



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
Jönköping University

# **The Role of PR**

## In the Introduction Stage of a New Brand

Master's thesis within Business Administration

Author: Daniel Axelsson

Henrik Nordberg

Tutor: Karl Erik Gustafsson

Jönköping June 2005



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Author:	Daniel Axelsson, Henrik Nordberg
Tutor:	Karl Erik Gustafsson
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### Abstract

#### Background

The reality of today is that companies are spending more and more money on commercial spots. The "highlight" of the year is Super Bowl, where a 30-second ad costs more than \$2 million to run. Advertising agencies are using their role as communicators by competing with each other with no interest in the product. The marketing guru Al Ries released a controversial book called "The Fall of Advertising and the Rise of PR" (2002) together with his daughter Laura Ries. In this book they are attacking the traditional advertising industry and claim that it has lost its credibility and above all, public relations is a more effective tool in brand building. The Rieses also favors PR in the introduction phase of a new brand.

#### Purpose

The purpose of the thesis is to investigate agencies' view of public relations role relative to traditional advertising in the introduction phase of a new brand.

#### Method

The authors have used a qualitative study where the purpose will be achieved by performing in-depth face to face interviews with three respondents, which has a deep knowledge within the PR and the traditional advertising industry.

#### Conclusions

Whether PR as a promotional tool is viewed as more effective relative to traditional advertising in the introduction of a new brand one has to consider different variables. PR is more effective when it comes to credibility, cost, and clutter. However, a major drawback is the control. Also, one has to consider the attributes of the brand since there are brands that are more PR "friendly" than others.

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# 1 Introduction

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*In this chapter the authors give a brief overview of the field of advertising versus public relations. Consumers are tuning out traditional advertising and the question is if we see the end of traditional advertising as such and if public relations or a balanced promotional mix is the way to communicate in the future. The discussion in the background will result in research questions and a purpose. Delimitations, definitions and the disposition will also be presented in this chapter.*

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## 1.1 Background

We live in a time where companies spend vast amounts of money on commercial spots. An event like the Super Bowl remains the showcase for advertising where a 30-second ad costs more than \$2 million to run (Belch & Belch, 2004). According to the professors of Marketing, Dr. George E. Belch and Dr. Michael A. Belch (2004), there is a growing opinion that the Super Bowl has turned into an expensive beauty pageant for great agencies that want to see their creative ads on display rather than appreciate the opportunity for launching new products. The former Chief Marketing Officer at Coca-Cola, Sergio Zyman, argues in his book “The End of Advertising as We Know It” (2002) that companies spend millions to put their name on stadiums, develop packaging, buy television and radio time in order to sit back and wait for things to happen.

Zyman (2002) contends that traditional advertising in the form of 30 second ads doesn’t work and it is a colossal waste of money and it could even destroy the company and the brand. Advertising is according to Zyman (2002) a lot more than just television commercials. It includes for example branding, sponsorships, publicity, and customer service. It is important to understand that everything a company does communicates something about the brand to current and future customers.

The marketing guru Al Ries released a controversial book called “The Fall of Advertising and the Rise of PR” (2002) together with his daughter Laura Ries. The essence of the book is to communicate the message of public relations (PR) superiority to advertising in the building of a new brand and also in some cases revitalizing old brands. Ries and Ries (2002) are even going to the extent where they claim that due to the lack of advertising credibility, the only role advertising can take is the one of maintaining the brand. The marketing and branding consultant Matt Haig supports this notion in his book “Brand Failures” (2003) by arguing that advertising cannot build brands from scratch, only support brands. There are several examples of brand launching failures accompanied by an expensive advertising campaign. Advertising should according to Ries and Ries (2002) follow PR in both timing and theme. It is vital for the advertising theme to repeat the perceptions created in the consumer mind by the PR program.

According to Björn Mogensen, the founder and Managing Director of Next Communications (2003), the book is controversial in the sense that the authors are scorning the multinational companies advertising campaigns, and their lack of demand for

advertising agencies to create campaigns that boost sales. Ries & Ries (2002) note that advertising agencies assume that marketing is a battle of advertising and not a battle of products. It seems to be no connection between award winning campaigns and the actual purpose of the advertising, namely selling products. It is the product that takes the beating when the advertising agencies go out on a “creative bender”.

The marketer’s Belch & Belch (2004) also recognize the controversial aspects of the Rieses book which led to “book burnings” in advertising agencies around the world. However, the book has also gained some support from the marketing world. Linda Recupero, vice president of the brand marketing company Burson-Marsteller in New York, agrees with the argument that PR is more effective in building a brand in the introduction stage. Marketing executives from large companies like Gillette, Unilever, and Georgia-Pacific have also taken the side of public relations (Belch & Belch, 2004).

The President of Advertising Age, Rance Crain (2002), does not entirely share the opinion of the Rieses and claims that integration seems to be the way of the future. The notion that PR should introduce a product and that advertising should come later to maintain the growth is not as important as an integrated message to consumers. In the 1980s, several companies realized the benefits of a more strategic integration of their promotional tools. These firms moved in the direction of the integrated marketing communications process (IMC). IMC involves the coordination of the various promotional elements including PR and other marketing activities which communicate with the firms customers (Belch & Belch, 2004). According to Kotler, Armstrong, Saunders, and Wong (2002) it is direct marketing and PR which receive the most attention and the tools that are in receipt of the most growth.

Harris Diamond (2005), CEO of Weber Shandwick and Chairman of the Council of PR Firms, points out that the importance of PR is growing in corporate boardrooms and in the marketing community. Marketing executives today are appreciating the importance of PR in an increasingly fragmented media environment. Diamond (2005) claims that PR can and should play a major role in many companies’ marketing mixes. A PR campaign can convey a persuasive message to the target audience that traditional advertising is less and less likely to reach. Mark Weiner (2005), CEO of Delahaye Medialink Worldwide, speaks about one of the largest marketers in the U.S., Miller Brewing Company, and how they changed their marketing strategy in 2003, away from TV advertising and into PR. Miller’s marketing team learned that relative to TV advertising, PR has a considerable impact on actual sales.

It would be interesting to see if there are any changes in the perception of PR versus advertising since the release of the Rieses book in 2002. Diamond’s (2005) and Weiner’s (2005) arguments are indicating a growing importance of PR in the marketing mix. According to the CEO of the PR firm Schneider & Associates, Joan Schneider (2002), new products have an astonishing small window of opportunity due to short purchase cycles of products. In a study conducted by Schneider & Associates together with Boston University Communications Research Center and Susan Fournier, Ph.D., from Harvard Business School, the launch process of 91 consumer products was investigated and PR received favorable support. In the study Schneider (2002)

notes that executives with successful products reported substantially greater returns across all PR-related activities. PR was viewed as comprising far more impact for successful products than less successful ones. Further more, the study suggested that a comprehensive PR program presents greater overall impact.

Based on the previous discussion we can identify the following research questions; has the view of traditional advertising in the form of mass communication changed among advertising and PR agencies in Sweden? Is PR as promotional tool more effective than traditional advertising in the introduction phase of a new brand? Do we see a shift in budgets away from traditional advertising and into PR?

### **1.2 Purpose**

The purpose of the thesis is to investigate agencies' view of public relations role relative to traditional advertising in the introduction stage of a new brand.

### **1.3 Delimitations**

According to Belch and Belch (2004) the success of a campaign could be evaluated by using different objectives. Marketers usually distinguish between sales versus communication objectives. There is of course ultimately a wish from the client's side that the commercial leads to a purchase. However, communication objectives could be equally important and the success of a campaign is not always judged by the terms of sales. The communication objectives could be brand knowledge and interest, favorable attitudes and image. Since sales is generally not an issue in the introduction stage of a new brand the authors will when investigating the view of PR relative to traditional advertising focus on the communication objectives.

It is also important to note that the science of measuring advertising is according to Armstrong and Kotler (2005) and Tellis (2004) an inexact science and will not be covered in this thesis. The aim of this thesis is to explain the view of its effectiveness and will therefore take a qualitative stance where we are investigating a phenomenon and not statistical data that are determining the relationship between promotional spending and brand sales.

### **1.4 Definitions**

The purpose of the thesis involves investigating new brands. However, the words brand and product are often used interchangeably although there are some fundamental differences between the two. A product is according to Kotler and Armstrong (2005) anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need. A brand is according to Kotler and Armstrong (2005) a name, term, sign, symbol, or design, or a combination of these intended to identify the products or services of one seller or group of sellers and differentiate them from the competition. It could seem as a simple task to divide these two concepts but the fact is that authors and professionals are constantly using the word brand when they mean product and vice versa. This thesis will not be an excep-

tion of this. It is important to note that the purpose is to investigate traditional advertising. Traditional advertising could be a 30-second commercial on TV or a radio advertisement. It could also be an ad in a paper or magazine.

Public relations (PR) cover a wide spectrum of functions from events to crisis management. This thesis will deal with the marketing functions of PR and some would call it Marketing PR (MPR). However, since not all authors makes this distinction we will mainly use the term public relations or PR. According to Belch and Belch (2004) the role of PR might best be viewed as a continuum. On one end of the continuum is the traditional form of PR that involves a non-marketing function whose primary function is to maintain mutually beneficial relationships between the organization and the publics. At the other end of this continuum PR is according to Belch and Belch (2004) considered primarily a marketing communications function. This thesis will focus on the marketing communications function.

## 1.5 Disposition

The disposition of the thesis will present the choice of structure which has been adjusted during the work of the thesis.

In the frame of reference in **chapter 2** the authors will present relevant theories within marketing communication. The theories which the authors believe are necessary to fulfill their purpose involve theory about branding, integrated marketing communications, advertising, and public relations. The fundamental concepts in the background evolved as key elements in the frame of reference.

The choice of method in **chapter 3** will present, explain, and motivate the choice of a qualitative method. The chapter will explain why and how the authors used in-depth interviews in order to fulfill their purpose. The authors will also illustrate personal interviews, sample, analysis, and limitations of the method chosen.

In **chapter 4** of the thesis the empirical findings are introduced. The empirical findings concern three personal interviews with respondents who possess a great knowledge within the topic investigated.

The results from the empirical findings are analyzed in **chapter 5** and the findings are also compared with the theories in the frame of reference.

In **chapter 6** the authors present the conclusions of the agencies' view of public relations and traditional advertising.

## 2 Frame of Reference

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*In this chapter theories of marketing and branding will be presented. Since the new brand needs to be communicated we will discuss the communication process and since there always is a receiver of the communication we will also discuss perception and how consumers interpret the communication. The concept of Integrated Marketing Communications presented will lead into the two major tools, advertising and public relations. The role of PR has increased due to the evolution of IMC while advertising has always played a significant role in introducing new brands.*

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### 2.1 Marketing

*A brief explanation of marketing will introduce advertising and public relations. Also, in order to investigate the view of introducing new brands some theories about branding and different approaches of introducing new brands will be presented.*

There is a general understanding of marketing as a simplified process of selling and advertising. This is according to Kotler et al. (2002) and Kotler (1999) not a peculiar phenomenon since consumers are constantly bombarded with television commercials, newspaper ads, direct mail, and sales calls. Selling and advertising are merely two functions of a complex process we call marketing and often not the most important ones. Marketing is defined by Armstrong and Kotler (2005) as:

*A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.*

(Armstrong & Kotler, 2005, p.6)

Belch and Belch (2004) are highlighting the American Marketing Association (AMA) definition where marketing is defined as:

*The process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.*

(Belch & Belch, 2004, p. 7)

Shimp (1997) argues that efficient marketing involves both marketing and communication. Communication involves the process whereby thoughts are conveyed and meaning is shared. Marketing is the set of activities whereby businesses and other organizations create transfers of value between themselves and their customers. Shimp (1997) emphasizes the marketing communication as a representative collection of all the elements in the brand marketing mix, which facilitates exchanges by shared meaning with the brands customers or clients. This is in accordance with Kotler et al. (2002) where they are emphasizing advertising and selling as a part of a larger marketing mix. The marketing mix is a set of tools that work together to affect the marketplace. Kotler (2004) emphasizes the importance for marketing departments to acquire

new skills in a more challenging environment. Some of the skills described are public relations, marketing, and integrated marketing communications (IMC).

### **2.1.1 Branding**

The single most important objective of the marketing process is according to Ries and Ries (1999) the process of branding. Branding is the glue which holds all marketing functions together and marketing is building a brand in the mind of the consumer. Belch and Belch (2004) stress that the most popular strategy to build a brand is the concept of positioning. The concept was introduced by Al Ries and Jack Trout in the early 1970s and involves the idea to position the product or service in a certain place in the consumer's mind. Berry (1998) states that the primary objective with advertising is brand building. This involves sending a consistent series of favorable messages over a period of time to create favorable perceptions in the mind of the consumer. Belch and Belch (2004) emphasize that advertising has by tradition been the main tool for building brand equity and brand equity is often reinforced by advertising.

Armstrong and Kotler (2005) emphasize that brands are not just names and symbols. Brands are more multifaceted and represent consumers' perceptions and feelings about a product and its performance. According to Armstrong and Kotler (2005) and Solomon (2002) it is also important to note that brands exist in the minds of the consumers. The value of the brand is its capability to attain consumer preference and loyalty and when a brand becomes this powerful it enjoys high brand equity. Jones (1999) emphasize that brands are real in the minds of consumers and also deeply rooted in the texture and repertoire of people's lives. Belch and Belch (2004) defines brand equity as an intangible asset of added value or goodwill that a company receives when the consumers tend to favor their brand. Solomon (2003) explains brand equity as the extra value a brand brings to its owner compared to a generic product without a brand name.

Brand equity is measured by consumer's willingness to pay more for a specific brand (Armstrong & Kotler, 2005). This is in accordance with Belch and Belch (2004) who also notes that brand equity allows a brand to generate larger sales volume and higher margins than it would without the name. These brands enjoy a competitive advantage in respect to other brands with lower equity. Armstrong and Kotler (2005) refer to a study of brands equity and the fact that 72 percent of customers are prepared to pay a 20 percent premium for their brand of choice in relation to the closest competing brand. Also, a strong brand like Heinz is able to attain a 100 percent premium while loyal Coke drinkers will pay a 50 percent premium and Volvo users a 40 percent premium.

### **2.1.2 New Brands**

Building a new and strong brand is a challenging procedure and involves brand positioning, brand name selection, and brand development (Armstrong & Kotler, 2005). Brand positioning involves the brand to be positioned clearly in target customer's mind. There are three levels that a brand could be positioned on: product attribute,

benefits, and beliefs and values. Nilson (1999) also declares that a brand needs to have a distinct value, be differentiated, attractive, and own a clear identity. According to Armstrong and Kotler (2005) the level of product attributes is the lowest and least desirable level since it is easy to copy. It is better for a brand to be associated with a benefit. Also, one of the most successful positioned brands on this level is Volvo who owns the “safety” benefit. However, a really strong brand goes beyond even the benefit level and reaches the level of beliefs and values where the consumer should experience passion and excitement when using a product.

There are three alternatives which a company can choose among when it comes to developing brands. A company can decide to introduce a *line extension* where it simply introduces additional items in a given product category under the same name but with new flavors, forms, colors, or ingredients (Armstrong & Kotler, 2005). According to Ries and Ries (1999) more than 90 percent of all new products introduced in the U.S. grocery stores are line extensions. Armstrong and Kotler (2005) emphasize the risks involved in the launch of a line extension. The brand could be overextended and cause confusion with consumers. Another risk is that the extension might occur on the expense of other existing items in the line. Jones (1999) points out the danger of cannibalization of the main brand. Ries and Ries (1999) are convinced that line extensions are destroying brands because when a brand is expanded the power is reduced. Line extensions might increase sales in the short term. However, if a company wants to build a powerful brand Ries and Ries (1999) strongly suggest that they contract the brand, not extend it.

A *brand extension* involves the launch of a new or modified product in a new category using an already successful brand name. A brand extension accelerate brand acceptance and recognition while it saves advertising costs required when launching a new brand (Armstrong & Kotler, 2005). However, brand extensions are not completely free from risk. An extension could affect the main brand and cause some significant damages. Also here there is a risk of confusing the consumer. If the extension fails it could harm customer attitudes towards the original brand (Armstrong & Kotler, 2005). There are occasions when the brand name is inappropriate for the new product and a brand name might lose its positioning in the mind of the consumer (Armstrong & Kotler, 2005, Ries & Ries, 2002, Ries & Ries, 1999). Ries and Ries (1999) give an example with the large budget hotel chain Holiday Inn and their aspirations of entering the upscale hotel segment. They introduced their new hotels as Holiday Inn Crowne Plaza but their customer research indicated that customers were confused and dissatisfied with the high prices. Holiday Inn got the message and changed the name to Crowne Plaza.

Launching *new brands* could be motivated when the existing brand is weakening or the existing name is not appropriate for the product category (Armstrong & Kotler, 2005). Ries and Ries (1999) argue that the solution for keeping a strong brand is to ignore line and brand extensions and create a completely new brand instead. However, the rules of branding suggest that a company concentrates its resources on a single brand for a single market. Armstrong and Kotler (2005) point out the urge to differentiate its new product from existing ones as a factor for introducing a completely new brand. There are according to Ries and Ries (1999) excellent examples of this and

they highlight the introduction of Toyota's new brand Lexus and Hondas brand Acura. These brands were according to Armstrong and Kotler (2005) introduced in order to compete with European luxury-performance cars in the high income segment. Ries and Ries (1999) explain the success of Lexus and Acura as the result of a smart branding strategy where Toyota and Honda resisted the urge for another line extension and created a unique individual brand with its own identity. An even more effective way to become a strong brand is to be first in a new category (Ries and Ries, 1999, 2002). Haig (2003) points out Coca-Cola and Domino's as good examples for this. Coke was first in the cola category and Domino's was the first company to offer home-delivered pizza and both remain the leaders in their category.

## 2.2 Communication

*When introducing a new brand communication is vital. Consumers are exposed to numerous communication messages everyday. We believe it is important to describe different ways of communications since there could be a difference in their effectiveness when introducing new brands.*

According to Belch and Belch (2004) communication has variously been defined as the passing of ideas, or the process of establishing a commonness or oneness of thought between a sender and a receiver. This definition suggests that for communication to occur there must be some common thinking between two persons and information must be sent between them (either a single person or group). Smith, Berry and Pulford (1997) state that communication is the act of sending information from the mind of one person into the mind of another person. This is easy to define, there is a sender and a receiver and a message passing from one to another. In reality communication is much more complex and there are many concepts which are important for a marketer. Mårtensson (1994) stresses that the basic thought in communication is to try to understand how the receiver thinks, appreciate and how the receiver talks about the message. Smith et al. (1997) continues by stating that the sender will need to identify in advance to whom they wish to send the message, and will therefore need to know how the receiver (audience) will interpret it. Market research is carried out to establish this. The sender also needs to see evidence that the message has not only been seen but also understood. The marketer collects certain feedback data which can show the effect of the message in the market, and incorporates the data in their marketing information and intelligence system (Smith et al., 1997).

According to Smith et al. (1997) communication is an interpersonal activity. It is also a dependent activity. It is dependent on the social context in which it takes place, and the person sending the information will do so in a variety of ways, all at the same time. It is easy to recognize sales force as interpersonal, but even advertising uses personal surrogates and times messages to coincide with different times of the day. Belch and Belch (2004) state that the communication process is often a very complex issue. Success depends on such factors as the nature of the message, the audience interpretation of the message 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. Word, pictures, sounds and colors may have different ef-

fect on different audience, and people’s perception and interpretation of them vary. According to Smith et al. (1997) marketing communication is a systematic relationship between a business and its market in which the marketer’s assembles a wide variety of ideas, designs, media, shapes, forms and colors. According to Duncan (2002) marketing communication can close the gap between intended and perceived messages, this because these messages can set brand expectations. When expectations are too high Duncan (2002) argues that the company must bring its product performance to the expected level or else send different messages to create a new set of perceptions.

### 2.2.1 The Communication Process

According to Schultz, Tannenbaum and Lauterborn (1993) marketing communication messages, such as advertising, sales promotion, direct marketing, public relations, special events or trade shows all seek to do one thing, to place bits of information in the consumers mind, to influence later purchase decision. To understand the communication process, one must understand how persuasive messages are delivered, processed and stored by the consumer. The model is called the interpersonal model or the communication model.

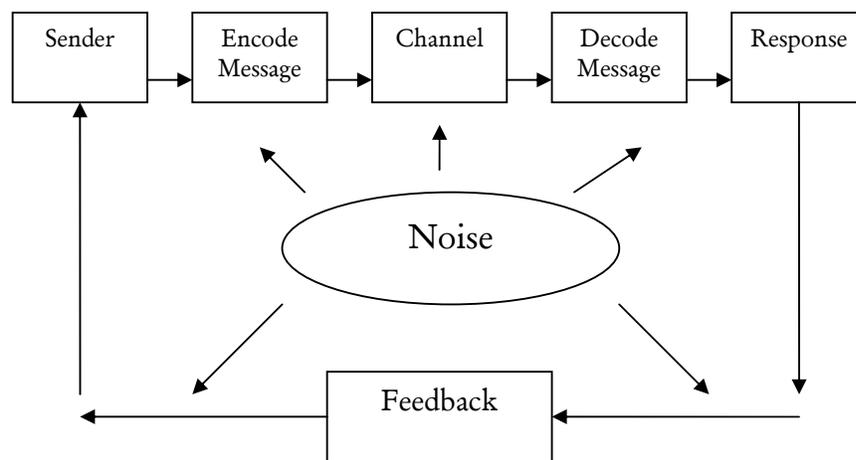


Figure 1. A Model of the Communication Process (Jones, 1999)

### 2.2.2 The Communication Model

Belch and Belch (2004) say that over the years, a basic model of the various elements of the communication process has evolved. The two most important elements for the communication process are the sender and receiver. The tools message and channels are also important for the communication process. The four others are encoding, decoding, response and feedback. Noise refers to extraneous activities in the system that can create inference. Encoding the message is made by the one who takes the idea and transform it to an attention-getting form, either through an advertisement or verbal communication (Belch & Belch 2004, Clow & Baack, 2002). The decoding occurs ac-

According to Clow & Baack (2002) when the message touches the receiver's senses in some way, for example as ads or a coupon offers. Dahlén and Lange (2003) state that the message is interrupted by a noise which takes place in the surrounding environment. The noise depends on different factors and makes the message harder to interpret it in the way the sender intended.

The competitors' communication also makes it more difficult for the message to reach the targeted receiver. According to Smith et al. (1997) having a clear model of the business system and the marketing process which the marketer is engaged in can quickly help him to realize what he needs to do next, what others should do, in what order it should be done, and what have been done so far. The more a marketing model is used, the more it becomes a part of a marketer's experience. According to Dahlén and Lange (2003) this is a general model for how communication occurs between the sender and the receiver, and it is not just developed for marketing. According to Bergström (1998) the purpose of the sender is to touch, motivate and inform. The message is adjusted to the media through which the message is transmitted. If the sender and the receiver will meet a channel must be established. The medium in which the message appears can be very different; it can be a paper ad, poster, commercial, or a website. The sender expects that the message will get attention but also interest, credibility and in the long run create the intended effect. Quality marketing communication occurs according to Clow and Baack (2002) when the consumers (receivers) decode or understand the message as it was intended by the company (sender).

### **2.2.3 One-way and Two-way Communication**

When discussing the concept of communication Dahlén and Lange (2003) identify two different directions of the issue. The battle is between the "giants", market communication (one-way) and relationship (two-way). According to Schultz et al. (1993) marketers traditionally have only used one-way forms of marketing communication. Schultz et al. (1993) state that in the era of mass marketing, when the manufacturer controlled most of the production information the system worked well. In the mid 1990's Schultz et al. (1994) explain that the situation changed dramatically and a two-way system was required, and the marketers and the customers became involved in an exchange of information. The two ways of communication distinguish themselves according to Dahlén & Lange (2003) in the marketing towards the customers, and how they see the customer. Market communication wants by the word of Dahlén and Lange (2003) to reach as many as possible with a common message and relationship marketing wants to "tailor" the offer to the individual customer.

Mårtenson (1994) states that communication assumes an exchange of information. In some cases the flow of information only works *one-way*, for example in mass marketing. This form of communication is both impersonal, public, and reaches the most people at the same time. According to Dahlén and Lange (2003) one-way relations from the company's point of view is just divided into different target groups, where the company choose to offer their products or services to different prices to different customers. This can be a very effective strategy for the company, but it has very little

to do with value-based customer relations. According to Dahlén and Lange (2003) one-way communication is more focused on a transaction-based relation. It seems that the customers aim towards value-based communication. Thus, there can be a good idea for the company to “tailor” their offers after the consumers’ previous buying behavior. Dahlén and Lange (2003) say that consumer behavior can be measured by bonus cards where the purchase is registered in a database, which the company can use when making future offers.

According to Mårtenson (1994) the flow can also work in both directions for example in the personal interaction. There are some advantages when using *two-way* communications; it is more adjustable to every specific situation and the response is immediate. The immediate response means that the sender and receiver communicate in the same language. Dahlén and Lange (2003) stress that the two-way communication process demands a lot of marketing. These relations are important for the consumer because they practically live with the commitment for the product. There are also a huge potential to strengthen the relationship by sending out signals of new variations of their brand, and by provide the customer with new information and free samples.

Communication is according to Duncan (2002) the lifeblood of any relationship, whether personal or commercial, managing brand relationships means managing all the communication that influences what people think about a brand, the impressions that lead to a brand perception. Duncan (2002) stresses that perception is the result of communication, it provides a window on the success of the message strategy. In other words, tracking customers’ perceptions is an important source of feedback in evaluating brand messages.

## 2.3 Perception

*When introducing a new product or brand the perceived experience is important. We believe it is important to describe the concept of perception, since the communicated message delivered in the initial stages often is the one that remains.*

Schultz, Tannenbaum and Lauterborn (1993) state that the process of perception is an active system. Every walking second we are actively selecting from all the sights, sounds, sensations, activities and impressions that surrounds us. Armstrong and Kotler (2005) define perception as the process by which people select, organize and interpret information to form a meaningful picture of the world. From the myriad of choices, we choose those things we either want or must process and consider those which for some reason attract our attention. According to Smith et al. (1997) the field of perception could be explained as all the experience a person has accumulated over a lifetime. It includes language, culture, knowledge, value, socialization and image. It is the individual’s view of the world, how it is and how it should be. For effective marketing communication, the field of perception must overlap, so the sender and receiver have a common basis for talking to and understanding each other. According to Tellis (2004) the ultimate challenge for marketing communication is to convince consumers to change their perception of a brand.

Dahlén and Lange (2003) stress that the most fundamental tricks to win peoples attention and keep it, is found within the concept of perception theory. Perception is about what stimuli we understand. The ability of perception is a basic human function, which helps us to react automatically to different impressions. Schultz et al. (1993) argue, because of the number of sensations in our environment is so much greater than our ability to process them, we select only those things we perceive to be important, and ignore those who are not. Thus we limit our span of perception. Smith, Nolen-Hoeksema, Fredrickson and Loftus (2003) explain this in psychological terms by stating that the vast majority of perception is irrelevant and this state of affairs implies that the sensory system in the brain have some means of screening the incoming information. The brain only allows the information relevant to the task at hand and filtering out the irrelevant information. This filtering or screening is vital and if it did not exist, Smith et al. (2003) point out that the irrelevant information would overwhelm us and we would never get anything done. According to Dahlén and Lange (2003) perception is about addressing people's natural instincts. It is therefore very simple. Perception works as small extra elements in the advertising and do not affect the content of the ad.

By the word of Schultz et al. (1993), to help us handle all these pieces of data, we use a system called transformation and categorization. This helps us to simplify and classify items and simplifies the selection and storage process. We transform the sights, sounds and sensations around us and put them into a sort of sensible form, we call concept. The concept is stored in our memory. Thus, a very complex human product like a jet plane may be simplified into one or few concepts for mental storage. According to Schultz et al. (1993) concepts may have much detail attached or related to them. In order to ease the storage and retrieval, we compact the pieces of information into a singular concept that can be stored in the mind. By the word of Duncan (2002) perception is real, at least for the person who perceives it. Messages can influence these perceptions, but the perceptions are in the consumers mind, not in the company's messages. People's opinions are governed by their own perceptions, as are their responses to the message communication.

### **2.3.1 Perception and Marketing**

According to Belch and Belch (2004), knowledge of how customers acquire and use information from external sources is important to marketers in formulating communication strategies. Marketers are particularly interested in how consumers sense external information, how they select and attend to various sources of information, and how this information is interpreted and given meaning. These parts are all involved in the concept of perception, a process which an individual receives, selects, organize, and interprets information to create a meaningful picture of the world. According to Duncan (2002) the perception of a brand exists in head and heart. The perception of the brand can be influenced by positive (and negative) communication experienced, but can never be controlled. This is supported by Belch and Belch (2004) who state that perception is an individual process, it depends on internal factors such as person's beliefs, experiences, needs, moods, and expectations. The perceptual process is also influenced by the characteristics of a stimulus (size, color, intensity) and the con-

text in which it is seen and heard. Marketers are according to Armstrong and Kotler (2005) very interested in people's beliefs and attitudes towards their product and are always trying to find ways to satisfy their needs. Why does one brand have twice the share of another when there is no difference in the product attributes or performance and they sell at the same price? According to Duncan (2002) the answer is the difference in perceptions. A brand is a perception not a strategy statement, or logo, or a design on the side of the package. Perception exists in peoples mind.

As the world becomes more and more complex and people spend more time seeking information, according to Schultz et al. (1993) there will be less time and space for information about the marketers product and service. The marketer must therefore provide reasons for the person to process his or her information. By the word of Kotler et al. (2002) we are daily facing over 1500 ads. It is impossible for a person to take in all the information we are exposed to. Therefore we use our selective attention. This is the tendency to screen out most of the information to which they are exposed. Tellis (2004) claims that consumers ignore most messages and concentrates only on a few, usually one message at a time. Selective attention means according to Armstrong and Kotler (2005) that marketers have to work especially hard to attract consumer's attention. The message will be lost on most people who are not in the market for the product. Moreover, even people who are in the market may not notice the message unless it stands out from the clutter of other ads. There are according to Tellis (2004) at least three explanations for selective attention: pragmatism, consumer liking, and cognitive consistency. Pragmatism involves the fact that we cannot focus on two or more things simultaneously, let alone pay attention to numerous messages every day. Consumer liking or preference are also affecting selective attention. We tend to notice messages we are familiar with. Cognitive consistency involves the harmony between knowledge and behavior. Consumers are much more likely to pay attention to an ad about a brand they recently purchased.

Schultz et al. (1994) emphasize that the process of perception is basic in understanding the need for integrated marketing communication (IMC). The transformation and categorization process that people use to select, take in, process and store information is very limited, given the sensations and stimuli around us. Information processing is taking place at all times. Schultz et al. (1994) stress that because we have so limited ability to store and process information, we can quickly see why, if the sales manager from a marketer is to be selected and processed, the message must therefore:

1. Consist of sights, sounds, and experiences that easily can be transformed into concepts and then be categorized into concepts
2. Be clearly identifiable and categorizable
3. Fit into categories that people already created

The IMC process helps according to Duncan (2002) to guard against the "perception virus" that can infect and weaken communication strategies and kill off relationships.

## 2.4 Integrated Marketing Communications

*The concept of Integrated Marketing Communications has evolved during the last twenty years as a strategy to coordinate the different promotional tools. Advertising and PR comprise two of the major tools involved in IMC. Since we will investigate the view of advertising and public relations, it is important to describe the concept of IMC. The growing importance of coordination has brought other tools than traditional advertising into the light and public relations has gained recognition as an effective tool.*

The most important skills in marketing are according to Kotler (2004) communication and promotion where communication is the broader concept and which happens whether planned or not. During the 1980s, many companies came to see the need for a more strategic integration of their promotional tools; these firms began to moving toward the process of integrated marketing communications (IMC) (Belch & Belch, 2004). IMC involves coordinating the various promotional elements and other marketing activities which communicates with the firms customers (Belch & Belch, 2004, Kotler et al, 2002, Sirgy, 1998). Kotler (2004) and Zyman (2002) stress the fact that everything in an organization communicates, from a sales representative's clothing to an office decor. Organizations need to orchestrate a consistent set of impressions from their personnel, facilities, and actions that deliver the company's brand meaning and promise to its various audiences.

Kitchen, Schultz, Kim, Han and Li (2004) define IMC as the strategic business process used to plan, develop, execute and evaluate coordinated, measurable, and persuasive brand communication over time with consumers, customers, prospects, and other targeted, relevant external and internal audiences. Heath (2005) defines IMC as 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 purpose dialogue with them. According to Shimp (1997) IMC is a process of implementing various forms persuasive communication programs with customers and prospects over time. Pickton and Broderick (2001) and Sirgy (1998) stress that companies have to create synergies among the various marketing communication programs. Sirgy (1998) also stresses the importance of IMC because many organizations are often content to let an advertising agency take care of the organizations advertising.

Belch and Belch (2004) say that as marketers embraced the concept of IMC they began asking their advertising agencies to start coordinate the use of promotional tools rather than just relying in media advertising. Sirgy (1998) says that many marketing communication specialists have gotten carried away by trying to produce something extraordinarily creative work which provides them awards. What makes an IMC campaign integrated is its strategic focus not award winning creativity. Kotler et al. (2002) mean that modern marketing calls for more than just developing a good product, companies must communicate with current and prospective customers, and what they communicate should not be left to chance. Kitchen et al. (2004) note that in the U.S., where IMC originated twenty years ago, 75 % of the marketing budgets went into advertising; today, 50 % are located in trade promotions, 25 % to consumer promotions, and less than 25 % is dedicated to traditional advertising.

According to Sirgy (1998), an IMC campaign has two distinguished characteristics, *campaign continuity* and *strategic orientation*. The first relate to a unified message in the different media through different marketing communication tools which are interrelated. The latter is that IMC can be effective because it is designed to achieve strategic company goals. Belch and Belch (2004) mean that many agencies responded to the call for synergy among the promotional tools by acquiring services within public relations, sales promotion and direct marketing and started to promote a unified message.

A modern company has to communicate with its intermediaries, consumers and various publics and its intermediaries communicate with their consumers and publics (Kotler et al., 2002). According to Kotler et al. (2002) consumers have a word of mouth communication with each other, meanwhile; each group of consumers give feedback to other groups, therefore the company has to manage a complex marketing communications system.

#### 2.4.1 The Tools of IMC

A company's total marketing communications mix, called promotional mix, consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing (Belch & Belch, 2004, Kotler et al., 2002, Pickton & Broderick, 2001). These tools are according Armstrong and Kotler (2005) used to pursue its advertising and marketing objectives. The tools are defined below.

- **Advertising:** Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor
- **Personal selling:** Personal presentation by the firm's sales force for the purpose of making sales and building customer relationship.
- **Sales promotion:** Short term incentives to encourage the purchase or sale of a product or service.
- **Direct marketing:** Direct connections with careful targeted individual consumers to both obtain an intermediate response and cultivate lasting customer relationships. Use of telephone, mail, fax e-mail, the internet and other tools.
- **Public relations:** Building good relations with the company's various public by obtaining favorable publicity, building up a good corporate image and handling or heading off unfavorable rumors, stories or events.

In order to communicate the promotional tools, companies are according to Kotler et al. (2002) hiring advertising agencies to develop effective ads, sales promotion specialists, and direct marketing specialist and public relations firms to develop corporate images. Kotler et al. (2002) argue that for most companies the question is not whether to communicate, but how much to spend and in what ways. All their communication

efforts must be blended into a consistent and a coordinated communications program.

#### **2.4.2 The Role of IMC**

The move toward IMC has according to Belch and Belch (2004) changed the view of marketing and both small and larger firms have adopted the concept. Schultz et al. (1993) state that one of the major issues marketers face is the increasing reliance of consumers and prospects perceptions rather than facts when they make purchasing decisions. There is increasing evidence that consumers make purchasing decisions based on what they perceive to be important rather than rational information. Ogden (1998) notes that IMC is a way to create a unified message to the target market by using all the promotion tools in their possession. Ogden (1998) also stresses that there is an overlap in the communication and each of the tools contribute to the marketing program to be carefully managed. Schultz et al. (1993) argues that integrated marketing communications will require a lot of tearing down old routines and activities. Schultz et al. (2003) continue by stating that marketers are trapped in functional boxes where they are trained to “do advertising”, or “do public relations” or “do direct marketing”, instead of solving problems.

According to Kitchen et al. (2004) advertising and PR comprise the two main tools of IMC and the question is whether advertising and PR agencies understand its potential and implements it properly. There is no question according to Kitchen et al. (2004) that the relationship between advertising agencies and public relations agencies has undergone dramatic change over the last few decades. Also, the function of the various promotional tools has changed and agencies have to realize that there are multiple markets, multiple customers, multiple channels, and multiple media. The media proliferation, customer empowerment, audience fragmentation, and advance in information technology are driving forces toward IMC. However, Kitchen et al. (2004) concluded in their study that the weakness of IMC still lies in the apparent inability of agencies to predict and measure the behavioral outcomes.

### **2.5 The Role of Advertising**

*There are several factors affecting a consumer to buy a specific brand. However, this thesis aims to discuss the role of advertising and public relations when introducing new brands and will therefore focus on those tools. In the part of limitations of advertising we will touch upon those factors, which we believe are of greatest importance and in accordance with the purpose of this thesis.*

Advertising is according to Belch and Belch (2004) any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor. Wells, Burnett, and Moriarty (2000) claim that advertising is nonpersonal since it is a form of mass communication and defines advertising as nonpersonal communication from an identified sponsor using mass media to persuade or influence an audience. Belch and Belch (2004) suggest that advertising is the best known pro-

motional tool since it is persuasive. It is also a very important tool for companies whose products and services are aiming to satisfy mass consumer markets.

Advertising is playing a major role in our economy and society (Belch & Belch, 2004, Tellis, 2004, Wells et al., 2000). According to Tellis (2004) the numbers of advertising messages that reach the consumers vary from 100 to more than 1000 a day. Solomon (2002) goes even further by claiming that due to the fact that competition of the consumer's attention is steadily increasing the average adult is exposed to about 3000 advertising messages every day.

Advertising is according to Tellis (2004) an enormous industry and the growth in expenditures indicates that the importance of advertising is not declining. The total expenditures in the United States on all media advertising in the 2002 were nearly \$240 billion (Armstrong & Kotler, 2005, Belch & Belch, 2004, Tellis, 2004). This could be compared to the total expenditure of \$53 billion in 1980. Promotional expenditures in international markets have grown as well. Advertising expenditures outside the United States increased from \$55 billion in 1980 to nearly \$214 billion by 2002. However, there is no nation that could be compared to the U.S. where companies collectively are spending more than \$1500 per capita a year on every man, woman, and child in the country – nearly 50 percent more per capita than in any other nation (Belch & Belch, 2004).

Except being a major industry, advertising is according to Tellis (2004) also stimulating competition. Thus, advertising works in a free market as a communicator of brand names created in order to represent firms and reaffirm their consistent level of quality. Also, advertising informs. Providing the consumer with relevant information in order to support decision making is the main function of advertising (Wells et al., 2000). Tellis (2004) emphasize that advertising is the most important method by which firms inform consumers about new products and brands.

Wells et al. (2000) divide advertising into nine different types; brand advertising, retail or local advertising, political advertising, directory advertising, direct-response advertising, B2B advertising, institutional advertising, public service advertising, and interactive advertising. This thesis will focus on *brand advertising* or the more modern term *branding*, since the purpose of the thesis is to investigate new product or brand launches. Wells et al. (2000) note that brand advertising is the most visible type of advertising and targeted to consumers nationally. The focus of brand advertising is to develop a long-term brand identity and image for a product or service (Armstrong & Kotler, 2005, Wells et al., 2000). Belch and Belch (2004) claim that advertising can be used to create brand images and symbolic appeals for a company or brand, which is a very important capability for companies selling products and services that, are difficult to differentiate on functional attributes.

### **2.5.1 Advertising Effectiveness and New Brands**

The primary role for advertising when launching a new brand is according to Jones (1999) to announce and provide information. Advertising also has the role of communicating the desired positioning for the brand from the start. A new brand must in

accordance with Jones (1999) pronounce its functional innovations in the launch advertising. The word “new” for example carries great weight but could be regarded as overused. According to Duncan (2002) the main role for advertising in the introduction of a new brand is to build awareness. Advertising also adds value to the brand by creating awareness and position the brand. It is according to Jones (1999) vital that the brand’s launch campaign emphasize the psychological added values that the producer is building. Since old brands already enjoys the advantage of added values built over the years a new brand must build its own added value in the initial introduction in order to keep up with the competition.

A new brand requires a substantial amount of resources spent on consumer advertising (Jones, 1999). However, advertising is according to Belch and Belch (2004) and Duncan (2002) *cost* effective. Although a television commercial is the most expensive marketing communication in absolute terms, the reach of this form of advertising is superior and the cost per person becomes relatively low. Smith and Taylor (2002) recognize that advertising does have an exceptional ability to simplify and condense a complicated message into a 30-second TV ad that plays on the consumers emotions. Duncan (2002) highlights *control* as an advantage of advertising. Since the advertising time and space are paid for by the marketer, the brand has control over everything it communicates and where it communicates.

Another advantage with traditional advertising is according to Belch and Belch (2004) *creativity*. Large companies like Proctor & Gamble, Levi Strauss, Coca-Cola, Nike, and General Motors see creative advertising as money well spent. However, a creative and popular commercial is no guarantee for increased sales or a successful brand launch. There is also a concern with creative advertising that win awards but doesn’t sell the client’s products. Other advertising people claims that awards are a good way to recognize creativity and that this is effective advertising indeed. Belch and Belch (2004) argue that there is a dilemma between creative advertising and effective advertising and finding the balance is difficult. There is according to Belch and Belch (2004) ultimately a wish from the client’s side that the commercial leads to a purchase. However, there are other promotional objectives that could be equally important and the success of a campaign is not always judged by the terms of sales. Belch and Belch (2004) list other important communication objectives like brand knowledge and interest, favorable attitudes and image, and purchase intentions. These objectives are favored by creative advertising.

There are according to Belch and Belch (2004) those who believes that creative advertising can break through the *clutter* and grab the consumer’s attention. There is a belief that creative advertising generates *likeability* and the commercials that are well designed and executed create positive feelings for a brand. According to Belch and Belch (2004) creative people believe that this type of advertising can only be created if they are given great latitude in developing the messages. Ries and Ries (2004) are of the opinion that creative advertising only breeds clutter and creativity only fills the purpose of winning awards.

## 2.5.2 Limitations of Advertising

Before discussing the limitations with advertising it is important to note the difficulties with evaluating the effectiveness of advertising. The effectiveness of advertising is according to Tellis (2004) a highly complex phenomenon and depends fundamentally on human response to communication. It involves attention, processing, recall, and response to appeal. This leads to one potential drawback noted by Armstrong and Kotler (2005) who claim that advertising is a kind of *one-way communication* and the audience is not very involved or attentive. This argument is supported by Duncan (2002) who claims that sending messages from marketers to customers prevent a two-way dialogue. It is vital for advertisers to improve on targeting consumers and open up the dialogue with customers and other stakeholders. Smith and Taylor (2002) emphasize the need for advertisers to think outside the box and engage in a more dynamic dialogue with two-way communication via direct mail, telesales, and the Internet.

Tellis (2004) emphasize that only a few advertising campaigns are successful and only a few ads are able to reach over the level of *noise* and seize attention. This could be explained by inattention to advertising, resistance to persuasion, miscomprehension of ad message, and imitation of effective techniques. While Belch and Belch (2004) suggest that advertising is the best known promotional tool since it is persuasive, McDonough and Egolf (2003) point out that audiences are often skeptical about advertising since the very purpose is to *persuade* rather than inform. This result in people trying to avoid, resist, or discount the advertising message. Tellis (2004) points out that although advertising as a current practice may not be as effective in persuading consumers and winning market shares as many advertising practitioners claims, advertising is not a total waste. It is a delicate force that firms need to use in a professional manner and when appropriately used, creative advertising can help launch a new product or maintain old brands.

*Clutter* is according to Duncan (2002) another major limitation of advertising. The fact that advertising is everywhere results in criticism from people and reinforces the resistance towards it. Belch and Belch (2004) also acknowledge the problem with clutter and define it as “the amount of advertising in a medium”. Clutter has according to Belch and Belch (2004) becomes a major concern since the trend started to move towards shorter commercials. The 30-second commercials replaced the 60-second spots as the industry standard in the 1970s. However, today it is common with 15-second spots. According to Duncan (2002) and Ries and Ries (2002) there is a hidden cost related to clutter that involves more messages to break through the clutter and even more spending on communications evolves to a vicious circle. Belch and Belch (2004) allege that advertisers, in order to break through the clutter, are using humor, spokespeople, and creative approaches. Duncan (2002) claims that this increasing ineffectiveness of advertising has resulted in companies looking for alternative ways to leverage their marketing communication spending and IMC has often been the solution. Armstrong and Kotler (2005) acknowledge that advertising messages needs to be more planned, more imaginative, more entertaining, and more rewarding.

Ries and Ries (2002) emphasize that exaggerated claims and extreme advertising volumes are factors that contribute to the increasing ineffectiveness of advertising. However, the fundamental is the *credibility*. The theory of credibility is according to Tellis (2004) centered around the notion that the acceptance of a message depends on the quality of the source. Expertness and trustworthiness are cornerstones in this reasoning. If the source is able to deliver true claims and convince the audience that the source possesses greater knowledge in the matter, expertness is achieved. Tellis (2004) explains that trustworthiness is the willingness of the source to deliver true claims. A source is more likely to be truthful as long as it has nothing vested in hiding the facts. Consumers are in general considering advertisers to be biased and have vested interest in stating the claims of their brands.

Credibility is according to Duncan (2002) not a strength of advertising since it is recognized by the consumer as paid messages delivered in support of a brand. Customers discount the advertising claims. An advertising message is according to Ries and Ries (2002) perceived by consumers to be a one-sided, biased, selfish, and company oriented rather than consumer oriented. Therefore there is a tendency among people to pay less attention to commercials or completely avoid advertisements. Duncan (2002) cites an example where a major international ad agency used the slogan "The taste that lasts forever". There are some serious implications involved when a company decides to use a slogan like this. First of all the taste does in fact not last forever. When the slogan was challenged they defended it by claiming "It doesn't matter if it's true, because people know its advertising and don't believe it anyway." Duncan (2002) emphasizes that advertising's biggest problem is criticism and resistance from well-educated people. Ries and Ries (2002) stress the fact that advertising itself has no credibility and a brand that nobody recognizes has no credibility either. However, public relations solve the problem where the message has credibility because it comes from a presumably unbiased source.

## 2.6 The Role of Public Relations

*Since the role of public relations has emerged as an important tool in the marketing mix, thanks to the evolution of IMC, we believe it is important to present the concept of public relations and the role of PR when introducing new brands.*

The definitions of public relations (PR) are elusive because the PR concept covers such a broad spectrum of activities (McDonough & Egolf, 2003). According to Larson (2002) the concept of the public is clearly the fundamental in public relations. Kotler et al. (2002) define public relations as building good relations with the company's various publics by obtaining favorable publicity and building up a corporate image by for example heading off rumors. Armstrong and Kotler (2005) characterize the concept of PR to promote products, people, places, and ideas, activities, and countries. Belch and Belch (2004) define PR as the management function which evaluates public attitudes, identifies the policies and procedures of an organization with public interest, and executes a program of action and communication to earn public understanding and acceptance. Pickton and Broderick (2001) define the concept as a benign nature of communication, in fostering mutual understanding and

goodwill. McDonough and Egolf (2003) argue that PR has the purpose to promote awareness of the client's product or services, stimulate sales, facilitate communication, and build relationships between customers and companies and their brands. Pickton and Broderick (2001) stress that the inherence in all definitions is, PR, like marketing is a range of activities which have to be planned managed and most important embrace the activities around a product or an individual. According to Larsson (2002) the core of PR today involves mutual understanding and long-term relationship building. Smyth (2005) summarizes PR and states that, good PR is the disposition of a customer to return to a source of satisfaction.

Armstrong and Kotler (2005) list the functions any Public Relations firm can perform.

- *Press relations or press agency.* Creating and placing newsworthy information in the media to attract attention to a person, product or a service
- *Product publicity:* Publishing specific products
- *Public affairs:* Building and maintaining local, national relations
- *Lobbying:* Building and maintaining relations with legislators and government officials to influence legislation and regulation
- *Investor relations:* Maintaining relationships with shareholders and others in the financial community
- *Development:* Public Relations with donors or members of non-profit organizations to gain financial or volunteers

In the early years of PR, Larsson (2002) points out that it was all about creating publicity in any possible way, and the connection between the company and the public was a teacher-student relationship, where publicity had an educational purpose. Already ten years ago Clancy and Shulman (1994) attracted attention to marketer's lack of understanding of what PR can do for a company. Companies did not see PR as a marketing tool and believed that PR was press releases and press conferences. They were not familiar with PR and did not understand how PR could contribute to modern marketing. However, there are some companies according to Clancy and Shulman (1994) that early began to realize that PR could contribute more now than in the past. They are now talking about marketing communications, and including publicity with advertising. But for the most part the brand management people don't understand the function. Harris (1997) is convinced that PR is gaining a more prominent role, especially within IMC, because PR possesses an ingredient vital to every effective marketing program, namely credibility. Harris (1997) continues to underline public relations ability to lend credibility to the product message and how it is "the credible source" in contrast to advertising.

### **2.6.1 Targets of PR**

Belch and Belch (2004) argue that the targets of PR efforts may vary, with different objectives for different audiences. Some may be directly involved in selling the product; others may affect the organization in a different way, such as aimed toward legislators or stockholders. As stated by Belch and Belch (2004), these objectives can be ei-

ther internal or *external* to the organization. Internal objectives include stockholders, investors, and members of the local community, suppliers and current customers.

According to Belch and Belch (2004) the external audience is those people who are not closely connected to the organization. It is 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. Belch and Belch (2004) stress that the most critical external publics is the media, which determine what you will read in your newspaper or see on TV, and how this news is presented. Kotler et al. (2002) argue that PR agencies find ways to create favorable news about the company, products and people. Sometimes stories occur naturally and sometimes a PR person creates such activities, which creates news. Belch and Belch (2004) stress that the media power is enormous and the firm should keep them informed.

### **2.6.2 Tools of PR**

On the word of Belch and Belch (2004) once the PR program has been conducted and the target audience has been identified, the public relations programs must be delivered to the receivers. According to Belch and Belch (2004) there are a number of tools, which can be used to reach the target customers.

#### *Press release*

The press release is probably the most important one to reach the public. The company must create a factual, true and interesting message to attract the targeted mediums attention (Belch & Belch, 2004). According to Kotler et al. (2002) if the story is not “earth shattering” there is a risk that the story passes busy editors. The public relations people must have a feeling for what editors want to display in their publications media and must therefore try to create a good relationship with them and their readers (Belch & Belch, 2004, Kotler et al., 2002). Overall to create news around the company and its product or people is according to Armstrong and Kotler (2005) of great importance.

#### *Press conference*

Companies often call to press conferences when they have significant news to announce, such as the introduction of a new product or a new advertising campaign (Belch and Belch, 2004). Politicians often use this tool and strange enough it is used very sparingly by organizations and corporations, despite its effectiveness. The topic must be of major interest to a specific group before it is likely to gain coverage. For example Reebok held a press conference when they announced that they had signed the rock star Shakira to a major endorsement. Shakira would appear in their advertising campaign and Reebok sponsored her tour. This was a little part of Reeboks IMC program (Belch and Belch, 2004).

#### *Exclusives*

Public relations often seek a variety of channels for distribution, an alternative is in accordance to Belch and Belch (2004) to create a strategy, which offers one particular

medium exclusive rights to the story if that medium reaches a substantial number of people in the target audience. Belch and Belch (2004) state that offering an exclusive may enhance the probability of acceptance. Often media uses that exclusive to promote themselves instead.

#### *Interviews*

When you watch television or read magazines, pay close attention to the personal interviews. Usually someone will raise specific questions and a spokesperson provided by the firm will answer them (Belch & Belch, 2004). Speeches fall also under this category and in accordance to Armstrong and Kotler (2005) this can gain publicity about the product or service.

#### *Community involvement*

According to Belch and Belch (2004) many corporations enhance their public image through community involvement. This can take different forms, including membership in a local organization. For example when the hurricane Floyd roamed in the south of USA many companies came to assistance to those who had experienced tremendous loss. After the September 11 terror attack, corporation all over the world donated time, money and all types of assistance in variety of forms to help the victims. This gives the company both good publicity and free air time along with the social responsibility

#### *Events*

Event and sponsorship are according to Duncan (2002) designed to create involvement and intensify the marketing communication. Duncan (2002) states that this is a way for companies to get customers involved and attached to a certain brand. According to Clow and Baack (2002) event marketing is quite similar to sponsorship marketing. The major difference is according to Clow and Baack (2002) that sponsorship involves a person; group or team while event marketing is when a company supports a specific event. The event is often related to sports. Armstrong and Kotler (2005) characterize special events, from news conferences, press tours, grand openings and fire display to laser shows. Hot balloon releases, multimedia presentations or educational programs designed to reach and interest target publics. Events can according to Duncan (2002) have a greater impact than any marketing communication; this is because it is involving. Belch and Belch (2004) gives an example when the new Harry Potter book was released, the PR firm Scholastic Inc made a major international event of the release on a very tight budget. The book sold 3 million copies in 48 hours in the U.S. alone. Duncan (2002) states that an event is more memorable and motivating than passive brand messages, such as advertising.

### **2.6.3 PR Effectiveness and New Brands**

*When a message delivered by an objective third party, such as a journalist or broadcaster the message is delivered more persuasively (Professor Theodore Levitt, Harvard University).*

(Caywood, 1997, p.93-94)

This statement is supported by Belch and Belch (2004) where the reader better receives the message because the medium is not compensated for delivering the message; this leads to more *credibility* and *truthfulness*. Belch and Belch (2004) stress that public relations is perceived as more credible than advertising since the public does not realize that the company either directly or indirectly paid for the PR. The credibility builder comes according to Duncan (2002) from the “third-party endorsement”, an objective perspective of the product or brand presented by a reliable source, which has a non personal interest in the failure or success of the product or brand. Duncan (2002) states therefore that public relations has more credibility than advertising, but less *control* over the media. On the other hand Belch and Belch (2004) state that news about a product may be regarded as an ad and therefore lose the credibility, the confusion can lead to a disadvantage for PR. In accordance to Armstrong and Kotler (2005) public relations have a major impact on *public awareness* at a much *lower cost* than advertising. The company can cut their marketing costs substantially, because they do not need to pay for time and space in the media. The advertiser only pays for staff which develops and circulates information and manages events. The cost benefit is according to Belch and Belch (2004) one of the greatest advantages of PR. The cost proves to be relatively low especially when the possible effects are considered. A company can employ PR agencies and spend millions of dollars, while for smaller companies this form of communication may be the most affordable alternative available. Harris (1997) underlines that PR is a more cost effective way to gain positive awareness and create a favorable climate for sales.

Armstrong and Kotler (2005) emphasize that even though PR still captures a small portion of the overall marketing budget; it is playing an increasingly important *brand-building* role. According to Ries and Ries (2002) big brands like Body shop, Playstation and Starbucks are examples of brand which almost are built solely on public relations.

Public relations can also according to Belch and Belch (2004) *avoid the media clutter* because the communication tool is perceived as news items; public relations messages are not subjects to the clutter of ads. Duncan (2002) argues that although there is a lot of information in the media, a brand message is intrinsically more attention-getting, interesting, and believable when it is news of human interest. Public relations has by the word of Belch and Belch (2004) the ability to *reach specific groups*, because some products appeal to only small market segments; it is not feasible to engage in advertising and or sales promotion to reach them. If the firm does not have the financial capabilities to engage in promotional expenditures, the best ways to communicate to these groups is to use public relations. Harris (1997) stresses that PR uses *two-way communication* and communicates with the public to gain understanding and support.

#### **2.6.4 Limitations of PR**

Despite potential strengths, Armstrong and Kotler (2005) state that public relations often are described as the marketing stepchild because of its *limited and scattered use*.

One difficulty of moving public relations under the IMC umbrella is according to Clow and Baack (2002) that the PR department often is separated from the marketing department. Clow and Baack (2002) state that the two may cooperate and consult each other, yet each of them has separate roles to perform and bringing them together can generate in a “*turf war*” with each trying to protect its own area of expertise. Belch and Belch (2004) stress that public relations involve the risk of *not completing the communication process* and a lack of *control*. An explanation to this can be according to Armstrong and Kotler (2005) the PR practitioners’ major involvement with the internal sources so the product’s marketing message is suffering or is ignored. Belch and Belch (2004) argue that PR can also backfire through *mismanagement and lack of coordination* within the marketing department, this can in the end generate in inconsistent communication and redundancies in marketing efforts. Belch and Belch (2004) emphasizes that even though the PR message breaks through the media clutter of commercials, the receiver may *not make the connection to the source*, and the sponsor becomes oblivious in the public mind.

### 3 Method

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*In this chapter the choice of method will be described. The method will be described step by step, why the method was chosen, how it was conducted, and finally we will present the method of analysis and limitations.*

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#### 3.1 Choice of Method

The purpose of this thesis is to gain a deeper knowledge about the role of public relations in the introduction stage of a new brand. Thus, the qualitative method was most suitable for this study because Heath (2005) emphasize that a large part of public relations research is found on the realm of qualitative research. Also, Carson, Gilmore, Perry and Gronhaug (2001) argue that the qualitative research method allows flexibility and variation in a study of a complex phenomenon in a dynamic environment. Since the qualitative research allows a large amount of flexibility and variation the qualitative research also allows the authors some amount of freedom when analyzing the results from the study.

Qualitative data are according to Aaker, Kumar, and Day (1998) collected in order to gain further knowledge about factors that cannot be directly observed and measured. These factors could include feelings, thoughts, intentions, and behavior. Lekvall and Wahlbin (2001) define qualitative research like a research method used when you assemble, analyze and interpret data which can not be quantified in a meaningful way, in other words, which can not be expressed in numbers. Lindlof and Taylor (2002) emphasize that qualitative studies do not generate data that can be used in statistical procedures that enables generalizations of a population. Aaker et al. (1998) describes the qualitative research methods as less structured and more intensive than standardized questionnaire-based interviews.

In accordance with Malhotra (2004) there are several reasons for using a qualitative research method; qualitative research presents insights and understanding of the problem setting and whenever a new marketing research problem is addressed, qualitative research should precede quantitative. According to Heath (2005) all research methods address questions of definition, but qualitative methods are best in answering questions about value and policy (how well did the campaign go (value), and should we do it again (policy)). Aaker et al. (1998) explain that resulting data in a qualitative method have more depth and richness due to a more flexible relationship with the respondent. This usually involves a greater potential for new insights.

One of the most common qualitative methods is according to Carson et al. (2001) in depth interviews. In-depth interviews can take many different forms; it can be an informal conversation with a person who investigates the persons view on a certain phenomenon.

### 3.2 In-depth Interviews

We chose in our qualitative research to conduct personal interviews with three respondents who are experts in our research area. Interviews are one of the most fundamental techniques researchers use to get information (Berger, 2000). According to Heath (2005) an interview provides in-depth information from an individual about themselves or for example different events. In-depth interviews often called “one on ones” are lengthy unstructured interviews conducted with one individual at a time (Carsk, Fox & Stout, 1998). The interview is according to Heath (2005) controlled largely by interviewers, who have through secondary research, done background research on both the individual and the topic discussed.

Malhotra and Birks (2003) say that in-depth interviews are direct, personal and unstructured where a sole respondent is carefully reviewed by an interviewer. The interviewers’ purpose is to try to find the underlying motivations, attitudes, feelings and convictions for the subject. The interviews are according to Mariampolski (2001) focused and the questions are open-ended and non-directive, in order to follow the subjects’ responses.

When the interviewer finds the suitable respondent, Malhotra and Birks (2003) underline that it is of great importance to find a process where both parties benefit from the encounter. One of the major benefits by using an in-depth interview is according to Malhotra and Birks (2003) the chance to make follow-up questions which deepen the truth behind the respondents’ answers.

Aaker et al. (1998) explain how individual in-depth interviews are performed face to face with the respondent where the subject is carefully explored. Also, there are two basic types of in-depth interviews called nondirective and semi-structured that differ in the level of involvement or guidance the interviewer provides. The nondirective interviews are according to Aaker (1998) suitable when the interviewer wishes to give the respondent maximum freedom to answer within a topic of interest. However, since the authors were interested in the view of that the respondents had regarding public relations and advertising the semi-structured interview form was the most suitable for this study. In semi-structured interviews the interviewer tries to cover a specific list of topics or sub areas where timing, exact wording, and time allocated to each question are controlled by the judgment of the interviewer (Aaker et al., 1998).

The semi-structured approach is according to Aaker et al. (1998) very effective when interviewing busy executives, technical experts, and thought leaders. These interviews are also recommended when the purpose is to gain knowledge about the market, such as trends, and competition. The interviews open structure favors unexpected answers, facts, or attitudes that can be uncovered. Since the authors wanted to find out specific trends and opinions we used the semi-structured form and used it when we made the questions for our research.

At the interviews we used an interview guide (see Appendix A), which were used at all the three interviews. The guide contains all embracing questions regarding new products, IMC, advertising and public relations. The reason to use “open” questions was to get the respondent to talk freely around the different issues and not interfere

and control the respondents in any way. After having typed the interviews we sent them back to the respondents for verification. This confirmed the accuracy of the empirical study and also provided an opportunity for the respondents to add or subtract any mistakes made by the interviewer.

### **3.3 Sample**

Our research sample consists of three respondents who have a leading role and a deep knowledge within the advertising and the PR industry. Following is a description of the respondents interviewed.

Björn Mogensen, Founder and Managing Director of Next Communications

Carl-Fredrik Sammeli, Founder and Managing Director of Prime International

Stefan Rudels, Account Director at Forsman & Bodenfors

For this study we chose these three because we believe that they have an extensive knowledge in the marketing industry. Carl-Fredrik Sammeli represents the PR industry, Stefan Rudels the advertising industry, and Björn Mogensen is a counterweight for the other two with experience in both areas but Mogensen is now working with PR. We believe that these three represent a partial sample of the investigated sample. The number of respondents should according to Aaker et al. (1998) be small and should only be a partial representation of any target population. Qualitative methods look at small numbers; the interview may focus on only one person. While a quantitative research method may require 400 or more to investigate (Heath, 2005). Callingham (2004) emphasizes that qualitative research is not focused on establish sizes, therefore does sample sizes not contain any meaning. The qualitative research method is about the relationship people have with their surroundings. Callingham (2004) stresses that what is needed is an example of each of the different views and an enquiry approach that brings out these views. Lindlof and Taylor (2002) explain that since qualitative studies are focused on social phenomena with unique attributes, the question of whether they are normally distributed is not an issue.

### **3.4 Method of Analysis**

When conducting a qualitative research the analysis and interpretation is the most distinguished feature. According to Lundahl and Skärvad (1999) the gathered information should be organized and processed to a comprehensive and interpretable unit. The authors argue that the reader must from the analysis understand the research conducted, and the researchers can draw conclusions from the analysis. Theory and the empirical observations must according to Lundahl and Skärvad (1999) be supported and have accordance, and the interpretation of this must be meaningful and establish insight for the reader.

The interviews that were conducted with the chosen respondents were recorded with the respondent's permission. We chose to write the interview word by word, so we did not lose any valuable information when we analyzed the gathered data. We in-

terpreted the gathered information and compared it to the theories in the frame of reference. We used our headlines in the frame of reference and systematically used them so we did not lose focus on our purpose and the overall picture. We tried accordingly to Eriksson and Wiedersheim-Paul (1999) to create a greater knowledge of the whole picture from the unstructured parts which we assembled during the personal interviews. According to Holme and Solvang (1997) the information which is obtained from a qualitative research is very time demanding and complicated to analyze. This is because the form of the information is unstructured and a structure can first be seen when all the interviews are conducted.

The analysis was made thematically following the major headings in the frame of reference. However, from the theories and our empirical findings we identified five different criteria's for a successful launch of a new brand. In order to investigate the agencies' view of the different promotional tools we established some variables where they could be compared upon. We developed the 5-C model with the variables we believe are important when introducing a new brand. These variables are; credibility, creativity, cost, control, and clutter. The five variables were analyzed one at the time with the help of our empirical findings and the theories. Note that there was no grading of the criteria that would incline that some criteria could be more important than another. They were merely variables that we used when comparing advertising and PR in order to fulfill our purpose.

### **3.5 Limitations of Method**

To choose the proper research method is the foundation for the information to be acceptable. We have chosen a qualitative research method with personal in-depth interviews where we want to investigate the advertising and PR business view of the role of public relations relative to advertising in the introduction phase of a new brand. The method chosen must according to Lekvall and Wahlbin (2001) be *valid* i.e. measure what it is supposed to measure and *credible* i.e. be trustworthy.

The authors want to point out some matters which are important for the validity and credibility in this thesis. It is important to take some possible interpretation error into consideration, because of the minor selection and draw conclusions from the overall impression. Eriksson and Wiedersheim-Paul (1999) state that when using personal interviews a possible interview effect can occur. The interplay between the interviewer and the respondent can sometimes render in undesired effects on the result. We believe that we reduced these effects because we taped the interviews and were both present during all the interviews.

The gathered data the interviewer obtains during the personal contact is dependent on the interviewers capability of putting together the information collected. Qualitative research methods demand a high level of knowledge in the analysis and the interpretation process. According to Malhotra and Birks (2003) there are often invisible messages behind the respondents answers which complicates the analyze process.

## 4 Empirical Findings

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*This chapter will present the empirical data, which the authors have gathered during the three interviews. The three respondents are professionals within the advertising and PR industry. All information presented in this chapter is collected from each respondent and no further information or values are added.*

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### 4.1 Stefan Rudels; Forsman & Bodenfors

*Stefan Rudels is Account Director at the advertising agency Forsman & Bodenfors. Rudels has a long experience in the advertising business as Managing Director at Morgondagen and Ogilvy. Rudels also worked at Annonserföreningen as a consultant for advertisers seeking advertising agencies (Rudels, personal communication, 2005-04-28).*

A strong brand is according to Rudels a positive factor and a launch becomes much easier since the positive brand provides some safety. If Nike launches a new brand it is of course easier compared with an unknown brand. If a product launch should be considered to be successful depends on if you have achieved your goals. In a launch phase it depends on what kind of product you are launching, brand recognition, and that the consumers are aware of the brand and make people try the new product. It is vital to get instant brand recognition. When you are managing a product launch that is starting at a certain date you have in most cases a goal already set. This goal is set by the company management and could involve certain volumes of sales. What you have to do together with the consultants is trying to back-track sales. If we are going to sell a certain amount of packages, what does that involve? How many times must it be bought and how many do you have to reach? That's the reasoning you have to conduct. Have you reached your targets then it is per definition a successful launch.

Rudels is not buying the debate where people are bashing creativity as something completely irrelevant. Rudels claims that one could skip the word creativity completely and just talk about the fact that there is good advertising and bad advertising. Good advertising contains a creative relevance and altitude. Creativity involves breaking through the clutter. It is about getting the consumer to stop and reflect over the commercial and relate to the launch of the brand. Rudels emphasizes that there are incompetent people in every business, in advertising, in PR and in schools and so on. It's not about shouting out the message and displaying the product. At the end of the day it's all about justifying why one should buy the product and find the best way to present it to the customers.

There is often an exaggerated faith in traditional advertising among the organizations today. Rudels has often been forced to inform their client that they do not have an advertising issue, a campaign won't solve all their problems. However many companies believe that if they just do a campaign everything will be alright.

The claims of Al Ries that PR should introduce a brand and advertising should maintain or support the brand are according to Rudels classical and they have worked with this method for twenty years. In a product launch PR should come first and when PR has gained enough spread and attention in the papers advertising could be

used. If the table would have been turned and advertising would introduce the brand the newsworthiness would be diminished from a journalistic standpoint.

Many of the multinational companies should according to Rudels probably change their advertising strategy. If they changed their strategies and put more effort in execution, perhaps they would get a higher return on investment. Rudels mentions a case where Pampers and Libero were fighting over the diaper market. Pampers and Libero had 50% market share each and they were both increasing their advertising investments constantly. Together with SCA, Forsman & Bodenfors changed the strategy for Libero and suddenly the children – not the diapers – stood in the center. Within a year, Libero had a significant higher share of market without a higher media investment.

Public relations could according to Rudels sometimes be used to a lower cost than traditional advertising. Some other advantages are that PR is faster and above all more credible. It is far more effective if a journalist writes something positive about a product than a commercial. Advertising can not compete with the credibility of PR unless it's not an extremely strong brand as IKEA for example. One important downside with advertising is that people have de facto a general negative opinion about it. The consumers are zipping and zapping in order to avoid commercials.

Rudels believes that quality is important in all forms of communication. There is a common misunderstanding of PR people sitting in their offices and sending out hundreds of faxes and press releases in order to sit back and wait for things to happen. It does not work like that today because communication is more sophisticated. A newspaper like *Dagens Industri* receives so many press releases that this would be impossible. It is maybe better to stop and think for a while. Good actors in the PR business have grasped this concept but still today you might run into quantitative thinking instead of being creative.

Rudels has no doubts that there is some truth to the limitations of advertising when launching a new brand. However, in a perfect world it would not be necessary with any advertising. The problem is that one could never know with PR. The first thing when developing a campaign is to draw a timeline. The problem with PR is that you can never predict or be sure that there will be a single article written about the product during this timeline. One could only hope and try to make things happen. Another problem according to Rudels is that advertisers are afraid of “putting all their money on red”. It is safer to use traditional TV advertising. With traditional advertising one could reach 70% of the people 3.6 times. One could say that you secure the campaign with advertising. However, it is important that the advertising agency sends out the same signals as the PR agency.

In a perfect world it should be sufficient with an extensive PR campaign when launching a new brand and then support this in the stores. However, the problem is that you never know if the PR campaign or your PR efforts are going to succeed or not. There are cases where PR campaigns have been very successful. There are also cases where the campaigns received nothing and failed completely. According to Rudels one could always discuss the reasons for failing. It could be incompetent peo-

ple handling the PR efforts it could also be bad timing or a bad product. The greatest disadvantage with PR is that you can never to a 100% depend on this communication tool. There is a different story with advertising. Rudels points out that the advertiser can always trust that it will be showed. Rudels explains that when he first started out in the marketing business 20 years ago, if you made page 3 in DN with you product it was basically a done deal. The market is more fragmented today for that to happen. There are several possible channels of communication. These channels of communication include stores, websites, traditional advertising and outdoor advertising.

Integrated marketing communications program is according to Rudels not a new thing. If you peel of the layers it is nothing more than working in several different channels that are supporting each other. It's not for certain that you should send out the same message in all channels. Forsman & Bodenfors is not working with complicated models. Instead they are working with questions like; what is the role of advertising in this specific case? Rudels explains that it could be considered a naive question to ask but when you start to really think about it the question is not easy to answer in a crisp way. Rudels has been in this position with customer for several occasions and has made a discipline out of this where he asks; what is the purpose with our advertising? What is the purpose with our PR? Rudels explains that you will never arrive at the same conclusions from case to case because you can't write the same sentence every time. It is impossible to just copy and paste. The purpose could be to tell the consumers that this product exists. The advertising role could also be informing among other things how the product works.

Rudels argues that if you have to break through the clutter by shouting, then everybody will shout. What Rudels wants to convey is that if everyone is shouting it could be better to whisper. There is no need for another one who is shouting, there is a need for something smarter. Rudels refers to Forsman & Bodenfors's launch of Volvo XC90 where they introduced the new car by using a really good website. The main communication tool was not advertising. The main tool in the case of Volvo XC90 was product development. When you are assigned a product that is difficult to advertise or differentiate as when Forsman & Bodenfors worked with Edet who produces toilet paper we changed arena. They started "bajamaja" tours and made a fun event of it. Rudels admits that there are advertising agencies that have a tendency to think in 30 second spots. This is what he is trying to change. You can't work like this. When Rudels receives a new assignment he is asking himself; "hypothetically, if I can't do traditional advertising, what do we do?" The answer could be events and banners and exciting stuff on the internet.

### **4.2 Carl Fredrik Sammeli; Prime**

*Carl Fredrik Sammeli is the founder and Managing Director of Prime. Sammeli has a history as chief of information at MTG, communication consultant at Rikta Kommunikation, consultant at KREAB, and press secretary for JA till Europa (Sammeli, personal communication, 2005-04-28).*

Products of today have according to Sammeli more to communicate and therefore communication is increasingly important in all aspects. All types of communication

are increasingly important in the launch of a new brand. Communication could according to Sammeli be a feel for what kind of basketball player is the most suitable to be associated with the brand. Communication could also be connected with product development and product design. Sammeli points out the example with the company Jens of Sweden who owns a great design but lacks skillful communication. A company with an already established credibility is according to Sammeli more likely to succeed with a new brand introduction. A completely new company needs more effective communication.

The advertising agencies challenge is according to Sammeli to promote the benefits or advantages of advertising. The advantages are that they know how it works, they have done it for 30 years, they have tracking on everything, and they know exactly what an advertising investment generates. This involves that a company like Prime needs to compete against people that have 30 years of experience and tradition. It is difficult to compete with Forsman & Bodenfors when they are able to refer to their successful commercials for ICA. It is even more difficult to compete for the multinational clients who are advertising the same message to 180 countries and does not have the courage to change their advertising. The executives don't have the courage to change their strategy. The local or national executive is not in a position to change anything or make decisions regarding this matter.

According to Sammeli there is an exaggerated belief or faith in the traditional advertising channel versus other channels. Advertising agencies have a tendency to only think about dramatization in traditional advertising. They are to some extent to blame for this because in some cases it is the only thing they know. They have competence in ad and copy and in creating bought media. There is also a strong tradition in creative advertising and they are enjoying it. However, the advertising buyers are also to blame because they have the competence and tradition in buying this form of advertising. They have also experiences in tracking sales and therefore it is safer to launch with TV commercials if you are Coke for example. This is something that they have done in the past and it's safe. Also, although some commercials receive a lot of criticism, it sells. You don't have to be that picky on how it is done as long as it sells.

Sammeli believes that it could be possible to launch a brand with really creative advertising or if you are in business to business buy advertising space in half of the paper *Dagens Industri* and inform the customers about your brand only once. However, most businesses, which are in the early stages of their development can not afford to use this method. They have to look for other alternatives like media that are not paid for. Again, if we look at the case of WE, the advertising is not what is carrying the launch in accordance with Al Ries. Most of the companies that are new and small can not afford traditional advertising in order to buy themselves a place in the minds of the consumer. They have to use completely different approaches. Lunastorm is according to Sammeli another good example of this who used their community to market themselves. They did not use traditional advertising. There is according to Sammeli difficult to name a brand that has been built on advertising alone. One example could be Dressman although they are using marketing tools as distribution, low prices, and precise segmentation. They are exclusively focusing on fashion for

men to low prices and almost no other company is doing that. They are using “bad” advertising without creativity to deliver the message about their cheap clothes. However, the majority of the Swedish people might not be that aesthetic that they care of what they are wearing. Therefore they could be successful with just advertising.

Advertising agencies are always going to survive and there will always be a need for mass communication. Sammeli also explains that the PR agencies have the same urge to find that vibe that makes people laugh and feel good. In order to make this happen PR agencies need to break through the resistance among journalists and politicians that are going to “buy” their messages. There is according to Sammeli impossible for PR agencies to create or send out crap. If they do they will die and the message will die and the customer will immediately be dissatisfied. The advertising agencies still have the protection that they can use a megaphone although the megaphone is getting smaller since the budgets are decreasing.

The classical arguments in favor of PR are that it is more credible, faster and could be created to a lower cost than traditional advertising. These arguments have evolved thanks to the explosion of new and stronger channels. You can according to Sammeli be more fragmented in PR. The cost is not high to reach yet another highly segmented community. It is possible to segment and target your customer base deeper with PR. Prime were for example able to get some PR for Nokia’s new cell-phone in P1 (Swedish radio channel free from advertising) because they talked about calories and the phone was equipped with a calorie measure device. It is not even possible to buy advertising in P1. If it was possible to advertise in that forum you might not have chosen it since it is not the “right” people who are listening. However, with PR it is possible to afford it anyway because it doesn’t matter if you make 100 or 50 pitches in PR. Once you have created the concept the cost of making another pitch is low.

The advertising budget has according to Sammeli changed. The PR budget is increasing in relation to advertising. In the case of WE the advertising might not kick in until after four years. First it is about choosing the right spot for the store like Biblioteksgatan in Stockholm. Then organize a party in Los Angeles where you invite 400 people to celebrate a new opening and pay for their flight. Let the journalists come along, make cool packages for underwear and so on. When the company is established you can start with the advertising. IKEA is using advertising since the company is established and the advertising supports the brand and what it stands for.

There is an exaggerated faith in traditional advertising among the organizations today and this is a problem also common for the PR people. And PR is even more difficult since it is mystic and abstract. You can not really put your finger on it. When you produce a commercial you can see it. This is the advantage of advertising. You can see the results of a commercial and the customer are able to see what they are buying. Advertising could therefore be easier to sell. PR is more abstract and difficult to control. The buyer of PR might see something in the paper but they can never be completely confident and the cost for this is maybe 300 000 kronor.

Another problem some manufacturers in the food and retail industry are experiencing is that 90% of the distributors are represented by three actors, ICA, Coop, and

Axfood. If a manufacturer fails in the negotiations with a distributor like in the case with Gillette and ICA you could lose 40% of your distribution. The role of marketing, both advertising and PR is to help key accounts sales people with strengthening their bargaining power when they are closing a deal with one of the major distributors.

According to Sammeli it would be great to create PR with individual pitches for everybody, a one-to-one approach also in PR. For example the famous magazine, Newsweek, releases 6000 different editions. They are tailoring the magazine for different countries, states, areas and people. Sammeli believes that products are heading towards this future. All products are going to be personalized and therefore the communication needs to be personalized. This is a challenge for both mass communication that is paid and the one that you don't pay for.

Sammeli is convinced that there is going to be more sophisticated choices of media in the future. Companies like Coca-Cola and Nokia who are customers to Prime are aware of this. However, Coca-Cola's rational media mix even if you are doing a rough estimation consists of 40-50% of media that is paid for. Commercials where people are standing in waterfalls drinking Coca-Cola Light is still appealing and helps the customers identify with the brand and the brand continues to be youthful and modern in the consumers mind. The fact is that Coca-Cola is in the marketing business and not in the soda business. However, money and attention is shifting in companies. Sammeli explains that other forms of communication could be important. One could communicate by changing the shape of the product, experience centers, tours, and celebrity spokespersons.

The classical approach when selling a product was that you called your media planner and advertising agency and asked for a commercial. Coca-Colas media mix is still 90 to 95 % commercials. However, the effect of this approach is declining for several reasons and you do not have the same return on investment as before. This is why you have to question the classical approach and start asking yourself questions.

In order for a brand to be successful it is important to get the customers to try. Sampling is according to Sammeli an effective tool. Sampling is also increasing. Coca-Cola launched their citrus light with sampling. However, companies like Coca-Cola are often using traditional marketing simultaneously. Traditionally, recognition is one factor, but using traditional marketing to support this is vital. Also, if you have a low cost product it could be more effective and simple to let the consumers to try it instead of running expensive commercials. If you are launching a new soda just give it away. It should be cold and in the right environment. One could even do it in cooperation with a distributor like Pressbyrå for example. This is also brand launching.

The communication industry has according to Sammeli been too focused on mass communication. It is important to move closer to the place of purchase and opportunity of purchase. There is a strong trend towards point of purchase and in-store marketing has hit the roof. Some advertising agency's have a whole department devoted to the communication of moving the product closer to the customer.

A growing trend of today is according to Sammeli the building of experience centers in stores and factories. Both in Sweden and Norway young people are able to experience how a brand is made and they have the chance to create their own commercial. This is a way for companies to use their own communications channels. This also involves that media like TV 4 who lives on commercials needs to find other channels and ways of communicating. Marketing is moving from mass communication to one-to-one marketing and text messages in mobile phones. The people who represent the media must find a way to relate to this in order to not lose all their money. However, there is always going to be a need for advertising agencies because they are good on dramatization and find the vibe that appeal to the customer. The ICA commercials are good examples of this.

Sammeli believes that one way to break through the clutter and be smarter is to change channel or the arena for your communication. SBAB is a good example of this when they challenged their competitor SEB in a soccer game. SEB accepted the challenge and SBAB made a big event around the game. All the important trade journals and magazines were present and when SBAB happened to lose the game they turned the table by creating an advertisement claiming "OK, we lost the game but we are still the best on mortgages". Sammeli explains that this was a very clever way to use different communication tools. SBAB created an emotional message by doing an event, received PR for the event, and used advertising to strengthen the message. And most important they have according to Sammeli a good product with the lowest term. Some other ways to break through the clutter is simply to do "better" advertising, be better on drama, identify new or different target groups that are present on other medias like Lunastorm for example who is present on the Internet.

The role of traditional advertising is according to Sammeli declining and this development is inevitable. It is so much cheaper to use a company's own communication channels. A company like Telia has several possibilities to communicate with all Swedes. They have their website, mobile units, and home telephones. A lot of companies are not exploiting their own communication channels. They have customer services that do not sell. When you call a company's customer service you usually have to wait for ten minutes before you can be helped. In the same time the company launches an advertising campaign where they are encouraging customers to contact them. Sammeli explains that maybe it would be better to allocate the advertising money to educate the customer service in selling and reduce the waiting time from ten minutes to twenty seconds. Telia are able to see what services a customer doesn't use. An easy way to sell more would be to educate the people in customer service to inform the customer of how to use the different services in order to upgrade their phone instead of telling the same thing in advertising. However, the customers are also very traditional in that sense. And the organizations are even more traditional.

All communication is increasing in importance. It is also more difficult with communication. The brands have their own channels and these are growing the most. They have the stores, the website, and the sales department. Advertising is also growing but not as much. There is a shift in budgets between the different communication tools. Real estate brokers for example are using the houses as their own communication channel. There is according to Sammeli no reason for them to buy advertising.

Consumers are interested in seeing the objects so the brokers create a website called “Hemnet” in cooperation with DN for example. In a way one could say that the real-estate brokers become a media company in sense. This is the new business logic and just as TV 4 needs to change their communication the companies also needs to change. This is according to Sammeli called “mediation” among branding people.

Companies need to understand that their business idea is marketing and not the soda industry or whatever it might be. Producing a soda is a very simple process but marketing the product could be a real challenge.

Media that are not paid for are also increasing in relation to the media that are paid for. Cars are looking more and more the same. Volvo needs to figure out how to elevate the car and make it bolder, that is also communication. Product development is also a kind of communication and above all it is a perceptual experience. When they first launched the Volvo Cross Country people realized that Volvo is just not transportation for socialists. Later, when they launched the Volvo XC90 every executive could see themselves driving a Volvo that costs 500-600 000 kronor. That is a fantastic brand development and the advertising is just the topping of the cake that product development has baked.

### **4.3 Björn Mogensen; Next Communications**

*Björn Mogensen is the founder and Managing Director of Next Communications, a PR firm situated in Stockholm. The company focuses on media, public relations and crises management. Mogensen has a history at IDG where he worked at the marketing department as a reporter and finally as a publisher. He also founded the PR firm Infokraft in 1994 which he sold to Edelman, one of the largest PR firms in the world. Mogensen signed a contract to stay at Edelman for 2.5 years. By 2003 Mogensen started Next communications, which has five employees all seniors in the departments and all with a connection to Edelman's (Mogensen, personal communication, 2005-04-28).*

A strong brand is according to Mogensen the key element in the introduction phase. The concept of a brand can sometimes be hard to define but the classical thinking is brands like Puma and Adidas. These brands are more established and can be used as a powerful marketing communication tool when launching new products. When building a message of what the brand should communicate it is important to load it with different concepts. The car industry for example has security and speed as characteristic segments. Mogensen claims that one must first position oneself and find good things to say about the brand and then try to find a niche for the product. The product may own the position of safety as in the case of Volvo. However, a powerful brand like Volvo can be tough to compete against so one must find other good things to communicate to the customers.

The reality of today is, and has been for 20-30 years that media are carrying most of the messages about a brand, companies are buying advertising and PR in order to communicate the message about the brand to the public. The different media have experienced a rapid change the last 20 years and the winners are business journals and

trade press. Mogensen notes that 20 years ago, there were for example no magazines for IT, today there are over thirty of them dealing with IT. Another example is the magazines for home interior design like *Sköna Hem*, which was introduced 20 years ago. Now there are over 20 magazines covering home interior design, and this is the case in every area. Mogensen argues that the advertisers in each of these areas are not willing to pay for anything outside their own market. Only the ones that are interested in their business should take part of their advertising. Mogensen gives an example that one of Next Communications customers is working with IP- phoning. Once there is an article about it we send out 10 000 news letters to their customers. If we then get 2400 clicks on the links then we send them a dedicated newsletter, where there is a price and the function of the service and an invitation to come and try it out. It is all about getting it right and not focusing on those that are not interested in the service and to speak to those who are.

If consumers are in the market for a car they will read for example *Teknikens Värld* before making a decision. The ad and the copy are equally important when a customer make the decision. By working like this we have eased the process with the brand and fuelled the decision making process. Mogensen claims that E-mail is the next big thing which is growing stronger by the day. E-mail marketing is also trying to find the small groups and the brands that for example are connected with young people. The challenge is to find the trendsetter, the one that “owns” the schoolyard and have the mobile phone that everyone wants to have. The trendsetter is the one that Nokia and Ericsson want to reach in order to reach another 200 students. Working like this requires a type of advertising that brings respect and knowledge about the product and brand.

Mogensen states that a successful launch is all about finding the right moment. There is no checklist for a successful product launch. The most important is to use all the channels available and above all, use all communication tools to its fully potential. There is no guarantee for success but if you have done your homework the chance of a successful brand launch increases. There is a tendency in the advertising business to see advertising as the solution for all your marketing problems, and solve them with full covers in the newspapers or a 30 spot on TV 4. The PR business on the other hand sees the product as very complex and tries to use media to create awareness about the product in order to get the media to write about it or create an event around the product. But all channels must be used for a brand success. The communication mix is according to Mogensen of great importance. To buy a mix that works can be difficult, partly because the PR, advertising and web agencies are all fighting for the same money. If all joint forces and the buyer is weak, they should all be fighting to get as close as possible to the customer.

The mixed communication can be hard because the customer has problems to keep track of the message, also the different channels have their amount of money and they do not work together. To make joint campaigns are according to Mogensen rather rare so far, because nobody leads the way. Mogensen believes that with a mixed communication strategy the product will be shown from all the different an-

gles and have the impact wanted among the customers. To coordinate the different channels can make the organization somewhat unbalanced. The advertisers are not always strong enough to balance all the functions. In the future however there must be some kind of coordination. One can not pour money in all directions without having control over the whole picture.

There is much going on in the distribution channels today. The distributors have become very powerful. Today for example the retailer ICA walks into the offices of the suppliers like ABBA, and dictates their terms and if the suppliers do not follow, we will not see "Kalles Kaviar" on ICA's shelves anymore. This is a new concept and much of the marketing money is going into these channels. To launch a new product today with just advertising is both hard and expensive. One must also remember that companies are working internally, an information executive is now working up to 50 % to control the company website and the intranet, and this takes a huge effort on something that did not exist 10 years ago. Marketing via E-mail is also on the move. This is going to be something for the future, most because it is very cheap. Newsletters to a steady customer base are both cheap and effective, but it must be backed by a campaign. Mogensen states that the key here is our E-mail addresses. When a company like ICA gets a hold of their customers E-mail addresses, then it will not take long before they know what kind of chips you eat on Fridays. Their system is reading your habits and soon you get unique offers by mail. This is going to be powerful part of a brand launch, because on ICA you can see and feel the new products or brands

To deliver a unified controlled message is something that has been operated by the PR agencies. In Sweden the concept of PR is rather unknown. In the U.S. and in the U.K. everyone recognizes PR and knows what it stands for. When Swedish companies operate in the U.S., they often want to do things on their own, but they are often told to hire a PR agency because they know what to do. There are many Swedish export companies and they must learn to think this way. Ten years ago the advertising agencies were considered to be the main agencies, but today the PR agencies have a tendency to fill this role. Mogensen thinks that this is because the PR people are more educated than the advertising agencies and the higher education level is showing in the latest results. Ten years ago the PR business was filled with old journalists, this is not the case today. Old journalists have a benefit because they know all about the editorial work; but the new strategic thinking has moved it up a level. Nowadays the PR industry works after a new strategy. Much effort is placed on finding a spokesperson, i.e. someone who will carry the message and not just write about it. A new car model can be difficult to make people write about and instead they are more interested in writing about the CEO or some other person connected to the brand or product. The challenge is to find a well trained person who can carry the message.

Mogensen says that public relations are very hard to define because it is a wide concept that is spread over a lot of areas. PR is considered more credible among the general public. There is a difference when a journalist is writing about a product or brand because they have evaluated it as news. This generates in a clearer and stronger

message. The companies are increasingly aware of the potential of PR, partly because of the credibility. If you read an article that is testing different cars you believe it more than a 30 second spot on TV. Advertising on the other hand lacks credibility. It's about getting people to talk about the product; word of mouth from our friends and neighbors is the most credible of all.

One of the benefits with PR is the cost. How much cheaper it is to use PR depends on how big the campaign should be. *"I use to say that half of the PR work is to make the headlines and half not to be seen there"* says Björn Mogensen. PR is also involved with a portion of uncertainty. You can not guarantee the message in the media and how much is going to be displayed and when it is going to be there. In advertising you get what you pay for. Do you buy a page in a newspaper you know that it is going to be there and when, and then it is up to the message to communicate to the public.

Mogensen have no doubt that some products are more PR friendly than others. These are the complex products where PR is a more effective weapon compared to advertising, where you only have a few seconds to wake an interest with the customer. On the other hand, if you have a product that is easily compared with others or not that differentiated it is possible to use advertising in order to ware in some unique selling points. The target must according to Mogensen always be to find a mix where everything is working together and everything works.

Mogensen claims that large enterprisers like Kraft, Unilever and Procter & Gamble are solely using traditional advertising to communicate. It is according to Mogensen impossible to convince their product managers to use public relations. These companies spend 20 million on media and 2-3 millions on advertising agencies. In relation to this PR agencies maybe receive 100-150 thousands and it is mostly on press releases and no creative PR thinking at all. However, Mogensen believes there is a change on the move.

The concept of Marketing PR (MPR) is something that is written about a lot and has started to interest the PR agencies. However not many agencies in Sweden are using it, there are maybe 5-6 of them which are trying to build a profile around the concept. However, they have never done a real assignment around the project. According to Mogensen only Prime is using the concept of MPR. MPR can be hard for the customer because they do not see what they are paying for. It can be hard to convince the customer that all these activities could generate in something. Instead ordinary PR tools are used in most cases. Mogensen believes that it is difficult to find a case where MPR has been used; however he believes that MPR is on the move. There is a war going on between advertising and PR, and the concept of MPR is a tool for PR to get a larger piece of the pie. PR agencies have a tendency to have contact with the information departments, which have their focus on the upper level of the organization. While the marketing department has a relationship with the customers and they are sitting on the money the PR industry want to get a hold of. The concept of MPR is a way to get closer to the marketing department. Mogensen thinks that this is a fact that the industry has to accept and there are many PR activities that are more cost efficient than traditional advertising.

## 5 Analysis

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*In the analysis there will be a discussion of our empirical findings compared to the theories. We will analyze the material thematically following the frame of reference. However, from the theories and our empirical findings we have identified five different criteria that we believe are important for a successful launch of a new brand. In order to investigate the agencies' view of the different promotional tools we need to establish some variables where they could be compared upon. We have therefore developed the 5-C Model with the variables credibility, creativity, cost, control, and clutter. These five variables will be analyzed independently from each other and without any weighted importance with the help of our empirical findings and the theories.*

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### 5.1 New Brands

When introducing a new brand it is important to position the brand strongly from the beginning. According to Ries and Ries (2002) it is important to be first in a new category and first to claim a certain position in the consumers mind. Kotler and Armstrong (2005) and Ries and Ries (2002) are giving the example of Volvo as the first brand to claim the "safety" position. Mogensen agrees with this notion by stating that one should start building a message of what the brand should communicate and load the message with different concepts. The car industry has according to Mogensen security and speed as characteristic segments and it's about being first to position the brand and find a niche. Volvo has successfully claimed the position of safety. However, it is not easy to always be first and what if you are number two? Is the race over? The other Swedish car manufacturer Saab has received a lot of publicity lately thanks to their outstanding safety. However, since this position already is "owned" by Volvo it could be difficult to communicate this feature and the question is if they are even interested in this category? It is about effective communication. We certainly believe that it is important with an excellent product and to be first in a certain category. However, this is not easy and there must be other ways to reach the customers.

Rudels states that whether a product introduction is successful or not is if you have attained your objectives. Rudels also mentions that in a brand launch it is vital to get instant brand recognition. We believe that the objectives could differ in a brand launch. Some advertisers might be interested in hardcore sales. We believe that there are other objectives that are more important like brand recognition and favorable attitudes. Since this thesis is focused on brand launches, sales are not really an issue. In the introduction stage you cannot really depend on sales, it is more important to build brand recognition. This is supported by Belch and Belch (2004) where they are listing important communication objectives like brand knowledge and interest, favorable attitudes and image, and purchase intentions.

### 5.2 Communication

Communication is vital when introducing new brands. In a fierce marketplace it is not enough with an excellent product if you can not reach the consumer. Sammeli pointed this out with mentioning the case Jens of Sweden as an example of great de-

sign but less skillful communication. If we look at communication from a marketer's perspective you can use one-way communication and two-way communication. Dahlén and Lange (2003) emphasize the battle between one-way and two-way communications and Schultz et al. (1993) claim that historically the one-way communication or mass communication has always been the winner in the world of marketing. Advertising is according to Belch and Belch (2004) and Wells et al. (2000) a form of mass communication. Advertising in its traditional form of 30-second TV commercials must be seen as a form of one-way mass communication. In the mid 1990's the situation changed dramatically according to Schultz et al. (1993) and a two-way communication was required. However, according to Sammeli and Rudels there is still a lot of faith in mass communication and there is often an exaggerated belief in traditional advertising today.

Public relations are according to Harris (1997) a two-way communication and could therefore increase the understanding and support from the consumers in a brand introduction. Mårtenson (1994) stresses the importance of that the sender tries to understand how the receiver thinks, appreciates, and talks about the message. It seems that this would be an easier task with a two-way communication enabled by PR. However, Sammeli notes that there are several other channels that could communicate in an effective manner; also the brands own channels communicate such as the stores, websites, and the sales department. Some companies are building experience centers around their stores and factories for example. One could compare it with Kotler's (2004) and Zyman's (2002) claims that everything in an organization communicates. We believe that advertisers in general are not aware of that everything they say and do communicates something about their brand. However, we believe that this kind of communication is of strictly supportive importance. When you introduce a new brand we believe that other forms of communication is more important than websites and stores.

The respondents seem to agree about the issues with mass communication and the fact that the consumers are skeptical towards this form of communication and even ignoring it. Sammeli and Mogensen are convinced that there is an increasing need for two-way communication. Sammeli claims that the communication needs to be personalized. All products are going to be personalized and therefore the communication needs to be personalized. We believe that a two-way communication is crucial for reaching the consumers in the future. In accordance with Sammeli, we believe that there will always be a need for mass communication. However, the role of mass communication will not be an important part of launching new brands. It will merely support and remind. We will go into this further in our analysis of advertising.

### **5.3 Perception**

The concept of perception can according to Belch and Belch (2004) and Duncan (2002), involve some difficulties for the senders to control the receivers' perception of their brand or product. Both in the advertising and the PR industry they try hard to break through the clutter of ads and control the consumers mind. Rudels believes

that an already established brand like Nike benefits from that of a completely new brand in the market. Mogensen agrees and says that Brands like Adidas and Puma have already entered people's mind and have already created an image of the brand. There seems to be a view of line extensions as more effective when introducing a new brand and easier to perceive for the consumer. Sammeli believes the challenge here is to find for example the right basketball player, which the company wants to associate the brand with. If the company does, the perceptions can be controlled in a desired way. Tellis (2004) calls this phenomenon cognitive consistency and involves that a previous perception of a brand or product have created a link between knowledge and experience. Rudels also emphasizes that the brand recognition is vital for how the consumers will perceive the brand. These statements are supported by Duncan (2002), who argues that once something is perceived, it exists in peoples mind and the perception is hard to change. Mogensen claims that a brand must be loaded with different concepts to make people associate the brand to these concepts. Mogensen claims that a powerful brand like Volvo is strongly associated with safety and this is something that the company works hard for. The perception of Volvo is somewhat a controlled message which created a perception of safety among the targeted customers. The controlled message of the brand Volvo has by successful communication created benefits towards their competitors when they launch a new product. We are of the opinion that having *control* over the perception of what a brand generates is an advantage in the introduction phase of a brand or product. Existing brands, which have a positive image in people's mind, are also beneficial in the introduction stage.

Kotler and Armstrong (2005) claim that most of the messages today get lost in the existing media jungle. Even the people that are in the market for the product may have trouble finding the messages they want to have. The marketers must work harder and harder to attract the consumers' attention. Schultz et al (1993) claims that we also spend more time seeking the information ourselves. The existing reality makes us use our selective attention to a larger extent, i.e. as described by Kotler et al. (2002) screen out the messages we do not want to be targeted with. The three respondents are all aware of the problematic reality and the search for strategies to break through the *clutter* is for the respondents a daily dilemma and also a challenge. Mogensen believes that the more segmented marketing is the solution for people that are interested in the product. Mogensen regards E-mail marketing towards an interested customer base as a new way to avoid becoming invisible in the media clutter. Sammeli and Mogensen are both of the opinion that the individual marketing communicated through special segmented trade press has an increasing role in capturing people's attention. The publics increasing interest in seeking information gives the articles and the ads in the trade press an arena to make an impact. The interested customers do not have to use their selective attention, thus they have chosen the media by themselves in an area of interest and are then open for new influences.

## 5.4 Integrated Marketing Communications

According to Belch and Belch (2004) the concept of IMC evolved and was embraced by marketers' in the U.S. as a need for coordination of the promotional tools became evident. Sirgy (1998) explains that advertising agencies relied in media advertising ex-

clusively and IMC evolved as an alternative to the quest for award winning creative advertising. IMC is according to Rudels not a new thing and Forsman & Bodenfors is not working with the concept as such. However, Rudels lists several examples of when the agency has worked with different promotional tools. The campaign of Volvo XC90 was centered on the product and the website, and for Edet they created an event. However, Rudels is also emphasizing quality in all forms of communication. The respondents are all emphasizing the mix of the communication channels. They will not however call it IMC as such, but it is a form of targeted IMC that they are talking about. This becomes evident when Sammeli mentions that the future demands more sophisticated media choices. Sampling is according to Sammeli the most efficient tool when introducing new brands. Companies must move closer to the consumer and induce trial. Also, other channels like experience centers in stores and factories is a growing trend. This is supported by Kitchen et al. (2004) where they mention that advertising spending is decreasing in favor of sales promotion. According to Kitchen et al. (2004) different communication tools should be used at different stages of a brands life-cycle. Apparently sales promotion or sampling is effective in the introduction of a new brand.

A major reason for agency's to use IMC is according to Kitchen et al. (2004) the fragmented market. Rudels is well aware of that the market is more fragmented today and there are several possible channels of communication. According to Rudels these channels of communication includes stores, websites, traditional advertising and outdoor advertising. This is in accordance with Kitchen et al. (2004) where they emphasize that the agencies must realize that there are multiple markets, multiple customers, multiple channels, and multiple media. Mogensen argues that one must use all channels available and use all tools to its fully potential. Sammeli mentions an example of IMC when he talks about how SBAB created an event that received enormous publicity. They later followed up with advertising to strengthen the point already created in the PR. This is what Sammeli calls a smarter communication and change of arena. We would like to call it smart IMC. However, it seems that agencies in Sweden are reluctant to fully implement the concept of IMC. All respondents are talking about a mix of communication. They will not however call it IMC as such, but it is a form of targeted IMC that they are talking about. A recent article by Kitchen et al. (2004) is discussing why IMC is not fully implemented by advertising and PR agencies and one reason could be the difficulties with measuring the results. This could of course be true since it is always difficult for agencies to justify actions that cannot be measured. The client wants to see what they are buying and this is an issue also inherent with PR that will be discussed later.

## 5.5 The Role of Advertising

There seems to be several factors or reasons why agencies choose traditional advertising in the introduction of a new brand. The strongest reason seems to be tradition. Sammeli claims that that there is a strong tradition in creative advertising and the agencies are enjoying it. According to Schultz et al. (2003) the agencies are trapped in functional boxes where they are trained to "do advertising", or "do public relations" or "do direct marketing", instead of solving problems. Tellis (2004) claims that the

industry of advertising is enormous and the growth in advertising expenditures indicates an increasing importance. Sammeli is of another opinion where he claims that the role of traditional advertising is declining and this development is inevitable because the brands own communication channels are more cost effective. Even though it is difficult to argue against the increasing growth in spending we believe it is important to questioning the importance. All respondents agrees that the belief in advertising is often exaggerated still the expenditures are growing. Tradition seems to some extent to blame for this and as Rudels and Mogensen mentioned there is a view of advertising as the solution for every marketing problem. Companies like Unilever, Proctor & Gamble, and Kraft are solely using traditional advertising as communication. This is supported by Belch and Belch (2004) where they claim that some companies are comfortable with this and believes it is money well spent.

Another reason for using advertising in a brand launch is according to Rudels that it is safer. With traditional advertising one could reach 70% of the people 3.6 times. Sammeli explains that there is also a tendency among advertisers to ask for advertising. Company executives do not have the courage to change strategy. Just as it is tradition for the agencies to create traditional advertising and they have competence in creating ad and copy, Sammeli notes that the advertising buyers have the competence and tradition in buying this. A company like Coca-Cola has a tendency to buy traditional advertising since they have done this in the past, it's safe, and above all, it seems to sell. We believe that while this may be true for established brands like Coca-Cola, new brands needs to find other ways to communicate to a lower cost. Sammeli is aware of this and claims that are new and small can not afford traditional advertising.

There are according to the respondents several reasons why agencies prefer traditional advertising. Rudels distinguish between bad advertising and good advertising and there is a need for the latter. Good advertising contains a creative relevance and latitude according to Rudels and creativity doesn't necessarily need to be a cursing word any longer if you find qualitative ways to deliver your message. According to Rudels it could be more effective to whisper than shout since everyone is shouting today. Together with SCA, Forsman & Bodenfors changed the strategy for the Libero brand by focusing on the children and not the diapers. Within a year, Libero gained a higher share of market without a higher media investment. The multinational companies should according to Rudels probably change their strategy and put more effort in execution and hopefully increase their return on investment. The respondent seems to belong to those who according to Belch and Belch (2004) believe that creative advertising can break through the clutter and generate likeability. The commercials that are well designed and created with great latitude according to Belch and Belch (2004) seems to fit Rudels opinion of how advertising should be developed in order to be effective. By whispering the message and creating a high quality message Rudels is trying to avoid adding to the clutter that creativity according to Ries and Ries (2002) contributes to.

## 5.6 The Role of PR

The concept of public relations has according to McDonough and Egolf (2003) among other things the purpose to promote awareness of a client's product or service and communicate and build new relationships. In order to create relationships and awareness, the different PR agencies are trying to find a *credible* third source to communicate their message about their product. Belch and Belch (2004) support this by stating that the message is received as more credible because the media are not compensated for delivering the message, and is according to Duncan (2002) believed as an objective deliverer. Sammeli argues that it is all about finding a credible medium. When Nokia launched their new cell phone with a calorie measurer they got the reporters at P1 to talk about it during a talk show about health. The fact that P1 as a serious and credible source talked about the product might have helped the product to receive a credible perception.

All three respondents are in agreement that PR is the most credible communication tool and having a third party like a journalist writing positive things around the product is better than using traditional advertising. Sammeli argues that PR agencies have the same urge like traditional advertising to find the vibe that makes people laugh. The challenge is to break through the barrier among journalist and politicians and get them to deliver the message.

Mogensen highlights another third party, which has a potential to create credibility, namely a well-trained spokesperson. A spokesperson is the one that can carry the message and hopefully create a positive image and boost the recognition of the product or brand in the launching stage. Sammeli says that a brand with high credibility is likely to succeed when launching new products. The company WE is a perfect example of a company that use spoke persons (or in We: s case, activists) and built a profile around the concept. The respondents seem to agree that with credible sources involving a third party, where the message is presented in an objective way the product is better received in the introduction phase. The more distinguished the media are, the more credible the brand is received

The *cost* benefit of using PR is highlighted by Belch and Belch (2004) and is considered as the greatest benefit of PR. Mogensen underlines that there are not any exact figures of how much cheaper a PR campaign is but there is definitely money to save when using PR compared to traditional advertising. Sammeli argues that the cost for reaching a new segment and become more segmented in the launch of a brand are not so costly. Rudels joins in the other two and claims that there is no doubt that PR has a cost benefit factor versus traditional advertising. Harris (1997) also states that PR not only is cutting cost but also gains positive awareness and creates a favorable climate for sales. When regarding the lower cost we believe that using PR in launches is going to increase rapidly in the future. If the companies are discovering the cost benefits and at the same time gain more positive brand awareness by using simple means, then PR is going to have a higher impact in the introduction phase of a new brand or product. If brand awareness is a cost issue, then the utility of using constructive PR-strategies in the launch may be the solution both for large and small companies.

Public relations has according to Belch and Belch (2004) the ability to reach specific groups and Mogensen claims that reaching these groups are going to be necessary for marketers in the near future. Mogensen says that companies are not willing to pay for anything outside their markets anymore. Therefore it is up to the PR firm to find the right forum for the product or brand in the introduction phase. Mogensen argues that this is possible now when every industry has for example 20 different magazines, which cover the specific industry. PR has according to Mogensen many possibilities in the future, this when our E-mail addresses can be the key to an even more segmented marketing. Sammeli underlines that marketing in the future is going to be more personalized and Sammeli believes that here lies the challenge both for the paid and non-paid media to explore. We are convinced that by using PR you can reach specific groups and segment the marketing to an interested group of people by tailoring offers in the introduction of a specific brand or product. The benefit is that you market the brand towards a group that already has an opinion of the brand. If there is an unknown brand the customer base still is interested in the product category but unaware of the new brand.

One of public relations greatest benefits is according to Belch and Belch (2004) the ability to avoid the media *clutter*. The best scenario is when PR is seen as public messages or news. Mogensen joins in this statement and argues that the work of a journalist is evaluated as news and is taken more seriously. The brand message is regarded as stronger and clearer because of the objective delivery from the journalist. Mogensen claims that today the media are carrying the news of brands, and companies' tries to buy space so the media can communicate their message. The trade press are the winners in this development claims Mogensen. Rudels concurs with Al Ries that in a launch of a new product or brand, PR related activities should be used because the word of a journalist can deliver the message of the new product as news. If the table would have been turned and advertising would introduce the brand the newsworthiness would be diminished from a journalistic standpoint. Rudels claims that they have always worked with PR in the introduction stage of a new brand. However, the question is whether they have worked with the same extensive PR program that Ries and Ries (2002) proclaims? The answer is probably no. The problem is that Ries and Ries (2002) are too radical by claiming that advertising should only be used as a last resort, when all other means are used. In reality this involves too much uncertainty for advertisers. Also, some brands might be impossible to launch with PR because the lack of newsworthiness.

Duncan (2002) states that a brand message is more believable when the news is of human interest. Sammeli gives the example of the Nokia phone with a calorie measurer. An introduction of a new phone may not be very news breaking in the world of today, but a calorie measurer became news and was discussed at P1 and became of human interest. To find the right media and the beneficial attributes in the product can help to find new segments, segments that not really are associated with the product. The radio program maybe triggered people that are very careful with what they eat and if they are in the market for a new phone the Nokia phone maybe the product for them. This is what PR do, finding new segments and always looking for new

approaches to new problem, all this to break through the media clutter and make the product visible.

According to Armstrong and Kotler (2005) PR plays an important brand building role, even though it is only capturing a small portion of the marketing budget, big brands like Body Shop, Playstation and Starbucks are examples of brands which are almost entirely built by PR. Sammeli stresses the introduction of WE as a Swedish example of a brand built entirely around PR. WE used all the PR tricks in the book, including finding a perfect location for the store, a big party in Los Angeles where they flew in 400 guests for the opening of a new store. Among the guests there were a lot of journalists and all the guests were given samples of their new line. WE have been very successful and their PR strategies have all been working. We think that this is a good way to launch a product, but not for all products. Some brands and products can be more PR friendly than others. Mogensen claims that complex products are easier to promote with PR than undifferentiated products, which easily are compared with other products. Undifferentiated products are easier to launch with traditional advertising. If the brand should be successful or not is entirely up to the product and the strategies for introduction. How, when, and where is unique for the product and a general strategy is not applicable. PR can be used and an event can be created in order to induce people to try it out. More complex products like cell phones or cars maybe easier to use a PR strategy in the initial phase, while products for consumption is more appropriate to promote with traditional advertising because the customer are able to see and taste the product at the local store.

Armstrong and Kotler (2005) argue that PR has been considered the marketing stepchild because of its uncertainty and scattered use and can be somewhat limited. All the respondents are in agreement that PR is hard to define and it is hard to see the results from a PR campaign. They also argue that it can be hard to convince the companies to use PR instead of traditional marketing, since they do not know what they get. Sammeli says that you can see results from a commercial and this makes it easier to sell. Rudels agrees and state that in a perfect world an extensive PR program supported by the stores should be enough to launch a new brand. But, continues Rudels, the problem is that you never know if the PR efforts are going to succeed or not. Rudels claims that, there are cases where PR has worked but there are some cases where PR failed completely. The bottom line is according to Rudels that you never can trust PR to 100 %. However, with traditional advertising you get what you pay for. Have you paid for a 30-second commercial you can be sure that it is going to be shown to a certain number of viewers. These arguments are all true and the most important issue with PR is the uncertainty. Wrong strategies for wrong products can explain the uncertainty. Clearly when using traditional advertising the companies are playing safe. We think that PR can be seen as somewhat indefinable and the companies are not fully aware of how PR works so they are not willing to take a risk. We also believe that a campaign only containing PR may not be the best strategy and PR should be a part of a balanced communication mix which will erase the uncertainty.

Clow and Baack (2002) state that advertising and PR may cooperate and consult each other, yet each of them has separate roles to perform, bringing them together can generate in a "turf war" with each trying to protect its own area of expertise. Sammeli

thinks that there is an exaggerated belief in traditional advertising versus other channels. Rudels agrees and even though he is in the advertising industry, he frequently tells his clients that an advertising campaign will not always solve their problems. Mogensen state that there is some sort of “battle” between the PR and the advertising agencies. Both channels are fighting for the same money and are usually not willing to operate together. Mogensen believes that this is going to change in the future and joint campaigns are necessary to break through the clutter. Mogensen states that the introduction of MPR in Sweden is putting more pressure on the advertising industry, because they tend to lose a larger piece of the pie. As mentioned before there must be more coordinated marketing efforts in the future and all the channels must send out the same signals to attract the customers. Both the advertising and the PR industry agree that the budgets are shifting towards the PR industry. There is according to Sammeli a shift in the promotional budget. However, the shift is not completely in favor of PR. There is a shift in the whole communication triangle as Sammeli puts it, from bought media to non-bought media. Rudels say that if many companies changed their strategy and put more effort in execution they would maybe get a higher return on investment. The “turf war” that Clow and Baack (2002) is indicating seems to be in a “seize fire” state at the moment. The both industries are more open to each other and see possibilities and potential in the other “trench”. To be more coordinated can benefit both sides and above all give the product or brand a better launch.

## 5.7 The 5-C Model

In order to investigate the agencies’ view of the different promotional tools we need to establish some variables where they can be compared upon. From the theories and our empirical findings we have identified five different variables that we believe are important for a successful launch of a new brand. The five variables are credibility, control, cost, creativity, and clutter. These variables are illustrated in the model below and will be further analyzed.

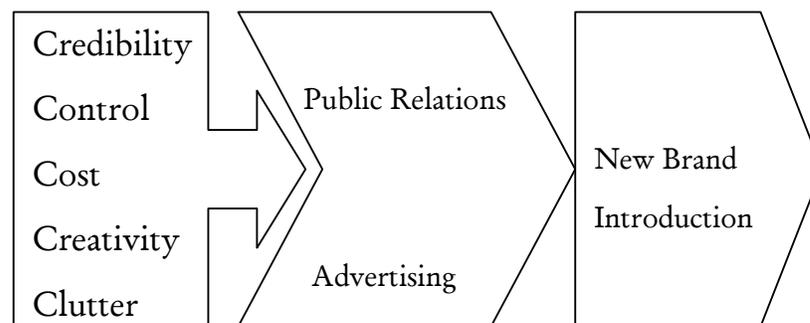


Figure 2. The 5-C Model

Note that the variables are all affecting PR and advertising to some extent. However, we will discuss that some variables are more prominent for PR than advertising and vice versa.

### **5.7.1 Credibility**

An important factor when introducing a completely new brand is credibility. Remember that the customers have never heard of this brand before, so why should they prefer it? It is vital to launch a product with a seemingly unbiased source in order to bring credibility to your message. Credibility is one of the major differences with advertising and public relations. According to Belch and Belch (2004) public relations is perceived as more credible since the public is not aware of that PR could be directly or indirectly paid for. Duncan (2002) emphasize that credibility is not strength in advertising, and advertising messages is according to Ries and Ries (2002) perceived as biased, selfish, and company focused instead of customer focused. This is supported by Tellis (2004) who claims that consumers are in general considering advertising messages as biased. Mogensen claims that advertising lacks credibility while PR is the more credible source. The most credible source according to Mogensen is word-of-mouth from our friends and family. Rudels acknowledges PR as more credible and it is far more effective if a journalist writes something positive about a product than a commercial. This is supported by Mogensen who explains that the journalist has evaluated the information about the brand as news. Advertising can not according to Rudels compete with the credibility of PR unless it's a really strong brand like IKEA. PR is according to Mogensen generating in a clearer and stronger message and there is an increasing awareness of the potential and credibility of PR among advertisers.

Mogensen argues that media have been the main carrier of the brand messages for the past 20-30 years and the more credible media like business journals and trade press seems to be winning the agencies attention. All respondents seem to agree that PR is more effective when it comes to credibility. This is alarming for advertising agencies since we believe that credibility is crucial when launching a new brand. Advertisers should think twice before launching a brand with traditional advertising since it is not perceived as credible. Agencies are to some extent aware of this and advertisers need to realize this if they haven't already. However, as Rudels mentioned, in a perfect world it would not be necessary with any advertising. There are other factors to consider when comparing advertising and PR in the introduction of a brand.

### **5.7.2 Control**

Duncan (2002) states that PR is more credible than advertising. However, when using PR you have less control over the media and the timing of the media. According to Rudels and Sammeli advertising is perceived as safer compared to PR in the introduction of a new brand. Rudels points out that during the introduction timeline you can never trust PR to 100% and it is not for certain that one single article will be written about your product. Rudels emphasize that in a perfect world it would be sufficient with an extensive PR campaign when launching a brand and then support this in the stores. Sammeli explains that PR agencies have to break through the resistance among journalists who is going to "buy" their message. Both Sammeli and Mogensen argue that with advertising the advertisers are able to see what they are buying. PR is more abstract and you can not really put your finger on it. The buyer of PR might see something in the papers but can never be sure.

Duncan (2002) highlights control as an advantage of advertising. Since the advertising time and space are paid for by the marketer, the brand has control over everything it communicates and where it communicates. It is according to Rudels safer to use traditional advertising since you can be sure of that the commercial is reaching 70% of the people 3.6 times. However, we believe that one has to consider the fact that consumers are zipping and zapping or doing other things during the commercial break. The respondents seem to agree that the major issue with PR is the lack of control. The media are so fragmented and difficult to control. However, the media are not the only control issue for PR. Also the ability to control the message and how it is delivered is crucial. We believe that advertising has several control advantages. Advertising controls both the media and the message. Control could also have a perception aspect. The perception of a brand could according to Duncan (2002) be affected by positive and negative communication experiences. We think that advertising could be controlled to deliver a more positive communication. With public relations you never know how the message will be delivered. Also, Belch and Belch (2004) notes that the context in which the message is seen or heard affects the perception and we believe that this could also be easier to control with advertising. However, there is one major problem with advertising; Rudels points out the negative opinion people have about advertising in general. While Belch and Belch (2004) emphasize the advantage of advertising as persuasive, McDonough and Egolf (2003) claim that people are skeptical towards advertising since it is persuasive and not informative in some cases. According to McDonough and Egolf (2003) this results in an avoidance and resistance towards the advertising message. There is a need for advertisers to control that the message is perceived as informative in order to reduce the resistance.

Another control issue among the respondents seems to be the one of the distributors. Sammeli argues that effective advertising can help companies strengthen their bargaining power against powerful distributors like ICA, Coop, and Axfood. Mogensen is also mentioning that there is much going on in the distribution channels today. The distributors like ICA have become very powerful and are able to dictate the terms with suppliers. According to Sammeli 90% of the distributors are represented by three actors, ICA, Coop, and Axfood. If a manufacturer fails in the negotiations with a distributor like in the case with Gillette and ICA you could loose 40% of your distribution and the role of advertising and PR is to help sales people with strengthening their bargaining power. We believe that this is a major control issue when launching a new brand. It is vital for the distributors to generate store traffic and this involves a certain amount of advertising from manufactures.

### **5.7.3 Cost**

All the respondents recognize that PR has a cost benefit versus other communication tools. Sammeli argues that the cost for reaching another segment is not so high once the investment is made. The respondents acknowledge that a brand or product lift-off has a cost benefit when using PR in the early stages. Sammeli states that the role of traditional advertising is declining and new channels must be discovered. Sammeli mentions the example of Telia where it could be much cheaper for them to use the companies own communication channels because Telia can communicate directly to

all Swedes. Mogensen is promoting E-mail marketing, which is a very segmented and cost efficient way to attract already interested customers. Rudels on the other hand points out the uncertainty of a PR campaign is one of the disadvantages with PR. The uncertainty can generate in a failure and then the money can be down the drain. Even though traditional advertising is regarded as more expensive, the costs can according to Rudels be much higher if the company uses a “mass” advertising approach rather than do a quality campaign. The use of traditional advertising is a guarantee for the advertiser that the messages are going to reach a specific amount of consumers. Sammeli agrees and states that traditional advertising in form of commercials is not abstract.

Harris (1997) claims that PR also creates brand awareness a long side the cost benefits. According to Duncan (2002) an event around a product launch is a platform for a strong connection between the brand and the involvement in the event, to a lower cost than traditional advertising. The brand impact with lower cost included is a strong argument to use public relations in the introduction stage of a new product or brand.

#### **5.7.4 Creativity**

The view of creativity is quite unified among the respondents. Rudels is not buying the debate that people consider creativity as something irrelevant. According to Rudels one can skip the word creativity and increase the focus on good and bad advertising. In accordance with Belch and Belch (2004) Rudels continues by saying that good advertising contains a creative altitude and relevance, and creativity breaks through the clutter. Sammeli believes that it could be possible to launch a brand by using traditional advertising based on creativity. To use creative traditional advertising in the introduction stages can be very costly and companies which are in their early stages of development cannot afford this strategy. Sammeli believes that creativity is not only for the advertising industry, the PR agencies must also use their creativity to make their messages seen. The non-bought media are also a barrier to break through says Sammeli, this means that the PR agencies cannot send out poorly executed messages, and the PR agencies must also be creative to be seen.

We are convinced that creativity among marketers is a vital ingredient for the brand to have a healthy introduction. Sammeli claims that to be seen one must be smarter and sometimes change channels or the arena for communication. Mogensen say that finding new creative ways to market a new product or brand is a challenge. The challenge of today is to find the “trendsetter” which can be the role model that boosts sales and brand. If you locate the trendsetter in a schoolyard and provide him or her with a Nokia phone, there is a chance that 200 in his school will buy that model. This is to be creative says Mogensen. Rudels argue that it is all about finding new ways to promote the brands. “If everybody is shouting, it is maybe better to whisper” Rudels says.

The discussion held by Ries and Ries (2002) that creativity is overestimated can somewhat be true, but not in all cases. Ries and Ries (2002) argue that creativity is a tool to compete with in order to win awards and prestige among other agencies. This men-

tality exists but if there were a scarcity of creative ideas and people, the messages would be caught in the media swamp. Creativity as a clutter breaking strategy is a tool that in accordance to Rudels should not be underestimated. However, according to Duncan (2002) and Ries and Ries (2002) the urge to be creative among advertising agencies feeds the clutter. The increase in creativity results in an increase in clutter and the vicious circle is a fact.

Stefan Rudels at Forsman & Bodenfors says that one should never underestimate the creativity of traditional advertising. Creative commercials make people stop and maybe relate the brand or product to a possible launch. Creativity can be effective and be the force that breaks through the clutter and enters people's mind. We think that all of these suggestions have relevance. The creativity has been somewhat a discussed issue but we think that Rudels makes a very good point. The agency Forsman & Bodenfors is the creator of the ICA, IKEA, and Volvo commercials, and to compare these to mass produced commercials like for diapers and toilet paper is not possible. Rudels' arguments for benefits of creativity holds and the general tendency of perceiving well done commercials with a positive feeling compared to other non creative ones. ICA-Stig and his employees has been a concept that have been rooted in people's mind and made the brand recognition higher compared to what a "bad" commercial had done.

### **5.7.5 Clutter**

The view of advertising and PR in the introduction stage of a new brand seem to be in favor of PR. Why? Because PR is the best clutter busting marketing tool. Sammeli and Mogensen believe that this can be because the PR industry is working towards an objective third party. The third party like a journalist or politician can be the mean for the message to break through the clutter of other media messages. If the PR agencies can sell the messages to a respected third party, the better the chances are that the brand or product will have a better reception in the introduction stage. All the respondents agree that PR is the most beneficial tool in the introduction stages. This agreement falls into Al Ries' classical statement that a PR campaign is a better lift-off for a new product or brand. Rudels at Forsman & Bodenfors says that advertising in the introduction stage would only kill off the news around the product.

Creativity can also be a possible clutter breaking strategy. Sammeli believes that one way to break through the clutter and be smarter is to change channel or the arena for your communication. Sammeli and Rudels both claim that if you want to be seen you must create something that will be seen over other messages. Sammeli says that the PR firms cannot afford to send out poorly executed messages in the communication channels, since their own credibility are at stake. Rudels are convinced that creativity never can be a set back in breaking through the clutter and to do something different are a beneficial factor in the introduction stage of a new brand. The interpretation of the two industries is the view that one cannot choose one communication tool over another to break through the clutter. Effective PR has some benefits when working up the medias but also there are some uncertainty factors involved in

## Analysis

PR. Advertising can be creative and Mogensen and Sammeli argue that creativity has a better chance of be seen than non-creative advertising.

## 6 Conclusions

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*In this chapter the most important findings revealed in the analysis chapter will be summarized and discussed. These findings aim to answer the research questions and the purpose of this thesis.*

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### 6.1 Conclusions

Even though there often is an exaggerated belief in traditional advertising today we can see that the view of traditional advertising has changed among advertising and PR agencies. The agencies are aware of the need for other communication tools in the introduction of a new brand. Traditional advertising is a form of one-way communication and the consumers are skeptical towards this form of communication and are even to some extent ignoring it. Why agencies still are creating traditional advertising in the form of 30-second commercials seems to be an effect of safety and tradition. However, the respondents do not see PR alone as the main substitute for traditional advertising. Other forms of communication like sales promotion and word-of-mouth together with PR seem to be the most effective tools according to the respondents when introducing a new brand. The agencies are proclaiming a more personalized and targeted communication and finding other ways to communicate except the traditional ones. In short, the agencies are aware of public relations potential as a promotional tool but hesitate to fully implement it because of tradition and safety. We will go into this in further detail when discussing our model.

In order to investigate the agencies' view of public relations role relative to traditional advertising we created the 5-C model where we identified five variables important for the launch of a new brand. The first variable, credibility, seems to work in favor of PR. The respondents all agree that PR has the credibility needed for introducing a new brand. It is vital to launch a product with a seemingly unbiased source in order to bring credibility to your message. Advertising is perceived by the agencies and the customers as biased and therefore not very effective when introducing a new brand. The second variable, control, is the major issue when using PR. The control of the media, timing, and message are the main reasons for agencies to use traditional advertising. PR lacks the control of these factors and is regarded by the agencies as too uncertain and risky in the introduction phase of a new brand. However, the control variable is not in total favor of advertising. The negative opinion that people have towards traditional advertising must be considered. Another control issue working against PR is the control over distributors. The distributors have the power and are only willing to distribute brands that generate store traffic. Advertising seems to be the best way to achieve store traffic according to the agencies. Cost is the third variable and the respondents are all of the opinion that PR has a cost benefit versus other tools of communication. Also here is control a major issue. It does not matter if PR is more cost effective if advertisers do not know what they are paying for. Creativity is a variable that affects both PR and advertising. Advertising and PR agencies have the same urge to execute creative messages and find the vibe that appeal to the consumers. There are also a wide variety of ways for both PR and advertising to be creative and no industry seems to have an advantage over the other. The fifth and last

variable, clutter, is also an issue for both agencies. Advertising and PR agencies are continuously searching to find ways to break through the clutter. Even though some researchers claim that creativity is the reason for clutter the respondents believe that a creative approach is the best solution to break through the clutter. PR is regarded among the agencies as slightly more effective in breaking through the clutter. The PR has the advantage of being perceived as more credible and unbiased. A PR message is often perceived as being delivered by an unbiased source and objective third party.

When discussing whether PR as a promotional tool is more effective than advertising in the introduction of a new brand one has to evaluate the different variables. PR is more effective when it comes to credibility, cost, and clutter. However, a major drawback is the control. It doesn't really matter if you can achieve all variables except control. When introducing a new brand it is vital to be in control of how your message is perceived, in what media it is delivered and, when it is delivered. Also, one has to consider that whether PR is more effective depends on the product you are launching. There are products that are more PR "friendly" than others and have the ability to generate newsworthiness. It is a difference when you are launching an iPod or a cell-phone with a calorie measure device compared to a new brand of cereals.

There is a shift in the promotional budget according to the agencies. However, the shift is not completely in favor of PR. There is a move from bought media to non-bought media and also a move from traditional advertising to sales promotion and other store activities.

## 6.2 Final Discussion

Since the purpose of this thesis was to investigate PR relative to advertising we focused on those two functions in our analysis. We included IMC in order to explain the evolution of PR as a marketing tool. However, the mix of different promotional tools could be the most efficient way to launch a new product. The respondents seemed to believe in the mix and using different communication channels. The soundest conclusion would perhaps be that a form of targeted IMC is the way to go. If the product could be produced to a low cost the IMC process should focus on sales promotion and free samples. This could be a very effective way to launch a new brand.

To find the variable of creativity was no surprise. However, the background of the thesis was leading us in on the view of creativity as something negative. As we continued our research process creativity evolved as something more positive. The claim by the respondents that creative advertising should aim to attain a qualitative altitude and relevance was interpreted as something in favor of creativity and the theories supported this notion. Thus, we arrived to the conclusion that creativity is something positive and both advertising and PR can be creative in order to gain brand recognition and introduce a new brand successfully.

When starting out an investigating and narrowing down a purpose there are always some doubts about being on the right track. Is this purpose of current interest? However, we feel that the positive response from respondents and Annonssörföreningen

and that topics related to our purpose were discussed during Stora Annonssördagen gave us inspiration and a sense of being on the right track. The question asked by Annonserföreningen was whether the role of advertising was on the verge to die? Their theme of the day was characterized by the notion that advertising is not dead, it simply needs to find new ways to communicate, including search engines, guerilla marketing, or smart PR. The fact that Annonserföreningen arranged this event is supporting our notion of the industry as worried about the recent development of consumers being negative towards advertising.

### 6.2.1 Suggestions for Further Research

We feel that this thesis could be of some interest to the communication industry including advertising agencies, PR agencies, and advertisers. In fact, a suggestion for further research could be to research the advertisers' view of PR relative to traditional advertising in the introduction of a new brand. What do companies like Volvo, ICA, Coca-Cola and other large advertising buyers think about the matter? How do they justify spending all that money on traditional advertising? Future studies could also focus on IMC and the mix of promotional tools in the introduction of a new brand.

### 6.2.2 Thesis Criticism

First it is important to note that the variables identified in the thesis are not absolute. It could be other variables that are equally important when introducing a new brand. The 5-C model is developed after our interpretations and analysis of how the agencies' view of PR and traditional advertising could be measured.

Since a lot of consumers are skeptical and negative towards traditional advertising it could be easy to get carried away and join in the witch-hunt. Our own role as consumers and victims of this bombardment of advertising messages could result in a biased investigating. It is important to be aware of that earlier experience and presumptions could affect how we interpret the empirical findings and other interpretations are possible.

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## Conclusions

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## **Appendices**

### **Appendix A**

#### **Introduction**

- Presentation
- Purpose
- Ethics

#### **Brands**

- How important is the brand for a launch success?
- What constitutes a successful launch? Which criteria's needs to be fulfilled?

#### **Communication**

- How important is communication for a new brand?

#### **Perception**

- What is the consumer's perception of advertising?
- What is the companies' perception of advertising?

## Appendices

- What is the consumer's perception of PR?
- What is the companies' perception of PR?

## IMC

- The role of IMC in the introduction of a new brand?
- Which tool is the most effective in brand building?

## Advertising

- The role of advertising in the introduction of a new brand?
- Advantages and disadvantages with advertising?
- When should the advertising start in a launch process?

## Public Relations

- The role of PR in the introduction of a new brand?
- Advantages and disadvantages with PR?
- For how long is it possible to use PR? How extensive?
- Are some products or brands more suitable or more PR "friendly"?