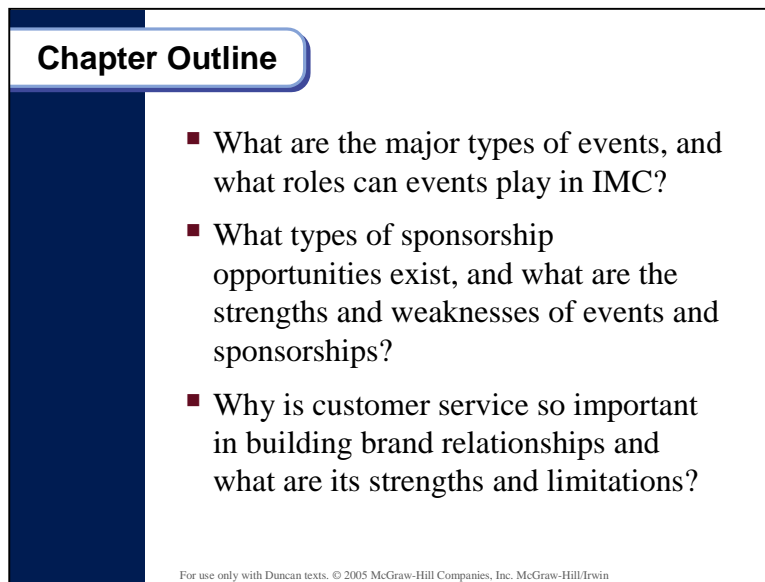


# CHAPTER 19: EXPERIENTIAL CONTACT: EVENTS, SPONSORSHIPS, AND CUSTOMER SERVICE

## Chapter Objective

To discuss the key issues related to two aspects of an IMC program that are uniquely positioned to create and enhance customer involvement with a brand: special events and customer service.

## Chapter Key Points

A graphic titled "Chapter Outline" with a dark blue vertical bar on the left and a white rounded rectangle containing the title. Below the title is a list of three key points, each preceded by a red square bullet. At the bottom of the graphic is a small copyright notice.

**Chapter Outline**

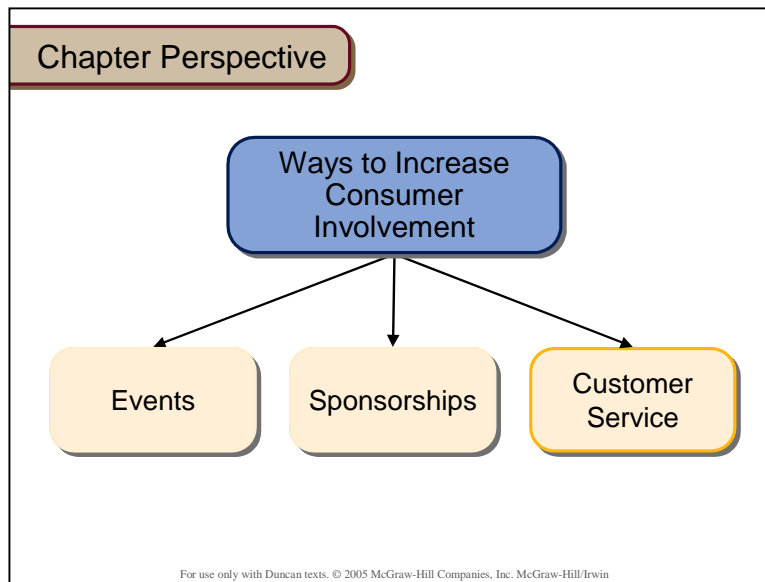
- What are the major types of events, and what roles can events play in IMC?
- What types of sponsorship opportunities exist, and what are the strengths and weaknesses of events and sponsorships?
- Why is customer service so important in building brand relationships and what are its strengths and limitations?

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This chapter addresses four key issues:

1. What are the major types of events, and what roles can events play in IMC?
  - The chapter identifies three of the major types of events and explains how marketers can use each to help strengthen customer relationships.
2. What types of sponsorships and events do companies use to promote their brands?
  - The chapter defines sponsorships, and discusses how firms use these types of events.
3. What are the strengths and weaknesses of events and sponsorships?
  - The chapter discusses some of the positive attributes of events and sponsorships, and also identifies some of the limitations.
4. Why is customer service so important in building brand relationships and what are its strengths and limitations?
  - The chapter identifies four dimensions that are critical to the deliver of excellent customer service, and suggest five customer service strategies to help strengthen customer relationships.

## Chapter Perspective

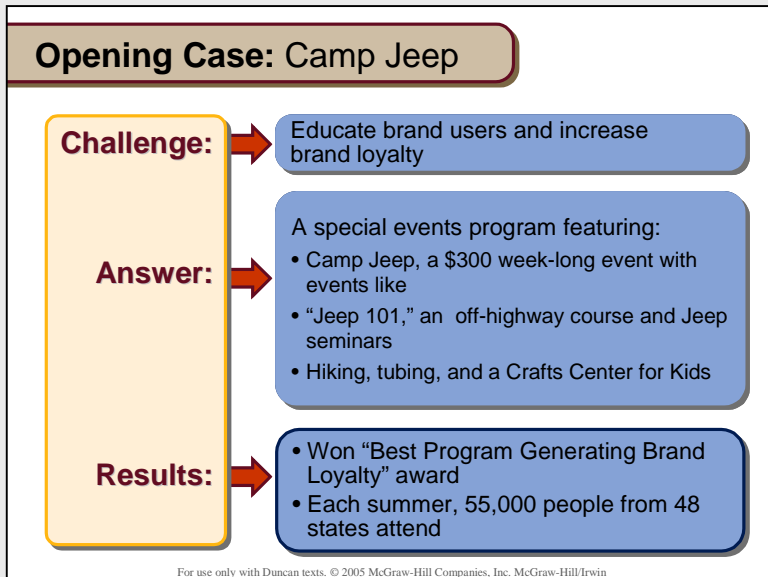


With increased commercial message clutter and more brands from which to choose, brands must work harder not only to get the attention of customers and prospects but, more important, to have an impact on their attitudes and behavior. One way to do this is to involve target audiences in a brand experience. We know that people remember little of what they hear, slightly more of what they see, but nearly all of an experience in which they are involved. Therefore, customer involvement in a brand experience can be a valuable part of marketing communication.

The key word here is involvement. One of the principles of teamwork is getting people involved so they feel a part of what's happening, and feel ownership in the results. This is the basic concept of using events and sponsorships, and maximizing the positive aspects of customer service. All of these activities can involve customers in a positive and memorable way, sending powerful brand messages based on impactful experiences.

This chapter is divided into two main sections. The first discusses events and sponsorships as “experience builders” and the second discusses customer service as a “customer-retention driver.”

## Opening Case: Camp Jeep



Challenge: Educate brand users and increase brand loyalty

Answer: A special events program featuring:

- Camp Jeep, a \$300 week-long event
- Events like "Jeep 101," an off-highway course and Jeep seminars
- Hiking, tubing, and a Crafts Center for Kids

### Results:

- Won “Best Program Generating Brand Loyalty” award
- Each summer, 55,000 people from 48 states attend

### Discussion Starters:

- 1) Many students are Jeep fans, especially of the Wrangler. So an interesting ice-breaker would be to ask how many students in the class own a Jeep—or would like to own one.
- 2) A follow-up question that explores Jeep’s unique image would be to ask the Jeep owners to describe the characteristics of the brand that are most appealing to them, and record these on the board.
- 3) To add a competitive aspect to the discussion, ask the non-Jeep owner portion of the class to identify the brand of SUV they prefer. Then ask them to identify the characteristics of these brands and record them on the board right next to the Jeep characteristics—and compare the results. Are the characteristics the same for Jeep vs. the competitors?

## Lecture Outline

### I. How And Why Event Marketing Works

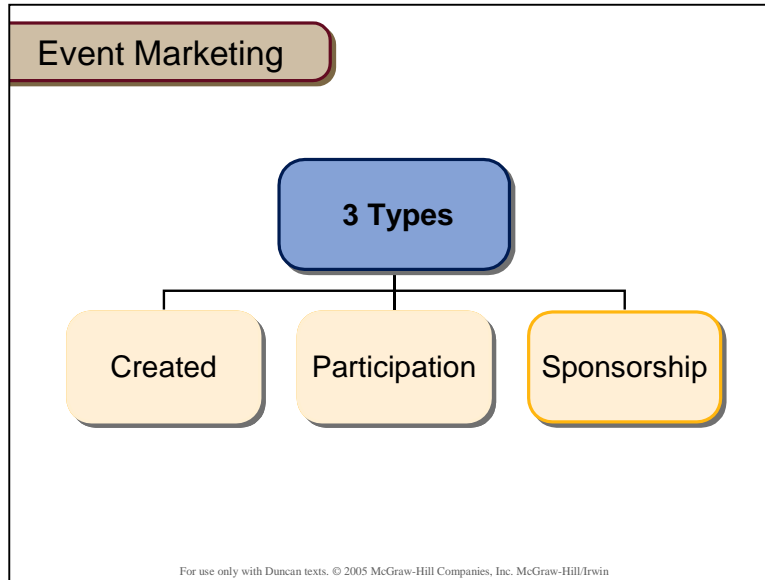
#### A. Event marketing



- i. *A promotional occasion designed to attract and involve a brand's target audience*

- B. A very important part of many MC programs
  - i. Engages consumers with a hands-on experience
  - ii. A way reach hard-to-reach target audiences
  - iii. Increases brand awareness
  - iv. Provides a platform for brand publicity

C. Three types



- i. Created events
  - 1. Staged exclusively for marketing reasons
    - a. Examples: company anniversaries, new product introductions

Baskin-Robbins Created an Event Around the World's Largest Ice Cream Cake




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2. Goals:
  - a. Attract and involve stakeholders
  - b. Generate publicity



## TALES FROM THE REAL WORLD

### Tales From the Real World



Some organizations hesitate to stage special events because they mistakenly believe that stakeholders and the press won't think they are "important enough" to warrant attention.

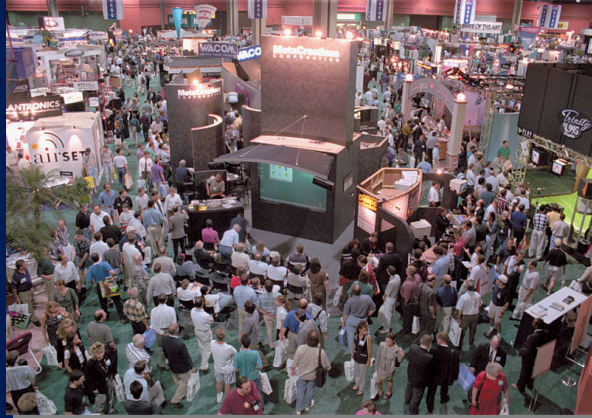
In the real world, however, some of the most successful—and publicized—events are those that are completely created by the brand, including events like grand openings and the creation of a "world's largest \_\_\_\_\_"

Some organizations hesitate to stage special events because they mistakenly believe that stakeholders and the press won't think they are "important enough" to warrant attention.

In the real world, however, some of the most successful—and publicized—events are those that are completely created by the brand, including events like grand openings and the creation of a "world's largest \_\_\_\_\_"

- ii. Participation in events
  - 1. Brands participate in events staged by someone else
    - a. A common example: Trade shows

### The COMDEX Trade Show Attracts 200,000 People



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- *An event at which customers in a particular industry gather to attend training sessions and visit with suppliers and vendors to review their product offerings and innovations*

### IMC In Action: Rimmel Cosmetics

#### IMC In Action: Rimmel Cosmetics



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## IMC In Action: Rimmel Cosmetics

### Challenge:

Increase sales and encourage website visits

### Answer:

An event program featuring:

- A London (Rimmel's home) double-deck bus tour
  - Buses were specially outfitted as discos
  - Buses also had PC's so customers could do virtual make-overs

### Results:

- Rimmel sales increased 24% at locations the event was staged
- 150,000 free samples distributed
- 21,000 makeovers

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Challenge: Increase sales and encourage website visits

Answer: An event program featuring:

- A London (Rimmel's home) double-deck bus tour
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- Buses had PCs so customers could do virtual make-overs

Results:

- Rimmel sales increased 24% at locations the event was staged
  - 150,000 free samples distributed
  - 21,000 makeovers

Discussion Starters:

- 1) Many students are probably familiar with this brand as well, so the discussion can follow a format similar to the Jeep case. First, poll the class to see how many have purchased Rimmel products.
- 2) Next, ask the Rimmel users to identify the most important aspects of the brand in their view and record the results on the board.
- 3) Finally, ask others in the class what cosmetics they purchase, and ask them to identify the key brand characteristics of these competitors—and compare them with Rimmel's.



### iii. Sponsorship of events

**Sponsored Events**

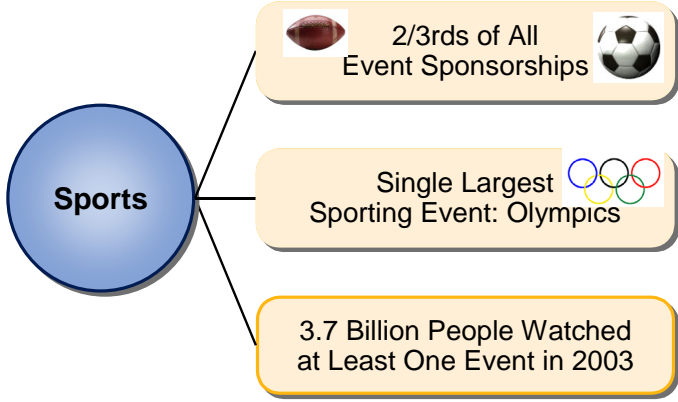
**Sponsorship:**  
The financial support of an organization, person, or activity in exchange for brand publicity and association



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1. *The financial support of an organization, person, or activity in exchange for brand publicity and association*
2. Sports sponsorships

**Sports Sponsorships**



**Sports**


- 2/3rds of All Event Sponsorships
- Single Largest Sporting Event: Olympics
- 3.7 Billion People Watched at Least One Event in 2003

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- a. 2/3rds of all event sponsorships
- b. Single largest sporting event: Olympics
- c. 3.7 billion people watched at least one event in 2003

### 3. Cause and mission marketing

Cause And Mission Marketing




**Cause and mission marketing:**  
When a brand promises to donate money or other types of support to an organization or social activity when a customer buys or uses the brand

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- a. *When a brand promises to donate money or other types of support to an organization or social activity when a customer buys or uses the brand*

▷ **INSTRUCTOR IN-DEPTH INSIGHT SPECIAL EVENTS FOR LOYAL CUSTOMERS**

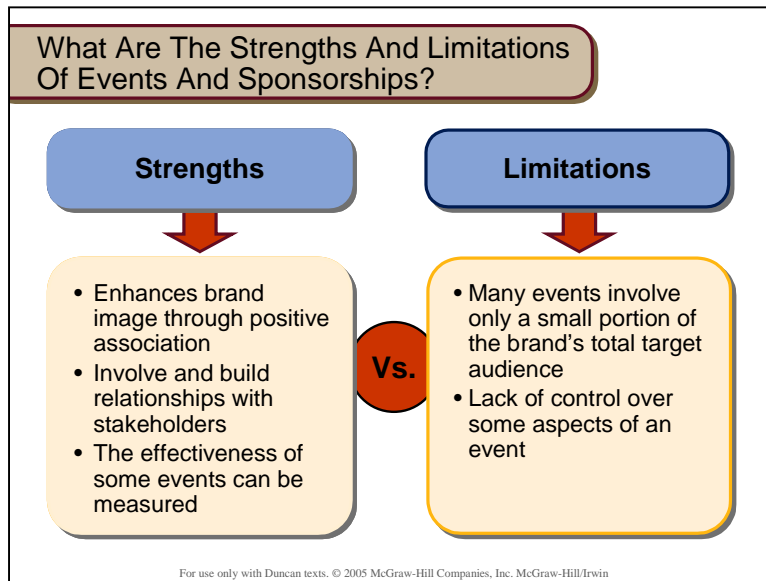
**Insight:** Special Events For Loyal Customers



Sears has found a large differential between the cost of sales to new customers and the cost of sales to loyal customers—the former cost some 20 times more. In an effort to capitalize on this, some department stores send their credit-card holders invitations to “private” sales and other special events. By maximizing the interactivity with customers, the stores are able to remain top of mind with customers and increase their buying.

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## II. What Are The Strengths And Limitations Of Events And Sponsorships?



### A. Strengths


- i. Enhances brand image through positive association
- ii. Involve and build relationships with stakeholders
- iii. The effectiveness of some events can be measured

### B. Limitations

- i. Many events involve only a small portion of the brand's total target audience
- ii. Lack of control over some aspects of an event

### III. Customer Service: The Retention Driver

#### A. Customer service



**Customer Service**

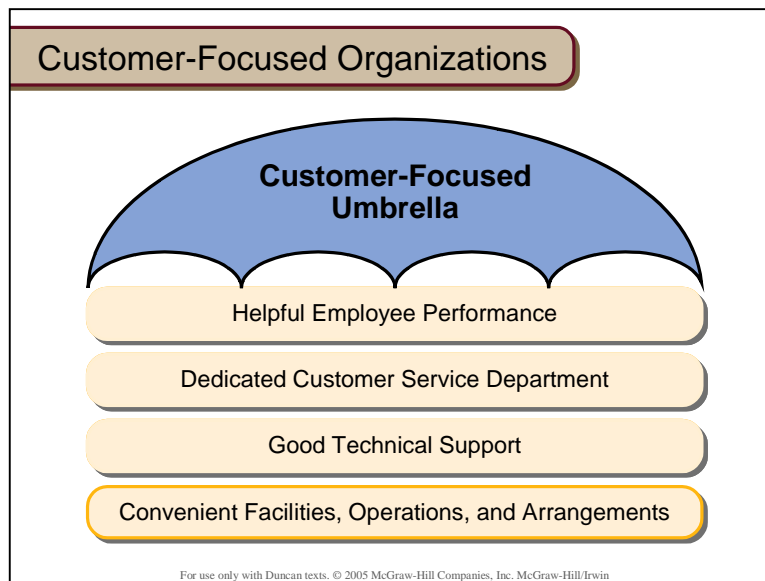
**Customer service:** The process of managing customers' interactive experiences with a brand

- Includes: everything a company does to take care of customer needs when they buy and use a brand

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- i. *The process of managing customers' interactive experiences with a brand*
  1. Includes: everything a company does to take care of customer needs when they buy and use a brand

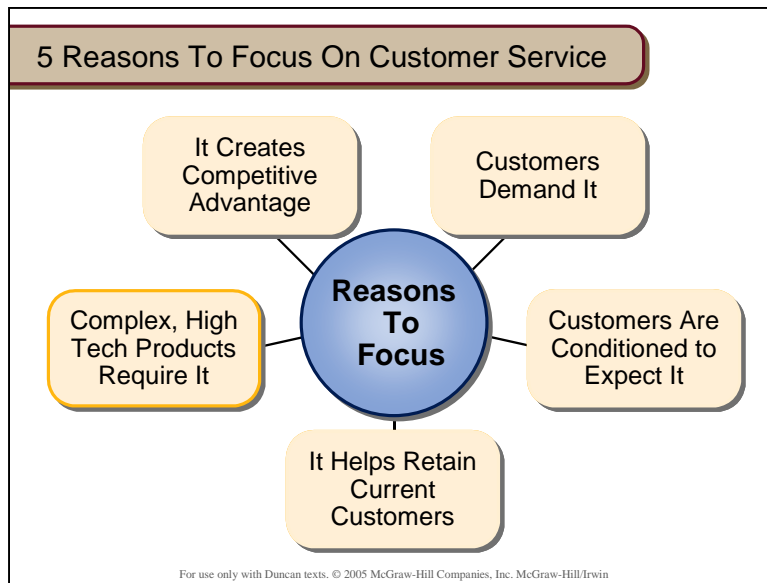
#### B. Customer-focused organizations



- i. 4 dimensions fall under the customer-focused umbrella
  1. Helpful employee performance
  2. Dedicated customer service department
  3. Good technical support

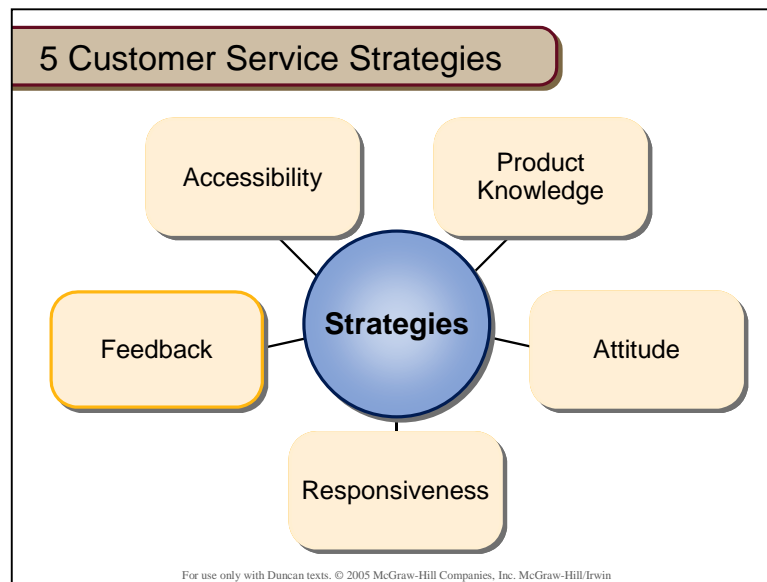
4. Convenient facilities, operations and arrangements

C. 5 reasons to focus on customer service



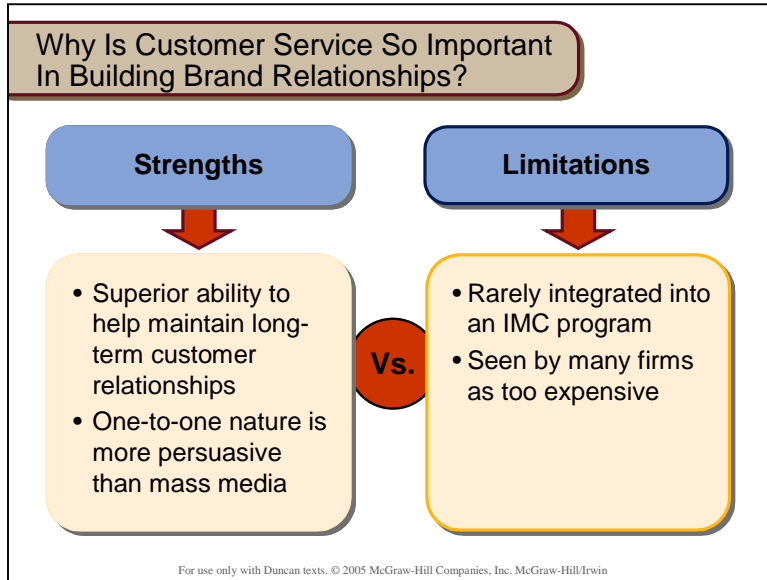
- i. It creates competitive advantage
- ii. Customers demand it
- iii. Customers are conditioned to expect it
- iv. It helps retain current customers
- v. Complex, high tech products require it

D. 5 customer service strategies



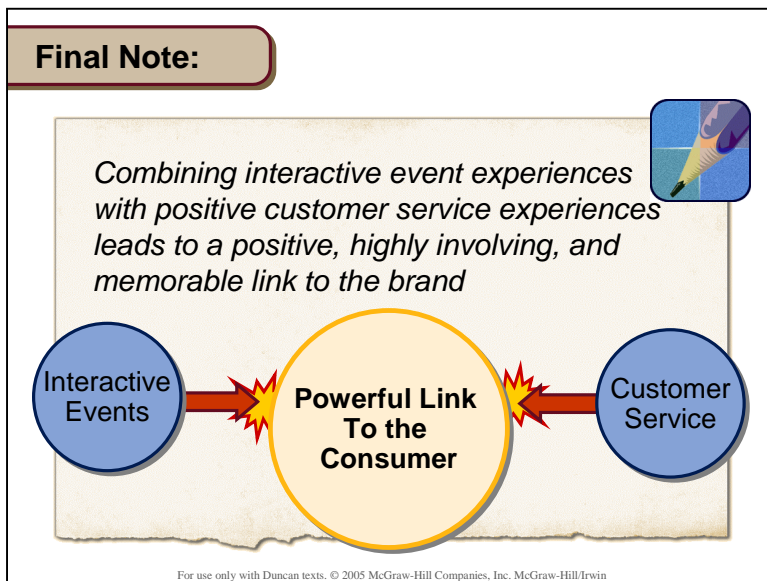
- i. Accessibility
  - 1. Via personal contact, free phone number and email

- ii. Product knowledge
  - 1. Requires solid employee training
- iii. Attitude
- iv. Responsiveness
  - 1. Employees must be trusted to make some snap decisions
- v. Feedback



- E. Strengths...
  - i. Superior ability to help maintain long-term customer relationships
  - ii. One-to-one nature is more persuasive than mass media
- F. Limitations
  - i. Rarely integrated into an IMC program
  - ii. Seen by many firms as too expensive

IV. Final Note



- A. Combining interactive event experiences with positive customer service experiences leads to a positive, highly involving, and memorable link to the brand

## Answers to Review Questions

### 1) Events and Sponsorships

- a. What is the relationship between event marketing and sponsorships?

*Answer: The relationship between these two MC functions is that they both directly involve customers and other prospects. Recognizing the impact of these types of messages, marketers are becoming smarter about how to create and use event marketing and sponsorships in their efforts to build long term customer relationships.*

- b. Why is event marketing referred to as experiential communication, and how does it differ from marketing communication methods discussed in earlier chapters?

*Answer: Event marketing is referred to as a form of experiential communication because a marketer can differentiate their brand by creating an experience around it. Whereas other MC methods such as advertising, direct marketing and sales promotion are designed largely to sell product performance, event marketing is designed to sell the brand experience.*

- c. What are the duties most commonly involved in event management?

*Answer: Event management includes organizing the event and its logistics, staffing it, and marketing it to participants, sponsors, and attendees. And then the event managers have to actually set up and run the event efficiently and safely. In other words, managing an event involves many forms of marketing communication, careful planning and execution.*

- d. Check out the websites of the companies listed in the Global Focus box on p. 615. Do they use their Olympic sponsorship on their website? Is the sponsorship being effectively used? How would you recommend that these companies better leverage their association with the Olympics on their website?



*Answer: After consulting with the websites of some of the organizations, the results are mixed. On the positive side, Xerox makes excellent use of their sponsorship, with the Olympic logo sharing equal billing with the corporate logo on their website. A simple double click on the Olympic “rings” takes you to a page titled “The Champion of All Events” which is an excellent overview of the Olympics, including such in-depth features as sections on the athletes, event photos, a timeline of Xerox Olympic sponsorship history, and even a link to a site where visitors can download Olympic posters. This site is an example of an excellent use of a sponsorship. In the middle ground is McDonalds. Their Olympic sponsorship can be found under the somewhat generic tab titled “sports.” Unfortunately, the Olympics is mixed in with a wide range of other athletic sponsorships—and most disappointingly, is simply an overview of McDonald’s 2002 sponsorship. This site could certainly be improved by creating a direct link from the homepage, perhaps using the Olympic “rings” like Xerox. And a more forward-looking update would be appreciated, focusing on upcoming events—not looking back to 2002. On the negative side is UPS. Information about their Olympic sponsorship could not be located at all on their current website. The only sponsorship visible on the website is of a NASCAR team. UPS should seriously reconsider their sponsorship role. If they lack a strong desire to leverage their sponsorship, as their current website suggests, they should either drop the sponsorship entirely—or promote it much more effectively as Xerox does.*

## **2) Types of Events and Sponsorships**

- a. How does a created event differ from a participation event? Give an example of each.

*Answer: Created events are used to leverage the promotional aspects of such things as grand openings, brand or company anniversaries, new-product introductions, and corporate annual meetings. Such events are developed by a brand to attract publicity. An example of a created event described in the text would be the serving of McDonald’s trillionth hamburger. On the other hand, companies may also choose to participate in an event created by someone else. An example of this type of event for McDonalds would be participation in a trade show sponsored by a fast food restaurant trade organization.*

- b. What departments or MC functions use events, and what do they hope to accomplish?

*Answer: Some of the MC functions involved in events include sales (to interact with existing customers and to generate new prospect leads), sales promotions (to induce existing and/or potential customers to purchase more), and public relations (to maximize the publicity value of the event with participants, the press, and other stakeholders).*

- c. What do events contribute to relationship programs?

*Answer: Companies participate in events like trade shows primarily to reinforce relationships with current customers and to create qualified leads for new customers. Trade shows provide opportunities to engage customers in personal*

*communication and relationship-building activities, such as seminars and receptions.*

- d. What is a trade show, who is its target, and what objectives might a company specify for its participation in such an event?

*Answer: A trade show is an event at which customers in a particular industry gather to attend training sessions and visit with suppliers and vendors to review their product offerings and innovations. Suppliers set up booths at which they demonstrate their products, provide information, answer questions, and take orders. Objectives for trade shows, therefore, should state how many customers and prospects the company wants to see and how many leads it wants to turn into sales. The value of participating in a trade show can be determined by several measures: the number of customers and prospects who visit the booth, the amount of orders written at the show, the number of qualified leads obtained, and, most important, the number of sales resulting from these contacts.*

- e. How do sports event sponsorships work, and what are their objectives?

*Answer: Sports sponsorships work because athletes, sports teams, and leagues at all levels recognize the financial benefit of having sponsors—and, in turn, have realized that they can offer added value to brands. Some of the objectives of sports sponsorships are to enhance attitudes toward the sponsor through the positive rub off value of their association with the sport. Other possible objectives include the desire to secure global exposure, unify a diverse workforce, and build long-term business relationships with other sponsors.*

- f. Define cause marketing and mission marketing, and explain the differences between the two.

*Answer: In cause marketing programs, a brand promises to donate money or other types of support to an organization or social activity when a customer buys or uses the brand. This type of sponsorship is an extension of the overall marketing efforts of the organization. This differs from mission marketing, which goes much further and represents the basis of the organization's entire business plan. For example, some organizations base all of their business decisions on environmentally sound business practices, emphasizing local community involvement and sourcing their ingredients to support the environment. In most cases, these companies do little advertising, but instead rely on brand publicity, as well as word-of-mouth, to advance their businesses.*

- g. Find an example of both cause marketing and mission marketing. How effective is each one at building brand relationships?

*Answer: The text provides examples of both. Specifically, cause marketing is used by American Express in their sponsorship of a program to feed the homeless, which donates two cents to homeless food kitchens for each credit card transaction made by its cardholders. The effort was supported by an advertising campaign stating, "Every time you use the American Express Card, you'll help provide a meal for someone who is hungry." The campaign was estimated to*

*have helped increase AmEx charge-card transactions, so in the short term, at least, this was a highly successful promotion. A mission marketing example cited by the text is Apple Computer, whose original mission was to be "the computer for the rest of us," unlocked computer literacy for children, as well as millions of people who had no interest in learning programming language. To this day, Apple is still true to this mission and has retained a devoted, almost cult-like following of customers who believe passionately in the company because of its mission and the easy-to-use products that support its business platform.*

### **3) Strengths and weaknesses of events and sponsorships**

- a. What are the strengths and limitations of event marketing and sponsorships?

*Answer: On the positive side, some of the strengths of events and sponsorships include their ability to enhance a company or brand's visibility by associating it with something positive, such as a cause or athletic event. Because of the involvement factor, events and sponsorships are also good relationship-building activities that emotionally bind customers to a company or brand, and they can be used to involve a variety of important stakeholders. Sponsors of major events also may receive season tickets or passes and other special privileges for their customers and employees. On the downside, two key limitations of event marketing and sponsorships are the fact that they tend to directly involve only a small percentage of a brand's target audience, and the limited control that a company sometimes has over the design and management of a sponsored event.*

- b. Develop a set of typical objectives (at least three each) for event marketing and sponsorship programs based on the strengths you identify for each area.

*Answer: Student responses will differ, but the following are some possible examples of typical objectives for the three different types of programs discussed in the chapter: First, for a created event, one objective could be to introduce a new product by creating an unveiling ceremony; a second could be to enhance relations with the community surrounding the organization by creating an annual “community picnic” on the grounds of the organization’s facility; and a third could be to help change attitudes about an existing brand by sponsoring a symposium of noted experts in the field to discuss the healthiness or the environmental friendliness of the brand. Second, for participation events, one objective could be to increase the profile of the brand in the industry it occupies by developing a major trade show presence; a second could be to help reinforce existing relationships (“schmooze”) with current clients by having a hospitality suite at a trade show many of them attend; and a third example could be to generate 200 new qualified leads of potential new clients who stop by the brand’s booth at a trade show. Third, for sponsorships, an organization could improve its image in a local community by sponsoring a portion of the town’s local minor league baseball team; a second example could be to change the attitudes of consumers about the brand by associating the brand with a cutting edge new sport like extreme snowboarding; and a third example would be help support global expansion efforts by becoming an Olympics sponsor.*

#### **4) Types of Customer Service**

- a. Why do we say customer service drives responsiveness?

*Answer: In a good customer service environment, employees are well-trained and have the authority to handle problems themselves—resulting in much better responsiveness to customer needs. Because there cannot be a rule or policy for every imaginable situation, employees must be trained and trusted to respond based on general, rather than specific, guidelines. Employees must be trusted to decide, for example, when taking a short-term loss will result in increasing and extending the lifetime value of a customer—and to differentiate these situations from customers attempting to take advantage of the company.*

- b. What are the two meanings of customer service?

*Answer: Customer service can have two different meanings in a marketing context. First, it represents the process of managing customers’ interactive experiences with a brand. Customer needs and wants are important determinants of consumer behavior. Second, customer service is a critical component of an organization’s MC program because it serves as a powerful brand message. Customer service, and the customer-focused philosophy that it represents, adds the important aspect of personal communication tool to an MC mix that can also include other tools such as advertising, public relations, and direct marketing.*

- c. Why is training such an important part of an effective customer-service program?

*Answer: A well-designed training program is critical because knowing how to answer customers’ questions is an essential characteristic of good customer service. Representatives need to have a thorough knowledge of the company’s product*

*line and how these products work. This level of knowledge is acquired through a solid training program that allows all employees to be completely familiar with the products before they hit the marketplace.*

- d. What are the characteristics of a good customer-service program?

*Answer: The text identifies four characteristics that are found in a good customer service program. The first is good employee performance during the delivery of a service; second is the presence of a customer service department that handles complaints, inquiries, suggestions and compliments; third is the existence of a technical support staff who answer questions about how to use a product; and fourth is the incorporation of facilities, operations, and arrangements, such as extended hours, play areas for children while parents are shopping, to make the customer service experience better.*

- e. Have you ever returned a product to a retailer or manufacturer? How was your return handled? What other services did the company's customer-service department offer?

*Answer: Student answers will differ, but one experience that might be relevant is a recent return of a DVD player to Circuit City. The reason for the return was not defect-related (it simply didn't fit in the home entertainment center). So the unit was taken to the customer service counter at the local Circuit City. Unfortunately, the experience was negative, even though a full refund was promptly issued. The problem came in the personal interaction with the customer service employee. The individual seemed bored and mildly irritated that he had to deal with the person returning the DVD player. The net effect? The experience detracted from the customer's overall impression of Circuit City, and has made the buyer much less likely to return to the store in the future.*

- f. What are the strengths and limitations of customer service?

*Answer: The primary strength of customer service is the two-way communication it can add to a marketer-customer relationship. Personal encounters are more persuasive than mass-media marketing communication and can be used to overcome the negative feelings associated with product problems. Two limitations of customer service are that it is rarely managed as part of a marketing program, so the communication dimensions of the service may not be integrated into the overall marketing communication approach, and the fact that, training people to work in customer service represents a significant expense to the company, especially when turnover in this area is high.*

- g. Have you ever called a company's toll-free number with a question about a product or service? How well did the help desk or hot line handle your question?

*Answer: Student answers will differ, but one positive example that might be relevant is a recent interaction with a university's computer help line. The experience was positive because the phone system efficiently directed the caller to the help area needed, and a knowledgeable representative was available after only a short wait. Then the representative was empowered to walk the caller through a complete fix of the problem in a patient, friendly manner. The caller was very impressed with the professionalism of the service—and now has become an advocate of the service in the university community.*

## Chapter Challenge

### Writing Assignment

Choose a local store or manufacturer in your market. Analyze the effectiveness of its experiential-communication programs. In other words, look at how it handles events and sponsorships, customer service, and cyber marketing. In what ways could the company improve its efforts in this area? Write a report to the marketing manager summarizing and explaining your findings.

### Presentation Assignment

Based on your findings in the writing assignment given above, develop a relationship marketing plan for the company you chose. Identify the key stakeholders, their contact points with the company, and the messages being delivered at those contact points. What might the company do to better manage these relationships? In particular, how can experiential communication be used to grow the company's business with its customers? Prepare a presentation of the marketing plan for your class.

### Internet Assignment

Consult one of the corporate websites listed below and analyze how the company handles customer interactivity. Look specifically for a toll-free phone number or e-mail address. Ask the customer-service representative a common question to find out how long it takes to get an answer and how satisfactory the answer is. Write a memo to your instructor on this company's customer service quality.

[www.harley-davidson.com](http://www.harley-davidson.com)

[www.cheerios.com](http://www.cheerios.com)

[www.pizzahut.com](http://www.pizzahut.com)

[www.goodyear.com](http://www.goodyear.com)

[www.ual.com](http://www.ual.com) (United Airlines)

[www.sears.com](http://www.sears.com)

[www.usmc.mil](http://www.usmc.mil) (Marine Corps)

[www.target.com](http://www.target.com)

[www.starbucks.com](http://www.starbucks.com)

### Research Assignment

From books and articles you find in the library, develop a paper on the strategic role of involvement in marketing communication persuasion. Conclude with a list of all of the

different ways a company can create and strategically manage participatory experiences for customers and other key stakeholders.

IMC Plan Team Assignment

At this stage in their semester-long project, students should be considering ways that special events and customer service can be integrated into their overall IMC Plan. This assignment asks the student agency to identify concepts they are considering for each of these areas.



# IMC Final Project Checklist #19

Due Date: \_\_\_\_\_

**Your Agency Name:**

**Events and Sponsorships**

*Provide a detailed description of your plans to use any of the following three types of events discussed in the chapter.*

**Created Events**

**Participation in Events**

**Sponsorships**

**Customer Service Strategies**

*Provide detailed descriptions of plans your agency has to address the following five service strategies discussed in the chapter.*

**Accessibility**

**Product knowledge**

**Attitude**

**Responsiveness**

**Feedback**