

The got milk ad campaign



The Got Milk ad campaign is a generic ad campaign: it is designed to promote a product category instead of a single product or brand. Free-riding is therefore an unavoidable issue when dealing with generic ad campaigns. In that case, who pays for the campaign, and who actually benefits in return? With the spillover effect this type of ad campaign can have, it is difficult not to have any free riders which do not contribute or refuse to do so, while at the same time reap the benefits of the increased sales and awareness the campaign would bring.

Another question that arises is whether or not everyone (entities who finance the ads and those who don't) is better off contributing to the generic ad campaign, or advertising one's own brand. According to Krishnamurthy's[1] model, in the case of voluntary contribution to generic ads, on average, a firm will actually spend less on generic advertising than on brand advertising. Additionally, investing in generic ads has a positive effect on firm profit as well as industry welfare. This shows that in the Got Milk case, milk firms are better off contributing to the ad campaign than running their own. Even with many small free-riders, the major firms will still be better off. On the other hand, running a brand ad campaign would increase company profit, decrease competitor's profit, as well as reduce industry welfare. Since the goal of the Got Milk campaign is to prevent a decrease of sale of milk itself, we can consider that in this case, the generic ad campaign approach was well-suited for the task at hand.

The Got Milk campaign was initiated by California's largest milk processors, who financed the California Milk Processor Board to create and run the campaign. They received a contribution of 3 cents per gallon sold, which

totaled to around \$23 million per year.[2] The campaign itself was then created by Goodby, Silverstein & Partners, a large San-Francisco based Ad firm. Contribution to the campaign soon became mandatory, with all milk farmers having to contribute to the ad campaign. Currently, “ all farmers are required to contribute \$0. 15 out of approximately \$13. 50 from the earnings of every hundredweight of milk produced for milk promotional campaigns”.

[3] [4]

Results were mitigated for firms who contributed to the campaign. Noel Blisard[5], who conducted research on the subject, “ estimated that dairy producers received \$5. 33 in return for each additional dollar spent on generic promotion”. However, other analysts estimate that there is no increase in sales, and that the campaign merely managed to stabilize sales[6]. This has been confirmed by Jeff Manning, the executive director of the California Milk Processor Board. Although awareness increased to 91%, sales merely stabilized. This can be considered to still better than the 3% yearly decrease it was suffering before. Therefore, in that sense, the campaign can be considered a success.

But what were the objectives of the campaign? What was expected by the producers? As Manning puts it, “ What we did was stop the hemorrhaging in the face of competition from Coke, Pepsi, Snapple, Gatorade, Evian - a whole slew of competitors with deeper pockets”. The California Milk Processor Board’s objective was ultimately to form an industry organisation that includes all milk producers, who put financing and effort towards a common goal: beating the soda companies and other substitutes. These companies had higher advertising budgets, and were therefore able to reach more

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consumers. Currently, after stopping the hemorrhaging of milk sales, the campaign's ultimate goal, according to Jeff Manning, is to increase milk sales. That, unfortunately, did not happen, and Manning admits it. However, he still considers the campaign to be a success, and it continues to this day.

[7]

1. Enlarging the Pie vs. Increasing One's Slice: An Analysis of the Relationship Between Generic and Brand Advertising Sandeep Krishnamurthy University of Washington, Bothell
2. Got milk? Douglas B. Holt, L'Oreal Professor of Marketing, University of Oxford
3. A Look at the Largest Agricultural Advertising Campaign, the Controversy Surrounding it and What Still Needs to be Done. Cortney Peissig
4. The Problem of Generic Advertising: An Experimental Analysis* Kent D. Messer, Harry M. Kaiser, William D. Schulze Cornell University
5. Advertising and What We Eat The Case of Dairy Products Noel Blisard
6. Social marketing: an overview of approach and effects W A Smith
7. Winter Business Partners breakfast featuring Jeff Manning