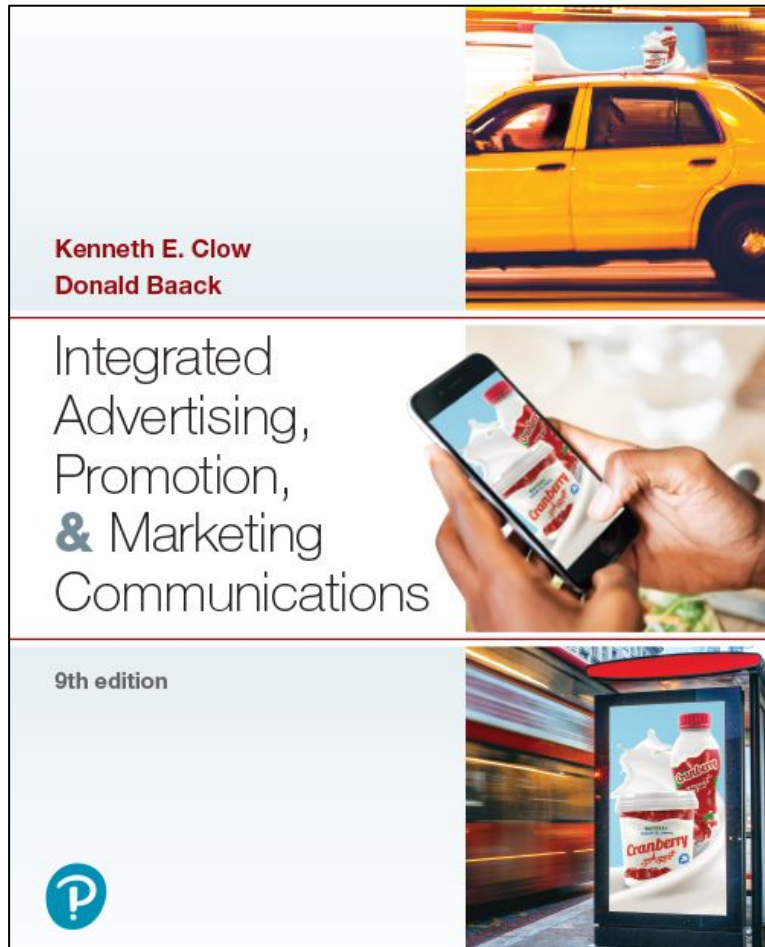


Integrated Advertising, Promotion, and Marketing Communications

Ninth Edition



Chapter 4

The IMC Planning Process

Chapter Objectives (1 of 2)

4.1 What makes marketing research critical to the IMC planning process?

4.2 What categories do companies use to identify consumer target markets or market segments?

4.3 What categories do organizations use to identify business-to-business market segments?

4.4 How do the various approaches to positioning influence the IMC planning process?

Chapter Objectives (2 of 2)

4.5 How do the marketing communications objectives interact with the other elements of an IMC planning process?

4.6 How are communications budgets established?

4.7 What are the features of an international IMC planning program?

Chapter Overview

- The IMC planning process
- Communications research
 - Target markets
 - Positioning strategies
 - Communications objectives
- Communications budgeting
- International IMC planning

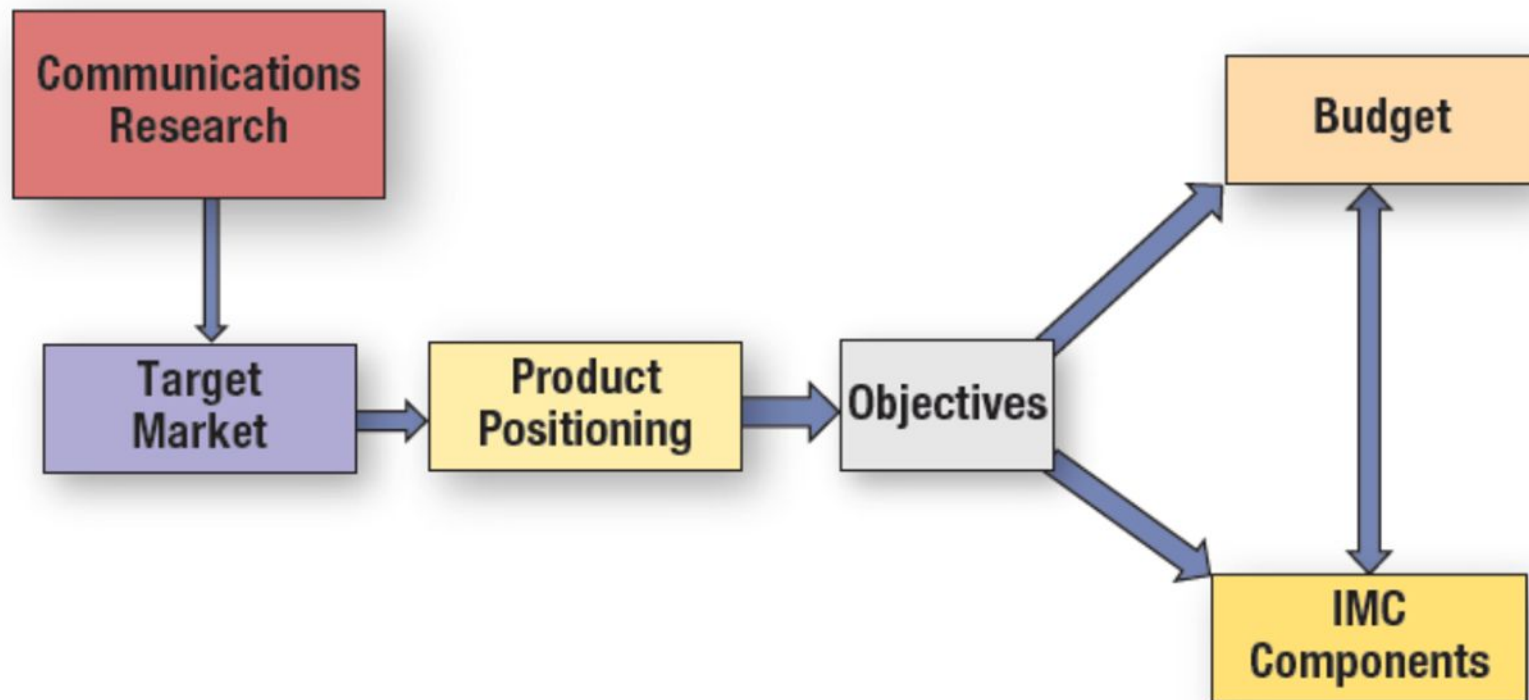
Co-Marketing and IMC Planning

- Joining to sell separate but related products
- Examples:
 - T-Mobile and Netflix
 - Capitol One and Hotels.com
- All planners must address every step in the process



Andrey_Popov/Shutterstock

Figure 4.1: The IMC Planning Process



Communications Research

- **Product-specific research**
 - Desirable features
 - Key selling points
- **Consumer-oriented research**
 - Context of product use
 - Anthropological approach
 - Sociological analysis
 - Psychological motives
- **Target-market research**
 - Identifies recipients of communications campaign

Tests to Determine Viability of Market Segment

- Individuals or businesses within the segment are homogeneous
- Market segment is:
 - different from the population as a whole and distinct from other market segments
 - large enough to be financially viable to target with a marketing campaign
 - reachable through some type of media or marketing communications channel

Figure 4.2: Methods of Segmenting Consumer Markets



- Demographics
- Psychographics
- Generations
- Geographic
- Geodemographics
- Benefits
- Usage

Segments Based on Demographics:

Gender

- Different genders have different purchasing habits
- Not all people conform to one gender role
- Non-gender-based marketing shapes the campaign
- Many product campaigns still target men or women

Marketing to Men

- Shopping more
- Focus on product performance
- Prefer looking for specific information
- Favor products that reflect status
- Tend to buy well-known brands


Marketing to Women

- Control a majority of consumer spending
- Most are primary household shoppers
- Over 90% say advertisers do not understand them

My first and only choice.

"When my child is ill, if I need a blood test or a prescription filled— St. Francis Community Health Center is my first and only choice."

Our team of healthcare professionals are here for you—including physicians, registered x-ray techs, cardiac rehab nurses, nutritionists, therapists, pharmacists, nurse practitioners to nurses and more!

 **ST. FRANCIS**
COMMUNITY HEALTH CENTER
Franciscan Missionaries of Our Lady Health System
Future of Healing. Tradition of Caring.

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stfran.com

Segments Based on Demographics: Age

- Targeting specific age groups
- Can combine with other demographic variables
- Children an attractive but controversial market
- Marketing push continues through teen years

Figure 4.3: Influence of Tweens

Influence/Opinion	Percent
Want instant gratification	56%
Want customized product	59%
Want what others have	41%
Sometimes visit online stores	31%
Shop online	28%

Influence on household purchases	Percent
Movies	55%
Food	29%
Personal care products	26%
Family vacation destination	27%
Technology	23%

Segments Based on Demographics: Age and Lifestage

- Age may not be so useful on its own for segmentation
- Refers to phase of life that is coupled with age
- Gives marketing team more precise view of target market

Questions to Consider (1 of 2)

- How old are your own parents?
- How would you describe their lifestage?
- Is it typical or hard to categorize?
- What kinds of products or services might appeal to your parents based on their age and lifestage?

Income

- Family income closely related to education
- Lower income = spending on necessities
- Higher income = spending on luxuries



Lennart Preiss/Stringer/Getty Images

Ethnicity



- Buying power = \$2.5 trillion
- Significant part of identity
- Need to understand ethnic groups
- Translations are insufficient
- Holistic approach needed

Psychographics

- Used to describe consumers
- AIO measures:
 - Activities
 - Interests
 - Opinions
- Combined with demographic information

The VALS Typology

- **Innovators** – successful, sophisticated – upscale products
- **Thinkers** – educated, conservative, practical – durability, value
- **Achievers** – goal-oriented, conservative, career, and family
- **Experiencers** – young, enthusiastic, impulsive, fashion, social
- **Believers** – conservative, conventional, traditional
- **Strivers** – trendy, fun-loving, peers important
- **Makers** – self-sufficient, respect authority, not materialistic
- **Survivors** – safety, security, focus on needs, price

Figure 4.4: Characteristics of Generational Cohorts

Name of Segment	Year of Birth	Characteristics
Generation Z	1995-2010	Seekers of “truth.” Grew up in the digital age and value individual expression. They avoid labels.
Millennials	1978-2002	Spend money on clothes, automobiles, college, televisions, and stereos. Ninety percent live at home or in a dorm or rent an apartment.
Generation X	1965-1977	Focus on family and children. Spend on food, housing, transportation, and personal services.
Younger Boomers	1954-1964	Focus on home and family. Spend on home mortgage, pets, toys, and large recreational items.
Older Boomers	1952-1953	Spend on upgrading homes, ensuring education and independence of their children, and luxury items, such as boats.
Seniors	Up to 1951	Most have fixed incomes. Spend heavily on health care and related medical items.

Segmentation by Geographic Area

- Geo-targeting: marketing in a geographic area or region
- Retailers use:
 - Smartphones with GPS devices
 - Digital ads



Geodemographic Segmentation

- Combines
 - Demographic census data
 - Geographic information
 - Psychographic information
- PRIZM
 - 66 market segments in United States
 - ZIP codes identify relatively uniform neighborhoods
 - Consumers like neighborhoods of similar people

Benefit Segmentation



The Fitness Industry

- Winners
- Dieters
- Self-improvers

Usage Segmentation

- Usage or purchase history
- Create clusters
- Target specific clusters
- Create marketing programs for each cluster
- Measure growth and migration

Business-to-Business Market Segmentation

- Group similar organizations into meaningful clusters
- Create marketing messages specifically for them
- Provide businesses with better service

Figure 4.5: Methods of Segmenting Business-to-Business Markets

- Industry (NAICS code)
- Size of business
- Geographic location
- Product usage
- Customer value



takada hiroto/Fotolia

Product Positioning

- The perception created in the consumer's mind regarding the nature of the company and its products relative to the competition
- Created by factors such as product quality, price, distribution, image

Figure 4.6: Product Positioning Approaches

- Attributes
- Competitors
- Use or application
- Price-quality relationship
- Product user
- Product class
- Cultural symbol



Questions to Consider (2 of 2)

- In the Weyerhaeuser ad from the previous slide, who is the target market?
- Which product positioning approach is the company using?
- Does this ad appeal to you? Why or why not?

Other Elements of Positioning

- Position never completely fixed
- Changing conditions can shift brand standing
- International positioning vitally important

Marketing Communication Objectives

- Quality communications objectives required
- Tie into organization's:
 - Context
 - Target markets
 - Positioning approaches
 - Budgeting
- Guide creative efforts to design advertising messages

Figure 4.7: Levels of IMC Objectives

Overall Company		Targeted Communications Objectives
Market Share	----->	Build customer traffic
	:>	Encourage repeat purchases
(Customer retention objectives)	:>	Enhance purchase actions
	:>	Reassurance following purchases
Total Annual Sales	----->	Increase sales – overall brand
		Increase sales – specific products
		Increase sales – specific campaigns
Profits	----->	Target/improve marketing expenditures
Return on Investment	----->	Enhance brand awareness
		Increase brand awareness
Brand Loyalty	----->	Enhance customer beliefs or attitudes
		Change or shift customer beliefs or attitudes
Position in the Industry	----->	Increase category demand via brand equity
	----->	Enhance/improve image

Types of Budgets (1 of 3)

- **Percentage of Sales**

- Sales of current year, or next year
- Simple
- Tends to work in the opposite direction
- Does not meet special needs

- **Meet the competition**

- Seeks to prevent market share loss
- Highly competitive markets
- Dollars may not be spent efficiently

Types of Budgets (2 of 3)

- **What we can afford**
 - Set after all other items budgeted
 - Do not view marketing as important
- **Objective and task**
 - Budgets determined by objectives
 - Best method of budgeting
 - Used by 50% of firms

Types of Budgets (3 of 3)

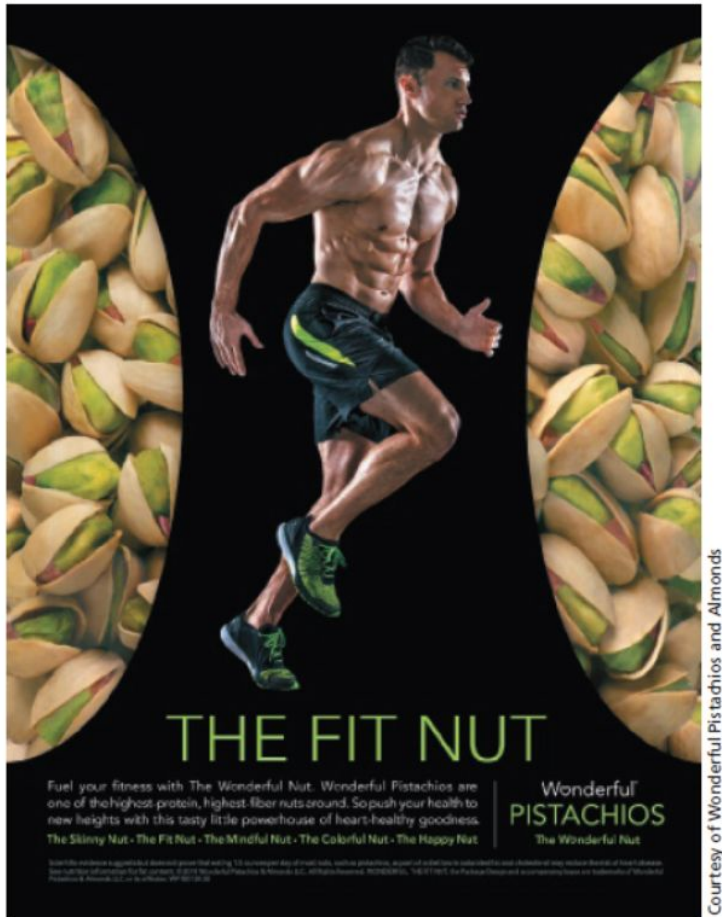
- **Payout planning**
 - Ratio—advertising to sales or market share
 - Larger percent at product launch
 - Lower percent when brand established
 - Based on threshold effect
- **Quantitative models**
 - Computer simulations
 - Develop models based on historical data

Figure 4.8: Methods of Determining Marketing Communication Budgets



- Percentage of sales
- Meet the competition
- “What we can afford”
- Objective and task
- Payout planning
- Quantitative models

Communications Schedules



- Pulsating schedule
- Flighting schedule
- Continuous schedule

IMC Components

- More than traditional advertising
- Trade promotions
- Consumer promotions
- Retailer promotions
- Media advertising

International Implications

- Globally integrated marketing communications (GIMC) programs vital for international firms
- Tailor messages to fit country's language and culture
- Brand names, marketing ideas, ad campaigns do not always translate correctly
- Essential to understand the international market

Figure 4.9: Successful Globally Integrated Marketing Communication Tactics

- Understand the international market
- Create a borderless marketing plan
- Think globally but act locally
- Local partnerships
- Communication segmentation strategies
- Market communications analysis
- Solid communications objectives

Your Career: Planning Process

- Begin with employer research
- Select best employers and use segmentation
- Position yourself through your resume
- Consider short-term and long-term objectives

Blog Exercises

- New Target Market for Video Games
- Automobile Positioning
- Identity Theft Protection

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