data management platform (DMP) A resource that aggregates different kinds of data from online, offline and mobile sources. The data management platform also works on the data that is brought in, and typically allows users to access that data in various ways.

database A listing of current or potential customers for a company's product or service that can be used for direct-marketing purposes.

day-after recall score A measure used in on-air testing of television commercials by various marketing research companies. The day-after recall score represents the percentage of viewers surveyed who can remember seeing a particular commercial.

deception A misrepresentation, omission or practice that is likely to mislead the consumer acting reasonably in the circumstances to the consumer's detriment.

decoding The process by which a message recipient transforms and interprets a message.

demographic variables The use of different descriptors such as age, sex, family size, education, income and social class to describe segments in a market place.

differentiated marketing A type of marketing strategy whereby a company offers products or

services to a number of market segments and develops separate marketing strategies for each.

differentiation A situation where a particular company or brand is perceived as unique or better than its competitors.

digital media Form of electronic media in which data is stored in digital (rather than analogue) form such as digital or augmented reality.

direct marketing A system of marketing by which an organisation communicates directly with customers to generate a response or transaction.

direct-marketing media Media that are used for direct-marketing purposes including direct mail, telemarketing, print and broadcast.

direct-response advertising A form of advertising for a product or service that elicits a sales response directly from the consumer.

direct-response media Media used to seek a direct response from the consumer, including direct mail, telemarketing and the like.

direct selling The direct personal presentation, demonstration and sale of products and services to consumers usually in their homes or at their jobs.

display advertising Advertising in newspapers and magazines that uses illustrations, photos, headlines and other visual elements in addition to copy text.

dissonance/attribution model A type of response hierarchy in which consumers first behave, then develop attitudes or feelings as a result of that behaviour, and then learn or process information that supports the attitude and behaviour.

dual route to persuasion Two paths to persuasion, typically conceived as being a high-thinking/high-involvement/high-elaboration path and a second path, which is based on peripheral cues or heuristics or low elaboration.

duplicated reach The number of people who are reached by all exposures.

dyadic communication A process of direct communication between two people, such as a salesperson and a customer, or two groups.

E

early general news In newspapers, an advertising position in the front news section of the paper for which an extra loading is added to the cost of the space.

effective reach A measure of the percentage of a media vehicle's audience reached at each effective frequency increment.

elaboration likelihood model (ELM) A model that identifies two processes by which communications

can lead to persuasion—central and peripheral routes.

electrodermal response (EDR) A measure of the resistance the skin offers to a small amount of electrical current passed between two electrodes. Used as a measure of consumers' reaction level to an advertisement.

electroencephalographic (EEG) measures Measures of the electrical impulses in the brain that are sometimes used to gauge reactions to advertising.

emotional appeals Advertising messages that appeal to consumers' feelings and emotions.

emotional bonding A technique that evaluates how consumers feel about brands and the nature of any emotional rapport they have with a brand compared to the ideal emotional state they associate with the product category.

encoding The process of putting thoughts, ideas or information into a symbolic form.

engagement A person's level of involvement with or attention paid to a brand idea.

engagement metrics Data that quantifies a customer's interaction with the website, such as length of visit, total pages viewed, etc.

ethics Moral principles and values that govern the actions and decisions of an individual or group.

ethnographic research A common method of advertising research that draws from anthropology and sociology to describe the nature of the people it studies. Using observation and interviews, it is commonly used in account planning.

evaluative criteria Features of a product, service or supplier that a buyer considers when choosing between alternatives.

event marketing A type of promotion in which a company or brand is linked to an event, or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service.

event sponsorship A type of promotion whereby a company develops sponsorship relations with a particular event such as a concert, sporting competition or other activity.

everyday low pricing (EDLP) A pricing strategy used by retailers whereby prices are kept at a continually lower level rather than raising and lowering them during promotional periods.

exchanges Trade of something of value between two parties such as a product or service for money. The core phenomenon or domain for study in marketing.

exclusive A public relations tactic whereby one particular medium is offered exclusive rights to a story.

experiential marketing Connecting customers and potential customers with a brand in ways that will allow them to try the brand.

external analysis The phase of the IMC planning process that focuses on external factors such as the characteristics of an organisation's customers, market segments, positioning strategies, competitors and marketing environment.

external audiences In public relations, a term used in reference to individuals or groups who are outside of or not closely connected to the organisation, such as the general public.

external audits Evaluations performed by outside agencies to determine the effectiveness of an organisation's public relations program.

external search The search process whereby consumers seek and acquire information from external sources such as advertising, other people or public sources.

eye tracking A method for following the movement of a person's eyes as he or she views an ad or commercial. Eye tracking is used for determining which portions or sections of an ad attract a viewer's attention or interest.

F

feedback Part of the message recipient's response that is communicated back to the sender. It can take a variety of forms and provides the sender with a way of monitoring how an intended message is decoded and received.

field of experience The experiences, perceptions, attitudes and values that senders and receivers of a message bring to a communication situation.

field tests Tests of consumer reactions to an advertisement that are taken under natural viewing situations rather than in a laboratory.

first-party data Data that has been collected by an organisation and relates to its own customers, audiences or staff.

Flesch formula A test used to assess the difficulty level of writing based on the number of syllables and sentences per 100 words.

flighting A media scheduling pattern in which periods of advertising are alternated with periods of no advertising.

focus groups A qualitative marketing research method whereby a group of 10 to 12 consumers from the target market are led through a discussion regarding a particular topic such as a product, service or advertising campaign.

free-to-air television Television networks that do not involve a user-pays system for access to their channels.

frequency The number of times a target audience is exposed to a media vehicle(s) in a specified period.

frequency program A type of promotional program that rewards customers for continuing to purchase the same brand of a product or service over time (also referred to as continuity or loyalty programs).

full-service agency An advertising agency that offers clients a full range of marketing and communications services including planning, creating, producing and placing advertising messages and other forms of promotion.

functional consequences Outcomes of product or service usage that are tangible and can be directly experienced by a consumer.

G

game Games usually involve game-card devices that can be rubbed or opened to unveil a winning number or prize description.

gatefold An oversized magazine page or cover that is extended and folded over to fit into the publication. Gatefolds are used to extend the size of a magazine advertisement and are always sold at a premium.

General Data Protection Regulation (GDPR) Legislation introduced by the European Union that establishes new requirements for companies that collect, use and share data about EU citizens. It applies to most international or online companies.

geographic segmentation A method of segmenting a market on the basis of different geographic units or areas.

global advertising The use of the same basic advertising message in all international markets.

Google Ads A pay-per-click (PPC) advertising platform that offers advertisers two basic ways to reach people: 1. through the Google Search Network; and 2. through the Google Display Network.

government regulation The government's laws and guidelines that in relation to all forms of marketing communication determine the need to be truthful and honest, e.g. Australia's *Competition and Consumer Act* and New Zealand's *Fair Trading Act*.

gross ratings points (GRPs) A measure that represents the total delivery or weight of a media schedule during a specified time period. GRPs are calculated by multiplying the reach of the media schedule by the average frequency.

H

halo effect One of the flaws of consumer juries in which participants rate an ad or direct-mail piece as good on all characteristics because they like a few aspects and overlook specific weaknesses or, conversely, rate an ad poorly due to only a few bad attributes.

headline Words in the leading position of the advertisement, which will be read first or are positioned to draw the most attention.

heuristics Simplified or basic decision rules that can be used by a consumer to make a purchase choice, such as buy the cheapest brand.

hierarchy of effects model A model of the process by which advertising works that assumes a consumer must pass through a sequence of steps from initial awareness to eventual action. The stages include awareness, interest, evaluation, trial and adoption.

hierarchy of needs Abraham Maslow's theory that human needs are arranged in an order or hierarchy based on their importance. The needs hierarchy includes physiological, safety, social/love and belonging, esteem and self-actualisation needs.

households using television (HUT) The percentage of homes in a given area that are watching television during a specific time period.

I

image advertising Advertising that creates an identity for a product or service by emphasising its psychological meaning or symbolic association with certain values, lifestyles and the like.

image transfer A radio advertising technique whereby the images of a television commercial are implanted into a radio spot.

IMC audit An in-depth research method that evaluates and monitors key IMC processes to see whether they are being effectively managed.

IMC objectives Statements of what various aspects of the program will accomplish.

impressions The number of times an ad is displayed within a given web page.

index The stored records of every website that a given search engine encounters. The websites are processed at the time of visiting and cached in a stripped-down format to be rapidly processed at the time of a search.

index number A ratio used to describe the potential of a market. The index number is derived by dividing the percentage of users in a market segment by the percentage of population in the same segment and multiplying by 100.

infomercials Television commercials that are very long, ranging from several minutes to an hour. Infomercials are designed to provide consumers with detailed information about a product or service.

information processing model A model of advertising effects that views the receiver of a message as an information processor and problem solver. The receiver passes through a response hierarchy that includes presentation, attention, comprehension, yielding, retention and behaviour.

informational (or rational) appeals Advertising appeals that focus on the practical, functional or utilitarian need for a product or service and emphasise features, benefits or reasons for owning or using the brand.

ingredient-sponsored cooperative advertising Advertising supported by raw material manufacturers with the objective of helping establish end products that include materials or ingredients supplied by the company.

inherent drama An approach to advertising that focuses on the benefits or characteristics that lead a consumer to purchase a product or service and uses dramatic elements to emphasise them.

innovation adoption model A model that represents the stages a consumer passes through in the adoption process for an innovation such as a new product. The series of steps includes awareness, interest, evaluation, trial and adoption.

inquiry tests Tests designed to measure advertising effectiveness on the basis of inquiries or responses generated from the ad, such as requests for information, number of phone calls or number of coupons redeemed.

inside-out planning Focuses on what the marketer wants to say, when the marketer wants to say it, things the marketer believes are important about his or her brand, and in the media forms the marketer wants to use.

integrated marketing communication (IMC) A strategic business process used to develop, execute and evaluate coordinated, measurable, persuasive brand communications programs over time with consumers, customers, prospects, employees, associates and other targeted relevant external and internal audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value.

integrated marketing communication plan A document that provides the framework for developing, implementing and controlling an organisation's integrated marketing communications program.

integrated marketing communications management The process of planning, executing, evaluating and controlling the use of various promotional mix elements to communicate effectively with a target audience.

integration The way organisations manage the flow of marketing communication and the way it enters and is organised in stakeholders' minds. From the organisation's point of view, it is a task of coordination, an embodiment of the corporate mission and a test of organisational efficiency and accountability. It is both a strategy and a tactic and spans a continuum from dysfunction to synergy. Through the stakeholders' eyes, it is a naturally occurring process of perception, repetition and brand learning.

integration processes The way information such as product knowledge, meanings and beliefs is combined to evaluate two or more alternatives.

interactive advertising The paid and unpaid presentation and promotion of products, services and

ideas by an identified sponsor through mediated means involving mutual action between producers and consumers.

interactivity The opportunity for two-way communication due to the easy modifiability of content and the possibility of instant transmission.

internal analysis The phase of the IMC planning process that focuses on the product/service offering and the company itself, including the capabilities of the company and its ability to develop and implement a successful integrated marketing communication program.

internal audiences In public relations, a term used to refer to individuals or groups inside of the organisation or with a close connection to it.

internal search The process by which a consumer acquires information by accessing past experiences or knowledge stored in the memory.

internalisation The process by which a credible source influences a message recipient. Internalisation occurs when the receiver is motivated to have an objectively correct position on an issue and the receiver will adopt the opinion or attitude of the credible communicator if he or she believes the information from this source represents an accurate position on the issue.

issue ads A type of advocacy advertising. These ads may have no affiliation with a corporate or trade sponsor but may be sponsored by an organisation to bring attention to what it considers to be an important issue.

J
jingle Song about a brand or company that usually carries the advertising theme and a simple message.

L
laboratory tests Tests of consumer reactions to advertising under controlled conditions.

layout The physical arrangement of the various parts of an advertisement, including the headline, subheads, illustrations, body copy and any identifying logos.

leads Names of possible consumers given to a personal sales agent.

local advertising Advertising conducted by companies within the limited geographic area in which they do business.

low-involvement hierarchy A response hierarchy whereby a message recipient is viewed as passing from cognition to behaviour to attitude change.

loyalty program A type of promotional program that rewards customers for continuing to purchase the same brand of a product or service over time (also referred to as frequency or continuity programs).

M

machine learning (ML) An artificial intelligence (AI) discipline that allows computers to handle new situations via analysis, self-training, observation and experience.

magazine network A group of magazines owned by one publisher or assembled by an independent network that offers advertisers the opportunity to buy space in a variety of publications through a package deal.

mailing list A type of database containing the names and addresses of present or potential customers who can be reached through a direct-mail campaign.

market opportunities Areas where a company believes there are favourable demand trends, needs or wants that are not being satisfied, and where it can compete effectively.

market segmentation The process of dividing a market into distinct groups that have common needs and will respond similarly to a marketing action. Market segments are identifiable groups of customers sharing similar needs, wants or other characteristics, which makes them likely to respond in a similar fashion to a marketing program.

marketing The activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

marketing mix The controllable elements of a marketing program including product, price, promotion and place.

marketing objectives Goals to be accomplished by an organisation's overall marketing program such as sales, market share or profitability.

marketing plan A written document that describes the overall marketing strategy and programs developed for an organisation, a particular product line or a brand.

marketing stack A collection of technologies that deliver the ability for brands to execute, analyse and optimise their marketing.

mass customisation A process whereby a company makes a product or delivers a service in response to a particular customer's needs in a cost-effective way.

mass market The dominant mainstream arena into which messages are sent to many individuals at one time.

mass media Non-personal channels of communication that allow a message to be sent to many individuals at one time.

materialism A preoccupation with material things rather than intellectual or spiritual concerns.

media agencies Companies that specialise in the creation and distribution of communication messages for particular clients.

media conference The calling together of media personnel to announce significant news or events.

media objectives The specific goals an advertiser has for the media portion of the advertising program.

media planning The series of decisions involved in the delivery of an advertising message to prospective purchasers or users of a product or service.

media release Factual and interesting information released to the media.

media strategies and tactics Plans of action for achieving stated media objectives—such as which media will be used for reaching a target audience, how the media budget will be allocated and how advertisements will be scheduled.

media vehicle The specific program, publication or promotional piece used to carry an advertising message.

medium The general category of communication vehicles that are available for communicating with a target audience such as broadcast, print, direct mail and outdoor.

message A communication containing information or meaning that a source wants to convey to a receiver.

message (or creative or content) strategy A determination of what an advertising message will say to a target audience.

message integration Visual and verbal consistency, achieved through the integration of factors such as logo, corporate colours, common image, same theme line, consistent message, common tone and shared personality.

micro-segmentation Segmentation based on micro-variables of customers to offer highly targeted offerings and communication.

mnemonics Basic cues such as symbols, rhymes and associations that facilitate the learning and memory process.

mobile A handheld device that enables the user to make and receive calls while moving between locations thanks to a radio link.

mobile billboard An out-of-home medium that enables advertisements to be transported to different locations (signs painted on automobiles, trailers pulling billboards and the like).

motivation research Qualitative research designed to probe the consumer's subconscious and discover deeply rooted motives for purchasing a product.

motives The factors that compel or drive a consumer to take a particular action.

multiattribute attitude model A model of attitudes that views an individual's evaluation of an object as being a function of the beliefs that he or she has towards the object on various attributes and the importance of these attributes.

multiplier effect The additive outcome from two or more tools that work together.

N
narrowcasting The reaching of a very specialised market through programming aimed at particular target audiences. Cable television networks offer excellent opportunities for narrowcasting.

neuroscience The scientific study of the nervous system, which has been applied to investigate how people react to advertising and marketing stimuli.

noise Extraneous factors that create unplanned distortion or interference in the communications process.

nudge A way to influence behaviour by using positive reinforcement and indirect suggestion.

O

off-invoice allowance A promotional discount offered to retailers or wholesalers whereby a certain per-case amount or percentage is deducted from the invoice.

on-air test Testing the effectiveness of television commercials by inserting test ads into actual TV programs in certain test markets.

one-step approach A direct marketing strategy in which the medium is used directly to obtain an order (for example, television direct-response ads).

operant conditioning (instrumental conditioning) A learning theory that views the probability of a behaviour as being dependent on the outcomes or consequences associated with it.

organic search Search engine results that are naturally generated and not influenced by commercial relationships between an organisation and a search provider, ISP or other party hosting search results.

organisational integration System that takes into account the company as a whole, aligning organisational processes, spanning departmental boundaries and connecting all members of the organisation through an organisational structure and reward system.

out-of-home (OOH) advertising The variety of advertising forms including outdoor, transit, skywriting and other media viewed outside the home.

outside-in approach Approach that suggests IMC should start with the consumer and work back to the organisational objectives and IMC strategy and tactics.

outside-in planning Process that starts outside the company with the customer and builds

backwards to the brand.

P

packaging Not only the functional, tangible, storage-related aspects of a product, but also an aspect of a product's branding.

PACT (positioning advertising copy testing) A set of principles endorsed by 21 of the largest US ad agencies aimed at improving the research used in preparing and testing ads, providing a better creative product for clients and controlling the cost of TV commercials.

pass-along readership The audience that results when the primary subscriber or purchaser of a magazine gives the publication to another person to read, or when the magazine is read in places such as waiting rooms in doctors' offices.

payout plan A budgeting plan that determines the investment value of the IMC appropriation.

paywall Method that requires users to pay to access any depth of content; it has had mixed success.

peoplemeter An electronic device that automatically records a household's television viewing, including channels watched, number of minutes of viewing and members of the household who are watching.

perception The process by which an individual receives, selects, organises and interprets information to create a meaningful picture of the world.

peripheral route to persuasion In the elaboration likelihood model, one of two routes to persuasion in which the receiver is viewed as lacking the ability or motivation to process information and is not likely to be engaging in detailed cognitive processing.

permission marketing The use of a mass medium to allow respondents to decide if they are interested in requesting further information. By responding to the offer, the prospective customer gives permission for the advertiser to communicate further with him or her.

personal selling Person-to-person communication in which the seller attempts to assist or persuade prospective buyers to purchase the company's product or service or to act on an idea.

persuasion The ability to make someone do or believe something by giving them a reason.

planning The process of deciding now what we are going to do later, including when and how we are going to do it.

POEM Paid, owned and earned media.

point-of-purchase media The medium that is closest in time or location to influencing the sale or purchase. Includes in-store media (i.e. advertising and promotional media used inside a retail store).

portfolio test A laboratory methodology designed to expose a group of respondents to a portfolio consisting of both control and test print ads.

positioning The art and science of fitting the product or service to one or more segments of the market in such a way as to set it meaningfully apart from the competition.

posttests Ad effectiveness measures that are taken after the ad has appeared in the marketplace.

preferred position rate A rate charged by newspapers that ensures an ad will appear in the position required by the advertiser or in a specific section of the newspaper.

premium An offer of an item of merchandise or service that is either free or at a low price, and which is used as an extra incentive for purchasers.

preplanning input Information gathering or market research studies on trends, developments and happenings in the marketplace that can be used to assist in the initial stages of the creative process of advertising.

preprinted insert Advertising distributed through newspapers that is not part of the newspaper itself, but is printed by the advertiser and then taken to the newspaper to be inserted.

pretests Advertising effectiveness measures that are taken before the implementation of the advertising campaign.

primary circulation The number of copies of a magazine distributed to original subscribers.

primary demand Demand for a product class rather than for a particular brand within the class.

privacy The control of transactions between an individual and others to enhance autonomy and minimise vulnerability.

problem recognition The first stage in the consumer's decision-making process in which the consumer perceives a need and becomes motivated to satisfy it.

process measures Research and analysis into improving the organisational effectiveness of IMC, for example, to explore the relationship between the IMC process and brand outcomes.

product- or service-specific preplanning input Specific studies provided to the creative department on the product or service, the target audience or a combination of the two.

production The process and activity of creating the output medium of a communication message, for example, a print ad or a television commercial.

program rating The percentage of TV households in an area that are tuned to a program during a specific time period.

programmatic The automated buying and selling of advertising inventory on an ad exchange in real

time through an auction.

programmatic buying A wide range of technologies that are automating the buying, placement and optimisation of advertising media time and space.

prospecting The process of seeking out prospective customers.

prospects Prospective customers.

psychoanalytic theory An approach to the study of human motivations and behaviours pioneered by Sigmund Freud.

psychographic segmentation Dividing the product on the basis of personality or lifestyles.

psychographics A method of segmentation based on personality and/or lifestyle.

psychosocial consequences Purchase decision consequences that are intangible, subjective and personal.

public relations (PR) The management function that evaluates multistakeholder perceptions, attitudes and behaviours, identifies the policies and procedures of an individual or organisation with the public interest, and plans and executes a program of action to earn public understanding, acceptance and trust.

public relations consultancy An organisation that develops and implements programs to manage a company's publicity, image and affairs with consumers and other relevant publics.

publicity Communications regarding an organisation, product, service or idea that is not directly paid for or run under identified sponsorship.

puffery Advertising or other sales presentations that praise the item to be sold using subjective opinions, superlatives or exaggerations, vaguely and generally, stating no specific facts.

pulsing A media scheduling method that combines flighting and continuous scheduling.

pupillometrics An advertising effectiveness methodology designed to measure dilation and constriction of the pupil of the eye in response to stimuli.

purchase intention The predisposition to buy a certain brand or product.

push money Cash payments made directly to the retailer's or wholesaler's sales force to encourage them to promote and sell a manufacturer's product.

push–pull model A model that explains how consumers erect barriers to shut out clutter and avoid the 'push' of messages from marketers; in doing so, this leaves consumers free to 'pull' the information they desire from any medium (digital in particular) at a time convenient to them.

Q

qualified prospects Those prospects who are able to make the buying decision.

Quality Score An estimate of the quality of the ads, keywords and landing pages. Higher-quality ads can lead to lower prices and better ad positions.

Quick Response (QR) codes Codes that appear in advertising or other information, and which, when scanned by a smartphone, take the consumer to a URL.

R

rankings (or position) Represents where a website's listing (URL, description, etc.) is placed within a search engine results page. Generally, there are 10 listings per page, with the top three positions receiving the best visibility and customer clicks. A ranking or position of 1 would mean a site is featured at the very top of the page, with 10 sitting at the very bottom.

ratings point A measurement used to determine television viewing audiences in which one ratings point is the equivalent of 1% of all of the television households in a particular area tuned to a specific program.

reach The number of different audience members exposed at least once to a media vehicle (or vehicles) in a given period.

readers per copy A cost-comparison figure used for magazines that estimates audience size based on pass-along readership.

readership The number of copies of a publication multiplied by the number of readers per copy. This takes into account the total number of primary and pass-along readers.

real-time data Refers to data that is presented as it is acquired—in real-time.

real-time marketing Engaging with customers based on synchronous information.

recall tests Advertising effectiveness tests designed to measure advertising recall.

receiver The person or persons with whom the sender of a message shares thoughts or information.

recency theory The theory that consumers are more like to remember and respond to a message which they receive close to the point of purchase.

recognition method An advertising effectiveness measure of print ads that allows the advertiser to assess the impact of an ad in a single issue of a magazine over time or across alternative magazines.

reference group A group whose perspectives, values or behaviour is used by an individual as the basis for his or her judgments, opinions and actions.

refund/rebate An offer by a manufacturer to return a portion of a product's purchase price, usually

after the consumer supplies a proof of purchase.

reinforcement The rewards or favourable consequences associated with a particular response.

relational data Data that describes relationships between consumers and brand information.

relationship marketing An organisation's effort to develop a long-term, cost-effective link with individual customers for mutual benefit.

relative cost The relationship between the price paid for advertising time or space and the size of the audience delivered; it is used to compare the prices of various media vehicles.

response The set of reactions the receiver has after seeing, hearing or reading a message.

return on investment (ROI) Metric used extensively in marketing communication measurement. Its strength lies in its ability to interpret historical data through regression analysis to show return over time and also which marketing communication activity performed the best.

ROI budgeting method A budgeting method in which advertising and IMC are considered investments, and thus measurements are made in an attempt to determine the returns achieved by these investments.

run of paper (ROP) A rate quoted by newspapers that allows the ad to appear on any page or in any position desired by the paper.

S

sales promotion Marketing activities that provide extra value or incentives to the sales force, distributors or the ultimate consumer and can stimulate immediate sales.

sales promotion agencies Organisations that specialise in the planning and implementation of promotional programs such as contests, sweepstakes, sampling, premiums and incentive offers for their clients.

sales promotion trap A spiral that results when a number of competitors extensively use promotions.

salient beliefs Beliefs concerning specific attributes or consequences that are activated and form the basis of an attitude.

sampling A variety of procedures whereby consumers are given some quantity of a product for no charge to induce trial.

schedules of reinforcement The schedule by which a behavioural response is rewarded.

script A written version of a commercial that provides a detailed description of its video and audio content.

search In computing terms, the act of typing keywords into a search engine to find a relevant website or web page.

search engine A service that allows Internet users to search for content via the World Wide Web (WWW). A user enters keywords or key phrases into a search engine and receives a list of Web content results in the form of websites, images, videos or other online data. The list of content returned via a search engine to a user is known as a search engine results page (SERP).

search engine marketing (SEM) Increases a website or web page's visibility and ranking in search engine results pages through advertising and search engine optimisation (SEO).

search engine optimisation (SEO) Process that enhances the performance of a website or web page in the search engine's natural or 'organic' unpaid search results.

second-party data First-party data from a single organisation made available to other organisations either through relationship, ownership or purchase.

selective attention A perceptual process in which consumers choose to attend to some stimuli and not others.

selective comprehension The perceptual process whereby consumers interpret information based on their own attitudes, beliefs, motives and experiences.

selective demand Demand for a specific brand within a particular product class.

selective exposure A process whereby consumers choose whether or not to make themselves available to media and message information.

selective learning The process whereby consumers seek information that supports the choice made and avoids information that would raise doubts about the decision.

selective perception The perceptual process involving the filtering or screening of exposure, attention, comprehension and retention.

selective retention The perceptual process whereby consumers remember some information but not all.

selectivity The ability of a medium to reach a specific target audience.

self-liquidating premiums Premiums that require the consumer to pay some or all of the cost of the premium plus handling and mailing costs.

self-regulation The practice by the advertising industry of regulating and controlling advertising to avoid interference by outside agencies such as the government.

semiotics The study of the nature of meaning.

sensation The immediate and direct response of the senses (taste, smell, sight, touch and hearing) to a stimulus such as an advertisement, package, brand name or point-of-purchase display.

shaping The reinforcement of successive acts that lead to a desired behaviour pattern or response.

share of audience The percentage of households watching television in a specified time period that are tuned to a specific program.

shock advertising Advertising in which marketers use nudity, sexual suggestiveness or other startling images to get consumers' attention.

single-source tracking method A research method designed to track the behaviours of consumers from the television set to the supermarket checkout counter.

situational determinants Influences originating from the specific situation in which consumers are to use the product or brand.

slotting allowance Fee that must be paid to retailers to provide a 'slot' or position to accommodate a new product on the store shelves.

social class Relatively homogeneous divisions of society into which people are grouped based on similar lifestyles, values, norms, interests and behaviours.

social media a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content.

social network site (SNS) Platform, usually web-based, that enables people to build social networks or social relations with others who have similar interests, backgrounds or connections.

social networks Communities (either real or virtual) where people gather and spend time together communicating over shared interests.

source The originator—person, group, brand or organisation—of the message.

source bolsters Favourable cognitive thoughts generated towards the source of a message.

source derogations Negative thoughts generated about the source of a communication.

spam Unsolicited commercial email. The sending of unsolicited multiple commercial electronic messages is called spamming.

split runs Print runs in which two or more versions of an ad are printed in alternative copies of a particular issue of a magazine.

split-run test An advertising effectiveness measure in which variations of an ad are run in different copies of the same newspaper and/or magazine.

sponsorship The financial support of an organisation, person or activity in exchange for brand publicity and association.

sponsorship (television) When the advertiser assumes joint responsibility for the content of a television program as well as the advertising that appears within it.

spot advertising Commercials shown on local television stations, with the negotiation and purchase of time being made directly from the individual stations.

standard learning model Progression by consumers through a learn–feel–do hierarchical response.

stereotypes Representations, in this case in advertising, that draw on fixed generalised characteristics, which may be oversimplified and drawn from societal myths or prejudices.

storyboard A series of drawings used to present the visual plan or layout of a proposed commercial.

strategic consistency In IMC, the communication and enacting of common meaning, aligned with brand purpose, across multiple platforms.

strategic integration Process that brings together all parts of the communication mix to maximise efficiency and effectiveness, to achieve marketing strategy and contribute to the corporate mission. Instead of just looking the same and delivering the same message, it is underpinned by strategic integration factors (for example, a common mission or strategy) and is considered to be what makes IMC a new concept.

subcultures Smaller groups within a culture that possess similar beliefs, values, norms and patterns of behaviour that differentiate them from the larger cultural mainstream.

subheads Secondary headlines in a print ad.

subscription television A television service for which subscribers pay a membership fee. Also known as pay TV.

superagencies Large conglomerate agencies that offer integrated marketing communications on a worldwide basis.

support advertising A form of direct marketing in which the ad is designed to support other forms of advertising appearing in other media.

support arguments Consumers' thoughts that support or affirm the claims being made by a message.

sweepstake A promotion whereby consumers submit their names for consideration in the drawing or selection of prizes, and winners are determined purely by chance.

syndicated programs Shows that are sold or distributed to local stations.

synergy Term used to describe the point when the combined effect of multiple media communication tools delivering a consistent message exceed the sum of their individual efforts.

T

target audience ratings points (TARPs) The number of people in the primary target audience that the media buy will reach—and the number of times.

target marketing The process of identifying the specific needs of segments, selecting one or more of these segments as a target and developing marketing programs directed at each.

targeting The practice of advertisers in which they attempt to reach, or target, a specific, desired consumer audience.

telemarketing Selling products and services using the telephone to contact prospective customers.

television households The number of households in a market that own a television set.

television network The provider of news and programming to a series of affiliated local television stations.

testing bias A bias that occurs in advertising effectiveness measures because respondents know they are being tested and thus alter their responses.

theatre testing An advertising effectiveness pretest in which consumers view ads in a theatre setting and evaluate the ads on a variety of dimensions.

third-party data First-party data from many sources collected, processed and resold by aggregation services.

total audience/readership (magazine) A combination of the total number of primary and pass-along readers multiplied by the circulation of an average issue of a magazine.

total audience (television) The total number of homes viewing any five-minute part of a television program.

touchpoint Any contact between a customer and a brand before, during or post purchase.

tracking studies Advertising effectiveness measures designed to assess the effects of advertising on awareness, recall, interest and attitudes towards the ad as well as purchase intentions.

trade allowance A discount or deal offered to retailers or wholesalers to encourage them to stock, promote or display a manufacturer's product.

trade show A type of exhibition or forum where manufacturers can display their products to current as well as prospective buyers.

trade-orientated sales promotion A sales promotion designed to motivate distributors and retailers

to carry a product and make an extra effort to promote or 'push' it to their customers.

transactional data Data gained through consumer transactions with the brand or other commercial organisations.

transformational ad An ad that associates the experience of using the advertised brand with a unique set of psychological characteristics that would not typically be associated with the brand experience to the same degree without exposure to the advertisement.

two-step approach A direct marketing strategy in which the first effort is designed to screen or qualify potential buyers, while the second effort has the responsibility of generating the response.

U

undifferentiated marketing Strategy in which market segment differences are ignored and one product or service is offered to the entire market.

unduplicated reach The number of people reached once with a media exposure.

unfair A trade practice is unfair when it causes substantial physical or economic injury to consumers, could not be avoided by consumers and must not be outweighed by countervailing benefits to consumers or competition.

unique selling proposition (USP) An advertising strategy that focuses on a product or service attribute that is distinctive to a particular brand and offers an important benefit to the customer.

V

value The customer's perception of all of the benefits of a product or service weighed against the costs of acquiring and consuming it.

vertical cooperative advertising A cooperative arrangement under which a manufacturer pays for a portion of the advertising a retailer runs to promote the manufacturer's product and its availability in the retailer's place of business.

virtual reality (VR) Technology that immerses users in a 360-degree totally digital, virtual world, most commonly experienced via a headset.

visibility A comprehensive metric which considers how easily your company or product can be found for a range of keywords (typically within Organic Search).

voiceover A message that is narrated or described by a narrator who is not visible.

W

want A felt need shaped by a person's knowledge, culture and personality.

waste coverage A situation in which the coverage of the media exceeds the target audience.

word-of-mouth communication Social channels of communication such as friends, neighbours, associates, co-workers or family members.

Z

zero-based communications planning An approach to planning the IMC program that involves determining what tasks need to be done and what marketing communication functions should be used to accomplish them and to what extent.

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ADVANTAGES AND LIMITATIONS OF PERSONAL SELLING

The advantages of personal selling include the following:

1. *Allowing for two-way interaction.* The ability to interact with the receiver allows the sender to determine the impact of the message. Problems in comprehension or objections can be resolved and in-depth discussions of certain selling points can be provided immediately. In mass communication, this direct feedback is not available and such information cannot be obtained immediately (if at all).
2. *Tailoring of the message.* Because of the direct interaction, messages can be tailored to the receiver. This more precise message content lets the sender address the consumer's specific concerns, problems and needs. The sales representative can also determine when to move on to the next selling point, ask for the sale or close the deal.
3. *Lack of distraction.* In many personal selling situations, a one-to-one presentation is conducted. The likelihood of distractions is minimised and the buyer is generally paying close attention to the sales message. Even when the presentation is made by a group of salespeople or more than one decision maker is present, the setting is less distracting than those in which non-personal mass media are used.
4. *Involvement in the decision process.* Through consultative selling and relationship marketing, the seller becomes more of a partner in the buying decision process, acting in conjunction with the buyer to solve problems. This leads the buyer to rely more on the salesperson and his or her products and services. An added benefit may be increasing the involvement of the organisation's own employees.
5. *Source of research information.* In a well-integrated marketing/sales department the sales force can be the 'eyes and ears' of the company. Salespeople can collect information on competitors' products and services, promotions, pricing and so on, firsthand. In addition, they can learn about the buying needs and wants of customers and potential customers.

The limitations associated with personal selling include the following:

1. *Inconsistent messages.* Earlier we stated that the ability to adapt the message to the receiver is a distinct advantage of personal selling. But the lack of a standardised message can become a disadvantage. The message to be communicated is generally designed by the marketing staff with a particular communication objective in mind. Once this message has been determined, it is communicated to all receivers. But the salesperson may alter this message in ways the marketer did not intend. Thus, the marketing is at the mercy of the sales force with respect to what exactly is communicated. Sales communication aids can offset this problem to some degree.
2. *Sales force/management conflict.* Unfortunately, there are situations in even the best companies when one wonders if the sales staff and marketing staff know they work for the same company and for the same overall goals. Because of a failure to communicate, corporate politics and myriad other reasons, the sales force and marketing may not be working as a team. The marketing staff may not understand the problems faced by the sales staff, or the salespeople may not understand why marketing people do things the way they do. The result is that the sales force may not use materials provided by marketing, or marketing may not be responsive to the field's assessment of customer needs.
3. *High cost.* We discussed earlier the high cost of personal selling. As the cost per sales call continues to climb, the marketer may find other communication elements more cost-effective.

4. *Poor reach.* Personal selling cannot reach as many members of the target audience as other elements. Even if money were no object (not a very likely scenario!), the sales force has only so many hours and so many people it can reach in a given time. Further, the frequency with which these accounts are reached is also low.

5. *Potential ethical problems.* Because the manager does not have complete control over the messages the salespeople communicate, and because income and advancement are often directly tied to sales, sometimes sales representatives bend the rules. They may say and do things they know are not entirely ethical or in the best interest of the company in order to get a sale. Other, more significant ethical issues can arise when a sales force is made up of people from different cultural norms.[96]

EVALUATING THE PERSONAL SELLING EFFORT

Criteria for evaluating personal selling

A number of criteria may be used to evaluate the contribution of the personal selling effort to the marketing communication program. They include the following:

- *Provision of marketing intelligence*—the ability of the sales force to feed back information regarding competitive programs, customer reactions, market trends and other factors that may be important in the development of the marketing communication program.
- *Follow-up activities*—the use and dissemination of marketing communication brochures and correspondences with new and existing customers, providing feedback on the effectiveness of various marketing communication programs.
- *Program implementations*—the number of marketing communication programs implemented, the number of shelf and/or counter displays used and so forth, and the implementation and assessment of cooperative advertising programs.
- *Attainment of communication objectives*—the number of accounts to whom presentations were made (awareness, evaluation), the number of trial offers accepted and the like.

Combining these criteria with those used by the sales department, the marketing communication manager should be able to accurately assess the effectiveness of the personal selling program. Making these evaluations requires strong cooperation between the departments.