HKIM
Young Marketing Communicators Awards

Tertiary Group
Media Specialism
Team 35
Youth Club
Validity Vs Marketing & Innovation

- Feasibility
- Risk & Return

Each promotional dollar is spend wisely

Convincing facts & data !!
Worthwhile to spend million of dollars in marketing/promotion?

Figure 1.1  Linear regression model analysis on net profit and selling & distribution expenses of Rojam Entertainment Holdings Limited (8075.HK)

Record production & distribution music production digital distribution
Worthwhile to spend million of dollars in marketing/promotion?

Dependent Variable: NET_PROFIT

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-25486499</td>
<td>22696163</td>
<td>-1.122943</td>
<td>0.3125</td>
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<tr>
<td>SELL_DIS_EXP</td>
<td>0.784808</td>
<td>0.334178</td>
<td>2.348474</td>
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</table>

R-squared: 0.524504

Mean dependent var: 14573571

Adjusted R-squared: 0.429404

S.D. dependent var: 52438194

S.E. of regression: 39610045

Akaile info criterion: 38.06205

Schwarz criterion: 38.04660

Log likelihood: -131.2172

F-statistic: 5.515329

Prob(F-statistic): 0.065685

Net profit = c + 0.784 Selling expenses

$r^2_{(A)} = 0.525$ implies about 52% of the sample variability in net profit is explained by its linear dependence on marketing expenditure. $r_{(A)} = 0.72423$

Source: Annual report of Rojam Entertainment Holdings Limited (8075.HK) from HKEX
Worthwhile to spend million of dollars in marketing/promotion?

Figure 1.2 Linear regression model analysis on net profit and marketing expenses of Playmates Holdings Limited (635.HK)

Design development marketing & distribution of toys, family entertainment activity products

Positive linear relationship
$1 selling expenses can produce ~$1.356 net profit
Worthwhile to spend million of dollars in marketing/promotion?

<table>
<thead>
<tr>
<th>Included observations: 7</th>
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<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
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<tbody>
<tr>
<td>C</td>
<td>-1.83E+08</td>
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<tr>
<td>MKT_EXP</td>
<td>1.356386</td>
<td>0.227379</td>
<td>5.965306</td>
<td>0.0019</td>
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**R-squared** 0.876801

Source: Annual report of Playmates Holdings Limited (635.HK) from HKEX

Net profit = c + 1.356 Selling expenses

$r^2_{(B)} = 0.876$ implies about 88% of the sample variability in net profit is explained by its linear dependence on marketing expenditure.  $r_{(B)} = 0.93638$
New Business Opportunity Emerge

Youth Club

- first mover in the mixed-entertainment industry
- indirect rival

Figure 2.1
Competitive Analysis
Market Analysis

Karaoke Box
- tremendous innovative marketing campaigns
- limited service offering
- Marketing communications
  - significant focus on celebrities
- HK market becomes mature

Community Youth Centre
- non-profit making
- low budget on marketing communications
- limited capacity & unfashionable image

Source: California Red Limited & Neway Karaoke Box
Market Analysis

**Karaoke box**
- fashion industry
- saturated
- competitors phase out
- ad-clutter
- ↑ teenagers spending & consumption habit

**New Business Opportunity Emerge**
- mixed entertainment (with karaoke, sports, games, performance, leisure & food/beverage)

“Choosing what you want at once”
Target Market

1. innovators/early adopters
2. fanatic/performers
   • 18-35 age group (Demographic)
   • exposure to internet (Behavioral)
   • get used to trad. entertainment
   • limited venues for performing

Have any specific target when hang out.?

- Yes: 43%
- No: 57%

n = 332

% of add. fees willing to pay

- Not willing: 9%
- 1-10%: 25%
- 11-20%: 14%
- 21-40%: 10%
- 41-60%: 9%
- 61%+: 4%

n = 332

Source: Time Magazines
• **Blue Ocean Strategy**
  - step into untapped market
  - avoid competition
  - rise & create value for market
  - reduce & eliminate less valued features

"Choosing what you want at once"

• **More for more**
  - bundle of entertainments
  - slightly higher price
  - match consumers’ need
Objectives

Induce Trial
Brand Awareness
Differentiation
+ve brand image

Objectives
Objectives

• **Brand Awareness**
  - 40% of target market aware of “Youth Club” by Oct, 2008
  - to create customers’ retention of the ad in HK to 40% of audiences by Feb, 2008

• **Differentiation**
  - be unique from competitors
  - both in physical & psychological
  - make “Youth Club” be the preferred brand of teens by Oct, 2008

• **Induce trial**
  - achieve trail of Youth Club to 20% by Oct, 2008
  - to gain 15% market by Oct, 2008

• **Positive brand image**
  - trendy & healthy
**TVC design**
- not to spend promotional dollars on recruiting celebrities ➔ Ad Clutter
- most important ➔ catch attention (humor, emotion & music)
- exaggerating theme ➔ Choices

**Storyboard**

**Part 1 – Dream**
*Everyone’s dream*
Paradise of “Free to choose”

**Shot 1:**
A young man dated with 4 pretty girls

*(Voice-over: 每個男人都想…)*
Shot 2 & 3:
A boy playing video game console and got good result in exam
(Voice-over: 每個細路都想...)
Shot 4:
A dog having plentiful & variety meal
(Voice-over: 連狗...都想)
Part 2 – Sad reality

*Everyone’s reality*

Tragedy of “No choices”

Shot 5: Back to reality, a family watching the Dream TVC happily

(Voice-over: 但係…)

(Bg. music: Sad music “Meditation”)

Shot 6: horrid wife…
Shot 7: annoying homework…
Shot 8: tasteless pet food…
Part 3 – “Choosing what you want at once”
Describe the nature of Youth Club for the ease of understanding
Mention brand name again for memorability

Shot 9: The “sad dog” screen become blurred and start speaking out the slogan.
(Voice-over: 點解做人做狗都無得揀，黎Youth Club過百樣野比你揀，你嗡得出既野都有得玩)

Shot 10: Repeat the brand
(Voice-over: Youth Club)
Means- End Chain Theory

New Product:
- Awareness+Impression \(\Rightarrow\) Brand Retention

Appeal & Execution Framework
- survey data revealed that in terms of attention & retention
  - Humor, Emotional & Musical

  - **Part 1 – Dream**
    - emotional appeal – slice of life
  - **Part 2 – Sad reality**
    - humor – dramatization
    - emotional appeal – slice of life
    - musical appeal – “Meditation”
  - **Part 3 – “Choosing what you want at once”**
    - informative approach
Message and Creative Strategy

Creative Strategy

Entertainment industry
- differentiation based on physical characteristics is difficult
- emotional preference (evoked set)
- affective strategy
  ➜ create a “feel” and “emotional attachment to audience
- “Meditation” strengthen the effect & last longer

Message Strategy

- Consumer insight: People have no choices in life
- Product Benefits: Youth Club provides choices
- Reason-to-believe: Youth Club provides lots of entertainment at once
- Legal and Mandatory Regulatory:
  - Brand Mentioning: Youth Club
  - Slogan Mentioning: Choosing what you want at once
• **Target Audience:**
  - Teens who are innovative, creative, like new ideas

• **Media Objective:**
  - high reach to target & cost effective

• **Media & Vehicles selection**
  - based on variables like reach, usage, frequency & cost
• TV & Radio are common media

**TVC**
- impact audience by visual & audio effect
- conveys brand image
- especially for attaching emotional feeling

**Radio**
- channels & programs
  - high degree of segmentation
- recall of TVC
- low cost per reach
TVB Rating

Mass-market coverage with Low cost per exposure

Source: CSM Media Research # Proportion in rating is counted by the two free TV Chinese channels in HK

Hours watching TV: 1 to 2 hrs: over 52%
How many night watching TV: Every night: over 40%

Source: Breakthrough Ltd.

Source: Asia Television Ltd.
**Broadcasting - Radio**

**Hours listening to radio:**
1 to 3 hrs: over 75%

Source: Breakthrough Ltd.

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**Favorite Radio Channel**

- CRHK 1: 0.00%
- CRHK 2: 20.00%
- RTHK 1: 40.00%
- RTHK 2: 20.00%
- Metro Radio: 0.00%
- Others: 0.00%

Source: Breakthrough Ltd.

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**FM 903 Target**
- Young and Trendy Audience
- Music based youth channel
- Personality DJ
- Originality and Creativity

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**Favourite Time Slot of Teens**

- 0700-1259: 0.00%
- 1300-1859: 20.00%
- 1900-2359: 40.00%
- 2400-0659: 0.00%

Source: Breakthrough Ltd.
Print Media

- Printed newspaper: expensive with low appropriate reach

Magazines
- serve out target precisely
- easy to convey product information
- high quality & special design are available
- longer life span, can keep for reference
No. of Magazine will read per month:
1 to 2: over 50%; 3 to 4: 28%

Source: Breakthrough Ltd.
<table>
<thead>
<tr>
<th>Magazine</th>
<th>Cost for 4 color Full page -AD</th>
<th>Readership 2006 (‘000)</th>
<th>CPM Total</th>
<th>Reader Profile: Percentage of segmented readership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Aged 12 – 29 % Readership*% (‘000)</td>
</tr>
<tr>
<td>Easy Finder</td>
<td>30,000</td>
<td>366</td>
<td>81.96</td>
<td>15 24.4</td>
</tr>
<tr>
<td>Milk</td>
<td>46,000</td>
<td>143</td>
<td>321.68</td>
<td>36 51.48</td>
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<tr>
<td>East Touch</td>
<td>32,500</td>
<td>117</td>
<td>277.77</td>
<td>28 32.76</td>
</tr>
<tr>
<td>Sudden</td>
<td>55,000</td>
<td>661</td>
<td>83.2</td>
<td>8 52.88</td>
</tr>
</tbody>
</table>
Out-of-home media

- MTR
  - wide network coverage
  - sophisticated segmentation
  - low cost per reach
  - format & design has high discretion
Mass Coverage
- over 2.8 million people/week

MTR advertising network:
- reach over 54% of the total population in HK

Young
- 61% of all 15 - 34 year olds travel on the MTR.

→ 2 phases of Ads
Phase 1: The Outburst
- Plasma ring zone with extension + 4 Pillars and Floor vision surrounding

Phase 2: Student Package
- Escalator Crown Network (253 panels)
Online Advertising

- high reach, wide coverage especially to teens
- wide segmentation
- low cost per reach

HK internet accounts: 3.1 millions
household broadband penetration rate: 68.7%

Change in HK Media Coverage 2000 vs 2005

- Internet
- TV
- Newspaper
- Magazine

Growth of time spent Online

Source: Synovate media Alths HK 2006
Source: Media Guide 2006
Source: Yahoo e-marketing
Everyday 2-4 days 5-7 days 8 days or above

Frequency in using MSN/ICQ

0 50 100 150

Everyday

Frequency to visit internet forum

0 50 100 150

8 days or above

5-7 days

2-4 days

Not applicable

Frequency in using MSN/ICQ

Frequency to visit internet forum
Top Popular 15 Websites in HK

1. Yahoo! HK
2. Discuss.com.hk
3. Xanga.com
4. Uwants.com
5. Youtube.com
6. Window Live
7. Facebook
8. Microsoft
9. HKJC
10. Google.com.hk
11. Atnext.com
12. Google
13. Watch.cc
14. Baidu.com
15. Blogger.com

Source: Alexa Internet, Inc
• most popular website in HK
• advertising analysis & evaluation
• search Marketing

• Hitwise.com: HK has the highest volume of visits to forum
• Cnzz.com: 280,000,000 per month
• >96% visitors of uwants.com are aged fewer than 35

• increasing trend of reading news online
• free subscription
• ranks no.1 online Chinese news
• most visitors are teens
Public Relations

Sponsorship

Net meeting

Steppingstone to Star
Steppingstone to Star

- road show performance in crowded: MongKok
- refer the talents to artiste management firm
- make noise in the public
- selected by “Views” count
- publish by ATV (new image)

Source: Asia Television Ltd.
Net meeting

- About 55.5% of young people always use MSN to chat with others (Youth Opinion Polls)
- 43% of the interviewed youngsters use MSN everyday
- Co-operate with Microsoft messenger
- Online reservation / check out event

Source: The Hong Kong Federation of Youth Groups (HKFYG)
Public Relations

**Sponsorship**
- +ve image
- brand awareness
- in forms of annual performance/ sports event
  (Cycling competition is a proposed event)
- deliver some advertising specialties

Source: Standard Chartered

Source: Sanmiguel
Sweepstakes

- attract target customers - teenagers
- electronic products as the prize
- corporate with shopping mall
- prize enables people free to consume in Youth club within certain period
Sales Promotion

Discount

- "YC" = Youth Club
- Offer discount for whose abbreviation name consists of "Y" & "C"
- E.g. Yau Chung Wai = YCW

Get the discount
Sales Promotion

Cash Coupon
- co-operate with retailers (e.g. Tom Lee Music & adidas)
- share same pool of customers
- offer cash coupon if counterfoils are showed

Youth Club <-> Retailers

- Geographical coupon: Whampoa Garden & Kwai Fong

Mutual benefit
## Scheduling – A Pulsing Schedule

*(Heavy media rate in hit period of teens’ entertainment)*

<table>
<thead>
<tr>
<th>Promotion campaign</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Media</strong></td>
<td><strong>Medium</strong></td>
<td><strong>Nov</strong></td>
</tr>
<tr>
<td>Broadcasting</td>
<td>TVC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Radio</td>
<td></td>
</tr>
<tr>
<td>Outdoor</td>
<td>Ad on MTR</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>Ad on Newspaper(online), Ad on internet/forum</td>
<td>X’mas</td>
</tr>
<tr>
<td>Print</td>
<td>Ad on Magazines</td>
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<tr>
<td>Event</td>
<td>Net meeting(MSN)</td>
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<tr>
<td></td>
<td>Steppingstone to Star</td>
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<tr>
<td>Sales Promotion</td>
<td>Cash Coupon</td>
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<td>Sweepstakes</td>
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<tr>
<td></td>
<td>Discount</td>
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</table>
## Budget Allocation of HK$2,987,055

<table>
<thead>
<tr>
<th>Media and Medium selected</th>
<th>Ads details</th>
<th>Frequency</th>
<th>Period</th>
<th>Cost HKD</th>
<th>% of budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting - TV</td>
<td>TV ads, Late Prime Time at TVB and ATV</td>
<td>30 sec</td>
<td>15 – 20 times per month</td>
<td>1 months</td>
<td>867,405 + 391,650 = 1,259,055</td>
</tr>
<tr>
<td>Broadcasting - Radio 903</td>
<td>Sound ads</td>
<td>30 sec</td>
<td>2 times/night, 20 days/month</td>
<td>2 months</td>
<td>196,000</td>
</tr>
<tr>
<td>Print - magazines</td>
<td>4 colors, Full page</td>
<td>2 magazines</td>
<td>1 page/issue</td>
<td>1 months, 4 issues</td>
<td>238,000</td>
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<tr>
<td>Online – Forums, online news and other popular websites</td>
<td>Banners, Word Searching</td>
<td></td>
<td>Whole year</td>
<td></td>
<td>142,000</td>
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<tr>
<td>Outdoor - MTR</td>
<td>Phase 1 + Phase 2</td>
<td></td>
<td>3 weeks + 4 weeks</td>
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<td>716,000 + 76,000 = 792,000</td>
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<td>PR functions:</td>
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<td>few times/year</td>
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<td>- Stepping stone to Star</td>
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</tr>
<tr>
<td>- Net meeting</td>
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<td>Sales Promotion:</td>
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<td>- Cash Coupon</td>
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</table>

Source: Rate card available in the market/official website

Suppose the budget of this campaign is allocated by 10% of the projected sales.

=> Projected Revenue: $ 29,870,550
Conclusion & evaluation

- Recall the direct relationship of advertising/net profit

- the approximate budget worth
- especially for the brand in the long run
- Pre-evaluation & Post-evaluation

With effective Marketing and Innovation, Business will alive!
References

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• Principles of Marketing
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• Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant
  W. Chan Renee Mauborgne
  http://en.wikipedia.org/wiki/Blue_Ocean_Strategy