

An Introduction to Integrated Marketing Communications

1

Chapter Objectives

1. To examine the promotional function and the growing importance of advertising and other promotional elements in the marketing programs of domestic and foreign companies.
2. To introduce the concept of integrated marketing communications (IMC) and consider how it has evolved.
3. To examine reasons for the increasing importance of the IMC perspective in planning and executing advertising and promotional programs.
4. To introduce the various elements of the promotional mix and consider their roles in an IMC program.
5. To examine how various marketing and promotional elements must be coordinated to communicate effectively.
6. To introduce a model of the IMC planning process and examine the steps in developing a marketing communications program.

“An Army of One” Campaign Accomplishes Its Mission

During the early to mid 1990s, the U.S. Army had little trouble attracting enough young men to enlist for military service. The collapse of the Soviet Union had all but ended, and the cold war and military warfare was becoming more high-



tech, which meant that fewer soldiers were needed. Thus, the Army was downsized by 40 percent, making it easy to reach modest recruitment goals. Recruitment advertising used the “Be All That You Can Be” tagline and relied primarily on expensive television commercials to deliver the self-actualization message. The ads also emphasized how joining the Army provided opportunities for career training, college scholarships, and other financial incentives.

While its recruitment marketing strategy worked well in the early to mid '90s, by the later part of the decade the Army found itself losing the battle to recruit America's youth. The military recruiting environment had changed as the booming economy of the '90s created many other opportunities for high school graduates. The Army's financial package was not enough to attract qualified recruits, and many high school graduates were not willing to endure the demands of basic training. However, the core

challenge facing the Army was deeply rooted negative perceptions of the military. Research showed that 63 percent of young adults 17–24 said there was no way they would enlist in the military, and only 12 percent indicated an interest in military service. Comments such as, “not for people like me,” “for losers,” and, “only for those with no other options” were typical of the feelings young people held toward military service. Moreover, even for many of those who would consider enlisting in the service, the Army was their fourth choice among the branches of the military as it had major image problems on key attributes considered important in a post-high school opportunity.

All of these factors resulted in the Army missing its recruiting goals three out of the five years during the late '90s, despite spending more money on recruitment advertising than any branch of the military. In early 2000, Secretary of the Army Louis Caldera announced that: “We are totally changing the way we do Army advertising. We have to adopt the kinds of practices that the best marketing companies use to attract today's youth.” His new marketing strategy called for a new advertising campaign and a new media strategy that included less reliance on television ads and greater use of the Internet, and “e-recruiting” to complement the Army's transformation into a more mobile, high-tech force. In June of 2000, Caldera announced the hiring of Leo Burnett USA, Chicago, as its new agency, replacing Young & Rubicam which had created Army ads since 1987.

One of the first decisions facing Leo Burnett was whether to continue with the long running “Be All That You Can Be” tagline. Although highly recognizable, the agency felt that the

tagline had lost its relevance with young adults and could not be used to reposition the Army and forge a connection with this target audience. The agency came up with a new advertising and positioning theme that would be the basis for the integrated marketing campaign—"An Army of One." The creative strategy behind the theme is that it would bring to the forefront the idea that soldiers are the Army's most important resource and highlight that each individual can and does make a difference; that his/her contributions are important to the success of the whole team. The "An Army of One" campaign would send a message that a soldier is not nameless or faceless, but part of a unified group of individuals who together create the strength of the U.S. Army.

A major goal of the "An Army of One" campaign is to provide young adults with an accurate look into what it means to be a soldier in today's Army. A key phase of the campaign was called "Basic Training" which uses a reality based television format made popular by the hit show *Survivor*. The unscripted TV spots feature brief profiles of six actual army recruits as they progress through basic training, giving viewers a glimpse of their personal experiences and opinions as they transform from civilians into soldiers. The ads also encourage prospective recruits to visit the Army website (GoArmy.com) to experience a complete, in-depth

multimedia "webisode" presentation including commentary from the recruits. The Web site was re-designed in early 2001 by Chemistri, an interactive agency which is a subsidiary of Leo Burnett, with the goal of making it a more effective recruitment tool. The site serves as a resource for potential recruits interested in learning about the Army and helps them overcome fears about basic training, increases their understanding of career opportunities available, and introduces them to soldiers similar to themselves.

The "An Army of One" campaign has been a great success. Although its media budget was 20 percent lower than the previous year, the Army fulfilled its 2001 recruiting goal of 115,000 new recruits one month early. Television, print, radio and online ads were effective in driving traffic to GoArmy.com as visits to the Web site doubled and online leads were up by 75 percent. The Web site has won several awards including a prestigious Cannes Cyber Lion and has become a focal point for the Army's recruitment efforts. The overall "An Army of One" integrated campaign also won an Effie Award as one of the most effective marketing programs of the year. Mission accomplished.

Sources: 2002 Effie Awards Brief of Effectiveness, Leo Burnett USA; Kate MacArthur, "The 'Army of One' meets 'Survivor,'" *Advertising Age*, www.AdAge.com February 02, 2001; Michael McCarthy, "Army enlists Net to be all it can be," *USA Today*, April 19, 2000, p. 10B.

The opening vignette illustrates how the roles of advertising and other forms of promotion are changing in the modern world of marketing. In the past, marketers such as the U.S. Army relied primarily on advertising through traditional mass media to promote their products. Today many companies are taking a different approach to marketing and promotion: They integrate their advertising efforts with a variety of other communication techniques such as websites on the Internet, direct marketing, sales promotion, publicity and public relations (PR), and event sponsorships. They are also recognizing that these communication tools are most effective when they are coordinated with other elements of the marketing program.

The various marketing communication tools used by the U.S. Army as part of its recruitment efforts exemplify how marketers are using an *integrated marketing communications* approach to reach their customers. The U.S. Army runs recruitment advertising in a variety of media including television, radio, magazines, newspapers, and billboards. Banner ads on the Internet as well as in other media encourage consumers to visit the GoArmy.com website which provides valuable information about the U.S. Army such as career paths, the enlistment process, and benefits (Exhibit 1-1). Direct marketing efforts include mailings to high school seniors and direct response

television ads which encourage young people to request more information and help generate leads for Army recruiters. Publicity for the U.S. Army is generated through press releases and public relation activities as well as in movies and television shows. At the local level the Army sponsors athletic events and participates in activities such as career fairs to reach its target audience as well as other groups or individuals who can influence its brand image. Recruiters work in local recruitment offices and are available to meet individually with potential recruits to answer questions and provide information about the Army. Recruitment efforts for the U.S. Army also include promotional incentives such as cash enlistment bonuses and educational benefits.

The U.S. Army and thousands of other companies and organizations recognize that the way they must communicate with consumers and promote their products and services is changing rapidly. The fragmentation of mass markets, the explosion of new technologies that are giving consumers greater control over the communications process, the rapid growth of the Internet and electronic commerce, the emergence of global markets, and economic uncertainties are all changing the way companies approach marketing as well as advertising and promotion. Developing marketing communications programs that are responsive to these changes is critical to the success of every organization. However, advertising and other forms of promotion will continue to play an important role in the integrated marketing programs of most companies.

Advertising and promotion are an integral part of our social and economic systems. In our complex society, advertising has evolved into a vital communications system for both consumers and businesses. The ability of advertising and other promotional methods to deliver carefully prepared messages to target audiences has given them a major role in the marketing programs of most organizations. Companies ranging from large multinational corporations to small retailers increasingly rely on advertising and promotion to help them market products and services. In market-based economies, consumers have learned to rely on advertising and other forms of promotion for information they can use in making purchase decisions.

Evidence of the increasing importance of advertising and promotion comes from the growth in expenditures in these areas. In 1980, advertising expenditures in the United States were \$53 billion, and \$49 billion was spent on sales promotion techniques such as product samples, coupons, contests, sweepstakes, premiums, rebates, and allowances and discounts to retailers. By 2002, nearly \$240 billion was spent on local and national advertising, while spending on sales promotion programs targeted toward consumers and retailers increased to more than \$250 billion.¹ Companies bombarded the U.S. consumer with messages and promotional offers, collectively spending more than \$30 a week on every man, woman, and child in the country—nearly 50 percent more per capita than in any other nation.

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 2002.² Both foreign and domestic companies spend billions more on sales promotion, personal selling, direct marketing, event sponsorships, and public relations, all important parts of a firm's marketing communications program.

The tremendous growth in expenditures for advertising and promotion reflects in part the growth of the U.S. and global economies and the efforts of expansion-minded marketers to take advantage of growth opportunities in various regions of the world.



Exhibit 1-1 The U.S. Army provides potential recruits with valuable information through the GoArmy.com website on the Internet

The Growth of Advertising and Promotion

CAREER PROFILE

Thomas L. Aiello

Vice President, Account Supervisor—Leo Burnett, USA

I graduated from the U.S. Military Academy in 1993 with a bachelor's of science degree in engineering management. After West Point, I spent five years serving in the U.S. Army in the armored cavalry where I led groups of 50 or more soldiers. As a Captain, I was awarded the Army Commendation Medal for my accomplishments during real-world deployment to Panama, Korea, and Kuwait. My military training and experiences taught me valuable skills about leadership, project management, and strategic decision making. But the most valuable thing the Army taught me was about people and what makes them tick—this human insight is the core of all good advertising.

In 1998, I transitioned to the corporate world and accepted a position with Leo Burnett in Chicago. I had interviewed with Fortune-500 companies for careers in sales, operations and even manufacturing. When I interviewed with Leo Burnett, the advertising job seemed the best fit for my skills and I was attracted to the strong values and culture of the agency. Working at a major agency like Leo Burnett has many advantages. We have big agency resources with a small agency attitude in terms of our adaptability to move the client's business forward. My first position at Leo Burnett was in the Client Service Department working with the Chicagoland McDonald's account team. I played an integral role in helping Chicago become one of McDonald's top sales regions.

In 1999, I began working on national assignments for McDonald's and was the catalyst in winning new McDonald's business for the agency. After a promotion to account supervisor, I took the lead role on the McDonald's Happy Meal calendar team. I helped develop programs to launch new products such as Mighty Kids Meals and the Kid Dessert Menu.

Although I was learning through experience and Leo Burnett's training program, I felt a need to expand my business skills. I began night school and in early 2002 I

finished my MBA from Northwestern University's Kellogg Graduate School of Management evening program with majors in marketing and finance. The undertaking of working full-time and going to business school was tasking, but I was able to directly apply my class work to my job at Leo Burnett. I then moved to the U.S. Army account, where I supervise the ROTC business and all local advertising and field marketing.

Working on an account like the U.S. Army is very rewarding given its importance in a post 9/11 world. Personally, it seemed like my years of military experience, advertising, and business school had come together.

The Army is a great account because of the diversity of people I get to work with. My client partners are Army officers and Department of Defense civilians. They bring a great deal of experience and drive to the business. Our approach on Army is integrated, so I get to work with a diverse cross-functional team spanning creative, planning, media, web, PR, direct mail, sports marketing, and ethnic experts. Coordinating all of these areas into flawless execution is half art, half science, and a lot of hard work. My peers on the Army account created the Army of One integrated campaign. It has helped the Army achieve their recruiting mission over the last two years and won many ad industry awards.

I also do volunteer work for various organizations which help promote the advertising business such as the Ad Council which is a leading producer of public service advertisements (PSAs) since 1942. I am also an ambassador for the Advertising Education Foundation (AEF). The AEF is a not-for-profit organization created and supported by ad agencies to improve the perception and understanding of the social, historical, and economic roles of advertising. As an ambassador I visit students and faculty of various colleges and universities to talk on the advertising process and issues such as global advertising and ethics, gender, and ethnicity in advertising.



“The Army is a great account because of the diversity of people I get to work with.”

The growth in promotional expenditures also reflects the fact that marketers around the world recognize the value and importance of advertising and promotion. Promotional strategies play an important role in the marketing programs of companies as they attempt to communicate with and sell their products to their customers. To understand the roles advertising and promotion play in the marketing process, let us first examine the marketing function.

Before reading on, stop for a moment and think about how you would define marketing. Chances are that each reader of this book will come up with a somewhat different answer, since marketing is often viewed in terms of individual activities that constitute the overall marketing process. One popular conception of marketing is that it primarily involves sales. Other perspectives view marketing as consisting of advertising or retailing activities. For some of you, market research, pricing, or product planning may come to mind.

While all these activities are part of marketing, it encompasses more than just these individual elements. The American Marketing Association (AMA), which represents marketing professionals in the United States and Canada, defines **marketing** 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.³

Effective marketing requires that managers recognize the interdependence of such activities as sales and promotion and how they can be combined to develop a marketing program.

Marketing Focuses on Exchange

The AMA definition recognizes that **exchange** is a central concept in marketing.⁴ For exchange to occur, there must be two or more parties with something of value to one another, a desire and ability to give up that something to the other party, and a way to communicate with each other. Advertising and promotion play an important role in the exchange process by informing consumers of an organization's product or service and convincing them of its ability to satisfy their needs or wants.

Not all marketing transactions involve the exchange of money for a tangible product or service. Nonprofit organizations such as charities, religious groups, the arts, and colleges and universities (probably including the one you are attending) receive millions of dollars in donations every year. Nonprofits often use ads like the one in Exhibit 1-2 to solicit contributions from the public. Donors generally do not receive any material benefits for their contributions; they donate in exchange for intangible social and psychological satisfactions such as feelings of goodwill and altruism.

Relationship Marketing

Today, most marketers are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining *relationships* with their customers. This has led to a new emphasis on **relationship marketing**, which involves creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit.⁵

The movement toward relationship marketing is due to several factors. First, companies recognize that customers have become much more demanding. Consumers desire *superior customer value*, which includes quality products and services that are competitively priced, convenient to purchase, delivered on time, and supported by excellent customer service. They also want personalized products and services that are tailored to their specific needs and wants. Advances in information technology, along with flexible manufacturing systems and new marketing processes, have led to **mass customization**, whereby a company can make a product or deliver a service in response to a particular customer's needs in a cost-effective

What Is Marketing?

Exhibit 1-2 Nonprofit organizations use advertising to solicit contributions and support



way.⁶ New technology is making it possible to configure and personalize a wide array of products and services including computers, automobiles, clothing, golf clubs, cosmetics, mortgages, and vitamins. Consumers can log on to websites such as Mattel Inc.'s *barbie.com* and design their own Barbie pal doll or Fingerhut's *myjewelry.com* to design their own rings. Technological developments are also likely to make the mass customization of advertising more practical as well.⁷

Another major reason why marketers are emphasizing relationships is that it is often more cost-effective to retain customers than to acquire new ones. Marketers are giving more attention to the *lifetime value* of a customer because studies have shown that reducing customer defections by just 5 percent can increase future profit by as much as 30 to 90 percent.⁸ Exhibit 1-3 shows an ad for Dell Computer, a company that recognizes the importance of developing long-term relationships with its customers.

The Marketing Mix

Marketing facilitates the exchange process and the development of relationships by carefully examining the needs and wants of consumers, developing a product or service that satisfies these needs, offering it at a certain price, making it available through a particular place or channel of distribution, and developing a program of promotion or communication to create awareness and interest. These four Ps—product, price, place (distribution), and promotion—are elements of the **marketing mix**. The basic task of marketing is combining these four elements into a marketing program to facilitate the potential for exchange with consumers in the marketplace.

The proper marketing mix does not just happen. Marketers must be knowledgeable about the issues and options involved in each element of the mix. They must also be aware of how these elements can be combined to provide an effective marketing program. The market must be analyzed through consumer research, and the resulting information must be used to develop an overall marketing strategy and mix.

The primary focus of this book is on one element of the marketing mix: the promotional variable. However, the promotional program must be part of a viable marketing strategy and be coordinated with other marketing activities. A firm can spend large sums on advertising or sales promotion, but it stands little chance of success if the product is of poor quality, is priced improperly, or does not have adequate distribution to consumers. Marketers have long recognized the importance of combining the elements of the marketing mix into a cohesive marketing strategy. Many companies also recognize the need to integrate their various marketing communications efforts, such as media advertising, direct marketing, sales promotion, and public relations, to achieve more effective marketing communications.

Exhibit 1-3 Dell Computer recognizes the importance of developing relationships with customers

We didn't want a vendor, we wanted a one-to-one relationship.

And that's exactly what you'll get. It's just you and us, and we're both committed.

We've got reliable server and storage solutions for any size business. We'll help you with hardware installation, custom integration of software, seven-day, 24-hour service, 24/7 support and more. Learn more at www.dell.com/one2one.

At Dell, being direct isn't a strategy. It's a philosophy of starting relationships with customers. To see the value we can create for your company, we'll have a team of professionals come and see you. Or, give us a call toll-free or visit our web site. And let's get the relationship started.

1-877-424-DELL
www.dell.com

BE DIRECT
DELL
www.dell.com

For many years, the promotional function in most companies was dominated by mass-media advertising.

Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Most marketers did use additional promotional and marketing communication tools, but sales promotion and direct-marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organization's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communications process.

Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market, and different goals and objectives. These companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets.

The Evolution of IMC

During the 1980s, many companies came to see the need for more of a strategic integration of their promotional tools. These firms began moving toward the process of **integrated marketing communications (IMC)**, which involves coordinating the various promotional elements and other marketing activities that communicate with a firm's customers.⁹ As marketers embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop and implement various components of their promotional plans.

Many agencies responded to the call for synergy among the promotional tools by acquiring PR, sales promotion, and direct-marketing companies and touting themselves as IMC agencies that offer one-stop shopping for all their clients' promotional needs.¹⁰ Some agencies became involved in these nonadvertising areas to gain control over their clients' promotional programs and budgets and struggled to offer any real value beyond creating advertising. However, the advertising industry soon recognized that IMC was more than just a fad. Terms such as *new advertising*, *orchestration*, and *seamless communication* were used to describe the concept of integration.¹¹ A task force from the American Association of Advertising Agencies (the "4As") developed one of the first definitions of integrated marketing communications:

a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.¹²

The 4As' definition focuses on the process of using all forms of promotion to achieve maximum communication impact. However, advocates of the IMC concept, such as Don Schultz of Northwestern University, argue for an even broader perspective that considers *all sources of brand or company contact* that a customer or prospect has with a product or service.¹³ Schultz and others note that the process of integrated marketing communications calls for a "big-picture" approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop a total marketing communications strategy that recognizes how all of a firm's marketing activities, not just promotion, communicate with its customers.

Consumers' perceptions of a company and/or its various brands are a synthesis of the bundle of messages they receive or contacts they have, such as media advertisements, price, package design, direct-marketing efforts, publicity, sales promotions, websites, point-of-purchase displays, and even the type of store where a product or service is sold. The integrated marketing communications approach seeks to have all

of a company's marketing and promotional activities project a consistent, unified image to the marketplace. It calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning.

Many companies have adopted this broader perspective of IMC. They see it as a way to coordinate and manage their marketing communications programs to ensure that they give customers a consistent message about the company and/or its brands. For these companies, the IMC approach represents an improvement over the traditional method of treating the various marketing and communications elements as virtually separate activities. However, as marketers become more sophisticated in their understanding of IMC, they recognize that it offers more than just ideas for coordinating all elements of the marketing and communications programs. The IMC approach helps companies identify the most appropriate and effective methods for communicating and building relationships with their customers as well as other stakeholders such as employees, suppliers, investors, interest groups, and the general public.

Tom Duncan and Sandra Moriarty note that IMC is one of the "new-generation" marketing approaches being used by companies to better focus their efforts in acquiring, retaining, and developing relationships with customers and other stakeholders. They have developed a communication-based marketing model that emphasizes the importance of managing *all* corporate or brand communications, as they collectively create, maintain, or weaken the customer and stakeholder relationships that drive brand value.¹⁴ Messages can originate at three levels—corporate, marketing, and marketing communications—since all of a company's corporate activities, marketing-mix activities, and marketing communications efforts have communication dimensions and play a role in attracting and keeping customers.

At the corporate level, various aspects of a firm's business practices and philosophies, such as its mission, hiring practices, philanthropies, corporate culture, and ways of responding to inquiries, all have dimensions that communicate with customers and other stakeholders and affect relationships. For example, Ben & Jerry's is a company that is rated very high in social responsibility and is perceived as a very good corporate citizen in its dealings with communities, employees, and the environment.¹⁵ Ben & Jerry's capitalizes on its image as a socially responsible company by supporting various causes as well as community events (Exhibit 1-4).

At the marketing level, as was mentioned earlier, companies send messages to customers and other stakeholders through all aspects of their marketing mixes, not just promotion. Consumers make inferences about a product on the basis of elements such as its design, appearance, performance, pricing, service support, and where and how it is distributed. For example, a high price may symbolize quality to customers, as may the shape or design of a product, its packaging, its brand name, or the image of the stores in which it is sold. Montblanc uses classic design and a distinctive brand name as well as a

Exhibit 1-4 Ben & Jerry's has a very strong image and reputation as a socially responsible company



high price to position its watches and pens as high-quality, high-status products. This upscale image is enhanced by the company's strategy of distributing its products only through boutiques, jewelry stores, and other exclusive retail shops. Notice how the marketing-mix elements that help shape the brand's distinctive image are reflected in the Montblanc ad shown in Exhibit 1-5.

At the marketing communications level, Duncan and Moriarty note that all messages should be delivered and received on a platform of executional and strategic consistency in order to create coherent perceptions among customers and other stakeholders. This requires the integration of the various marketing communication's messages and the functions of various promotional facilitators such as ad agencies, public relations firms, sales promotion specialists, package design firms, direct-response specialists, and interactive agencies. The goal is to communicate with one voice, look, and image across all the marketing communications functions and to identify and position the company and/or the brand in a consistent manner.

Many companies are realizing that communicating effectively with customers and other stakeholders involves more than traditional marketing communications tools. Many marketers, as well as advertising agencies, are embracing the IMC approach and adopting total communication solutions to create and sustain relationships between companies or brands and their customers. Some academics and practitioners have questioned whether the IMC movement is just another management fad.¹⁶ However, the IMC approach is proving to be a permanent change that offers significant value to marketers in the rapidly changing communications environment they are facing in the new millennium.¹⁷ We will now discuss some of the reasons for the growing importance of IMC.

Reasons for the Growing Importance of IMC

The move toward integrated marketing communications is one of the most significant marketing developments that occurred during the 1990s, and the shift toward this approach is continuing as we begin the new century. The IMC approach to marketing communications planning and strategy is being adopted by both large and small companies and has become popular among firms marketing consumer products and services as well as business-to-business marketers. There are a number of reasons why marketers are adopting the IMC approach. A fundamental reason is that they understand the value of strategically integrating the various communications functions rather than having them operate autonomously. By coordinating their marketing communications efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communications programs. Advocates of IMC argue that it is one of the easiest ways for a company to maximize the return on its investment in marketing and promotion.¹⁸

The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media. Major changes have occurred among consumers with respect to demographics, lifestyles, media use, and buying and shopping patterns. For example, cable TV and more recently digital satellite systems have vastly expanded the number of channels available to households. Some of these channels offer 24-hour shopping networks; others contain 30- or 60-minute direct-response appeals known as *infomercials*, which look more like TV shows than ads. Every day more consumers are surfing the Internet's World Wide Web. Online services such as America Online and Microsoft Network provide information and entertainment as well as the opportunity to shop for and order a vast array of products and services. Marketers are responding by developing home pages on which they can advertise their products and services interactively as well as transact sales. For example, travelers can use American Airlines' AA.com website to plan flights, check for special fares, purchase tickets, and reserve seats, as well as make hotel and car-rental reservations (Exhibit 1-6).

Even as new technologies and formats create new ways for marketers to reach consumers, they are affecting the more traditional media. Television, radio, magazines,



Exhibit 1-5 Montblanc uses a variety of marketing mix elements including price, product design, brand name, and distribution strategy to create a high-quality, upscale image for its watches



Do they know something useful
air travel that you don't?

> Introducing the new AA.com

Log on to the new AA.com and you'll know how to travel it's a whole new way. You'll know that the My Account feature offers you personalized information and show travel preferences to speed booking. You'll know how to manage your Advantage account and make the Global Pass to earn up to 30 of your favorite miles. You'll know that Flight Status Notifications delivers critical gate and flight time updates to your cell phone, pager, PDA or e-mail. And you'll know you can call our new AA helpline for everything from booking flights to purchasing upgrades. We'll be there to help you travel. So add to your knowledge base by simply logging on to the new AA.com today. **AmericanAirlines.com**

The new **AA.com** Now you think.

Exhibit 1-6 Travelers can use American Airlines' website to purchase tickets and reserve seats

making them part of popular culture.

The integrated marketing communications movement is also being driven by changes in the ways companies market their products and services. A major reason for the growing importance of the IMC approach is the ongoing revolution that is changing the rules of marketing and the role of the traditional advertising agency.²¹ Major characteristics of this marketing revolution include:

- *A shifting of marketing dollars from media advertising to other forms of promotion, particularly consumer- and trade-oriented sales promotions.* Many marketers feel that traditional media advertising has become too expensive and is not cost-effective. Also, escalating price competition in many markets has resulted in marketers' pouring more of their promotional budgets into price promotions rather than media advertising.
- *A movement away from relying on advertising-focused approaches, which emphasize mass media such as network television and national magazines, to solve communication problems.* Many companies are turning to lower-cost, more targeted communication tools such as event marketing and sponsorships, direct mail, sales promotion, and the Internet as they develop their marketing communications strategies.
- *A shift in marketplace power from manufacturers to retailers.* Due to consolidation in the retail industry, small local retailers are being replaced by regional, national, and international chains. These large retailers are using their clout to demand larger promotional fees and allowances from manufacturers, a practice that often siphons money away from advertising. Moreover, new technologies such as checkout scanners give retailers information on the effectiveness of manufacturers' promotional programs. This is leading many marketers to shift their focus to promotional tools that can produce short-term results, such as sale promotion.
- *The rapid growth and development of database marketing.* Many companies are building databases containing customer names; geographic, demographic, and psychographic profiles; purchase patterns; media preferences; credit ratings; and other characteristics. Marketers are using this information to target consumers through a variety of

and newspapers are becoming more fragmented and reaching smaller and more selective audiences. A recent survey of leading U.S. advertising executives on trends that will shape the industry identified the segmentation of media audiences by new media technologies as the most important development.¹⁹

In addition to facing the decline in audience size for many media, marketers are facing the problem of consumers' being less responsive to traditional advertising. They recognize that many consumers are turned off by advertising and tired of being bombarded with sales messages. These factors are prompting many marketers to look for alternative ways to communicate with their target audiences, such as making their selling messages part of popular culture. For example, marketers often hire product placement firms to get their brands into TV shows and movies. MGM/United Artists created special scenes in the recent James Bond movie *Die Another Day* to feature the Aston Martin V12 Vanquish sports car. It is estimated that the British automaker, which is owned by Ford Motor Company, paid \$70 million to have the car featured in the movie. In an arrangement with Columbia Pictures, Daimler-Benz agreed to spend several million dollars on commercials, private screenings, and other promotions to have the redesigned Mercedes-Benz E500 automobile featured in the movie *Men in Black II*.²⁰ IMC Perspective 1-1 discusses how marketers are finding new ways to reach consumers and disguise their promotional messages by

IMC PERSPECTIVE 1-1

What's the Buzz?

Consumers have long had a love-hate relationship with advertising. We enjoy watching music- and celebrity-laden commercials that are often more entertaining, humorous, or interesting than the programs they are sponsoring. We purchase magazines such as *Glamour*, *Vogue*, and *GQ*, which contain more ad pages than articles. But many consumers are tired of being bombarded with sales messages and are turned off by advertising. This is especially true of Generation Y, the age cohort born between 1979 and 1994, which is 60 million strong. The Generation Y cohort is three times the size of its Gen X predecessor, and its members constitute the biggest group to hit the U.S. market since the 72 million baby boomers, who are their parents. Having grown up in an even more media-saturated, brand-conscious world than their parents did, they respond to advertising differently and prefer to encounter marketing messages in different places or from different sources.

Marketers recognize that to penetrate the skepticism and capture the attention of the Gen Ys they have to bring their messages to these people in a different way. To do so, many companies are turning to a stealth-type strategy known as *buzz marketing*, whereby brand come-ons become part of popular culture and consumers themselves are lured into spreading the message. Marketers are turning their brands into carefully guarded secrets that are revealed to only a few people in each community. Each carefully cultivated recipient of the brand message becomes a powerful carrier, spreading the word to yet more carriers, who tell a few more, and so on. The goal of the marketer is to identify the trendsetters in each community and push them into talking up the brand to their friends and admirers. As the senior vice president at Bates U.S.A., who developed a buzz campaign for Lucky Strike cigarettes, notes, "Ultimately, the brand benefits because an accepted member of the social circle will always be far more credible than any communication that could come directly from the brand."

A number of marketers have used buzz marketing successfully. Rather than blitzing the airways with 30-second commercials for its new Focus subcompact, Ford Motor Company recruited 120 trendsetters in five key markets and gave them each a Focus to drive for six months. According to Ford's marketing communications manager, who planned and implemented the program, "We weren't looking for celebrities. We were looking for the assistants to celebrities, party planners, disc jockeys—the people who really seemed to influence what was cool." The recruits' duties were simply to be seen with the car, to hand out Focus-themed trinkets to anyone who expressed an interest



in the car, and to keep a record of where they took the car. The program helped Ford get the Focus off to a brisk start, selling 286,166 units in its first full year.

Vespa motor scooter importer Piaggio U.S.A. hired a group of attractive models to find the right cafes in and around Los Angeles and to interact with people over a cup of coffee or iced latte and generate buzz for the European bikes.

Even ad agencies that are heavily invested in traditional brand-building techniques acknowledge that buzz marketing has become a phenomenon. Malcolm Gladwell's book *The Tipping Point: How Little Things Can Make a Big Difference*—which describes how a small number of consumers can ignite a trend, if they're the right ones—has become must reading among ad agency personnel. The chairperson and CEO of Grey Global Group notes, "Everybody has read *The Tipping Point* and is trying to figure out the underground streams to reach consumers. Everybody is experimenting with it." For example, Reebok conducted more than 1,000 interviews to identify young Canadian women who were trendsetters among their peers. The company then gave 90 of these women a pair of \$150 U-Shuffle DMX cross-trainers to get the funky shoes on the feet of these urban trendsetters. The product seeding campaign helped make the product-line launch one of the most successful in the company's history.

Some experts note that the growing popularity of buzz marketing could well spell its downfall. If everyone does it, it will no longer be buzz; it will simply be obscure and annoying advertising. And when consumers recognize that every company is trying to create a buzz for its brand, they are likely to be turned off to the technique. By then, of course, marketers will have found another stealth way to deliver their sales messages.

Sources: Garry Khermouch and Jeff Green, "Buzz Marketing," *BusinessWeek*, July 30, 2001, pp. 50-56; "Firms Reap Fruits of Product Seeding," *The Montreal Gazette*, Sept. 11, 2001, p. D6.

direct-marketing methods such as telemarketing, direct mail, and direct-response advertising, rather than relying on mass media. Advocates of the approach argue that database marketing is critical to the development and practice of effective IMC.²²

- *Demands for greater accountability from advertising agencies and changes in the way agencies are compensated.* Many companies are moving toward incentive-based systems whereby compensation of their ad agencies is based, at least in part, on objective measures such as sales, market share, and profitability. Demands for accountability are motivating many agencies to consider a variety of communication tools and less expensive alternatives to mass-media advertising.
- *The rapid growth of the Internet, which is changing the very nature of how companies do business and the ways they communicate and interact with consumers.* The Internet revolution is well under way, and the Internet audience is growing rapidly. The Internet is an interactive medium that is becoming an integral part of communication strategy, and even business strategy, for many companies.

This marketing revolution is affecting everyone involved in the marketing and promotional process. Companies are recognizing that they must change the ways they market and promote their products and services. They can no longer be tied to a specific communication tool (such as media advertising); rather, they should use whatever contact methods offer the best way of delivering the message to their target audiences. Ad agencies continue to reposition themselves as offering more than just advertising expertise; they strive to convince their clients that they can manage all or any part of clients' integrated communications needs. Most agencies recognize that their future success depends on their ability to understand all areas of promotion and help their clients develop and implement integrated marketing communications programs.

The Role of IMC in Branding

One of the major reasons for the growing importance of integrated marketing communications over the past decade is that it plays a major role in the process of developing and sustaining brand identity and equity. As branding expert Kevin Keller notes, "Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets."²³ With more and more products and services competing for consideration by customers who have less and less time to make choices, well-known brands have a major competitive advantage in today's marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer.²⁴ IMC Perspective 1-2 discusses the important role that branding now plays in the marketing process.

Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging, and performance of a product or service as well as the image or type of associations that comes to mind when consumers think about a brand. It encompasses the entire spectrum of consumers' awareness, knowledge, and image of the brand as well as the company behind it. It is the sum of all points of encounter or contact that consumers have with the brand, and it extends beyond the experience or outcome of using it. These contacts can also result from various forms of integrated marketing communications activities used by a company, including mass-media advertising, sales promotion offers, sponsorship activities at sporting or entertainment events, websites on the Internet, and direct-mail pieces such as letters, brochures, catalogs, or videos. Consumers can also have contact with or receive information about a brand in stores at the point of sale; through articles or stories they see, hear, or read in the media; or through interactions with a company representative, such as a salesperson.

Marketers recognize that in the modern world of marketing there are many different opportunities and methods for *contacting* current and prospective customers to provide them with information about a company and/or brands. The challenge is to understand how to use the various IMC tools to make such contacts and deliver the branding message effectively and efficiently. A successful IMC program requires that marketers find the right combination of communication tools and techniques, define their role and the extent to which they can or should be used, and coordinate their use. To accomplish this, the persons responsible for the company's communication efforts must have an understanding of the IMC tools that are available and the ways they can be used.

IMC PERSPECTIVE I-2

The Power of Brands

Consider for a moment what consumers' reactions would be to a pair of running or basketball shoes if the Nike name or "swoosh" was taken off of them or to a bottle of cola without the Coke or Pepsi name. Would a Godiva chocolate by any other name taste as sweet? Do plain blue jeans carry the same cachet as those bearing the Diesel or Calvin Klein label? There was a time when consumers were proudly declaring their independence from the appeal of name-brand names by favoring the more practical generics and private labels. However, in today's marketplace the appeal of brand names is greater than ever, and marketers recognize that building and reinforcing the image of their brands is a key to profitability and growth. Many companies now know that brand equity is as important an asset as factories, inventory, and cash because strong brands have the power to command a premium price from consumers as well as investors. The table below shows the world's most valuable brands as measured by Interbrand Corp., a leading brand consultancy company.

There are a number of reasons why brands are more important than ever before. Consumers have a tremendous number of choices available in nearly every product and service category but have less and less time to shop and make selections. Well-known and trusted brand names are a touchstone for consumers and help simplify their decision-making process. Branding guru Larry Light notes that the key to all successful brands

is that they stand for something and are much more than simply trademarks or logos. A brand is a promise to the customer. As one executive has stated: "Consumers don't go shopping for a 24-valve, 6-cylinder, 200-horsepower, fuel-injected engine. They shop for a Taurus, a Lexus, a BMW, a Jeep Cherokee, a Hummer, whatever. They shop for well-known, trusted brands."

Having a strong brand name and identity is also important to companies competing in the global economy as they must reach customers far from their home base. Companies such as Nokia, which is based in Finland, or Samsung, which is headquartered in South Korea, rely heavily on markets outside their home countries to sell their cellular phones and other electronic products. A strong brand name is also important for companies entering new markets or introducing new products. For example, Boeing recently began its first-ever corporate branding campaign as part of its overall strategy to expand beyond the commercial-aviation market and into new industries such as military aircraft, rockets, satellites, and broadband communications. Everything from Boeing's logo to its decision to relocate its corporate headquarters from Seattle to Chicago has been devised with the Boeing brand in mind.

While marketers recognize the importance of brand building, many are finding it difficult to commit themselves to the effort as the global economy slows and budgets tighten. Media sales staff, advertising agencies, and other marketing communications specialists have been doing their best to convince companies not to cut back on their spending but, rather, to continue to support their brands. They point to the last economic downturn, in the early 1990s, during which private-label brands leaped to prominence when many packaged-goods companies slashed their advertising budgets. Today, while many companies are avoiding the temptation to cut back on advertising and promotion to help meet earnings forecasts, others have shown less willingness to support their brands. Experts note that these firms run the risk of losing their pricing power and, more important, their connection with their customers. Moreover, they run the risk of losing market share to well-funded competitors that are eager to grab market share from weaker rivals. As marketing professor Kevin Keller notes, "People who starve their brands now will be paying in the future."

Sources: Gerry Khermouch, "The Best Global Brands," *BusinessWeek*, Aug. 5, 2002, pp. 92-94; Gerry Khermouch, "Why Advertising Matters More than Ever," *BusinessWeek*, Aug. 6, 2001, pp. 50-57; Scott Ward, Larry Light, and Jonathon Goldstine, "What High-Tech Managers Need to Know about Brands," *Harvard Business Review*, July-August, 1999, pp. 85-95.

The world's 10 most valuable brands, 2002

Rank	Brand	2002 Brand Value (Billions)
1	Coca-Cola	\$69.6
2	Microsoft	64.1
3	IBM	51.2
4	GE	41.3
5	Intel	30.9
6	Nokia	30.0
7	Disney	29.3
8	McDonald's	26.4
9	Marlboro	24.2
10	Mercedes	21.0

Source: Interbrand Corp., J.P. Morgan Chase & Co.



Advertising investments undeniably help build a brand. The American Advertising Federation reminds companies of this through its Great Brands campaign. The parent companies of these brands gave unprecedented permission to modify their logos for use in this campaign.

The Promotional Mix: The Tools for IMC

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels

of information and persuasion in order to sell goods and services or promote an idea.²⁵ While implicit communication occurs through the various elements of the marketing mix, most of an organization's communications with the marketplace take place as part of a carefully planned and controlled promotional program. The basic tools used to accomplish an organization's communication objectives are often referred to as the **promotional mix** (Figure 1-1).

Traditionally the promotional mix has included four elements: advertising, sales promotion, publicity/public relations, and personal selling. However, in this text we view direct marketing as well as interactive media as major promotional-mix elements that modern-day marketers use to communicate with their target markets. Each element of the promotional mix is viewed as an integrated marketing communications tool that plays a distinctive role in an IMC program. Each may take on a variety of forms. And each has certain advantages.

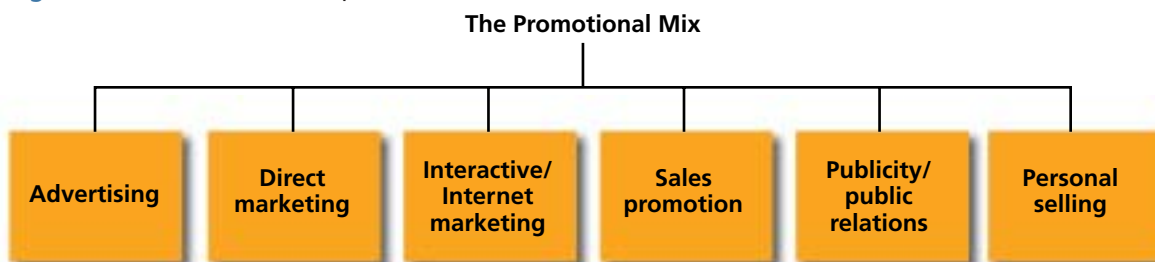
Advertising

Advertising is defined as any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.²⁶ The *paid* aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), whose advertising space or time is donated by the media.

The *nonpersonal* component means that advertising involves mass media (e.g., TV, radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The nonpersonal nature of advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it.

Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particu-

Figure 1-1 Elements of the promotional mix



larly for companies whose products and services are targeted at mass consumer markets. More than 200 companies each spend over \$100 million a year on advertising in the United States. Figure 1-2 shows the advertising expenditures of the 25 leading national advertisers in 2001.

There are several reasons why advertising is such an important part of many marketers' promotional mixes. First, it can be a very cost-effective method for communicating with large audiences. For example, the average 30-second spot on the four major networks during prime-time network television reaches nearly 10 million households. The cost per thousand households reached is around \$14.²⁷

Advertising can be used to create brand images and symbolic appeals for a company or brand, a very important capability for companies selling products and services that are difficult to differentiate on functional attributes. For example, since 1980 Absolut has used creative advertising to position its vodka as an upscale, fashionable, sophisticated drink and differentiate it from other brands. The advertising strategy has been to focus attention on two unique aspects of the product: the Absolut name and the distinctive shape of the bottle (Exhibit 1-7). Most of the print ads used in this long-running campaign are specifically tailored for the magazine or region where they appear. The campaign, one of the most successful and recognizable in advertising history, has made the Absolut brand nearly synonymous with imported vodka. While all other spirits sales have declined by more than 40 percent over the past 15 years, Absolut sales have increased 10-fold and the various Absolut brands have a combined 70 percent market share.²⁸

Figure 1-2 25 leading advertisers in the United States, 2001

Rank	Advertiser	Ad Spending (Millions)
1	General Motors Corp.	\$3,374.4
2	Procter & Gamble	2,540.6
3	Ford Motor Co.	2,408.2
4	PepsiCo	2,210.4
5	Pfizer	2,189.5
6	DaimlerChrysler	1,985.3
7	AOL Time Warner	1,885.3
8	Philip Morris Cos.	1,815.7
9	Walt Disney Co.	1,757.3
10	Johnson & Johnson	1,618.1
11	Unilever	1,483.6
12	Sears, Roebuck & Co.	1,480.1
13	Verizon Communications	1,461.6
14	Toyota Motor Corp.	1,399.1
15	AT&T Corp.	1,371.9
16	Sony Corp.	1,310.1
17	Viacom	1,282.8
18	McDonald's Corp.	1,194.7
19	Diageo	1,180.8
20	Sprint Corp.	1,160.1
21	Merck & Co.	1,136.6
22	Honda Motor Co.	1,102.9
23	J.C. Penney Corp.	1,085.7
24	U.S. government	1,056.8
25	L'Oreal	1,040.7

Source: *Advertising Age*, June 24, 2002, p. S-2.

Exhibit 1-7 Creative advertising has made Absolut the most popular brand of imported vodka in the United States



Exhibit 1-8 Eveready uses the popularity of its pink bunny campaign to generate support from retailers



Another advantage of advertising is its ability to strike a responsive chord with consumers when differentiation across other elements of the marketing mix is difficult to achieve. Popular advertising campaigns attract consumers' attention and can help generate sales. These popular campaigns can also sometimes be leveraged into successful integrated marketing communications programs. For example, Eveready used the popularity of its Energizer Bunny campaign to generate support from retailers in the form of shelf space, promotional displays, and other merchandising activities (Exhibit 1-8). Consumer promotions such as in-store displays, premium offers, and sweepstakes feature the pink bunny. Pictures of the Energizer Bunny appear on Energizer packages to ensure brand identification and extend the campaign's impact to the point of purchase. Eveready has extended its integrated marketing efforts to include tie-ins with sports marketing and sponsorships.

Exhibit 1-9 The goals of the "milk mustache" campaign are to change the image of milk and increase sales of the product



The nature and purpose of advertising differ from one industry to another and/or across situations. The targets of an organization's advertising efforts often vary, as do advertising's role and function in the marketing program. One advertiser may seek to generate immediate response or action from the customer; another may want to develop awareness or a positive image for its product or service over a longer period. For example, Exhibit 1-9 shows one of the ads from the popular "milk mustache" campaign. The goal of this campaign, which began in 1995, has been to change the image of milk and help reverse the decline in per-capita milk consumption in the United States.

Marketers advertise to the consumer market with national and retail/local advertising, which may stimulate primary or selective demand. For business/professional markets, they use business-to-business, professional, and trade advertising. Figure 1-3 describes the most common types of advertising.

Direct Marketing

One of the fastest-growing sectors of the U.S. economy is **direct marketing**, in which organizations communicate directly with target customers to generate a response and/or a transaction. Traditionally, direct marketing

Figure 1-3 Classifications of advertising

ADVERTISING TO CONSUMER MARKETS

National Advertising

Advertising done by large companies on a nationwide basis or in most regions of the country. Most of the ads for well-known companies and brands that are seen on prime-time TV or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand and its features, benefits, advantages, or uses and to create or reinforce its image so that consumers will be predisposed to purchase it.

Retail/Local Advertising

Advertising done by retailers or local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment. Retail or local advertising tends to emphasize specific patronage motives such as price, hours of operation, service, atmosphere, image, or merchandise assortment. Retailers are concerned with building store traffic, so their promotions often take the form of direct-action advertising designed to produce immediate store traffic and sales.

Primary- versus Selective-Demand Advertising

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasizes reasons for purchasing a particular brand.

An advertiser might concentrate on stimulating primary demand when, for example, its brand dominates a market and will benefit the most from overall market growth. Primary-demand advertising is often used as part of a promotional strategy to help a new product gain market acceptance, since the challenge is to sell customers on the product concept as much as to sell a particular brand. Industry trade associations also try to stimulate primary demand for their members' products, among them cotton, milk, orange juice, pork, and beef.

ADVERTISING TO BUSINESS AND PROFESSIONAL MARKETS

Business-to-Business Advertising

Advertising targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. Industrial goods are products that either become a physical part of another product (raw material or component parts), are used in manufacturing other goods (machinery), or are used to help a company conduct its business (e.g., office supplies, computers). Business services such as insurance, travel services, and health care are also included in this category.

Professional Advertising

Advertising targeted to professionals such as doctors, lawyers, dentists, engineers, or professors to encourage them to use a company's product in their business operations. It might also be used to encourage professionals to recommend or specify the use of a company's product by end-users.

Trade Advertising

Advertising targeted to marketing channel members such as wholesalers, distributors, and retailers. The goal is to encourage channel members to stock, promote, and resell the manufacturer's branded products to their customers.



Exhibit 1-10 The Bose Corporation uses direct-response advertising to promote its audio products

has not been considered an element of the promotional mix. However, because it has become such an integral part of the IMC program of many organizations and often involves separate objectives, budgets, and strategies, we view direct marketing as a component of the promotional mix.

Direct marketing is much more than direct mail and mail-order catalogs. It involves a variety of activities, including database management, direct selling, telemarketing, and direct-response ads through direct mail, the Internet, and various broadcast and print media. Some companies, such as Tupperware, Discovery Toys, and Amway, do not use any other distribution channels, relying on independent contractors to sell their products directly to consumers. Companies such as L.L. Bean, Lands' End, and J. Crew have been very successful in using direct marketing to sell their clothing products. Dell Computer and Gateway have experienced tremendous growth in the computer industry by selling a full line of personal computers through direct marketing.

One of the major tools of direct marketing is **direct-response advertising**, whereby a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer. Traditionally, direct mail has been the primary medium for direct-response advertising, although television and magazines have become increasingly important media. For example, Exhibit 1-10 shows a direct-response ad for the Bose Corporation's Acoustic Waveguide products. Direct-response advertising and other forms of direct marketing have become very popular over the past two decades, owing primarily to changing lifestyles, particularly the increase in two-income households. This has meant more discretionary income but less time for in-store shopping. The availability of credit cards and toll-free phone numbers has also facilitated the purchase of products from direct-response ads. More recently, the rapid growth of the Internet is fueling the growth of direct marketing. The convenience of shopping through catalogs or on a company's website and placing orders by mail, by phone, or online has led the tremendous growth of direct marketing.

Direct-marketing tools and techniques are also being used by companies that distribute their products through traditional distribution channels or have their own sales force. Direct marketing plays a big role in the integrated marketing communications programs of consumer-product companies and business-to-business marketers. These companies spend large amounts of money each year developing and maintaining databases containing the addresses and/or phone numbers of present and prospective customers. They use telemarketing to call customers directly and attempt to sell them products and services or qualify them as sales leads. Marketers also send out direct-mail pieces ranging from simple letters and flyers to detailed brochures, catalogs, and videotapes to give potential customers information about their products or services. Direct-marketing techniques are also used to distribute product samples or target users of a competing brand.

Interactive/Internet Marketing

As the new millennium begins, we are experiencing perhaps the most dynamic and revolutionary changes of any era in the history of marketing, as well as advertising and promotion. These changes are being driven by advances in technology and developments that have led to dramatic growth of communication through interactive media, particularly the Internet. **Interactive media** allow for a back-and-forth flow of information whereby users can participate in and modify the form and content of the information they receive in real time. Unlike traditional forms of marketing communications such as advertising, which are one-way in nature, the new media allow users to perform a variety of functions such as receive and alter information and images, make inquiries, respond to questions, and, of course, make purchases. In addition to the Internet, other forms of interactive media include CD-ROMs, kiosks, and

interactive television. However, the interactive medium that is having the greatest impact on marketing is the Internet, especially through the component known as the World Wide Web.

While the Internet is changing the ways companies design and implement their entire business and marketing strategies, it is also affecting their marketing communications programs. Thousands of companies, ranging from large multinational corporations to small local firms, have developed websites to promote their products and services, by providing current and potential customers with information, as well as to entertain and interact with consumers. Perhaps the most prevalent perspective on the Internet is that it is an advertising medium, as many marketers advertise their products and services on the websites of other companies and/or organizations. Actually, the Internet is a medium that can be used to execute all the elements of the promotional mix. In addition to advertising on the Web, marketers offer sales promotion incentives such as coupons, contests, and sweepstakes online, and they use the Internet to conduct direct marketing, personal selling, and public relations activities more effectively and efficiently. For example, Exhibit 1-11 shows a page from the Web site for Lands' End which informs consumers how they can get personalized service when they shop online.

While the Internet is a promotional medium, it can also be viewed as a marketing communications tool in its own right. Because of its interactive nature, it is a very effective way of communicating with customers. Many companies recognize the advantages of communicating via the Internet and are developing Web strategies and hiring interactive agencies specifically to develop their websites and make them part of their integrated marketing communications program. However, companies that are using the Internet effectively are integrating their Web strategies with other aspects of their IMC programs.

An excellent example of this is the award-winning “Whatever” campaign developed by Nike and its advertising agency, Weiden & Kennedy, to introduce the Air Cross Trainer II shoes. The ads featured star athletes such as sprinter Marion Jones in dramatic situations, and as each spot ended, the words “Continue at Whatever.Nike.com” appeared on the screen (Exhibit 1-12). When viewers visited the site, they could select from six or seven possible endings to the commercial, read information on the sports and athletes featured in the ads, or purchase the shoes. The integrated campaign was very effective in driving traffic to both Nike’s main website and the whatever.nike.com site created specifically for the campaign. The “Whatever” campaign was also very effective in terms of sales as it helped make the Air Cross Trainer II Nike’s best-selling shoe soon after the ads debuted.²⁹

Sales Promotion

The next variable in the promotional mix is **sales promotion**, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities.

Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes couponing, sampling, premiums, rebates, contests, sweepstakes,



Exhibit 1-11 Lands' End uses its website as part of its direct-marketing efforts



Exhibit 1-12 Nike's “Whatever” campaign creatively integrated the use of television advertising and the Internet

Exhibit 1-13 Coupons are a popular consumer-oriented sales promotion tool



and various point-of-purchase materials (Exhibit 1-13). These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short-term sales. *Trade-oriented sales promotion* is targeted toward marketing intermediaries such as wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contests, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

Among many consumer packaged-goods companies, sales promotion is often 60 to 70 percent of the promotional budget.³⁰ In recent years many companies have shifted the emphasis of their promotional strategy from advertising to sales promotion. Reasons for the increased emphasis on sales promotion include declining brand loyalty and increased consumer sensitivity to promotional deals. Another major reason is that retailers have become larger and more powerful and are demanding more trade promotion support from companies.

Promotion and *sales promotion* are two terms that often create confusion in the advertising and marketing fields. As noted, promotion is an element of marketing by which firms communicate with their customers; it includes all the promotional-mix elements we have just discussed. However, many marketing and advertising practitioners use the term more narrowly to refer to sales promotion activities to either consumers or the trade (retailers, wholesalers). In this book, *promotion* is used in the broader sense to refer to the various marketing communications activities of an organization.

Publicity/Public Relations

Another important component of an organization's promotional mix is publicity/public relations.

Publicity **Publicity** refers to nonpersonal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship. It usually comes in the form of a news story, editorial, or announcement about an organization and/or its products and services. Like advertising, publicity involves nonpersonal communication to a mass audience, but unlike advertising, publicity is not directly paid for by the company. The company or organization attempts to get the media to cover or run a favorable story on a product, service, cause, or event to affect awareness, knowledge, opinions, and/or behavior. Techniques used to gain publicity include news releases, press conferences, feature articles, photographs, films, and videotapes.

An advantage of publicity over other forms of promotion is its credibility. Consumers generally tend to be less skeptical toward favorable information about a product or service when it comes from a source they perceive as unbiased. For example, the success (or failure) of a new movie is often determined by the reviews it receives from film critics, who are viewed by many moviegoers as objective evaluators.

Another advantage of publicity is its low cost, since the company is not paying for time or space in a mass medium such as TV, radio, or newspapers. While an organization may incur some costs in developing publicity items or maintaining a staff to do so, these expenses will be far less than those for the other promotional programs.

Publicity is not always under the control of an organization and is sometimes unfavorable. Negative stories about a company and/or its products can be very damaging. For example, a few years ago negative stories about abdominal exercise machines appeared on ABC's "20/20" and NBC's "Dateline" newsmagazine TV shows. Before these stories aired, more than \$3 million worth of the machines were being sold each week, primarily through infomercials. After the negative stories aired, sales of the machines dropped immediately; within a few months the product category was all but dead.³¹

Public Relations It is important to recognize the distinction between publicity and public relations. When an organization systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, it is really engaging in a function known as public relations. **Public relations** is defined as "the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance."³² Public relations generally has a broader objective than publicity, as its purpose is to establish and maintain a positive image of the company among its various publics.

Public relations uses publicity and a variety of other tools—including special publications, participation in community activities, fund-raising, sponsorship of special events, and various public affairs activities—to enhance an organization's image. Organizations also use advertising as a public relations tool. For example, in Exhibit 1-14 a corporate ad for DuPont shows how the company uses science to make life better.

Traditionally, publicity and public relations have been considered more supportive than primary to the marketing and promotional process. However, many firms have begun making PR an integral part of their predetermined marketing and promotional strategies. PR firms are increasingly touting public relations as a communications tool that can take over many of the functions of conventional advertising and marketing.³³

Personal Selling

The final element of an organization's promotional mix is **personal selling**, a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea. Unlike advertising, personal selling involves direct contact between buyer and seller, either face-to-face or through some form of telecommunications such as telephone sales. This interaction gives the marketer communication flexibility; the seller can see



Exhibit 1-14 Advertising is often used to enhance companies' corporate images

or hear the potential buyer's reactions and modify the message accordingly. The personal, individualized communication in personal selling allows the seller to tailor the message to the customer's specific needs or situation.

Personal selling also involves more immediate and precise feedback because the impact of the sales presentation can generally be assessed from the customer's reactions. If the feedback is unfavorable, the salesperson can modify the message. Personal selling efforts can also be targeted to specific markets and customer types that are the best prospects for the company's product or service.

Promotional Management

In developing an integrated marketing communications strategy, a company combines the promotional-mix elements, balancing the strengths and weaknesses of each, to

produce an effective promotional campaign. **Promotional management** involves coordinating the promotional-mix elements to develop a controlled, integrated program of effective marketing communications. The marketer must consider which promotional tools to use and how to combine them to achieve its marketing and promotional objectives. Companies also face the task of distributing the total promotional budget across the promotional-mix elements. What percentage of the budget should they allocate to advertising, sales promotion, the Internet, direct marketing, and personal selling?

Companies consider many factors in developing their IMC programs, including the type of product, the target market, the buyer's decision process, the stage of the product life cycle, and the channels of distribution. Companies selling consumer products and services generally rely on advertising through mass media to communicate with ultimate consumers. Business-to-business marketers, who generally sell expensive, risky, and often complex products and services, more often use personal selling. Business-to-business marketers such as Honeywell do use advertising to perform important functions such as building awareness of the company and its products, generating leads for the sales force, and reassuring customers about the purchase they have made (see Exhibit 1-15).

Exhibit 1-15 Business-to-business marketers such as Honeywell use advertising to build awareness

Conversely, personal selling also plays an important role in consumer-product marketing. A consumer-goods company retains a sales force to call on marketing intermediaries (wholesalers and retailers) that distribute the product or service to the final consumer. While the company sales reps do not communicate with the ultimate consumer, they make an important contribution to the marketing effort by gaining new distribution outlets for the company's product, securing shelf position and space for the brand, informing retailers about advertising and promotion efforts to users, and encouraging dealers to merchandise and promote the brand at the local market level.

Advertising and personal-selling efforts vary depending on the type of market being sought, and even firms in the same industry may differ in the allocation of their promotional efforts. For example, in the cosmetics industry, Avon and Mary Kay Cosmetics concentrate on direct selling, whereas Revlon and Max Factor rely heavily on consumer advertising. Firms also differ in the relative emphasis they place on advertising and sales promotion. Companies selling high-quality brands use advertising to convince consumers of their superiority, justify their higher prices, and maintain their image. Brands of lower quality, or those that are hard to differentiate, often compete more on a price or "value for the money" basis and may rely more on sales promotion to the trade and/or to consumers.



The marketing communications program of an organization is generally developed with a specific purpose in mind and is the end product of a detailed marketing and promotional planning process. We will now look at a model of the promotional planning process that shows the sequence of decisions made in developing and implementing the IMC program.

As with any business function, planning plays a fundamental role in the development and implementation of an effective promotional program. The individuals involved in promotion design a **promotional plan** that provides the framework for developing, implementing, and controlling the organization's integrated marketing communications programs and activities. Promotional planners must decide on the role and function of the specific elements of the promotional mix, develop strategies for each element, and implement the plan. Promotion is but one part of, and must be integrated into, the overall marketing plan and program.

A model of the IMC planning process is shown in Figure 1-4. The remainder of this chapter presents a brief overview of the various steps involved in this process.

The IMC Planning Process

Review of the Marketing Plan

The first step in the IMC planning process is to review the marketing plan and objectives. Before developing a promotional plan, marketers must understand where the company (or the brand) has been, its current position in the market, where it intends to go, and how it plans to get there. Most of this information should be contained in the **marketing plan**, a written document that describes the overall marketing strategy and programs developed for an organization, a particular product line, or a brand. Marketing plans can take several forms but generally include five basic elements:

1. A detailed situation analysis that consists of an internal marketing audit and review and an external analysis of the market competition and environmental factors.
2. Specific marketing objectives that provide direction, a time frame for marketing activities, and a mechanism for measuring performance.
3. A marketing strategy and program that include selection of target market(s) and decisions and plans for the four elements of the marketing mix.
4. A program for implementing the marketing strategy, including determining specific tasks to be performed and responsibilities.
5. A process for monitoring and evaluating performance and providing feedback so that proper control can be maintained and any necessary changes can be made in the overall marketing strategy or tactics.

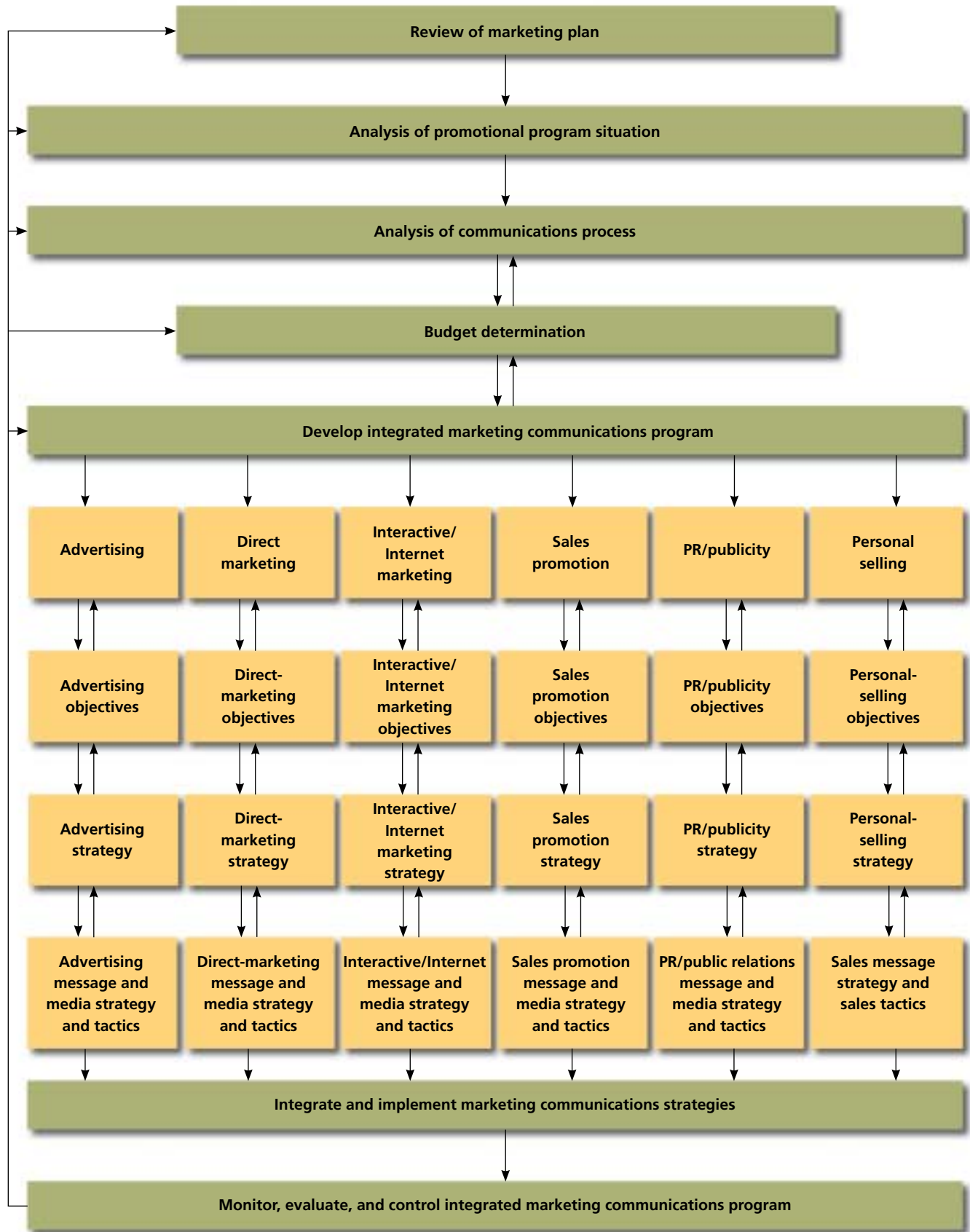
For most firms, the promotional plan is an integral part of the marketing strategy. Thus, the promotional planners must know the roles advertising and other promotional-mix elements will play in the overall marketing program. The promotional plan is developed similarly to the marketing plan and often uses its detailed information. Promotional planners focus on information in the marketing plan that is relevant to the promotional strategy.

Promotional Program Situation Analysis

After the overall marketing plan is reviewed, the next step in developing a promotional plan is to conduct the situation analysis. In the IMC program, the situation analysis focuses on the factors that influence or are relevant to the development of a promotional strategy. Like the overall marketing situation analysis, the promotional program situation analysis includes both an internal and an external analysis.

Internal Analysis The **internal analysis** assesses relevant areas involving the product/service offering and the firm itself. The capabilities of the firm and its ability to develop and implement a successful promotional program, the organization of the promotional department, and the successes and failures of past programs should be reviewed. The analysis should study the relative advantages and disadvantages of

Figure 1-4 An integrated marketing communications planning model



Review of Marketing Plan

Examine overall marketing plan and objectives
Role of advertising and promotion
Competitive analysis
Assess environmental influences

Analysis of Promotional Program Situation

Internal analysis	External analysis
Promotional department organization	Consumer behavior analysis
Firm's ability to implement promotional program	Market segmentation and target marketing
Agency evaluation and selection	Market positioning
Review of previous program results	

Analysis of Communications Process

Analyze receiver's response processes
Analyze source, message, channel factors
Establish communications goals and objectives

Budget Determination

Set tentative marketing communications budget
Allocate tentative budget

Develop Integrated Marketing Communications Program

Advertising	Sales promotion
Set advertising objectives	Set sales promotion objectives
Determine advertising budget	Determine sales promotion budget
Develop advertising message	Determine sales promotion tools and develop messages
Develop advertising media strategy	Develop sales promotion media strategy
Direct marketing	Public relations/publicity
Set direct-marketing objectives	Set PR/publicity objectives
Determine direct-marketing budget	Determine PR/publicity budget
Develop direct-marketing message	Develop PR/publicity messages
Develop direct-marketing media strategy	Develop PR/publicity media strategy
Interactive/Internet marketing	Personal selling
Set interactive/Internet marketing objectives	Set personal-selling and sales objectives
Determine interactive/Internet marketing budget	Determine personal-selling/sales budget
Develop interactive/Internet message	Develop sales message
Develop interactive/Internet media strategy	Develop selling roles and responsibilities

Integrate and Implement Marketing Communications Strategies

Integrate promotional-mix strategies
Create and produce ads
Purchase media time, space, etc.
Design and implement direct-marketing programs
Design and distribute sales promotion materials
Design and implement public relations/publicity programs
Design and implement interactive/Internet marketing programs

Monitor, Evaluate, and Control Integrated Marketing Communications Program

Evaluate promotional program results/effectiveness
Take measures to control and adjust promotional strategies



Exhibit 1-16 Wal-Mart has a very strong image and reputation as a socially responsible company

performing the promotional functions in-house as opposed to hiring an external agency (or agencies). For example, the internal analysis may indicate the firm is not capable of planning, implementing, and managing certain areas of the promotional program. If this is the case, it would be wise to look for assistance from an advertising agency or some other promotional facilitator. If the organization is already using an ad agency, the focus will be on the quality of the agency's work and the results achieved by past and/or current campaigns.

In this text we will examine the functions ad agencies perform for their clients, the agency selection process, compensation, and considerations in evaluating agency performance. We will also discuss the role and function of other promotional facilitators such as sales promotion firms, direct-marketing companies, public relations agencies, and marketing and media research firms.

Another aspect of the internal analysis is assessing the strengths and weaknesses of the firm or the brand from an image perspective. Often the image a firm brings to the market will have a significant impact on the way the firm can advertise and promote itself as well as its various products and services. Companies or brands that are new to the market or those for whom perceptions are negative may have to concentrate on their images, not just the benefits or attributes of the specific product or service. On the other hand, a firm with a strong reputation and/or image is already a step ahead when it comes to marketing its products or services. For example, a nationwide survey found that the companies with the best overall reputations among American consumers include Johnson & Johnson, Coca-Cola, Hewlett-Packard, Intel, Ben & Jerry's, and Wal-Mart.³⁴ Wal-Mart was rated very high in the area of social responsibility, which involves perceptions of the company as a good citizen in its dealings with communities, employees, and the environment. Wal-Mart enhances its image as a socially responsible company by supporting various causes at both local and national levels (Exhibit 1-16).

The internal analysis also assesses the relative strengths and weaknesses of the product or service; its advantages and disadvantages; any unique selling points or benefits it may have; its packaging, price, and design; and so on. This information is particularly important to the creative personnel who must develop the advertising message for the brand.

Figure 1-5 is a checklist of some of the areas one might consider when performing analyses for promotional planning purposes. Addressing internal areas may require information the company does not have available internally and must gather as part of the external analysis.

External Analysis The **external analysis** focuses on factors such as characteristics of the firm's customers, market segments, positioning strategies, and competitors, as shown in Figure 1-5. An important part of the external analysis is a detailed consideration of customers' characteristics and buying patterns, their decision processes, and factors influencing their purchase decisions. Attention must also be given to consumers' perceptions and attitudes, lifestyles, and criteria for making purchase decisions. Often, marketing research studies are needed to answer some of these questions.

A key element of the external analysis is an assessment of the market. The attractiveness of various market segments must be evaluated and the segments to target must be identified. Once the target markets are chosen, the emphasis will be on determining how the product should be positioned. What image or place should it have in consumers' minds?

This part of the promotional program situation analysis also includes an in-depth examination of both direct and indirect competitors. While competitors were analyzed in the overall marketing situation analysis, even more attention is devoted to promo-

Figure 1-5 Areas covered in the situation analysis

Internal Factors	External Factors
<p>Assessment of Firm's Promotional Organization and Capabilities</p> <p>Organization of promotional department</p> <p>Capability of firm to develop and execute promotional programs</p> <p>Determination of role and function of ad agency and other promotional facilitators</p> <p>Review of Firm's Previous Promotional Programs and Results</p> <p>Review previous promotional objectives</p> <p>Review previous promotional budgets and allocations</p> <p>Review previous promotional-mix strategies and programs</p> <p>Review results of previous promotional programs</p> <p>Assessment of Firm or Brand Image and Implications for Promotion</p> <p>Assessment of Relative Strengths and Weaknesses of Product or Service</p> <p>What are the strengths and weaknesses of product or service?</p> <p>What are its key benefits?</p> <p>Does it have any unique selling points?</p> <p>Assessment of packaging, labeling, and brand image</p> <p>How does our product or service compare with competition?</p>	<p>Customer Analysis</p> <p>Who buys our product or service?</p> <p>Who makes the decision to buy the product?</p> <p>Who influences the decision to buy the product?</p> <p>How is the purchase decision made? Who assumes what role?</p> <p>What does the customer buy? What needs must be satisfied?</p> <p>Why do customers buy a particular brand?</p> <p>Where do they go or look to buy the product or service?</p> <p>When do they buy? Any seasonality factors?</p> <p>What are customers' attitudes toward our product or service?</p> <p>What social factors might influence the purchase decision?</p> <p>Do the customers' lifestyles influence their decisions?</p> <p>How is our product or service perceived by customers?</p> <p>How do demographic factors influence the purchase decision?</p> <p>Competitive Analysis</p> <p>Who are our direct and indirect competitors?</p> <p>What key benefits and positioning are used by our competitors?</p> <p>What is our position relative to the competition?</p> <p>How big are competitors' ad budgets?</p> <p>What message and media strategies are competitors using?</p> <p>Environmental Analysis</p> <p>Are there any current trends or developments that might affect the promotional program?</p>

tional aspects at this phase. Focus is on the firm's primary competitors: their specific strengths and weaknesses; their segmentation, targeting, and positioning strategies; and the promotional strategies they employ. The size and allocation of their promotional budgets, their media strategies, and the messages they are sending to the marketplace should all be considered.

The external phase also includes an analysis of the marketing environment and current trends or developments that might affect the promotional program. IMC Perspective 1-3 discusses how marketers responded to the marketing environment that emerged after the terrorist attacks on September 11, 2002.

Analysis of the Communications Process

This stage of the promotional planning process examines how the company can effectively communicate with consumers in its target markets. The promotional planner must think about the process consumers will go through in responding to marketing communications. The response process for products or services for which consumer decision making is characterized by a high level of interest is often different from that for low-involvement or routine purchase decisions. These differences will influence the promotional strategy.

Communication decisions regarding the use of various source, message, and channel factors must also be considered. The promotional planner should recognize the different effects various types of advertising messages might have on consumers and whether they are appropriate for the product or brand. Issues such as whether a celebrity spokesperson should be used and at what cost may also be studied. Preliminary discussion of media-mix options (print, TV, radio, newspaper, direct marketing) and their cost implications might also occur at this stage.

Marketers Respond to 9/11

Marketers often have to deal with events that have a significant impact on the economy as well as the psyche of the consumer. However, the tragedy created by the horrific events of September 11, 2001, caused an environment unlike anything most businesspeople have ever experienced. The aftershocks of the terrorist attacks rippled through nearly every sector of the U.S. economy, with certain industries, such as travel, tourism, media, and entertainment, being particularly hard hit.

After the attacks, the major television networks, including CBS, NBC, ABC, and Fox, went commercial-free for several days, an approach costing them a combined \$35 to \$40 million a day in lost revenue. Adding in cable news networks and local stations, the television industry's cost for covering the attacks and their immediate aftermath was more than \$700 million in canceled advertising. The major broadcast and cable news operations face growing expenses to cover the war on terrorism, including the costs of creating new bureaus abroad, improving technology, and widening coverage.

The terrorist attacks also have had a significant impact on the advertising industry and created major problems for ad agencies as well as media companies, both of which were already reeling from the soft economy and dot-com bust that resulted in lower advertising spending. Advertising agencies and their clients have had to determine how to appeal to consumers facing economic uncertainty, rethinking their priorities, and feeling anxious about their safety. Marketing after a tragedy is always a tricky business and was even more so because of the scale of the September 11 events. Marketers who alluded to the tragedy risked alienating consumers who might think they were trying to capitalize on it, while those who ignored it ran the risk of seeming insensitive and out of touch.

Consumers emitted mixed signals regarding their feelings about the terrorist attacks. Researchers found a resurgence of patriotism, a renewed desire to connect with family and friends, and a strengthened belief in old-fashioned values such as community service and charity. In a survey conducted six months after the attacks, 80 percent of the consumer respondents indicated that 9/11 was still affecting their professional and personal lives. Though their lives were returning to normal and few people radically modified their day-to-day activities, changes included keeping cell phones handy, installing more locks, watching more 24-hour news channels, and looking more for products that were made in the United States.

Some marketers decided that the best way to respond to the new times was with messages offering



**WHAT WE STAND FOR
IS MORE IMPORTANT THAN WHAT WE STAND IN.
-KENNETH COLE**

appeals to patriotism, the promise of escape, or tribute to those who died or were involved with the tragedy. One of the most popular commercials during the 2002 Super Bowl was an Anheuser Busch spot featuring stately Clydesdales trotting across serene snowy landscapes and over the Brooklyn Bridge to pause before the Manhattan skyline and bow in tribute to New York City. Not surprisingly, New York City firefighters and police officers became popular advertising spokespersons.

The U.S. government used the public's outrage over the terrorist attacks as part of its efforts to fight drug abuse. The White House Office of National Drug Control Policy developed an advertising campaign suggesting that illegal drug sales have become a major means of raising money for terrorism. The idea behind the campaign is that people will be less likely to use drugs if they understand that by using them they may be supporting terrorism.

Marketers have now had time to reflect on how they responded to the nation's worst terrorist tragedy and how their marketing communications during the chaotic months after the attacks were received by consumers. Appeals to patriotism were unwelcome if they were seen as attempts to cash in on the tragedy. However, companies whose advertising programs were already identified with patriotism, the flag, and other U.S. symbols and those whose marketing efforts were tied to charitable donations destined to help the recovery effort were perceived favorably.

Sources: Steve Jarvis, "Red, White and the Blues," *Marketing News*, May 27, 2002, pp. 1, 9; Hillary Chura, "The New Normal," *Advertising Age*, Mar. 11, 2002, pp. 1, 4; Gwendolyn Bounds, "Marketers Tread Precarious Terrain," *The Wall Street Journal*, Feb. 5, 2002, pp. B1, 4; Jon E. Hilsenrath, "Terror's Toll on the Economy," *The Wall Street Journal*, Oct. 9, 2002, pp. B1, 4.

An important part of this stage of the promotional planning process is establishing communication goals and objectives. In this text, we stress the importance of distinguishing between communication and marketing objectives. **Marketing objectives** refer to what is to be accomplished by the overall marketing program. They are often stated in terms of sales, market share, or profitability.

Communication objectives refer to what the firm seeks to accomplish with its promotional program. They are often stated in terms of the nature of the message to be communicated or what specific communication effects are to be achieved. Communication objectives may include creating awareness or knowledge about a product and its attributes or benefits; creating an image; or developing favorable attitudes, preferences, or purchase intentions. Communication objectives should be the guiding force for development of the overall marketing communications strategy and of objectives for each promotional-mix area.

Budget Determination

After the communication objectives are determined, attention turns to the promotional budget. Two basic questions are asked at this point: What will the promotional program cost? How will the money be allocated? Ideally, the amount a firm needs to spend on promotion should be determined by what must be done to accomplish its communication objectives. In reality, promotional budgets are often determined using a more simplistic approach, such as how much money is available or a percentage of a company's or brand's sales revenue. At this stage, the budget is often tentative. It may not be finalized until specific promotional-mix strategies are developed.

Developing the Integrated Marketing Communications Program

Developing the IMC program is generally the most involved and detailed step of the promotional planning process. As discussed earlier, each promotional-mix element has certain advantages and limitations. At this stage of the planning process, decisions have to be made regarding the role and importance of each element and their coordination with one another. As Figure 1-4 shows, each promotional-mix element has its own set of objectives and a budget and strategy for meeting them. Decisions must be made and activities performed to implement the promotional programs. Procedures must be developed for evaluating performance and making any necessary changes.

For example, the advertising program will have its own set of objectives, usually involving the communication of some message or appeal to a target audience. A budget will be determined, providing the advertising manager and the agency with some idea of how much money is available for developing the ad campaign and purchasing media to disseminate the ad message.

Two important aspects of the advertising program are development of the message and the media strategy. Message development, often referred to as *creative strategy*, involves determining the basic appeal and message the advertiser wishes to convey to the target audience. This process, along with the ads that result, is to many students the most fascinating aspect of promotion. *Media strategy* involves determining which communication channels will be used to deliver the advertising message to the target audience. Decisions must be made regarding which types of media will be used (e.g., newspapers, magazines, radio, TV, billboards) as well as specific media selections (e.g., a particular magazine or TV program). This task requires careful evaluation of the media options' advantages and limitations, costs, and ability to deliver the message effectively to the target market.

Once the message and media strategies have been determined, steps must be taken to implement them. Most large companies hire advertising agencies to plan and produce their messages and to evaluate and purchase the media that will carry their ads. However, most agencies work very closely with their clients as they develop the ads and select media, because it is the advertiser that ultimately approves (and pays for) the creative work and media plan.

A similar process takes place for the other elements of the IMC program as objectives are set, an overall strategy is developed, message and media strategies are determined,

and steps are taken to implement them. While the marketer's advertising agencies may be used to perform some of the other IMC functions, they may also hire other communication specialists such as direct-marketing and interactive and/or sales promotion agencies, as well as public relations firms.

Monitoring, Evaluation, and Control

The final stage of the promotional planning process is monitoring, evaluating, and controlling the promotional program. It is important to determine how well the promotional program is meeting communications objectives and helping the firm accomplish its overall marketing goals and objectives. The promotional planner wants to know not only how well the promotional program is doing but also why. For example, problems with the advertising program may lie in the nature of the message or in a media plan that does not reach the target market effectively. The manager must know the reasons for the results in order to take the right steps to correct the program.

This final stage of the process is designed to provide managers with continual feedback concerning the effectiveness of the promotional program, which in turn can be used as input into the planning process. As Figure 1-3 shows, information on the results achieved by the promotional program is used in subsequent promotional planning and strategy development.

Perspective and Organization of This Text

Traditional approaches to teaching advertising, promotional strategy, or marketing communications courses have often treated the various elements of the promotional mix as separate functions. As a result, many people who work in advertising, sales promotion,

direct marketing, or public relations tend to approach marketing communications problems from the perspective of their particular specialty. An advertising person may believe marketing communications objectives are best met through the use of media advertising; a promotional specialist argues for a sales promotion program to motivate consumer response; a public relations person advocates a PR campaign to tackle the problem. These orientations are not surprising, since each person has been trained to view marketing communications problems primarily from one perspective.

In the contemporary business world, however, individuals working in marketing, advertising, and other promotional areas are expected to understand and use a variety of marketing communications tools, not just the one in which they specialize. Ad agencies no longer confine their services to the advertising area. Many are involved in sales promotion, public relations, direct marketing, event sponsorship, and other marketing communications areas. Individuals working on the client or advertiser side of the business, such as brand, product, or promotional managers, are developing marketing programs that use a variety of marketing communications methods.

This text views advertising and promotion from an integrated marketing communications perspective. We will examine all the promotional-mix elements and their roles in an organization's integrated marketing communications efforts. Although media advertising may be the most visible part of the communications program, understanding its role in contemporary marketing requires attention to other promotional areas such as the Internet and interactive marketing, direct marketing, sales promotion, public relations, and personal selling. Not all the promotional-mix areas are under the direct control of the advertising or marketing communications manager. For example, personal selling is typically a specialized marketing function outside the control of the advertising or promotional department. Likewise, publicity/public relations is often assigned to a separate department. All these departments should, however, communicate to coordinate all the organization's marketing communications tools.

The purpose of this book is to provide you with a thorough understanding of the field of advertising and other elements of a firm's promotional mix and show how they are combined to form an integrated marketing communications program. To plan, develop, and implement an effective IMC program, those involved must understand marketing, consumer behavior, and the communications process. The first part of this book is designed to provide this foundation by examining the roles of advertising and other forms of promotion in the marketing process. We examine the process of market

segmentation and positioning and consider their part in developing an IMC strategy. We also discuss how firms organize for IMC and make decisions regarding ad agencies and other firms that provide marketing and promotional services.

We then focus on consumer behavior considerations and analyze the communications process. We discuss various communications models of value to promotional planners in developing strategies and establishing goals and objectives for advertising and other forms of promotion. We also consider how firms determine and allocate their marketing communications budget.

After laying the foundation for the development of a promotional program, this text will follow the integrated marketing communications planning model presented in Figure 1-4. We examine each of the promotional-mix variables, beginning with advertising. Our detailed examination of advertising includes a discussion of creative strategy and the process of developing the advertising message, an overview of media strategy, and an evaluation of the various media (print, broadcast, and support media). The discussion then turns to the other areas of the promotional mix: direct marketing, interactive/Internet marketing, sales promotion, public relations/publicity, and personal selling. Our examination of the IMC planning process concludes with a discussion of how the promotional program is monitored, evaluated, and controlled. Particular attention is given to measuring the effectiveness of advertising and other forms of promotion.

The final part of the text examines special topic areas and perspectives that have become increasingly important in contemporary marketing. We will examine the area of international advertising and promotion and the challenges companies face in developing IMC programs for global markets as well as various countries around the world. The text concludes with an examination of the environment in which integrated marketing communications operates, including the regulatory, social, and economic factors that influence, and in turn are influenced by, an organization's advertising and promotional program.

Summary

Advertising and other forms of promotion are an integral part of the marketing process in most organizations. Over the past decade, the amount of money spent on advertising, sales promotion, direct marketing, and other forms of marketing communication has increased tremendously, both in the United States and in foreign markets. To understand the role of advertising and promotion in a marketing program, one must understand the role and function of marketing in an organization. The basic task of marketing is to combine the four controllable elements, known as the marketing mix, into a comprehensive program that facilitates exchange with a target market. The elements of the marketing mix are the product or service, price, place (distribution), and promotion.

For many years, the promotional function in most companies was dominated by mass-media advertising. However, more and more companies are recognizing the importance of integrated marketing communications, coordinating the various marketing and promotional elements to achieve more efficient and effective communication programs. A number of factors underlie the move toward IMC by marketers as well as ad agencies and other promotional facilitators. Reasons for the growing importance of the integrated marketing communications perspective include a rapidly changing environment with respect to consumers, technology, and media. The IMC movement is also being driven by changes in the ways companies market their products and services. A shift in marketing dol-

lars from advertising to sales promotion, the rapid growth and development of database marketing, and the fragmentation of media markets are among the key changes taking place.

Promotion is best viewed as the communication function of marketing. It is accomplished through a promotional mix that includes advertising, personal selling, publicity/public relations, sales promotion, direct marketing, and interactive/Internet marketing. The inherent advantages and disadvantages of each of these promotional-mix elements influence the roles they play in the overall marketing program. In developing the promotional program, the marketer must decide which tools to use and how to combine them to achieve the organization's marketing and communication objectives.

Promotional management involves coordinating the promotional-mix elements to develop an integrated program of effective marketing communication. The model of the IMC planning

process in Figure 1-4 contains a number of steps: a review of the marketing plan; promotional program situation analysis; analysis of the communications process; budget determination; development

of an integrated marketing communications program; integration and implementation of marketing communications strategies; and monitoring, evaluation, and control of the promotional program.

Key Terms

marketing, 7
exchange, 7
relationship marketing, 7
mass customization, 7
marketing mix, 8
integrated marketing communications (IMC), 9

promotion, 16
promotional mix, 16
advertising, 16
direct marketing, 18
direct-response advertising, 20
interactive media, 20

sales promotion, 21
publicity, 22
public relations, 23
personal selling, 23
promotional management, 24
promotional plan, 25

marketing plan, 25
internal analysis, 25
external analysis, 28
marketing objectives, 31
communication objectives, 31

Discussion Questions

1. Analyze the role of integrated marketing communications in the recruitment efforts of various branches of the military such as the U.S. Army. How can each element of the promotional mix be used by the military in its recruitment marketing?

2. Discuss the role integrated marketing communications plays in relationship marketing. How might the mass customization of advertising and other forms of marketing communication be possible?

3. Choose a company or organization and discuss how it communicates with its customers at the corporate, marketing and the marketing communications levels.

4. Discuss how the integrated marketing communications perspective differs from traditional advertising and promotion. What are some of the reasons

more marketers and more companies are taking an integrated marketing communications perspective in their advertising and promotional programs?

5. Discuss the concept of buzz marketing and some of the reasons markets are using the technique. Do you think there are any ethical issues that should be considered in using buzz marketing techniques?

6. Why are marketers putting so much emphasis on developing strong brands? Choose one of the top 10 brands listed in IMC Perspective 1-2 and discuss how the company has used integrated marketing communications to build a strong brand image.

7. Discuss the role of direct marketing as an IMC tool, giving attention to the various forms of direct marketing.

8. Analyze the role of the Internet in the integrated marketing communications program of a company. Discuss how the Internet can be used to execute the various elements of the promotional mix.

9. IMC Perspective 1-3 discusses how marketers responded to the tragedy resulting from the terrorist attack of September 11, 2001. Do you think that companies are still being influenced by this tragedy with respect to the planning and execution of their integrated marketing communication programs? If so, how are they being affected?

10. Why is it important for those who work in the field of advertising and promotion to understand and appreciate all various integrated marketing communications tools, not just the area in which they specialize?

