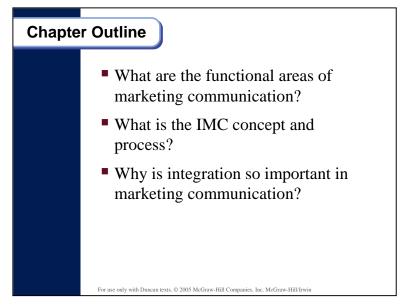
# CHAPTER 1: USING ADVERTISING AND PROMOTION TO BUILD BRANDS

# **Chapter Objective**

To demonstrate that successful companies use many types of communication to not only win new customers, but also to keep them, and that communication is the foundation of all relationships, including the relationships we have with our favorite brands.

# **Chapter Key Points**



This chapter addresses four topics that form the basis for learning more about IMC:

- 1) What are the functional areas making up marketing communication?
  - The chapter discusses eight key functions: advertising, direct marketing, publicity (public relations), sales promotion, personal selling, packaging, events and sponsorships, and customer service.
- 2) How would you explain the IMC Concept to someone?
  - The chapter provides some background on IMC that will help you to understand and be familiar with the concept.
- 3) What is the IMC Concept and the IMC Process?
  - The chapter defines IMC and provides a theoretical model to describe how the process works.

- 4) Why is integration so important in marketing communications?
  - The chapter discusses four benefits of IMC: it provides greater brand differentiation, accountability within the firm, trust among consumers, and is more effective in cutting through message clutter.

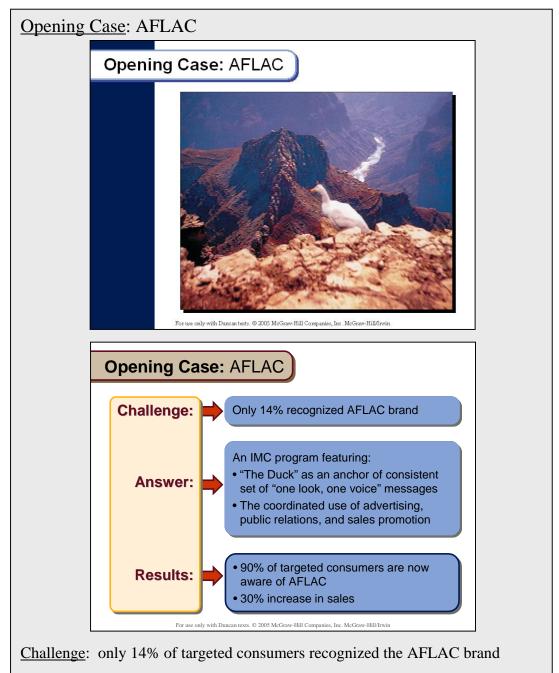
#### Chapter Perspective: Changing World **Old World New World** Two-way Dialogue With "Talking At" Consumers Consumers Focus on Building Long Focus on Winning New Term Relationships With Customers Consumers Marketers Use and Marketers Relied Coordinate Many Different Primarily on Advertising Forms of Communication and Promotions With Consumers For use only with Duncan texts. © 2005 McGraw-Hill Companies, Inc. McGraw-Hill/Irw

# **Chapter Perspective**

Our changing world has driven major changes in the world of marketing communication Three of the major changes are:

- 1) A move by marketers away from one-way "talking at consumers" approach to a more two-way, interactive dialogue with consumers.
- 2) A focus on building long-term relationships with consumers rather than simply trying to "make a sale."

3) The coordinated use of many different types of MC functions and media to reach consumers, not just the use of the traditional forms, for example, using only the advertising function by running commercials on the medium of network television.



Solution: An IMC program featuring:

- "The Duck" as the anchor of consistent set of "one look, one voice" messages
- The coordinated use of advertising, public relations, and sales promotion

## Results:

- 90% of targeted consumers are now aware of AFLAC
- 30% increase in sales

**Discussion Starters**:

- 1) A good icebreaker question is to poll the class to find how many students have seen a commercial for AFLAC.
- 2) An interesting follow-up question would be to ask how many know what type of product AFLAC sells.
- 3) Finally, ask how many would consider accepting a call from an AFLAC sales representative if one called (recognizing that most students are not yet in AFLAC's target audience)

# ▷ INSTRUCTOR IN-DEPTH INSIGHT: AFLAC

Not many people know that the acronym AFLAC stands for the American Family Life Assurance Company. In the 1980s, in an attempt to be more competitive with the big insurance companies, AFLAC began offering supplemental accident and disability insurance (which covers costs not covered by traditional insurance policies) and dental insurance — all of which employers could offer their employees as a supplement to its regular employee insurance coverage.

AFLAC's award winning creative advertising story began in 2000, and has since produced record high brand name awareness, which in turn produced record profits. Brand awareness is critical for AFLAC as it greatly helps in generating leads and opening the door for the AFLAC sales force.

AFLAC has employed an interesting media strategy: the company significantly increases its prime time TV buys at the end of each quarter, to help sales representatives compete during internal "Power Week" contests. The strategy is to maximize top-of-mind awareness via a special saturation buy, especially on network news shows, to help open the doors of the human resources target audience.

# Lecture Outline

I. <u>Communication: The Building Block Of A Brand</u> A. What is a brand?



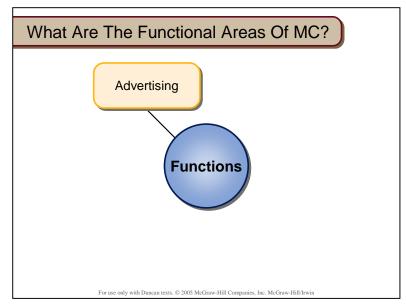
- A perception resulting from experiences with, and information about, a company or line of products
- B. Benefits of a brand:
  - 1. For consumers: they know what to expect and how it will make them feel. It also saves them time when shopping because it is easier to find a familiar brand among the many alternative products on store shelves
  - 2. For marketers: a brand is the mechanism for retaining satisfied customers and building brand equity (which translates into profits and shareholder equity)

### II. <u>Marketing Communication?</u>

A. Marketing Communication

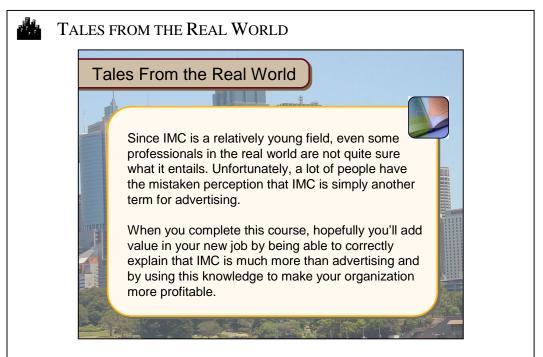


- a. Creating, delivering, managing and evaluating brand messages which are the information and experiences that impact how a brand is perceived
- B. How it fits into Marketing
  - 1. Begins with, but expands upon, on the 4th "P" of Marketing
    - a. Product
    - b. Product
    - c. Price
    - d. Promotion
- C. Eight MC Functional Areas



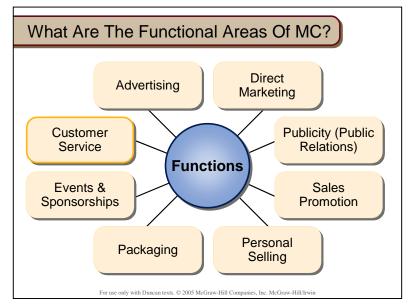
#### 1. Advertising

- Non-personal, paid announcements by an identified sponsor - Example: VW television commercials



Since IMC is a relatively young field, even some professionals in the real world are not quite sure what it entails. Unfortunately, a lot of people have the mistaken perception that IMC is simply another term for advertising.

When you complete this course, hopefully you'll be able to add value in your new job by being able to correctly explain that IMC is much more than advertising—and to use this knowledge to make your organization more profitable.



- 2. Direct Marketing
  - Data-driven marketing approach that combines demand creation with fulfillment
    - Examples: Sears catalog, Dell web site
- 3. Publicity (Public Relations)
  - Helps an organization and its publics adapt mutually to each other - Example: "media buzz" created to launch Viagra
- 4. Sales Promotion
  - Short term, added-value offer designed to motivate an immediate response
    - -Examples: 0% auto financing, "buy one, get one free" coupons
- 5. Personal Selling
  - Interpersonal communication in which a sales person uncovers and satisfies the needs of a customer to the mutual benefit of both
    - Example: IBM's sales persons consulting with clients to help solve their hardware and software challenges
- 6. Packaging
  - Container and conveyer of information
    - Example: Altoids' distinctive metal can
- 7. Events & Sponsorships
  - Events: a highly targeted brand-associated activity designed to actively engage customers and prospects and generate publicity
  - Example: Harley Owners Group motorcycle rallies
    Sponsorships: *financial support for an organization, person, or activity in exchange for brand publicity and association*Example: Nike's sponsorship of Tiger Woods
- 8. Customer Service
  - Company's attitude and behavior during interactions with customers
     Example: Southwest Airlines' excellent service and fun philosophy

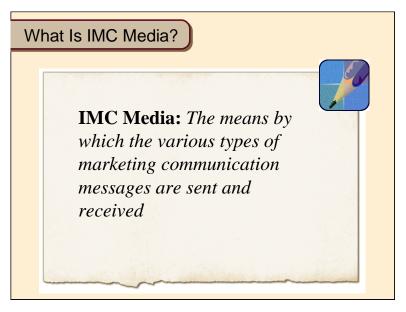
#### ▷ INSTRUCTOR IN-DEPTH INSIGHT: CUSTOMER SERVICE

What customers think about a brand is a critical element in an integrated brand perception. An integration challenge, therefore, is to keep brand messages in line with customer expectations. Consider what happened to a Midwestern bank that found that other business practices besides marketing communication were sending messages, elements that must be taken into consideration when doing IMC planning and monitoring.

Facing stiff competition from four other strong banks, this bank decided it needed a new marketing communication campaign. Its ad agency conducted focus groups to ask bank customers what they liked and disliked most about banking. It was found that one of the things liked most was "friendly tellers." Learning this, the ad agency developed a "most friendly bank in town" campaign. After the campaign ran, there was an initial increase in customers, but soon the bank began to lose more customers than it was attracting. To determine why this happened, the bank conducted further research and found that customers did not find the bank's tellers to be the friendliest in town; in fact, some found the tellers to be rather cold and not friendly at all.

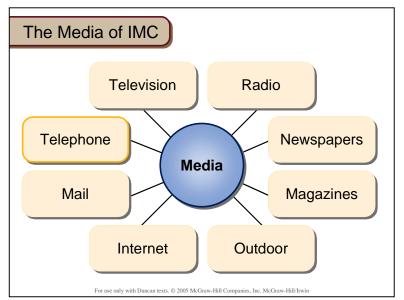
What happened? The bank's operations department, which was responsible for training and managing the tellers, was never told about the new ad campaign and, consequently, the tellers performed as they always had. Before the campaign, the bank's customers didn't expect the tellers to be "the friendliest in town." Customer expectations were raised by the new advertising, however teller performance was not. The operations department was never *integrated* into the planning of the marketing communication campaign. This example demonstrates why integration must be applied to more than just marketing communication.

D. The Media of IMC



1. The means by which the various types of marketing communication messages are sent and received

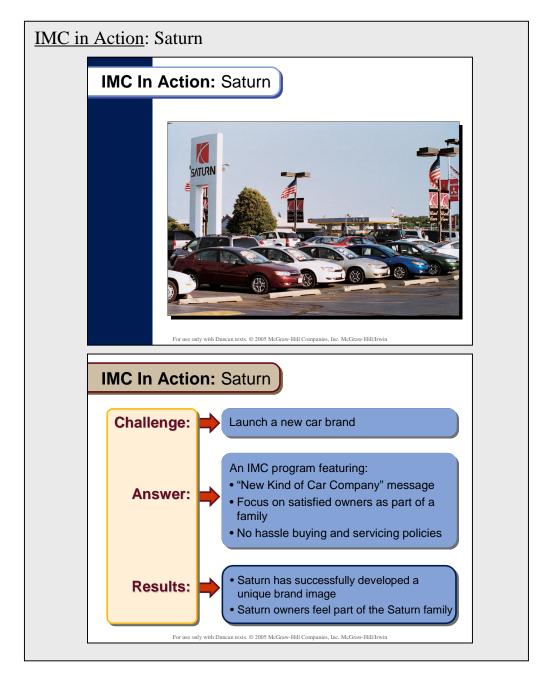
2. Major types of media used



- a. Television
- b. Radio
- c. Newspapers
- d. Magazines
- e. Outdoor Billboards
- f. Internet
- g. Mail
- h. Telephone
- III. Integrated Marketing Communication: A Concept and A Process A. Defining the IMC Concept



- 1. A cross functional process for strategically planning, implementing and monitoring brand communication used to create and maintain customer relationships"
- 2. Key elements
  - a. Cross-functional...
    - All marketing communication departments and agencies work together, rather than in isolation
  - b. ...Brand communication...
    - Includes everything a company does that sends a message to consumers
  - c. ...Create and retain customer relationships.
    - not only acquiring, but keeping customers (brand loyalty)



<u>Challenge</u>: Launch a new car brand

Answer: An IMC program featuring:

- "New Kind of Car Company" theme
- Focus on satisfied owners as part of a family
- No hassle buying and servicing policies

Results:

- Saturn has successfully developed a unique brand image
- Saturn owners feel part of the Saturn family

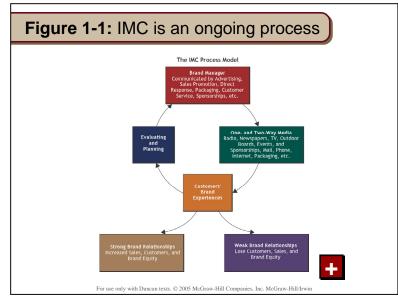
**Discussion Starters**:

- 1) Poll the class to see how many students were aware that Saturn is owned by GM.
- 2) Ask how many students (or their family members) own a Saturn.
- 3) Of those, ask how many would purchase another Saturn (one study indicates that 55% of Saturn owners would buy another)

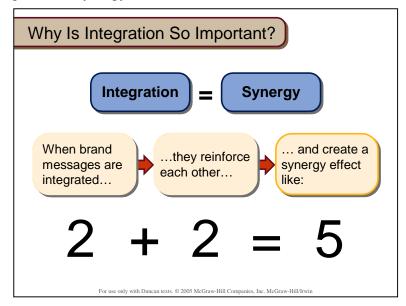
# ▷ INSTRUCTOR IN-DEPTH INSIGHT: SATURN

The Saturn story illustrates that brand communication includes not only all marketing communication messages but also everything a company does that sends a message to customers, such as how it handles haggling over a price or treats its employees. Airlines obviously can't control the weather but they can control their explanations of weather delays and late departures and arrivals. Brand communication also includes receiving brand messages listening and responding to customers and prospects when they contact the company and this focus on interactive communication was a key aspect of Saturn's successful launch.

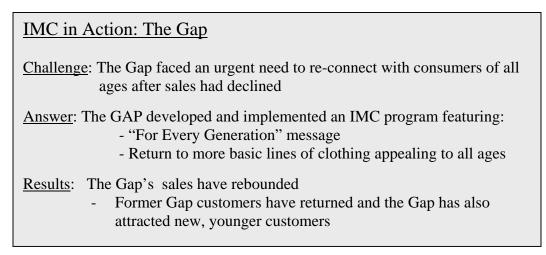
B. IMC is an ongoing process



- 1. IMC is an ongoing process, consisting of the following key elements:
  - a. Planning for the development a creation of...
  - b. ...Brand messages (i.e. advertisements, brochures, websites, etc.)...
  - c. ...delivered by one-way or two-way media...
  - d. ... that influence consumers and their brand experiences...
  - e. ...resulting in the creation of a level of brand equity with the consumer...
  - f. ...that can result in the creation and maintenance of brand relationships with the consumer...
  - g. ...that must be constantly monitored and evaluated in order to continue the ongoing process again at step "a" above
- C. Integration = Synergy



When brand messages are integrated in an IMC strategy they reinforce each other and create a synergy effect like the equation 2 + 2 = 5



## **Discussion Starters:**

- 1) A good starting question would be to poll the class to find how many students class are wearing a Gap product.
- 2) Ask students how many are wearing items from two of Gap's competitors...
  - ... Abercrombie and Fitch?
  - ... American Eagle Outfitters?
- 3) Ask students to rate how "cool" they perceive the Gap versus these competitors.

### IV. Why Is Integration So Important?

- A. Drives Brand Differentiation
  - Because IMC helps make your brand stand out vs. competitors



# ▷ INSTRUCTOR IN-DEPTH INSIGHT: DIFFERENTIATION

Not only are there are more brands competing against each other than ever before, there are often fewer differences between these brands. Even when a company makes a breakthrough in product performance, pricing, distribution, or even promotion, it may be only a matter of weeks or months—sometimes even days—before competitors copy the breakthrough. This does not mean that product differences are no longer important, but rather that few can be sustained for any length of time. Differentiation now must come from the "soft side" of business—such as providing superior customer service, useful information, a commitment to shared values, and a brand relationship based on trust. B. Brings Greater Accountability

- Because IMC allows you to track sales and profits based on your brand's relationships with consumers

## ▷ INSTRUCTOR IN-DEPTH INSIGHT: ACCOUNTABILITY

During the 1950s, and 1960s, mass media advertising accounted for more than two-thirds of the MC budget for most packaged-goods companies. As companies moved into the 1970s, however, management began demanding more accountability and more direct return on MC budgets. The result was a shift of a big part of the MC budget to sales promotion, whose results are more easily measured than advertising and to public relations, whose costs were considerably lower than advertising. At the Swiss-based food company Nestlé, for example, spending on mass media advertising decreased from 75 percent of the MC budget to 25 percent during this decade.

As companies moved into the 1980s and 1990s, the bottom-line pressures continued. It was then that companies, both business-to-business (B2B) and business-to-consumer (C2B), had the technology to better track customers and their respective profitability. This information resulted in companies placing more emphasis on customer retention as they found it was less costly to sell to a current customer than to acquire a new one. Because IMC focuses on building relationships, it provides a process for achieving the balance between acquisition and retention.

- C. Increases the Level of Trust
  - Because IMC focuses on long-term relationships, not just a one-time sale

# ▷ INSTRUCTOR IN-DEPTH INSIGHT: TRUST

Another benefit of IMC and its emphasis on relationship building is trust. Trust is an added value of integrity. Customers are smarter and more demanding than they have ever been . . . and more distrusting. They have been fooled and mislead too many times. Findings from studies of U.S. consumers by Yankelovich Partners show that only 8 percent of consumers have a great deal of confidence in "advice and recommendations" from advertising, and only 6 percent have confidence in what major corporations have to say regarding their points of view on major issues. One reason these attitudes exist is that, although companies have made strides in lowering product defects, there are still too many instances of relationship defects—taking customers for granted, misleading them about what products will do, failing to listen and respond when customers complain or ask questions, and putting profits before everything else, including employees, customers, and the environment.

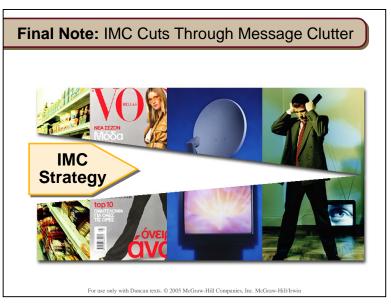
### D. Provides Internal Focus

- Because IMC focuses on "one look, one voice"

## ▷ INSTRUCTOR IN-DEPTH INSIGHT: FOCUS

IMC involves coordinating the messages of everyone who is in contact with the customer, a concept known as managing customer touchpoints. Part of the problem in companies needing a more integrated focus is that as functional specialists develop expertise, they each have their own strategies on how to build the brand. Although many can contribute in the search for the best advertising and promotion ideas, in the end there can only be one strategy for the brand, such as Saturn's "different kind of car company," a message which was clear in everything the company did, as well as every message it sent.

## V. Final Note



- A. IMC Cuts Through Message Clutter
  - 1. Today's consumers are exposed to an amount of commercial messages that have grown over the years to an unbelievable level. Some examples:
    - The average supermarket now carries 30,000 items
    - The average person watches 4 hours of TV each day with 50+ channels, and sees approximately 42,000 TV spots a year
  - 2. IMC provides marketers with the opportunity to cut through this clutter by creating and communicating brand message that are more relevant, effective, more sensitive, and less wasteful of media and personal time

# **Answers to Review Questions**

#### 1) MC Functions

- a. What is advertising and what is its primary use? Answer: Advertising is a set of nonpersonal paid announcements by an identified sponsor. Examples include television commercials and magazine ads
- b. What is direct marketing and how is it used? Answer: Direct Marketing is a data-driven marketing approach that combines demand creation with fulfillment. Examples include catalogs and web sites that offer something for purchase.
- c. What is the greatest strength of publicity? Answer: As its definition, "nonpaid stories and brand mentions in the mass media," suggests, the biggest strength of publicity is its free nature. It is also attractive because it can create a "buzz" in the media that is often difficult, if not impossible, to create with other marketing communications functions.
- d. Why is sales promotions so important in a marketing program? Answer: The importance of sales promotions is implied in its definition," short term, added-value offers designed to motivate an immediate response." In other words, this is the function of marketing communications that really encourages consumers to take swift action.
- e. What is the primary advantage of personal selling? *Answer: Personal selling offers an advantage that most of the other marketing communications functions cannot: the human touch, since it is based on " interpersonal communication in which a sales person uncovers and satisfies the needs of a consumer."*
- f. Why is packaging considered a marketing communication tool? Answer: As the definition of packaging, a container and conveyer of information, suggests, a brand's package can help add value by communicating certain qualities to consumers, such as quality.
- g. What are the benefits derived from using events and sponsorships? Answer: Events and sponsorships generate publicity for a brand and seek to associate the brand's image with the positive image of the event or sponsored entity.
- h. Why is customer service included in this list of marketing communication areas? Answer: Interactions with consumers send some of the most impactful messages customers receive about a brand. If their customer service experience is positive, it can strengthen the relationship between the customer and the brand.

i. What is a marketing communication mix?

Answer: The marketing communication mix is "the selection of marketing communication functions used at a given time as part of a marketing program." The concept is like a cake recipe which can be made from a variety of ingredients; in a marketing communications mix, the ingredients would be functions like advertising, sales promotion, etc.

#### 2) Key Elements In The IMC Definition

- a. How is IMC defined? What are the key elements of the definition?
  - Answer: IMC is defined as a cross functional process for strategically planning, implementing and monitoring brand communication used to create and maintain customer relationships." There are three key elements that stand out in the definition: the cross-functional idea of all marketing communication departments and agencies working together, rather than in isolation; the notion that it includes everything a company does that sends a message to consumers; and the fact that it is focused on creating and retaining customer relationships, not just on acquiring one-time-only sales.
- b. How do the concept and the process of IMC differ?
  - Answer: The IMC concept is attractive to marketers because it offers the promise of creating more effective marketer-consumer relationships, but it would be pointless to look at the concept in isolation or as a static event since brand communications for major firms never stop and start again—they are ongoing for as long as the brand is on the market.
- c. Explain the difference between a stakeholder and a customer.
  - Answer: Customers are a relatively simple concept to understand. They are the individuals or organizations who purchase a firm's products. On the other hand, stakeholders represent a much wider range of groups who affect, or are affected by, the firm. They can include, but are not limited to, employees, retailers, vendors, suppliers, communities where the firm's facilities are located, the media, and even potential customers.
- d. Why do marketers care about building relationships with their customers? Answer: Marketers have learned that it is wasteful to focus simply on selling their products only once to a customer. They have found that it is much less expensive to maintain current customers than to constantly reach out and find new customers. As a result, if relationships can be created and maintained over long periods of time, then the relationships can be much more rewarding for consumers—and more profitable for marketers.
- e. What does synergy mean and how does it relate to marketing communication? Answer: Synergy can be thought of as the notion of "the whole is greater than the sum of its parts" or by the equation 2 + 2 = 5. It relates to marketing

communications because synergy is created when consistent messages about a brand from different sources (i.e. advertising, sales promotion, events and sponsorships, etc.) all reinforce each other.

- f. What is a "one voice, one look" strategy?
  - Answer: Marketers employing a "one voice, one look" strategy strategically choose a message and visual theme that best suits their objectives. They then create executions of marketing communications tools which are highly consistent in their use of the common message and visuals. An example of this would be the consistent use of the brown theme across all aspects of the United Parcel Service's marketing efforts, ranging from their advertising to their company brochures, and even employee uniforms.

#### 3) IMC and Relationships

a. Why must keeping customers be an ongoing process?

Answer: The secret to building long term relationships with customers is the same as with any relationship: it requires constant attention. As in any relationship, the external environment surrounding the relationship is constantly changing and this requires that adjustments be made in the way those in the relationship deal with one another. Both parties in a relationship must also be aware and adapt to changes that happen internally to either of the parties. In a marketing relationship, this requires that marketing communication messages be constantly monitored and adjusted to adapt to changes in the external environment (i.e., competitive moves, the economy, etc.) as well as with the customer (i.e. changes in lifestyle, family status, etc.)

b. What is the relationship between evaluating and planning?

Answer: Planning and evaluating are interrelated because organizations should constantly be evaluating the impact of brand messages based on customer attitudes and responses, and then adjusting the marketing communication plan accordingly. This is where planning comes in: it provides direction for creating and delivering more of the existing brand messages (if the evaluation suggests they are effective), or for developing and delivering new messages (if the evaluation suggests a change is necessary).

c. What is the difference between one-way and two-way brand messages? Answer: One-way brand messages are those delivered by some of the more traditional forms of marketing communication such as magazine advertisements. In this scenario, advertisers essential "talk to" consumers, a one-way flow of communication. In many cases, consumers (and marketers) would prefer to conduct a dialogue with one another. This is possible through the use of other marketing communication media that are two-way in nature, such as interactive websites and telemarketing.

- d. Why shouldn't marketers simply focus on creating sales transactions rather than spending time and money build strong relationships with customers?
  - Answer: Smart marketers focus on building strong relationships with customers because they know that these relationships can be more productive—and profitable—over time. This is true because the successful retention of current customers over the long term is much less expensive than a short-term focus that results in lost customers, and the need to constantly be recruiting new customers as replacements.
- e. Explain how IMC "spins off" either strong or weak brand relationships.

Answer: IMC is one of the most important factors in the development of a strong or weak relationship between a consumer and a brand. If the IMC program makes a "bad first impression" with a consumer (i.e. it fails to appeal to a consumer—or worse, offends a consumer), then all other MC efforts by the brand are likely to be spun off in negative ways in the mind of the consumer. Conversely, if the IMC program initiates and follows-up with relevant, appealing messages, then the consumer is more likely to spin all of the brand's MC efforts in more positive ways.

#### 4) Benefits of IMC

- a. What has been the impact of brand and product proliferation on marketing communication?
  - Answer: The number of brands and brand messages is continually growing. For example, the number of brand offerings in an average supermarket has grown from 8,000 to 30,000. And the number of brand messages is also staggering. One estimate suggests that the average consumer is now exposed to 42,000 TV commercials every year. The bottom line impact of this proliferation for consumers is that they are overwhelmed with choices, and the bottom line for marketers is that it is growing increasingly difficult to cut through all the clutter in order to stand out in consumer's minds.
- b. In what ways does integration create greater efficiencies in marketing communication?

Answer: By using IMC to coordinate and fine tune messages, marketers can focus on delivering one relevant appeal instead of wasting consumers' time (and marketers' money) by constantly bombarding them with multiple messages that might confuse and even irritate.

c. How do integrated communication programs build trust?

Answer: Consumers are smarter and more demanding then they have ever been and more distrusting. They have been fooled and mislead too many times by unscrupulous marketers. One study even found that only 6 percent of consumers have confidence in what major corporations have to say. On the positive side, if a firm truly embraces the IMC concept, it will focus on building long term relationships with consumers and not just on making a one-time-only sale.

- d. A focus on departmentalization has what effect on marketing communication? Answer: As companies grow larger, they tend to create more bureaucracy. The good news is that this bureaucracy often can add to the level of marketing communication expertise in each of the new departments. The bad news is that it can create excessive departmentalization, and even the creation of "silos" that separate and isolate professionals—hurting customer service. The IMC concept advocates a focus on breaking down these silos and encouraging all the departments to work together more effectively.
- e. How does IMC help cut through clutter? Choose a major brand, and develop a list of the marketing communication tools it uses in its marketing communication mix. Is the brand using a one-voice, one-look strategy?
  - Answer: The answer to this question is similar to question (a.) above. The issue really comes down to quantity versus quality. By adopting an IMC approach, marketers select a focused message appeal that is relevant to their target consumers—and then selectively use and coordinate only those marketing communication functions that are necessary to cut through the clutter (quality) versus simply adding to the clutter by bombarding consumers with an array of different messages using different media (quantity).

An example of a major brand that uses a one-voice, one-look strategy is Microsoft. It employs the following tools in its MC mix: brand advertising on TV and in magazines; direct marketing through its on-line updates to customers; consumer sales promotions in its offers for discounted access to MSN; personal selling and customer service through its telephone help lines; and public relations when it stages events to announce new software developments.

# **Chapter Challenge**

#### Writing Assignment Suggestion

Identify a product that you think needs to work on its brand image. Look at the way each element of the marketing communication mix is delivering a message and recommend how the communication effectiveness can be improved.

#### Presentation Assignment Suggestion

Develop a short survey to investigate the effectiveness of the AFLAC campaign. Interview 10 people of different ages, occupations and genders and ask if they've seen the AFLAC commercials, what settings they remember, if they like/dislike the commercial, and why. Finally, determine if they understand the product being sold. Prepare a presentation to the class that summarizes your findings.

#### Internet Assignment Suggestion

Go to the websites for Barnes & Noble and Amazon.com and compare their operations. Have them pretend you are going to buy a book and analyze the differences in the way the two companies handle your transaction and attempt to create a relationship with you.

#### Research Assignment

Consult the sources in the "additional readings" section below and then develop a questionnaire that they would use to interview managers at a company of their choosing to determine the extent to which that firm's marketing communications are integrated.

#### IMC Plan Team Assignment

Ask students to complete the attached initial form as part of semester-long project for a local not-for-profit organization discussed earlier. The instructor assigns 5-7 students to "agencies" which are assigned to the not-for-profit "client."

This initial checklist is an easy "ice-breaking" assignment, requiring the students only to establish their agency name and a list of contacts that will assist their communication throughout the term.

# **IMC Final Project Checklist #1**

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

# □ Client Organization Name

# □ Client Key Contact Information

Name Title Office Phone Cell Phone E-Mail

# □ Your Agency Name

Discuss a possible name for your "agency" and provide a recommendation in the space below:

# □ Agency Principals Contact Information

Collect and provide the following key contact information for each member of your agency team:

Name	Campus Phone	Cell Phone	E-Mail
1)			
2)			
3)			
4)			
5)			
6)			
7)			