MARKETING COMMUNICATIONS

Seventh Edition

A EUROPEAN PERSPECTIVE

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MARKETING COMMUNICATIONS

- **Step #3. Conversion:** By now, there is enough attention momentum to start generating leads. Attractive offers are the only next step required to turn them into customers. For instance, newspapers often invite readers to sign up to their online content for just €1. This is called a tripwire. It's a simplified version of the big product or service that is sold. A company can also 'splinter' off part of its product or service as a separate low-threshold offer. These low-priced versions remove all of the risk from the customer.

BUSINESS INSIGHT

The Curiosity Click – Brightfish[97]

Email advertising is considered one of the less effective means of reaching audiences, with clickthrough rates lower than 2%. Belgian creative cinema advertising sales house Brightfish changed this paradigm with a campaign designed to attract advertisers to a new cinema advertising offer. Instead of launching a traditional advertising email campaign, Brightfish sent marketing managers a WeTransfer link that was not addressed to them, but to their direct competitor across a wide range of companies including banking, telco and automotive. The email body included a conversational piece of copy along the lines of 'Hi, attached the final commercial for [competitor brand], long version 60 seconds', followed by WeTransfer's 'Get Your Files' button. When the reader clicked on the download link, they were shown what looked like the beginning of an ad, which was interrupted by an ad protagonist to communicate the agency's cinema airtime promotion, for example: 'it hurts to see your competitor's new commercial on a high-quality cinema screen for 60 seconds, so why not air your own? Get a cinema commercial of 60 seconds or more for the price of 30 seconds. Go to brightfish.be/promo'. The campaign's click-through rate was 49% higher than average (at 51%) and triggered positive email responses from marketing managers.

Source: The Curiosity Click, retrieved from https://vimeo.com//300752950 (Accessed 15 January 2020).

A similar framework distinguishes five steps in the marketing process:[98]

- **Fan acquisition**: attracting people to the advertising message.
- **Generate engagement**: encouraging people to interact with content and brand.
- **Amplification**: encouraging website visitors to share their likes and comments with their friends.
- **Community building**: develop a stable group of fans engaged and communicate with one another about the brand over a substantial period of time.
- **Drive sales**: make people buy the brand and become loyal to it.

Social media platforms enable companies to choose from a list of different objectives. For instance, on Facebook, advertisers can choose between promoting page posts or ads (page post engagement), page likes, clicks to website, website conversion (people take certain actions on the brand's website), app installs, app engagement, offer claims and getting people to watch a video (video views).[99]

Stages in the product life cycle and marketing communications objectives[100]

One of the important factors in choosing objectives is the phase of the life cycle of a brand or a product. In this section, different strategies for different life stages are explored. They are summarised in Figure 4.9.

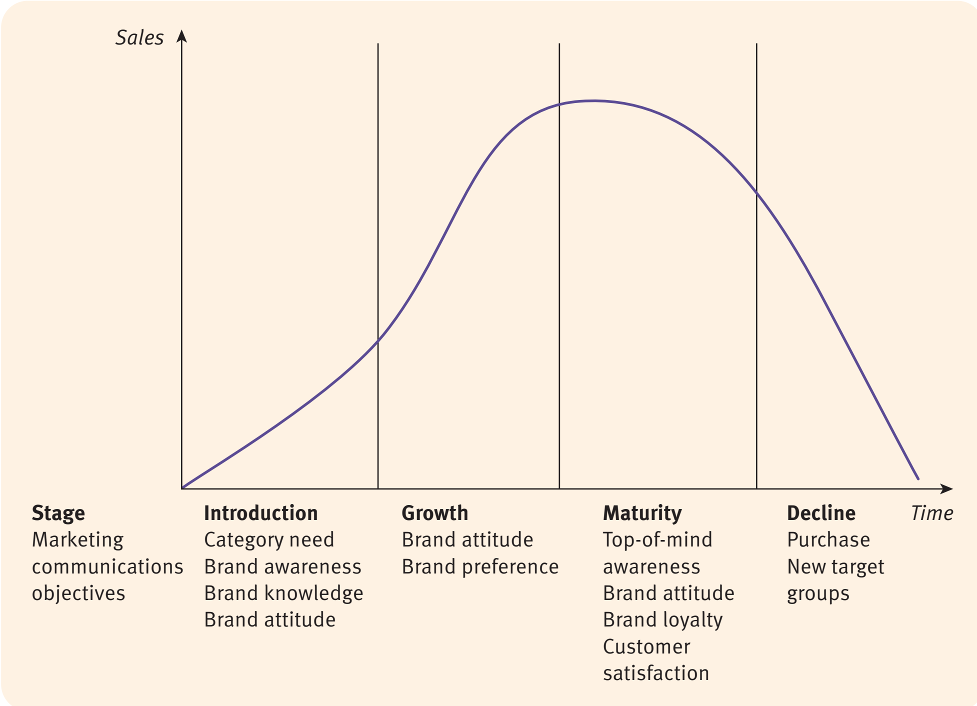

Figure 4.9 Stages in the product life cycle and communications objectives

Introduction

A company that is marketing a completely new product will have to develop the market. Consumers will have to learn what the new product is about: which needs will be fulfilled by the product and what the differences are compared with the products that the consumers were used to before the innovation or launch of the new product or brand. The major communications objectives in this market situation will be creating category need (explaining which needs are better fulfilled with the innovation), brand awareness and brand knowledge. With daily consumed goods, consumers will have to be persuaded to try the new product. The communications strategy has to stress the basic selling points, i.e. the central functional advantages of the products.

For instance, the R8 was Audi's first entry into the high-end sports car market. In a market dominated by the Porsche 911, the R8 was to establish Audi as *the* German sports car, achieve the number two spot and bolster the Audi brand. The R8 contains Audi innovations that have changed motor sports and car manufacturing in key ways. The communications centred on the idea of the R8 as innovative and an embodiment of the brand's technological competence. They promoted consumer interest that reflected on the brand as a whole, providing convincing evidence that this same technological competence and innovative energy goes into every single car. In the year of its launch, the R8 topped the rankings for the most popular sports car. It has closed the gap on the Porsche 911, and has energised the Audi brand.[101]

Most introductions are new brand launches rather than real product innovations. Evidently, in this case it is not necessary to communicate the central functional product features as consumers are aware of them from their experience with other brands. The goals are to create brand awareness and support brand image connotations. This can, for instance, be done by associating a brand with a certain projected lifestyle.

Growth

In the growth stage, a different situation leads to other strategies. Consumers are aware of the brand, the product and the most important characteristics and features. Other brands have entered the market with a comparable offer. Communications strategies in this stage of the product life cycle will be aimed at defending the brand's position against possible competitive attacks. Marketers will have to create brand preference by emphasising the right product features and benefits to differentiate the brand from competitors and position it as unique.

Maturity

A brand in the mature stage of its life cycle has to cope with strong competition in a market that is scarcely growing. This implies that an increase in the return of one manufacturer will be reflected in a decrease in a competitor's revenues. Communications strategies will focus on increasing the brand loyalty of consumers. Customers should be induced to be less open to the advantages of competing brands. There are six possible communications objectives in this particular product life-cycle stage:

- High spontaneous brand awareness, top-of-mind awareness.
- Claim a clear and unique brand benefit, a characteristic on which the brand is better than competing brands.
- If there are no or only small product differences, stressing a lower price might be a good strategy.
- Get attention by offering small product innovations.
- Reinforce the psycho-social meaning for product categories such as cigarettes, beer and coffee. These brands differ very little in functional characteristics but the experience of the brands by consumer groups might be very different. The strategy of these brands is positioning by supporting the transformational meaning of a brand.
- Communications strategies could also be more defensive in this stage of the product life cycle. Current customers should be reassured of their choice and their positive experience of and satisfaction with the brand.

Decline

When manufacturers are confronted with declining products or brands and decide to milk or harvest the brand, they will probably turn to sales promotions such as prizes and lotteries. If they decide to renew the life of the declining product or brand (and believe in life-cycle stretching), they can use the following strategies:

- communicate an important product adaptation or change;
- draw attention to new applications or moments of use (e.g. beer as a recipe ingredient instead of as a drink);
- increase the frequency of use;
- attract new target groups (e.g. Bacardi Breezer for youngsters).

BUSINESS INSIGHT

Staying relevant as consumer needs shift – Coral Europe

Declining share in core markets and an ageing target audience made it clear that light-duty detergent brand Coral had to fight to stay relevant – especially to segments of young Europeans, a large part of which have wardrobes that are black or dark, and are likely to be busy young professionals with no interest in washing clothes.

New research was commissioned which shed light on clothing and the values it projects: taking care of clothes is a form of self-care and helps drive self-confidence. The research also revealed that about a third of women's wardrobes are black or dark, leading to the launch of Coral Black Velvet, the first washing detergent for black clothes. To position the brand as an essential fashion accessory that supports self-care through garment care, the new product was launched with a media campaign targeting audiences and places where garment care reflects the emotional need for self-expression and self-confidence, like fashion shows or magazines. As a result, key markets like Germany and the Netherlands saw an increase in market share of up to 50% in a 6-month time period.[102]

Source: Euro Effie (2001) Berlin: Gesamtverband Werbeagen-turen GWA eV, http://www.euro-effie.com

Campaign budget

Restructuring and rationalisation have dominated companies' policies during the recession years of the new millennium. Companies tend to save most in those expenses that may be influenced in the short term. Hence, communications budgets are often first in line to be reviewed. However, the communications budget level is one of the determinants of the communications mix effectiveness and thus of company sales and profits. Determining and allocating communication campaign funds is one of the primary problems and strategic issues facing a marketer. Deciding on the communications budget is not a one-off activity. The financial resources of a company or brand influence the communications programme, and plans should be continuously assessed against financial feasibility at all stages in the planning process.

There is no ideal formula for making the best budgeting decision. Deciding on the budget requires experience and judgement. The budgeting process should be well considered and based on concrete marketing and communications objectives defined in the communications plan. These goals, together with knowledge of past budgets and their effectiveness and competitive actions, will be an important input for the budgeting process. The second step is to apply one of the budgeting methods discussed in the next section. Using more than one method could help a marketer set minimum and maximum budgets which will be a guide to the rest of the process, such as planning concrete actions. The final step is to evaluate and possibly revise the budget and objectives, and adapt them to specific circumstances.[103] It is better to scale down the objectives (for instance, to reach a smaller target in a more effective way than was planned) than to try to reach the same objectives with a smaller budget. Finally, budgeting decisions should always take into account the long- and short-term effects of communications efforts on sales and profits.

How the communications budget affects campaign results

To be able to assess the size of the budget, it is important to understand how communications efforts influence results. There is a long tradition of studying the relation between campaign budgets and sales. **Sales response models** depict the relationship between these two factors. Figure 4.10 shows a concave sales response model. In this model it is hypothesised that sales follow the law of diminishing returns: the incremental value of added communications expenditures decreases. An explanation for this relation is that, once every potential buyer is reached with the communications mix, they either will or will not buy, and beyond that optimal point prolonged communications will not change the non-buyers' minds. This model suggests that smaller budgets may be as effective as much bigger ones.[104]

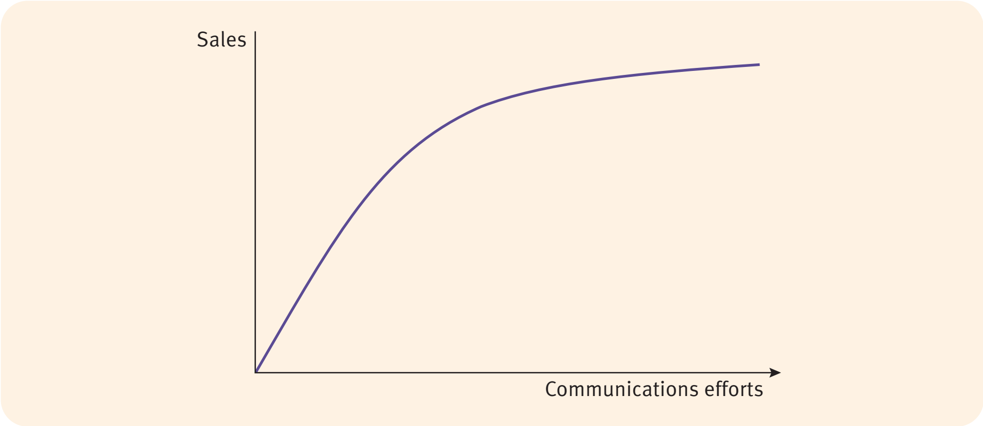

Figure 4.10 Concave sales response model

Another way to model sales responses to communications efforts is the S-shaped relation (Figure 4.11). This model assumes that, initially, when the level of effort is low, there is no communications effect at all. Even if the communications effort is zero, there will be a certain level of sales, and a minimum investment is needed to enjoy any results of the communications programme and to increase sales. When that level is reached, sales will start to increase with incremental communications expenditures. The higher the investments, the greater the additional sales will be. At point A, increased investments start to lead to smaller changes in sales. It is impossible, even with very high communications investments, to exceed a certain saturation level of sales. This is due to the market and the competitive environment. Exorbitant communications investments may even lead to negative effects, such as irritation and consumer resistance.[105]

However, estimating the relationship between the communications budget or effort and sales is not as simple and straightforward as sales response functions suggest. First of all, marketing communications are not the only marketing mix instrument influencing sales. Prices, product line decisions and changes in the distribution strategy will also influence sales. Furthermore, an effective marketing mix implies that synergy and interaction exist between the various marketing tools. In a well-designed marketing plan each tool reinforces

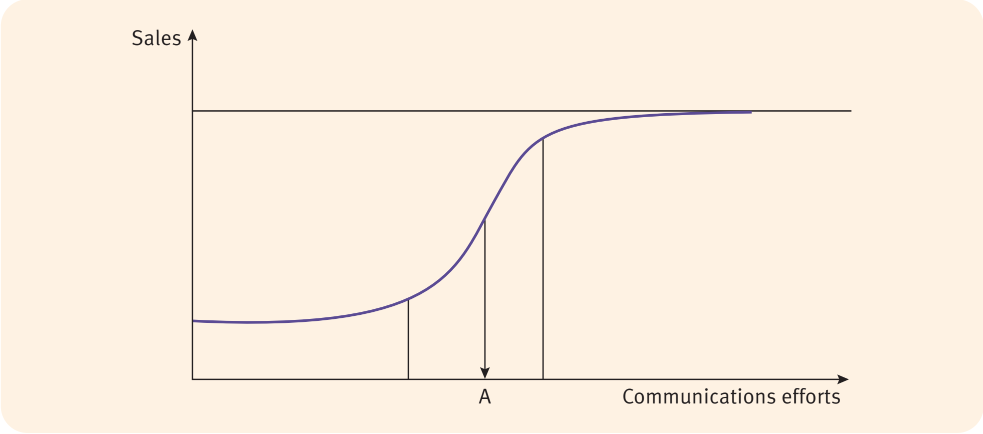

Figure 4.11 The S-shaped sales response model

another. A communications plan may lead to better results if the distribution strategy is optimised or the price is lowered. A rearrangement of the product line may result in more effective communications, etc. As a result of this interaction, it is very difficult to isolate the effect of the communications budget on commercial results. Furthermore, sales response models do not take the effect of competitive actions and environmental factors into account.

Finally, and at least as importantly, communications efforts may have both an immediate short-term and a long-term effect on sales and market share. Traditional theories consider communications as a long-term investment in goodwill.[106] Cumulative investments ('adstock') are needed to lead to sales returns, and the long-term effects of communications efforts are much higher than the short-term effects.[107] This traditional view is challenged by John Philip Jones,[108] who proposed a theory on the short-term effects of advertising, claiming that stating that sales are mainly influenced by accumulated advertising campaigns of the past are mistaken. He tried to prove that immediate communications effects on sales exist. According to Jones, the whole idea of long-term effects was due to a lack of scanner data. All other advertising testing methods were too irregular and too slow to discover short-term effects. Fluctuations in two-monthly data were explained as seasonal effects. Promotion effects, on the other hand, were traceable and thus researchers deduced that promotions had short-term effects and advertising long-term effects. This belief had serious repercussions on the ratio of advertising to promotions, because marketers confronted with recession and mature markets chose short-term immediate effects on sales instead of long-term image-building advertising. Jones used single-source data[109] relating advertising exposure (a test group with ad confrontation and a control group without ad exposure based on TV viewing behaviour tracking) with scanner data of the same test subjects. Differences in purchases between the two groups were considered to be a measurement of ad effectiveness.

In the survey, there were 142 brands, of which 78 were advertised. Calculations were made on 110,000 observations. Jones introduced a new measurement tool called STAS (short-term advertising strength). The baseline STAS for brand X is the share of brand X in the budget of families who have not seen an ad for brand X in a seven-day period before purchase. Jones then calculated the share of brand X in the budget of families who were exposed to an ad at least once during the same period. This is called 'stimulated STAS'. The difference between baseline STAS and stimulated STAS is the 'STAS differential', expressing the immediate sales-generating effect of an ad campaign. STAS is calculated as an index by multiplying the ratio stimulated STAS/baseline STAS by 100. A brand with a market share of 6% without advertising and a share of 9% after one week of advertising had a STAS (differential) of 9 divided by $6 \times 100 = 150$.[110] Based on these calculations, Jones discovered that 70% of all ad campaigns were able to generate immediate sales effects. Mostly these effects were small and temporary. When looking at the distribution in deciles of differential scores, 20% had good differential scores, 30% on average a positive score, 30% no definite positive or negative score, and 20% had a negative score and were not effective in beating competing ad campaigns. Only 46% of brands created a long-term effect, defined as an increase in market share compared with that of the previous year. Jones concluded that when a brand is not able to hold its STAS differential constant, this is often caused by lack of continuity in its advertising campaigns.

He also came to the rather surprising conclusion that the first exposure of an ad causes the largest part of sales returns, and that additional exposures will only lead to small effects on sales. The sales response curve would then be a concave degressive function.[111] The most effective frequency of an ad campaign according to Jones is one single exposure.

Jones believes that long-term effects will only come about when an ad campaign is also effective in the short term, and does not believe in the sleeper effects of marketing communications. This statement is radically opposed to the widespread belief that a higher ad