

How not to waste money on promotion

By Kirk L. Wakefield

There are six V's of advertising and promotion that will lead you to voluminous victory in your valiant effort to vault to the top of your various sports marketing worlds:

1. Visitors
2. Vision
3. Value
4. Volume
5. Voice
6. Validation

If you don't have a clear promotional plan that includes these six V's, you will be wasting your money. You will occasionally think that you are successful with a promotion, but you won't know why. Even worse, it may be that you *think* you are being successful (as when a big crowd shows up for \$1.00 beer night) when in fact you are running a self-defeating campaign in the long-term.

Visitors

To plan a successful promotion campaign that effectively uses your promotion dollars you must first know all you can about the visitors (read: infrequent fans or customers) you are trying to attract.

Visitors. You can increase your revenue from three sources:

1. Sales to current customers (i.e., increase visits per month)
2. Sales per visit (i.e., increase ticket amount each visit)
3. Sales to new customers

Maintaining and increasing sales to current customers is primarily achieved by what you do once they actually get inside your doors. In that sense, the promotion mix components of personal selling (e.g., training staff to up-sell and suggestively sell) and point-of-sale sales promotions (e.g., signage at concessions stands, etc.) are best suited for increasing the first two sources of revenue. Advertising and publicity, the two mass-oriented promotion components, on the other hand, are best suited for increasing sales to new customers.

It should be obvious that if you are really going to succeed that you will need to generate new visitors. To generate new visitors, you need to understand them in terms of their demographics, geographic characteristics, psychographics, and behavioral patterns (see Table 1). One easy way to do this, if you know

anything about research (if not, email: kirk_wakefield@baylor.edu), is to survey current visitors (fans/customers), who are likely to be similar to other non-visitors.

Table 1: Variables for Segmenting Consumer Markets (Source: Pride & Ferrell 2002)

1. Demographic Variables

- a. Those commonly used by marketers include age, gender, race, ethnicity, income, education, occupation, family size, family life cycle, religion, and social class.
- b. They are often closely related to customers' product needs and purchasing behavior.
- c. They can be readily measured through observation or survey methods.

2. Geographic Variables

- a. Geographic variables include climate, terrain, city size, and urban/rural values.
- b. *Market density* refers to the number of potential customers within a unit of land area, such as a square mile.
- c. *Geodemographic segmentation* clusters people in zip code areas and even smaller neighborhood units based on lifestyle and demographic information.
- d. *Micromarketing* is an approach to market segmentation in which organizations focus precise marketing efforts on very small geographic markets, such as community, and even neighborhood markets.

3. Psychographic Variables

A psychographic variable can be used by itself to segment a market or combined with other types of segmentation variables. The following are the types most commonly used to segment markets.

- a. Personality characteristics
 - 1) These can be useful for segmentation when a product resembles many competing products and consumers' needs are not greatly affected by other segmentation variables.
 - 2) Marketers almost always select personality characteristics that many people view positively.
- b. Motives
 - 1) A market is divided according to consumers' reasons for making a purchase.
 - 2) Personal appearance, affiliation, status, safety, and health are examples of motives affecting the types of products purchased and the choice of stores in which they are bought.
- c. Lifestyle segmentation
 - 1) Lifestyle segmentation groups individuals according to how they spend their time, importance of things in their surroundings, beliefs about themselves and broad issues, and some demographic characteristics.
 - 2) This variable encompasses numerous characteristics related to people's activities, interests, and opinions.
 - 3) One of the more popular programs that studies lifestyle is conducted by the Stanford Research Institute's Value and Lifestyle Program (VALS); its research has identified the following.
 - a) Three broad consumer groups: Outer-Directed, Inner-Directed, and Need-Driven consumers
 - b) Five basic lifestyle groups: Strugglers, Action-Oriented, Status-Oriented, Principle-Oriented, and Actualizers

4. Behavioristic Variables

- a. These variables commonly involve consumers' product use.
 - 1) Users and nonusers
 - 2) Heavy, moderate, and light users
 - b. How consumers use or apply the products may also determine segmentation.
 - c. *Benefit segmentation* is the division of a market according to benefits that consumers want from the product.
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Based upon the results of this survey, you should be able to see if there are any differences between your frequent current customers and those who are visiting for the first time. Once you know something of their

media habits, buying habits, reasons for attending/buying, and their demographics, you are better prepared to develop promotional campaigns that will build value in the minds of your target market.

For example, you might find that you seem to be missing the 21-39 year old market, who are single, live within five miles, go to sporting events mainly for entertainment on the weekends, listen to ROCK97.FM, and frequently surf the net. Having this information, you could send them an email that directs them to your website (remember to put one up) where they can get a coupon—sponsored by ROCK97.FM—if they and at least one friend bring in a printed page of your website. Now you have a repeat customer and at least one (and probably) more new customer(s).

Now that you know who your visitors are and where to contact them, you are ready to begin planning your visionary campaign to reach them.

Vision. To be successful over the longer term, you must have a vision. Having a vision for the “longer term” here refers to something more along the lines of five to ten years, rather than only six to twelve months. The best advertising campaigns are those that have staying power and that build a clear company image over a long period of time.

One of the biggest mistakes that advertisers can make is to frequently change their campaigns—unless of course you are the ones responsible for those Hardee’s ads with the spoke “star” that reminds you that...Well, I know that the star reminds you of something. Wait a minute while I go find out. Feel free take a break while I find Hardee’s website.

I see you came back.

The memorable “Star” campaign is supposed to remind you of the fact, “Hardee’s: Where the Food’s the Star.” Excuse me for thinking, but I wonder how long it took them to think of that slogan. Given how much they should have paid the agency responsible for this campaign, it probably wouldn’t hurt if they deflated “Star” immediately and switched to some other retro concept such as, “Hardee’s: Where you can still get burgers and chicken we made two hours ago.”

By the way, you can actually see the “Star” ads on the internet at www.hardees.com. This is another one of those sites that probably gets so much traffic that it periodically must shut down due to all of the volume. I noticed the hit counter was at “3” after I reloaded one of the pages. You must have been the other one.

Anyway, as we were discussing, your promotional campaign must have vision. More precisely, you must envision a specific, achievable, and measurable objective that you want to achieve with your promotion within a specific time frame. For an objective to be measurable, you have to also know your starting point. For instance, if you want to increase your attendance on Tuesday nights, your starting point would be your current Tuesday night ticket sales. Then you would set a specific objective, such as increasing Tuesday night sales from 2500 to 3500 in the next 12 months. A visionary goal would estimate where you want your weekday business to be in five years from now and then work backward in setting intermediate goals for each year.

Promotion objectives can be classified under at least eight categories (see Table 2). As you can see with each of the examples in the table, to be effective with promotion you must actually know where you have been, where you are, and where you are going. If your business has spent any money on promotion, but has not set specific, measurable objectives within specific time frames, how do you know if you accomplished anything? Answer: You don't.

Table 2 Visionary Promotion objectives

Vision for Promotion	Example of specific objective
Create and build name awareness	Increase target market's awareness of our Hispanic players from 25% to 50% within 12 months.
Create and build selective demand	Increase target market's preference for our team from #5 to #2 in the next 24 months.
Increase new customer visits	Increase non-repeat (new) business from 10% of weekend fans to 25% of weekend fans in 36 months.
Build customer database	Build a database with emails and addresses of customers from zero to 5000 in six months.
Maintain customer loyalty	Increase average number of games attended from three per month per fan to four within 24 months.
Counter competitive campaigns	To regain 20% of sales lost on Tuesdays & Wednesdays (due to competitor's campaigns) within nine months.
Increase off-peak demand	Increase Tuesday night ticket sales from 2500 to 3500 in twelve months.
Build public image	Increase the “highly favorable” attitude of the target market toward our organization from 60% to 90% in five years.

If you have more than one vision or objective that you want to achieve, you may need to develop additional campaigns that are each consistent with each other. For example, a successful organization may not want to attempt to counter competitive campaigns by matching coupons or discounts in some manner while also running a campaign to build selective demand for its club seats. A more fitting approach may be to counter the competitor's discounts with some value-added campaign—such as special events or premiums given away on Tuesday nights—while also promoting a high-end image.

If you do not have a specific promotion objective for your firm, stop right now and write one below based on Table 2. You can always change it later in meeting with management or owners.

Promotion Vision	Benchmark (Where we are now)	Objective (Where we will go)	Time Frame (How long it will take)

Value. After you understand who your visitors really are and have set visionary objectives, you can begin to design your promotional message or theme. This message must answer the customer's question, "What do I get?" And the answer better be something that they value.

Although it is obvious that price discounts cut into your margins, it may be less obvious what you are basically telling customers when you offer discounts: The main reason to attend our games is because of low prices. If your organization actually has anything that differentiates your organization's events, that offers real value, you would never have to really worry much about a competitor's prices. If you have something valuable to offer that is truly different from what everyone else has, customers can't compare prices.

Your central selling point for your promotional campaign, then, must be something of value that your competitors lack or do not actively promote. To develop this Big Idea you must do two things:

Coming up with the Big Idea

1. Keep asking these two questions from the customer's viewpoint until you come up with a selling point that qualifies under #2 below:
I go to this place because I get _____.
I don't go to this place because I get _____.
2. Develop a central selling point or advertising platform (your Big Idea) that is:
 - Memorable
 - Unique
 - Simple
 - Impressive
 - Connected

Sometimes it is easier to learn about something, like creative ads, by explaining to you what it is NOT. For example, Papa John's slogan "Better ingredients. Better pizza," qualifies as simple, memorable, and connected to pizza, but fails in terms of being unique and impressive. Consequently, they are fighting with many other pizza operators who are saying essentially the same thing (e.g., "Better pizza. Better ingredients." "Better bread. Better Subs.") Similarly, Hardee's "Where the food's the star" campaign is simple and connected, but is not unique, impressive or memorable. In fact, just this week I asked if anyone in a crowd of 300 seminar attendees could recall what the Hardee's "Star" campaign slogan was. The vast majority had seen the ads, but not one individual could tell me their slogan. My guess is that you have already forgotten it from earlier in this paragraph.

In addition to being MUSIC to customers' ears, your ad message must also be careful not to make claims that people immediately discount as untruthful or incredible. For instance, Chrysler ads once claimed, "Everybody needs a minivan." Will everyone who is reading this now who owns a minivan raise his or her (choose one) hands? If you'll notice after picking up your print-out again, practically no one else raised his or her hands (except me). Why? Because the selling point lacks uniqueness ("everybody") and, in this case, credibility.

The point is that your ad claim must be seen as credible if it is to be of any value to the customer. The central selling point that you develop guides the remainder of your promotional campaign, as all

communications to the particular target market has a consistent message. Now that you've finished this section, go back to the "Coming up with the Big Idea" section to come up with yours.

Volume. You know who your visitors are. You have a vision for your campaign. You have a clever value proposition. Now the question is, given these first three elements of your plan, how much do you want to crank up the volume to get customers to hear your message? How much should you spend on your campaign over the specific time frame you stated to reach your visionary objective?

The most common media budgeting plan is to use a percent of sales, such as 5% of total revenues. If your sales are \$800,000, you are committing to spending at least \$40,000 on a potentially critical marketing tool. This method of allocating resources is easy to use and helps control costs. Many retail operators use this method, or something arbitrarily close to allocating a given amount or percentage to promotion. It is also very stupid.

Why is allocating by percent of sales stupid? Because if you use this method, you just nixed your first three steps in planning your promotion campaign. REMEMBER? Just a few pages ago you set an objective to achieve over a given time frame. If you think achieving that objective is truly important, then you should allocate the budget necessary to reach your potential visitors with your message and to achieve your objective. How do you do that?

I was afraid you would ask that. I'm going to tell you in just a minute, but first let me provide a little theoretical footnote in the middle of this paragraph. Another key reason that percent of sales is stupid is because it assumes that advertising follows sales, not the other way around. We'd like to think that advertising creates sales. If you use a percent of sales to allocate promotion dollars, what happens if your sales go down this year? You'll then allocate LESS money to promotion, at a time when you may need to maintain or increase promotion to offset the downturn or to directly compete with another firm who is taking your market share. Consequently, percent of sales method can be a self-fulfilling prophecy of doom—"Sales are down. We'll have to cut promotion. Dang it. Sales are down again. We'll have to cut promotion. Dang it. Dang it. Dang it. More bad words."

So how do you appropriately allocate your media budget? It is beyond the scope of this paper to give you complete guidance on this subject, but let me give you two ways of looking at this problem.

1. **Frequency--Rule of Three.** Some advertising professionals advise that for people to get a message that they need to be exposed to it at least three times over a four-week period. This rule of thumb may be adjusted up or down depending upon the impact of the medium you're using. An effective direct response email or an incredibly good prime-time TV ad may only need one exposure to achieve its objective. A poorly-attended-to radio ad may need more. This rule of three is probably better suited to those objectives where you are trying to teach the customer something ("You can now buy game tickets at HEB") rather than to remind them ("Baylor Football: Getting Ready to Enter the Big12 Conference!").
2. **Reach—once a week.** Other advertising professionals (Erwin Ephron and John Philip Jones, for those that care), suggest that if you're not trying to teach customers something new, then what you really want to do is reach the most people you can with your message every week. The first time people hear or see your promotion message is the most impressive. So your objective is to get as many people as possible exposed to your message in any given time frame, rather than having the same people hear it many times. This means buying ads in more types of media (town and college newspapers, cable tv, webpages/email, billboards, etc.) and perhaps using shorter ads—so that you can buy more advertising in all of the different media. The main idea is that you want the most people possible in your target audience of potential visitors to see the ad message in a given week.

So, the answer is that it depends upon your objective. Well, I could go on nearly forever just on volume. But let's move on to perhaps an even more critical element of the six V's.

Voice. Similar to the effect of changing your advertising message frequently is the effect of trying to say too many different things in too many different ways to customers. Potential visitors and your current customers need to hear your promotional messages saying the same thing so that they develop a clear image of your business. All of your promotional effort must be integrated to speak with "one voice."

As you know, when people begin hearing different voices, they start to get paranoid. This is usually bad.

For example, if a team promotes its Tuesday night tickets as the “best deal in town for entertainment” and also promotes itself as the hottest ticket in town for weekend games, then customers are hearing two different voices. One says this place is cheap. The other says this place is going to be expensive.

The reason you set a visionary promotional objective is so that it will guide all of your promotional efforts. What are you really trying to communicate? If you want your Hispanic visitors to believe that they can identify with the Hispanic players on the team, then all of your communications *aimed at this segment* should reinforce and educate on this point. Obviously, you may promote specific events and information, but the customer should always be getting the same message. All of your personal selling, advertising, sales promotions, event sponsorships, publicity, and point-of-sale communications must point to the same message.

If you are currently in the middle of a promotional campaign aimed at a particular segment, pull all of your materials together for a review. Are they all sending the customer the same message? If not, then you are wasting your promotional budget by confusing the target audience.

Too often organizations think that if they are going to buy advertising space, then they are darn sure going to use all of it. As a result, guess what happens?

- Print ads are cluttered with too many messages so that readers pass over them.
- TV ads are filled with so much talking that it’s monotonous (not interesting like the fast talker of the classic FedEx ads).
- Radio ads are crammed with information on specials and other messages that get tuned out.
- Billboards are rarely used because it seems like a waste of space.
- People have no clear image of who you are and why they should visit.

After you or your management team set your vision, know who your visitors are, devise an effective value proposition, and set your advertising budget volume, you must strive to have all of your messages

reinforce your value proposition that is meant to achieve your objective. If you do this, then you will have integrated marketing communications speaking in one voice.

To actually execute your campaign, you will likely need to seek the help of a professional. In your case, I am again thinking of psychologist, but you should probably also seek the help of an advertising agency if you do not have someone in-house to produce the ads. If you have to resort to having your brother making TV ads with his mini-cam, you would be better off omitting the use of TV ads because the net impression is likely to be worse than if you had no TV ads at all. Believe me, people will laugh at your low budget ads just like they laugh at the unintentionally funny local car dealer ads; which may be okay if your objective is to create awareness, get attention, and make people think you have Post Raisin Bran for brains. Thankfully you are much smarter than that.

Validation. You will recall that when you set your visionary objective that you included a benchmark (where you are) and a concrete destination (where you are going) within a specific time frame. Over the course of this time frame, or at least at the end, you must monitor your progress to see if your campaign is achieving its objective.

This validation process will keep you from continuing in a campaign that is wasting your money. You may find that you are achieving your goal at an earlier point than you thought it would take. If so, you may be able to cut back on your promotional spending. On the other hand, you may find that your Big Idea you thought would really sink in with people is in fact only sinking and remedial action may need to be taken. On the other hand, remember that you set the time frame for a reason—it does take time to change people's attitudes and you are unlikely to see drastic changes over a short time period. Ineffective early results may not mean that your campaign idea is poor—it may just mean that it will take more time than you thought.

The key point here is, however, that you are monitoring your progress. Otherwise you don't really know when your promotion is paying off and when it is wasting money. If your objectives were primarily sales objectives, sales are easy to monitor. If your objectives were more related to influencing people's attitudes (awareness, interest, liking, preference), then you will need to conduct consumer research to determine your progress.

Many firms do not effectively monitor their progress due to the time and expense. But what is the alternative? Keep spending money on promotion without knowing its effectiveness? I can promise you that some of your competitors are carefully following effective promotional campaign management as outlined in this chapter. Maybe not with the V's and everything, but they are following these basic steps. Where are your steps taking you?