

# 19 Designing and Managing Integrated Marketing Communications

**Modern marketing calls for more than developing a good product, pricing it attractively,** and making it accessible. Companies must also communicate with present and potential stakeholders and the general public. For most marketers, therefore, the question is not *whether* to communicate but rather *what* to say, *how* and *when* to say it, to *whom*, and *how often*. Consumers can turn to hundreds of cable and satellite TV channels, thousands of magazines and newspapers, and millions of Internet pages, and they are actively deciding what communications they want to receive. To effectively reach and influence target markets, holistic marketers are creatively employing multiple forms of communications. Consider what Mondelēz International has done in building a global cookie brand.<sup>1</sup>



Oreo's global brand positioning focuses on "milk's favorite cookie" and "moments of togetherness" using different communications in different countries. In the United States, the highly successful "Celebrate the Kid Inside" campaign was buoyed by celebrations of the brand's 100th anniversary. Ads and in-store contests created a birthday party atmosphere and focused on the "twist, lick, and dunk" method of eating Oreos with milk. The 100-day "Daily Twist" promotion paired the brand in online and print ads with various cultural images, icons, and events, such as Elvis Presley week, the Mars Rover, Gay Pride week, and Bastille Day. The Oreo birthday page on Facebook received 25 million likes, and U.S. sales increased 25 percent. When a power outage darkened the stadium during the Super Bowl in February 2013 for more than half an hour, a tweet for the brand was quickly sent—"Power Out? No problem. You can still dunk in the dark."—that became the social media talk of the game. In India, launch ads featured a father and son in the "twist, lick, and dunk" ritual. Parents there used social media to sign an "Oreo Togetherness Pledge" promising to spend more quality time with their children. An Oreo Togetherness Bus roamed the country providing a platform for parents and children to catch fun family moments. Through these various communications in different markets, Oreo is establishing a strong global positioning.

**Done right, marketing communications can** have a huge payoff. This chapter describes how they work and what they can do for a company. It also addresses how holistic marketers combine and integrate marketing communications. Chapter 20 examines mass communications including advertising, sales promotion, and public relations, Chapter 21 looks at digital communications like online, social media, and mobile marketing, and Chapter 22 explores personal communications including direct and database marketing and personal selling.

# The Role of Marketing Communications

**Marketing communications** are the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell. In a sense, they represent the voice of the company and its brands; they are a means by which the firm can establish a dialogue and build relationships with consumers. By strengthening customer loyalty, they can contribute to customer equity.

Marketing communications also work by showing consumers how and why a product is used, by whom, where, and when. Consumers can learn who makes the product and what the company and brand stand for, and they can become motivated to try or use it. Marketing communications allow companies to link their brands to other people, places, events, brands, experiences, feelings, and things. They can contribute to brand equity—by establishing the brand in memory and creating a brand image—as well as drive sales and even affect shareholder value.<sup>2</sup>

## THE CHANGING MARKETING COMMUNICATIONS ENVIRONMENT

Technology and other factors have profoundly changed the way consumers process communications, and even whether they choose to process them at all. The rapid diffusion of powerful smart phones, broadband and wireless Internet connections, and ad-skipping digital video recorders (DVRs) have eroded the effectiveness of the mass media. In 1960, a company could reach 80 percent of U.S. women with one 30-second commercial aired simultaneously on three TV networks: ABC, CBS, and NBC. Today, the same ad would have to run on 100 channels or more to achieve this marketing feat. “Marketing Insight: Don’t Touch That Remote” describes some developments in television advertising.

### marketing insight

#### Don’t Touch That Remote

That consumers have more power in the marketplace is perhaps nowhere more evident than in television broadcasting, where digital video recorders (DVRs) allow viewers to watch shows when they want and to skip past ads with a push of the fast-forward button. More than half the U.S. adults who subscribe to a multichannel video service have a DVR, and of viewers who use them, between 60 percent and 70 percent fast-forward through commercials (the others either like ads, don’t mind them, or can’t be bothered to skip them).

Is that all bad? Surprisingly, research shows that while focusing on an ad in order to fast-forward through it, consumers actually retain and recall a fair amount of information. The most successful ads in fast-forward mode were those consumers had already seen, that used familiar characters, and that didn’t have lots of scenes. It also helped to have brand-related information in the center of the screen, where viewers’ eyes focus while skipping through. Although consumers are still more likely to recall an ad the next day if they’ve watched it live, some brand recall occurs even after an ad is deliberately skipped.

Another challenge marketers have long faced is viewers’ tendency to switch channels during commercial breaks. Recently,

however, Nielsen, which handles television program ratings, has begun to offer ratings for specific ads. Before, advertisers had to pay for air time based on the rating of the program, even if as many as 5 percent to 15 percent of consumers temporarily tuned away. Now they can pay based on the size of the actual audience available when their ad is shown. To increase viewership during commercial breaks, the major broadcast and cable networks are shortening breaks and delaying them until viewers are more likely to be engaged in a program.

A newer challenge for marketers is the time-shifted viewing DVRs permit as more consumers put themselves in charge of their TV schedule. Nielsen now includes Live+3 and Live+7 ratings to capture viewing that occurs three or seven days after initial airing. For some programs and time slots, adding in delayed viewership can make a big difference in the size of the audience.

**Sources:** Merrill Barr, “In a World of DVR Monsters, Do Time Slots Still Matter?,” *Forbes*, November 1, 2013; “Over Half of Multi-Channel Video Households Have a DVR,” [www.leichtmanresearch.com](http://www.leichtmanresearch.com), November 30, 2012; Andrew O’Connell, “Advertisers: Learn to Love the DVR,” *Harvard Business Review*, April 2010, p. 22; Erik du Plessis, “Digital Video Recorders and Inadvertent Advertising Exposure,” *Journal of Advertising Research* 49 (June 2009); S. Adam Brasel and James Gips, “Breaking Through Fast-Forwarding: Brand Information and Visual Attention,” *Journal of Marketing* 72 (November 2008), pp. 31–4; Kenneth C. Wilbur, “How Digital Video Recorder Changes Traditional Television Advertising,” *Journal of Advertising* 37 (Summer 2008), pp. 143–49.



Source: imago sportfotodienst/Newscom

Heineken and its digital ad agency AKQA have worked together to leverage their UEFA Champions League soccer sponsorship.

But even as some marketers flee traditional media, they still encounter challenges. Commercial clutter is rampant. The average city dweller is exposed to an estimated 3,000 to 5,000 ad messages a day. Short-form video content and ads appear at gas stations, grocery stores, doctors' offices, and big-box retailers.

Marketing communications in almost every medium and form have been on the rise, and some consumers feel they are increasingly invasive. Marketers must be creative in using technology but not intrude in consumers' lives. One agency that has proven to be a master at building brands and driving sales for its clients in this new digital era is AKQA.<sup>3</sup>

**AKQA** Established in 2001, AKQA (standing for “All Known Questions Answered”) has emerged as one of the premier digital ad agencies by virtue of its creative strategies for clients like Visa, Xbox, Clorox, and others. An online ad for Audi took the visual point of view of the dashboard of a car on Halloween night to show the value of the Audi A6’s “thermal imaging night vision assistant” as a safety feature that helped drivers avoid hard-to-see trick-or-treaters. The ad was so well received online that it also ran on prime-time network TV. For Heineken, AKQA created the award-winning Star Player game, which leveraged the brand’s UEFA Champions League soccer sponsorship. Using a smart phone or the brand’s Facebook page, soccer fans could simultaneously watch a televised match, play the game in real time to predict what would happen next in the match, and publish their results on Twitter and Facebook. For its long-time client Nike, AKQA has created a variety of apps and games, such as one to help launch Nike+ Kinect for home fitness training. The agency also produced an attention-getting online short featuring singer Ellie Golding and her song “Run into the Light” to promote the performance and social benefits of running with Nike+.

## Marketing Communications Mix

In this new communication environment, although advertising is often a central element of a marketing communications program, it is usually not the only one—or even the most important one—for sales and building brand and customer equity. Mondelēz International is partnering with nine digital start-ups to gain an advantage in that area, committing to spend 10 percent of its marketing budget on mobile.<sup>4</sup> To engage its diverse audience, GE uses an in-house content marketing and social media team to play the role of “storyteller” and explain the company’s activities on a variety of online platforms.<sup>5</sup>

Ocean Spray—an agricultural cooperative of cranberry growers—has used a variety of communication vehicles to turn sales around.<sup>6</sup>



Source: Photo courtesy of Ocean Spray Cranberries, Inc.

Ocean Spray's fully integrated "Straight from the Bog" communication program showcased miniature bogs in big cities.

**OCEAN SPRAY** Facing stiff competition, adverse consumer trends, and nearly a decade of declining sales, Ocean Spray COO Ken Romanzi and Arnold Worldwide decided to reintroduce the cranberry as the "surprisingly versatile little fruit that supplies modern-day benefits," through a true 360-degree campaign that used all facets of marketing communications to reach consumers in a variety of settings. The intent was to support the full range of products—cranberry sauce, fruit juices, and dried cranberries in different forms—and leverage the fact that the brand was born in the cranberry bogs and remained there still. The agency decided to tell an authentic, honest, and perhaps surprising story dubbed "Straight from the Bog." The campaign was designed to also reinforce two key brand benefits—that Ocean Spray products tasted good and were good for you. PR played a crucial role. Miniature bogs were brought to Manhattan and featured on an NBC *Today* morning segment. A "Bogs across America Tour" brought the experience to Los Angeles and Chicago. Television and print advertising featured two growers (depicted by actors) standing waist-deep in a bog and talking, often humorously, about what they did. The campaign also included a Web site, in-store displays, and events for consumers and for members of the growers' cooperative itself. Product innovation was crucial too; new flavor blends were introduced, along with a line of 100 percent juices, diet and light versions, and Craisins sweetened dried cranberries. Since then, famed chef Ming Tsai appeared in a pop-up restaurant in New York's Rockefeller Center, and a leap year promotion urged consumers to "leap" to Craisins. The campaign hit the mark, lifting sales an average of 10 percent in its first five years despite continued decline in the fruit juice category.

The **marketing communications mix** consists of eight major modes of communication:<sup>7</sup>

1. **Advertising**—Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor via print media (newspapers and magazines), broadcast media (radio and television), network media (telephone, cable, satellite, wireless), electronic media (audiotape, videotape, videodisk, CD-ROM, Web page), and display media (billboards, signs, posters).
2. **Sales promotion**—A variety of short-term incentives to encourage trial or purchase of a product or service including consumer promotions (such as samples, coupons, and premiums), trade promotions (such as advertising and display allowances), and business and sales force promotions (contests for sales reps).
3. **Events and experiences**—Company-sponsored activities and programs designed to create daily or special brand-related interactions with consumers, including sports, arts, entertainment, and cause events as well as less formal activities.
4. **Public relations and publicity**—A variety of programs directed internally to employees of the company or externally to consumers, other firms, the government, and media to promote or protect a company's image or its individual product communications.
5. **Online and social media marketing**—Online activities and programs designed to engage customers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.
6. **Mobile marketing**—A special form of online marketing that places communications on consumer's cell phones, smart phones, or tablets.
7. **Direct and database marketing**—Use of mail, telephone, fax, e-mail, or Internet to communicate directly with or solicit response or dialogue from specific customers and prospects.
8. **Personal selling**—Face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.

Table 19.1 lists examples of these platforms, but company communication goes beyond these. The product's styling and price, the shape and color of the package, the salesperson's manner and dress, the store décor, and the company's stationery all communicate something to buyers. Every *brand contact* delivers an impression that can strengthen or weaken a customer's view of a company.<sup>8</sup>

As Chapter 1 noted, communication options appear in paid media (traditional outlets such as TV, print, direct mail), owned media (company-controlled options such as Web sites, blogs, mobile apps, social media) and earned media (virtual or real-world word of mouth, press coverage).

TABLE 19.1 Examples of the Eight Common Communication Platforms								
Advertising	Sales Promotion	Events and Experiences	Public Relations and Publicity	Online and Social Media Marketing	Mobile Marketing	Direct and Database Marketing	Personal Selling	
Print and broadcast ads	Contests, games, sweepstakes, lotteries	Sports	Press kits	Web sites	Text messages	Catalogs	Sales presentations	
Packaging—outer	Premiums and gifts	Entertainment	Speeches	E-mail	Online marketing	Mailings	Sales meetings	
Packaging inserts	Sampling	Festivals	Seminars	Search ads	Social media marketing	Telemarketing	Incentive programs	
Cinema	Fairs and trade shows	Arts	Annual reports	Display ads		Electronic shopping	Samples	
Brochures and booklets	Exhibits	Causes	Charitable donations	Company blogs		TV shopping	Fairs and trade shows	
Posters and leaflets	Demonstrations	Factory tours	Publications	Third-party chat rooms, forums, and blogs		Fax		
Directories	Coupons	Company museums	Community relations	Facebook and Twitter messages, YouTube channels and videos		Catalogs		
Reprints of ads	Rebates	Street activities	Lobbying					
Billboards	Low-interest financing		Identity media					
Display signs	Trade-in allowances		Company magazine					
Point-of-purchase displays	Continuity programs							
DVDs	Tie-ins							

## How Do Marketing Communications Work?

Marketing communication activities in every medium contribute to brand equity and drive sales in many ways: by creating brand awareness, forging brand image in consumers' memories, eliciting positive brand judgments or feelings, and strengthening consumer loyalty. The way brand associations are formed does not matter. Whether a consumer has a strong, favorable, and unique brand association of Subaru with "outdoors," "active," and "rugged" because of a TV ad that shows the car driving over rough terrain or because Subaru sponsors ski, kayak, and mountain bike events, the impact in terms of Subaru's brand equity should be identical.

But marketing communications activities must be integrated to deliver a consistent message and achieve the strategic positioning. The starting point in planning them is a *communication audit* that profiles all interactions customers in the target market may have with the company and all its products and services. For example, someone interested in purchasing a new smart phone might talk to friends and family members, see television ads, read articles, look for information online, and look at smart phones in a store.

To implement the right communications programs and allocate dollars efficiently, marketers need to assess which experiences and impressions will have the most influence at each stage of the buying process. Armed with these insights, they can judge marketing communications according to their ability to affect experiences and impressions, build customer loyalty and brand equity, and drive sales. For example, how well does a proposed ad campaign contribute to awareness or to creating, maintaining, or strengthening brand associations? Does a sponsorship improve consumers' brand judgments and feelings? Does a promotion encourage consumers to buy more of a product? At what price premium?

In building brand equity, marketers should be "media neutral" and evaluate *all* communication options on effectiveness (how well does it work?) and efficiency (how much does it cost?). Chrysler's gamble with an unconventional campaign for Dodge Durango is one marketing communication program that appeared to pay off.<sup>9</sup>

### DODGE DURANGO

To promote its 2013 Dodge Durango, Chrysler chose actor Will Ferrell in character as Ron Burgundy to create an ad coinciding with the release of Ferrell's *Anchorman* sequel. Paramount Productions, Wieden + Kennedy ad agency, and Funny or Die's Web site production company collaborated to shoot dozens of commercials for TV and short films for the Internet of the classy but clueless 1970s-era anchorman admiring the modern features of the new Durango. In one spot, Burgundy touts the glove box as being "comfortable enough to hold two turkey sandwiches or 70 packs of gum." A tongue-in-cheek "Hands on Ron Burgundy" online promotion rewarded those consumers who could "touch" Ron Burgundy by following a moving circle with their cursor or smart-phone button. After the campaign was launched, Web traffic shot up 80 percent with each video earning millions of views. Purchase intent rose 100 percent, and sales increased by almost 60 percent.

## THE COMMUNICATIONS PROCESS MODELS

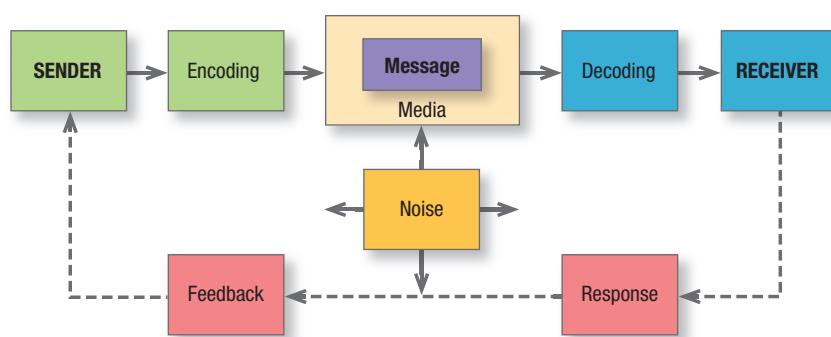
Marketers should understand the fundamental elements of effective communications. Two models are useful: a macromodel and a micromodel.

**MACROMODEL OF THE COMMUNICATIONS PROCESS** Figure 19.1 shows a macromodel with nine key factors in effective communication. Two represent the major parties—*sender* and *receiver*. Two represent the

An unconventional marketing communication campaign for Dodge Durango featuring actor Will Ferrell helped increase sales.



Source: ASSOCIATED PRESS



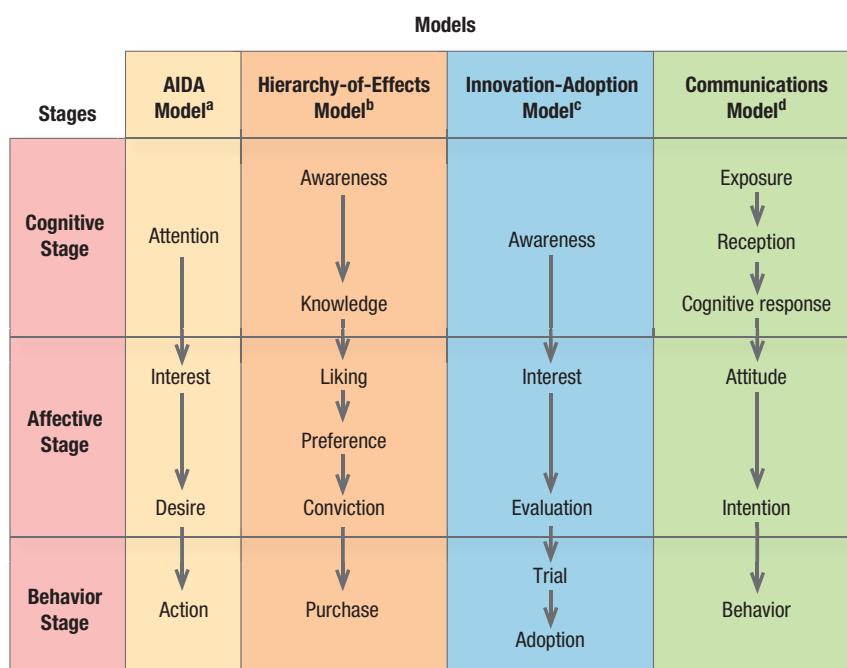
**| Fig. 19.1 |**  
Elements in the Communications Process

major tools—*message* and *media*. Four represent major communication functions—*encoding*, *decoding*, *response*, and *feedback*. The last element in the system is *noise*, random and competing messages that may interfere with the intended communication.

Senders must know what audiences they want to reach and what responses they want to get. They must encode their messages so the target audience can successfully decode them. They must transmit the message through media that reach the target audience and develop feedback channels to monitor the responses. The more the sender's field of experience overlaps that of the receiver, the more effective the message is likely to be. Note that selective attention, distortion, and retention processes—first introduced in Chapter 6—may be operating.

**MICROMODEL OF CONSUMER RESPONSES** Micromodels of marketing communications concentrate on consumers' specific responses to communications.<sup>10</sup> Figure 19.2 summarizes four classic *response hierarchy models*.

All these models assume the buyer passes through cognitive, affective, and behavioral stages in that order. This “learn-feel-do” sequence is appropriate when the audience has high involvement with a product category perceived to have high differentiation, such as an automobile or house. An alternative sequence, “do-feel-learn,” is relevant when the audience has high involvement but perceives little or no differentiation within the product category, such as airline tickets or personal computers. A third sequence, “learn-do-feel,” is relevant when the audience has low involvement and perceives little differentiation, such as with salt or batteries. By choosing the right sequence, the marketer can do a better job of planning communications.

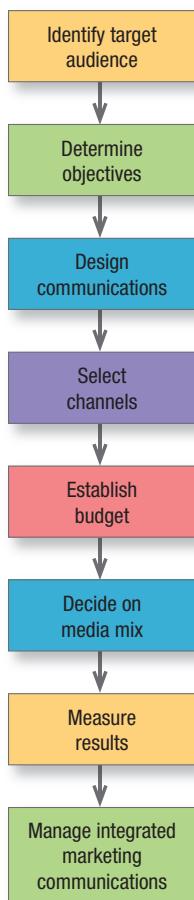


**| Fig. 19.2 |**  
Response Hierarchy Models

Sources: <sup>a</sup>E. K. Strong, *The Psychology of Selling* (New York: McGraw-Hill, 1925), p. 9; <sup>b</sup>Robert J. Lavidge and Gary A. Steiner, “A Model for Predictive Measurements of Advertising Effectiveness,” *Journal of Marketing* (October 1961), p. 61; <sup>c</sup>Everett M. Rogers, *Diffusion of Innovation* (New York: Free Press, 1962), pp. 79–86; <sup>d</sup>various sources.

Let's assume the buyer has high involvement with the product category and perceives high differentiation within it. We will illustrate the *hierarchy-of-effects model* (the second column of Figure 19.2) in the context of a marketing communications campaign for a small Iowa college named Pottsville:

- **Awareness.** If most of the target audience is unaware of the object, the communicator's task is to build awareness. Suppose Pottsville seeks applicants from Nebraska but has no name recognition there, though 30,000 Nebraska high school juniors and seniors could be interested in it. The college might set the objective of making 70 percent of these students aware of its name within one year.
- **Knowledge.** The target audience might have brand awareness but not know much more. Pottsville may want its target audience to know it is a private four-year college with excellent programs in English, foreign languages, and history. It needs to learn how many people in the target audience have little, some, or much knowledge about Pottsville. If knowledge is weak, Pottsville may select brand knowledge as its communications objective.
- **Liking.** Given target members know the brand, how do they feel about it? If the audience looks unfavorably on Pottsville College, the communicator needs to find out why. In the case of real problems, Pottsville will need to fix these and then communicate its renewed quality. Good public relations calls for "good deeds followed by good words."
- **Preference.** The target audience might like the product but not prefer it to others. The communicator must then try to build consumer preference by comparing quality, value, performance, and other features to those of likely competitors.
- **Conviction.** A target audience might prefer a particular product but not develop a conviction about buying it. The communicator's job is to build conviction and intent to apply among students interested in Pottsville College.
- **Purchase.** Finally, some members of the target audience might have conviction but not quite get around to making the purchase. The communicator must lead these consumers to take the final step, perhaps by offering the product at a low price, offering a premium, or letting them try it out. Pottsville might invite selected high school students to visit the campus and attend some classes, or it might offer partial scholarships to deserving students.



To see how fragile the communication process is, assume the probability of *each* of the six steps being successfully accomplished is 50 percent. The laws of probability suggest that the likelihood of *all* six steps occurring successfully, assuming they are independent events, is  $.5 \times .5 \times .5 \times .5 \times .5 \times .5$ , which equals 1.5625 percent. If the probability of each step's occurring were, on average, a more likely 10 percent, then the joint probability of all six events occurring drops to 0.0001 percent—or only 1 chance in 1,000,000!

To increase the odds of success for a communications campaign, marketers must attempt to increase the likelihood that *each* step occurs. For example, the ideal ad campaign would ensure that:

1. The right consumer is exposed to the right message at the right place and at the right time.
2. The ad causes the consumer to pay attention but does not distract from the intended message.
3. The ad properly reflects the consumer's level of understanding of and behaviors with the product and the brand.
4. The ad correctly positions the brand in terms of desirable and deliverable points-of-difference and points-of-parity.
5. The ad motivates consumers to consider purchase of the brand.
6. The ad creates strong brand associations with all these stored communications effects so they can have an impact when consumers are considering making a purchase.

The challenges in achieving success with communications necessitate careful planning, a topic we turn to next.

## Developing Effective Communications

Figure 19.3 shows the eight steps in developing effective communications. We begin with the basics: identifying the target audience, setting the communication objectives, designing the communications, selecting the communication channels, and establishing the total marketing communications budget.

| Fig. 19.3 |

Steps in Developing Effective Communications

### IDENTIFY THE TARGET AUDIENCE

The process must start with a clear target audience in mind: potential buyers of the company's products, current users, deciders, or influencers, as well as individuals, groups, particular publics, or the general public. The target audience is a critical influence on the communicator's decisions about what to say, how, when, where, and to whom.

Though we can profile the target audience in terms of any of the market segments identified in Chapter 9, it's often useful to do so in terms of usage and loyalty. Is the target new to the category or a current user? Is the target loyal to the brand, loyal to a competitor, or someone who switches between brands? If a brand user, is he or she a heavy or light user? Communication strategy will differ depending on the answers. We can also conduct *image analysis* by profiling the target audience in terms of brand knowledge.

## SET THE COMMUNICATIONS OBJECTIVES

As we showed with Pottsville College, marketers can set communications objectives at any level of the hierarchy-of-effects model. John Rossiter and Larry Percy identify four possible objectives.<sup>11</sup>

1. **Establish need for category**—Establishing a product or service category as necessary for removing or satisfying a perceived discrepancy between a current motivational state and a desired motivational state. A new-to-the-world product such as electric cars will always begin with a communications objective of establishing category need.
2. **Build brand awareness**—Fostering the consumer's ability to recognize or recall the brand in sufficient detail to make a purchase. Recognition is easier to achieve than recall—consumers asked to think of a brand of frozen entrées are more likely to recognize Stouffer's distinctive orange packages than to recall the brand. Brand recall is important outside the store; brand recognition is important inside the store. Brand awareness provides a foundation for brand equity.
3. **Build brand attitude**—Helping consumers evaluate the brand's perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance, incomplete satisfaction, normal depletion) or positively oriented (sensory gratification, intellectual stimulation, or social approval). Household cleaning products often use problem solution; food products, on the other hand, often use sensory-oriented ads emphasizing appetite appeal.
4. **Influence brand purchase intention**—Moving consumers to decide to purchase the brand or take purchase-related action. Promotional offers like coupons or two-for-one deals encourage consumers to make a mental commitment to buy. But many consumers do not have an expressed category need and may not be in the market when exposed to an ad, so they are unlikely to form buy intentions. In any given week, only about 20 percent of adults may be planning to buy detergent, only 2 percent to buy a carpet cleaner, and only 0.25 percent to buy a car.

The most effective communications can achieve multiple objectives. Consider what Jockey did.<sup>12</sup>

**JKY BY JOCKEY** Like many heritage brands with an aging customer base, Jockey suffered under the image of being "your father's" or maybe even "your grandfather's" underwear. To be viable long-term, the brand needed a youthful infusion. Research revealed that women ages 18 to 34 make almost half of all underwear purchases, aligning well with retailer Target's predominantly younger female audience. So in 2012, Jockey launched an integrated, retailer-specific program with Target to change brand perceptions. A new line of underwear and undershorts for men, JKY by Jockey, was introduced with the positioning that the right underwear or undershorts can change the way men look and feel. Research also revealed that women like to see and feel the product, so sleek, attractive packaging was introduced with a see-through box that allowed easy inspection. Color-coding and clean graphics helped buyers find the right sizes and figure out which styles were best for different types of men's clothing. A strong call to action appeared on large in-store ceiling banners with the clever headline "It's Time to Change Your Underwear." The slogan also appeared on the back wall of the store and in cards inserted into the back pockets of men's jeans sold in the store. A Facebook microsite was also launched to promote the line. The campaign achieved its objectives, changing both attitudes and behavior. The average JKY buyer was 32 years old, more than 20 years younger than the core Jockey customer, and the sales success of the line resulted in Target's asking Jockey to create a JKY line for women.

## DESIGN THE COMMUNICATIONS

Formulating the communications to achieve the desired response requires answering three questions: what to say (message strategy), how to say it (creative strategy), and who should say it (message source).

Careful consumer research helped Jockey successfully craft an integrated communication campaign to launch its JKY underwear and undershorts line sold at Target.



Source: Used with permission of Jockey International, Inc. All Rights Reserved.

**MESSAGE STRATEGY** In selecting message strategy, management searches for appeals, themes, or ideas that will tie in to the brand positioning and help establish points-of-parity or points-of-difference. Some of these appeals or ideas may relate directly to product or service performance (the quality, economy, or value of the brand); others may relate to more extrinsic considerations (the brand as being contemporary, popular, or traditional).

Researcher John C. Maloney felt buyers expected one of four types of reward from a product: rational, sensory, social, or ego satisfaction.<sup>13</sup> They might visualize these rewards from results-of-use experience, product-in-use experience, or incidental-to-use experience. Crossing the four types of rewards with the three types of experience generates 12 types of messages. For example, the appeal “gets clothes cleaner” is a rational-reward promise following results-of-use experience. The phrase “real beer taste in a great light beer” is a sensory-reward promise connected with product-in-use experience.

**CREATIVE STRATEGY** Communications effectiveness depends on how well a message is expressed as well as on its content. If a communication is ineffective, it may mean the wrong message was used or the right one was poorly expressed. *Creative strategies* are the way marketers translate their messages into a specific communication. We can broadly classify them as either **informational** or **transformational** appeals.<sup>14</sup>

**Informational Appeals** An *informational appeal* elaborates on product or service attributes or benefits. Examples in advertising are problem-solution ads (Aleve offers the longest-lasting relief for aches and pains), product demonstration ads (Thompson Water Seal can withstand intense rain, snow, and heat), product comparison ads (AT&T offers the largest 4G mobile network), and testimonials from unknown or celebrity endorsers (NBA phenomenon LeBron James pitching McDonald’s, Nike, Samsung, Sprite, and others). Informational appeals assume strictly rational processing of the communication on the consumer’s part. Logic and reason rule.

Carl Hovland’s research at Yale has shed much light on informational appeals and their relationship to such issues as conclusion drawing, one-sided versus two-sided arguments, and order of argument presentation. Some early experiments supported stating conclusions for the audience. Subsequent research, however, indicates that the best ads ask questions and allow readers and viewers to form their own conclusions.<sup>15</sup>

You might expect one-sided presentations that praise a product to be more effective than two-sided arguments that also mention shortcomings. Yet two-sided messages may be more appropriate, especially when negative associations must be overcome.<sup>16</sup> Two-sided messages are more effective with more educated audiences and those who are initially opposed.<sup>17</sup> Chapter 6 described how Domino’s took the drastic step of admitting to its pizza’s taste problems to try to change the minds of consumers with negative perceptions.

Finally, the order in which arguments are presented is important.<sup>18</sup> In a one-sided message, presenting the strongest argument first arouses attention and interest, important in media where the audience often does not attend to the whole message. With a captive audience, a climactic presentation might be more effective.



To be seen as more modern and up-to-date, Radio Shack ran a Super Bowl ad spoofing its old image.

For a two-sided message, if the audience is initially opposed, start with the other side's argument and conclude with your strongest argument. In a widely watched and admired Super Bowl ad in 2014, Radio Shack poked fun at its old-fashioned image by featuring a host of 1980s icons who wanted their store back, ending with an appeal to check out the chain's newly redesigned stores.

**Transformational Appeals** A *transformational appeal* elaborates on a nonproduct-related benefit or image. It might depict what kind of person uses a brand (VW advertised to active, youthful people with its famed "Drivers Wanted" campaign) or what kind of experience results from use (Pringles advertised "Once You Pop, the Fun Don't Stop" for years). Transformational appeals often attempt to stir up emotions that will motivate purchase.<sup>19</sup>

Communicators use negative appeals such as fear, guilt, and shame to get people to do things (brush their teeth, have an annual health checkup) or stop doing things (smoking, abusing alcohol, overeating). Fear appeals work best when they are not too strong, when source credibility is high, and when the communication promises, in a believable and efficient way, that the product or service will relieve the fear it arouses. Messages are most persuasive when they moderately disagree with audience beliefs. Stating only what the audience already believes at best just reinforces beliefs, while messages too much at variance with those beliefs will be rejected.<sup>20</sup>

Communicators also use positive emotional appeals such as humor, love, pride, and joy. Motivational or "borrowed interest" devices—such as cute babies, frisky puppies, popular music, and provocative sex appeals—are often employed to attract attention and raise involvement with an ad. These techniques are thought necessary in the tough new media environment of low-involvement processing and competing messages. Attention-getting tactics may also detract from comprehension, however, or wear out their welcome fast or overshadow the product. Thus, one challenge is figuring out how to break through the clutter *and* deliver the intended message.

Even highly entertaining and creative means of expression must retain the appropriate consumer perspective, as Toys "R" Us found out.<sup>21</sup>

**TOYS "R" US** Before the 2013 holiday shopping season, Toys "R" Us filmed a prankish video showing a bus-load of schoolchildren on a nature field trip. As the guide on the bus explains their plans, the children look obviously bored. When the guide rips off his park ranger outfit to reveal a Toys "R" Us uniform, however, and announces they are going to a Toys "R" Us store instead, the children explode with excitement. Many parents, educators, and others objected online to the video's portrayal of science education and nature as boring and the reinforcement of materialistic values instead.

The magic of advertising is to bring abstract concepts to life in the minds of the consumer target. In a print ad, the communicator must decide on headline, copy, illustration, and color.<sup>22</sup> For a radio message, the communicator must choose words, voice qualities, and vocalizations. The sound of an announcer promoting a used automobile should be different from one promoting a new luxury car. If the message is to be carried on television or in person, all these elements plus body language must be planned. For the message to go online, layout, fonts, graphics, and other visual and verbal information must be laid out.

**MESSAGE SOURCE** Research has shown that the source's credibility is crucial to a message's acceptance. The three most often identified sources of credibility are expertise, trustworthiness, and likability.<sup>23</sup> *Expertise* is the specialized knowledge the communicator possesses to back the claim. *Trustworthiness* describes how objective and honest the source is perceived to be. Friends are trusted more than strangers or salespeople, and people who are not paid to endorse a product are viewed as more trustworthy than people who are paid. *Likability* describes the source's attractiveness, measured in terms of candor, humor, and naturalness.

The most credible source will score high on all three dimensions—expertise, trustworthiness, and likability. Pharmaceutical companies want doctors to testify about product benefits because doctors have high credibility. Charles Schwab became the centerpiece of ads for his \$4 billion-plus discount brokerage firm via the “Talk to Chuck” and “Own Your Tomorrow” corporate advertising campaigns.

Messages delivered by attractive or popular sources can achieve higher attention and recall, which is why some advertisers use celebrities as spokespeople. “Marketing Memo: Celebrity Endorsements as a Strategy” focuses on the proper use of testimonials.

On the other hand, some marketers are using ordinary people in their ads to give them more realism and overcome consumer skepticism. Ford featured actual customers being thrust into a press conference to describe their vehicles. Red Lobster used chefs from its restaurants to extol the virtues of its menu.<sup>24</sup>

If a person has a positive attitude toward a source and a message or a negative attitude toward both, a state of *congruity* is said to exist. But what happens if a consumer hears a likable celebrity praise a brand she dislikes? Charles Osgood and Percy Tannenbaum believe attitude change will take place that increases the amount of congruity between the two evaluations.<sup>25</sup> The consumer will end up respecting the celebrity somewhat less or the brand somewhat more. If she encounters the same celebrity praising other disliked brands, she will eventually develop a negative view of the celebrity and maintain negative attitudes toward the brands. The **principle of congruity** implies that communicators can use their good image to reduce some negative feelings toward a brand but in the process might lose some esteem with the audience.

## SELECT THE COMMUNICATIONS CHANNELS

Selecting an efficient means to carry the message becomes more difficult as channels of communication become more fragmented and cluttered. Communications channels may be personal and nonpersonal. Within each are many subchannels.

**PERSONAL COMMUNICATIONS CHANNELS** **Personal communications channels** let two or more persons communicate face to face or person to audience through a phone, surface mail, or e-mail. They derive their effectiveness from individualized presentation and feedback and include direct marketing, personal selling, and word of mouth.

We can draw a further distinction between advocate, expert, and social communications channels. *Advocate channels* consist of company salespeople contacting buyers in the target market. *Expert channels* consist of independent experts making statements to target buyers. *Social channels* consist of neighbors, friends, family members, and associates talking to target buyers.

A study by Burson-Marsteller and Roper Starch Worldwide found that one influential person's word of mouth tends to affect the buying attitudes of two other people, on average. That circle of influence, however, jumps to eight online. Word about good companies travels fast; word about bad companies travels even faster. Reaching the right people is key.

Personal influence carries especially great weight (1) when products are expensive, risky, or purchased infrequently, and (2) when products suggest something about the user's status or taste. People often ask others to recommend a doctor, plumber, hotel, lawyer, accountant, architect, insurance agent, interior decorator, or financial consultant. If we have confidence in the recommendation, we normally act on the referral. Service providers clearly have a strong interest in building referral sources.

Even business-to-business marketers can benefit from strong word of mouth. To give loyal customers and others a voice in product development, John Deere created its own chat show, “You're On,” with a mobile production studio called “Chatterbox” built to resemble a local radio station. The award-winning campaign was launched at the world's largest construction show, ConExpo, and also featured daily blogs and real-time texts to engage others outside the event in the design of the 2012 product lineup.<sup>26</sup>

Consumers use *word of mouth* to talk about dozens of brands each day, from media and entertainment products such as movies, TV shows, and publications to food products, travel services, and retail stores. Companies are acutely aware of its power. Hush Puppies shoes, Krispy Kreme doughnuts, and, more recently, Crocs shoes were built through strong word of mouth, as were companies such as Red Bull, Starbucks, and Amazon.com.

## marketing memo

### Celebrity Endorsements as a Message Strategy

A well-chosen celebrity can draw attention to a product or brand—as Priceline found when it picked *Star Trek* icon William Shatner to star in campy ads reinforcing its low-price image. The quirky campaigns have run for more than a decade, and Shatner's decision to receive stock options as compensation reportedly netted him millions of dollars for his work. The right celebrity can also lend his or her image to a brand. To reinforce its high status and prestige image, American Express has used movie legends Robert De Niro and Martin Scorsese in ads.

Celebrities are likely to be effective when they are credible or personify a key product attribute. Statesman-like Dennis Haysbert for State Farm insurance, rugged Brett Favre for Wrangler jeans, and popular singer and actress Jennifer Hudson for Weight Watchers' weight loss program have all been praised by consumers as good fits. Celine Dion, however, failed to add glamour—or sales—to Chrysler, and even though she was locked into a three-year, \$14 million deal, she was let go. Ozzy Osbourne seems an odd choice to advertise "I Can't Believe It's Not Butter" given his seemingly perpetual confusion.

A celebrity should have high recognition, high positive affect, and high "fit" with the product. Paris Hilton, Howard Stern, and Donald Trump have high recognition but negative affect among many groups. Johnny Depp has high recognition and high positive affect but might not seem relevant, for example, to a new financial service. Tom Hanks and Oprah Winfrey could successfully advertise a large number of products because they have extremely high ratings for familiarity and likability (known as the Q factor in the entertainment industry).

Celebrities can play a more strategic role too, not only endorsing but also helping to design, position, and sell merchandise and services. Nike often brings its elite athletic endorsers in on product design. Tiger Woods, Paul Casey, and Stewart Cink have helped to design, prototype, and test new golf clubs and balls at Nike Golf's Research & Development facility. Beyoncé (Pepsi), will.i.am (Intel), Justin Timberlake (Bud Light Platinum), Alicia Keys (BlackBerry), and Taylor Swift (Diet Coke) have all been designated "ambassadors" for their brands with various creative duties and responsibilities.

Some celebrities lend their talents to brands without directly using their fame. A host of movie and TV stars do uncredited commercial voice-overs, including Jon Hamm (Mercedes-Benz), Morgan Freeman (Visa), Matt Damon (TD Ameritrade), Jeff Bridges (Duracell), and George Clooney (Budweiser). Although advertisers assume some viewers will recognize the voices, the main rationale for using them is the actors' incomparable voice talent and skill.

Using celebrities poses certain risks. The celebrity might hold out for a larger fee at contract renewal or withdraw. And just like movies and album releases, celebrity campaigns can be expensive flops. The celebrity might lose popularity or, even worse, get caught in a scandal or embarrassing situation, as did Tiger Woods in a heavily publicized 2009 episode. Besides carefully checking endorsers' backgrounds, some marketers are choosing to use more than one to lessen their brand's exposure to any single person's flaws.

Another solution is for marketers to create their own brand celebrities. Dos Equis beer, imported from Mexico, grew U.S. sales by more than 20 percent during the recent recession by riding on the popularity of its "Most Interesting Man in the World" ad campaign. Suave and debonair, with an exotic accent and a silver beard, the character has hundreds of thousands of Facebook friends despite being completely fictitious. Videos of his exploits log millions of views on YouTube. Dos Equis has made it possible for customers to "call" him and listen to a series of automated voicemail messages.



Source: Planet Photos/ZUMAPRESS/Newscom

Jennifer Hudson  
was seen as a  
highly credible  
spokesperson for  
Weight Watchers.

**Sources:** Lauren Ypalater, "19 Commercials You May Not Have Realized Were Voiced by Famous Actors," [www.buzzfeed.com](http://www.buzzfeed.com), August 6, 2013; Natalie Zmuda and Rupal Parekh, "More than a Pitchman: Why Stars Are Getting Marketing Titles," *Advertising Age*, February 10, 2013; Tim Nudd, "Dos Equis Invites You to Call the Most Interesting Voicemail in the World," *Adweek*, November 9, 2012; Lucia Moses, "Get Real," *Adweek*, April 30, 2012; Linda Massarella, "Shatner's Singing a Happy Tune," *Toronto Sun*, May 2, 2010; "Nike Golf Celebrates Achievements and Successes of Past Year," [www.worldgolf.com](http://www.worldgolf.com), January 2, 2009; Piet Levy, "Keeping It Interesting," *Marketing News*, October 30, 2009, p. 8; Irving Rein, Philip Kotler, and Martin Scoller, *The Making and Marketing of Professionals into Celebrities* (Chicago: NTC Business Books, 1997).

Positive word of mouth sometimes happens organically with little advertising, but as Chapter 21 discusses, it can also be managed and facilitated.<sup>27</sup> Without question, more advertisers now seek greater earned media—unsolicited professional commentary, personal blog entries, social network discussion—as a result of their paid media and owned media efforts. Choosing a unique event can also be helpful, as Volkswagen found out with its Shark Week promotion.<sup>28</sup>

### VOLKSWAGEN AND SHARK WEEK

Discovery Channel's Shark Week is a cultural TV phenomenon that spans more than 25 years and always generates high ratings. To boost brand affinity among men for its newly redesigned VW Beetle, Volkswagen and its agency partners formed a sponsorship for Shark Week and created a diving cage that was plunged into shark-infested waters. The Shark Observation Cage, as it was called, was a fully operational Beetle. Stunning images showed the car driving on the ocean floor with sharks swirling around. The campaign featured VW-branded videos that ran on air and online, supported by much social media, PR, and traditional print and out-of-home ads. The campaign was liked on Facebook 1.8 million times, and sales increased 50 percent; male buyers went from 20 percent to 40 percent.

Word of mouth can be particularly effective for smaller businesses, with whom customers may feel a more personal relationship. Many are investing in various forms of social media to get the word out instead of newspapers, radio, and Yellow Pages. Southern Jewelz, started by a recent college grad, found sales doubling over six months after it began to actively use Facebook, Twitter, and e-commerce software.<sup>29</sup>

**NONPERSONAL (MASS) COMMUNICATIONS CHANNELS** Nonpersonal channels are communications directed to more than one person and include advertising, sales promotions, events and experiences, and public relations. Much recent growth has taken place through events and experiences. Events marketers who once favored sports

events are now using other venues such as art museums, zoos, and ice shows to entertain clients and employees. AT&T and IBM sponsor symphony performances and art exhibits, Visa is an active sponsor of the Olympics, and Harley-Davidson sponsors annual motorcycle rallies. Citibank found a novel way to promote its corporate brand by sponsoring a unique service.<sup>30</sup>

### CITI BIKES

One growth area in big cities is bike-sharing programs that let members pick up and drop off rented bikes at street-side stations. In New York City, Citibank struck a \$41 million, six-year deal to sponsor 10,000 cobalt-blue Citi Bikes at 600 stations across the city. Riders pay a membership fee and a usage fee based on time. The program has been wildly successful; millions of rides were taken in the first year alone. Observers noted that in New York's sea of billboards and ads, Citi Bikes cut through the visual clutter. They also improved consumer perceptions of Citi as "innovative," "socially responsible," and "a company for me." With bike stations often located near retail bank branches, Citi also experienced an uptick in business and credit card applications.

Companies are searching for better ways to quantify the benefits of sponsorship and demanding greater accountability from event owners and organizers. They are also creating their own events designed to surprise the public and create a buzz. Many efforts amount to guerrilla marketing tactics. "Marketing Insight: Playing Tricks to Build a Brand" describes some clever marketing promotions that are out of the ordinary.

Events can create attention, though whether they have a lasting effect on brand awareness, knowledge, or preference will vary considerably depending on the quality of the product, the event itself, and its execution.



Source: © Steve Hamblin/Alamy

Citibank's bike sponsorship in New York City has paid many different kinds of dividends for the company.

## marketing insight

### Playing Tricks to Build a Brand

Some marketers are taking advantage of viral videos and other digital forms of expression to develop creative stunts or “reality pranks” to promote their brands. The successful ones capture the public’s imagination while reinforcing the brand positioning in the process. Here are two examples.

To demonstrate the picture quality of its Ultra HD TVs, with resolution up to four times greater than regular HD TVs, LG shot a hidden-camera prank commercial in Chile. In an office in a high-rise building, the company replaced the large window overlooking the city with one of its Ultra HD TVs showing the same scene. Then it filmed unsuspecting job seekers responding to interview questions from an actor posing as an employer. All is well until the middle of the interview when a large meteor is shown crashing into the city with a monstrous dust cloud rushing toward the building. The interviewees all try to remain

calm until the realistic images eventually overwhelm them and they react in panic.

To demonstrate the eye-tracking feature of its new Galaxy S4 smart phone, Samsung ran a “Stare Down” challenge contest. The concept was simple. Anyone who could sustain eye contact with an S4 handset for a full hour in a busy public setting would win the phone free. The phone was placed at eye level, but as time went on, increasingly attention-getting distractions would appear: Police holding back a barking German shepherd, a one-man band roaming around playing loud music, a motorcycle crashing into a flower stand, and so on. There was a consolation prize too. The longer a participant was able to stare at the S4, the bigger the discount for purchasing one.

Both videos became viral sensations with millions of views, entertainingly reinforcing key benefits that made up the brand positioning.

**Sources:** Will Burns, “Samsung ‘Stare Down’ the Latest Great Reality Prank,” *Forbes*, May 31, 2013; “An Eye to Eye Phone Competition,” [www.feishmanhillard.com](http://www.feishmanhillard.com), accessed March 30, 2014; Will Burns, “LG Ultra HDTV: A Product Demo for the Ages,” *Forbes*, September 5, 2013; Salvador Rodriguez, “LG Hidden-Camera Prank Ad for Its Ultra HD TV Goes Viral,” *Los Angeles Times*, September 7, 2013.



Source: LG Electronics Chile

LG's reality prank with scared job interviewees vividly demonstrated the picture quality of its Ultra HD TVs.

**INTEGRATION OF COMMUNICATIONS CHANNELS** Although personal communication is often more effective than mass communication, mass media might be the major means of stimulating it. Mass communications affect personal attitudes and behavior through a two-step process. Ideas often first flow from radio, television, and print to opinion leaders or consumers highly engaged with media and then from these influencers to less media-involved population groups.<sup>31</sup>

This two-step flow has several implications. First, the influence of mass media on public opinion is not as direct, powerful, and automatic as marketers have supposed. It is mediated by opinion leaders and media mavens, people who track new ideas and whose opinions others seek or who carry their opinions to others. Second, the two-step flow challenges the notion that consumption styles are primarily influenced by a “trickle-down” or “trickle-up” effect from mass media. People interact primarily within their own social groups and acquire ideas from others in their groups. Third, mass communicators should direct messages specifically to opinion leaders and others engaged with media if possible and let them carry the message to others.

## ESTABLISH THE TOTAL MARKETING COMMUNICATIONS BUDGET

One of the most difficult marketing decisions is choosing how much to spend on marketing communications. John Wanamaker, the department store magnate, once said, "I know that half of my advertising is wasted, but I don't know which half."

Industries and companies vary considerably in how much they spend on marketing communications. Expenditures might be 40 percent to 45 percent of sales in the cosmetics industry, but only 5 percent to 10 percent in the industrial-equipment industry. Within a given industry, there are low- and high-spending companies.

How do companies set their communications budgets? We will describe four common methods: the affordable method, the percentage-of-sales method, the competitive-parity method, and the objective-and-task method.

**AFFORDABLE METHOD** Some companies set the communications budget at what they think they can afford. The affordable method completely ignores the role of marketing communications as an investment and their immediate impact on sales volume. It leads to an uncertain annual budget, which makes long-range planning difficult.

**PERCENTAGE-OF-SALES METHOD** Some companies set communication expenditures at a specified percentage of current or anticipated sales or of the sales price. Automobile companies typically budget a fixed percentage based on the planned car price. Oil companies appropriate a fraction of a cent for each gallon of gasoline sold under their own label.

The percentage-of-sales method has little to justify it. It views sales as the determiner of communications rather than as the result. It leads to a budget set by the availability of funds rather than by market opportunities. It discourages experimentation with countercyclical communication or aggressive spending. Dependence on year-to-year sales fluctuations interferes with long-range planning. There is no logical basis for choosing the specific percentage, except what has been done in the past or what competitors are doing. Finally, it does not encourage building the communications budget by identifying what each product and territory deserves.

**COMPETITIVE-PARITY METHOD** Some companies set their communications budgets to achieve share-of-voice parity with competitors. This approach is also problematic. There are no grounds for believing competitors know better. Company reputations, resources, opportunities, and objectives differ so much that communications budgets are hardly a guide. And there is no evidence that budgets based on competitive parity discourage communication wars.

**OBJECTIVE-AND-TASK METHOD** The most defensible approach, the objective-and-task method, calls upon marketers to develop communications budgets by defining specific objectives, identifying the tasks that must be performed to achieve these objectives, and estimating the costs of performing them. The sum of these costs is the proposed communications budget.

Suppose Dr. Pepper Snapple wants to introduce a new natural energy drink, called Sunburst, for the casual athlete.<sup>32</sup> Its objectives might be as follows:

1. **Establish the market share goal.** The company estimates 50 million potential users and sets a target of attracting 8 percent of the market—that is, 4 million users.
2. **Select the percentage of the market that should be reached by advertising.** The advertiser hopes to reach 80 percent of the market (40 million prospects) with its advertising message.
3. **Estimate the percentage of aware prospects who should be persuaded to try the brand.** The advertiser would be pleased if 25 percent of aware prospects (10 million) tried Sunburst. It estimates that 40 percent of all triers, or 4 million people, will become loyal users. This is the market share goal.
4. **Calculate the number of advertising impressions per 1 percent trial rate.** The advertiser estimates that 40 advertising impressions (exposures) for every 1 percent of the population will bring about a 25 percent trial rate.
5. **Find the number of gross rating points to be purchased.** A gross rating point is one exposure to 1 percent of the target population. Because the company wants to achieve 40 exposures to 80 percent of the population, it will want to buy 3,200 gross rating points.
6. **Calculate the necessary advertising budget on the basis of the average cost of buying a gross rating point.** Suppose it costs an average of \$3,277 to expose 1 percent of the target population to one impression. Then 3,200 gross rating points will cost \$10,486,400 ( $= \$3,277 \times 3,200$ ) in the introductory year.

The objective-and-task method has the advantage of requiring management to spell out its assumptions about the relationship among dollars spent, exposure levels, trial rates, and regular usage.

**COMMUNICATIONS BUDGET TRADE-OFFS** How much weight should marketing communications receive compared to alternatives such as product improvement, lower prices, or better service? The answer depends on where the company's products are in their life cycles, whether they are commodities or highly differentiable products, whether they are routinely needed or must be "sold," and other considerations. Marketing communications budgets tend to be higher when there is low channel support, the marketing program changes greatly over time, many customers are hard to reach, customer decision making is complex, products are differentiated and customer needs are nonhomogeneous, and purchases are frequent and quantities small.<sup>33</sup>

In theory, marketers should establish the total communications budget so the marginal profit from the last communication dollar just equals the marginal profit from the last dollar in the best noncommunication use. Implementing this economic principle can be a challenge, however.

## Selecting the Marketing Communications Mix

Companies must allocate their marketing communications budget over the eight major modes of communication—advertising, sales promotion, events and experiences, public relations and publicity, online and social media marketing, mobile marketing, direct and database marketing, and the sales force. Within the same industry, companies can differ considerably in their media and channel choices. Avon concentrates its promotional funds on personal selling, whereas Revlon spends heavily on advertising. Electrolux spent heavily on a door-to-door sales force for years, whereas Hoover relied more on advertising. Table 19.2 forecasts spending on some major forms of communication.

TABLE 19.2

Advertising and Digital Marketing Communications Forecast for 2016

Share of Global Adspend by Medium—2016	(%)
Cinema	0.5%
Desktop Internet	17.9%
Magazines	7.9%
Mobile Internet	2.7%
Newspapers	17.0%
Outdoor	6.9%
Radio	6.9%
Television	40.2%

U.S. Digital Marketing Communications—2016	
Display Advertising	26.4%
Email Marketing	2.4%
Mobile Marketing	25.5%
Search Marketing	37.5%
Social Media	8.2%

Source: Data from Forrester Research Online Display Advertising Forecast, 2014 to 2019 (US), May 21, 2014; Forrester Research Search Engine Marketing Forecast, 2014 to 2019 (US), May 8, 2014; Forrester Research Mobile Advertising Forecast, 2014 to 2019 (US), May 5, 2014; Forrester Research Social Media Forecast, 2014 to 2019 (US), April 4, 2014; Forrester Research Email Marketing Forecast, 2013 to 2018 (US), July 8, 2013.

Companies are always searching for ways to gain efficiency by substituting one communications tool for others. Many are replacing some field sales activity with ads, direct mail, and telemarketing. One auto dealer dismissed his five salespeople and cut prices, and sales exploded. Substitutability among communications tools explains why marketing functions need to be coordinated.

## CHARACTERISTICS OF THE MARKETING COMMUNICATIONS MIX

Each communication tool has its own unique characteristics and costs. We briefly review them here and discuss them in more detail in Chapters 20, 21, and 22.

**ADVERTISING** Advertising reaches geographically dispersed buyers. It can build up a long-term image for a product (Coca-Cola ads) or trigger quick sales (a Macy's ad for a weekend sale). Certain forms of advertising such as TV can require a large budget, whereas other forms such as newspaper do not. The mere presence of advertising might have an effect on sales: Consumers might believe a heavily advertised brand must offer "good value."<sup>34</sup> Because of the many forms and uses of advertising, it's risky to make generalizations about it.<sup>35</sup> Yet a few observations are worthwhile:

1. **Pervasiveness**—Advertising permits the seller to repeat a message many times. It also allows the buyer to receive and compare the messages of various competitors. Large-scale advertising says something positive about the seller's size, power, and success.
2. **Amplified expressiveness**—Advertising provides opportunities for dramatizing the company and its brands and products through the artful use of print, sound, and color.
3. **Control**—The advertiser can choose the aspects of the brand and product on which to focus communications.

**SALES PROMOTION** Companies use sales promotion tools—coupons, contests, premiums, and the like—to draw a stronger and quicker buyer response, including short-run effects such as highlighting product offers and boosting sagging sales. Sales promotion tools offer three distinctive benefits:

1. **Ability to be attention-getting**—They draw attention and may lead the consumer to the product.
2. **Incentive**—They incorporate some concession, inducement, or contribution that gives value to the consumer.
3. **Invitation**—They include a distinct invitation to engage in the transaction now.

**EVENTS AND EXPERIENCES** Events and experiences offer many advantages as long as they have the following characteristics:

1. **Relevant**—A well-chosen event or experience can be seen as highly relevant because the consumer is often personally invested in the outcome.
2. **Engaging**—Given their live, real-time quality, events and experiences are more actively engaging for consumers.
3. **Implicit**—Events are typically an indirect soft sell.

**PUBLIC RELATIONS AND PUBLICITY** Marketers tend to underuse public relations, yet a well-thought-out program coordinated with the other communications-mix elements can be extremely effective, especially if a company needs to challenge consumers' misconceptions. The appeal of public relations and publicity is based on three distinctive qualities:

1. **High credibility**—News stories and features are more authentic and credible to readers than ads.
2. **Ability to reach hard-to-find buyers**—Public relations can reach prospects who prefer to avoid mass media and targeted promotions.
3. **Dramatization**—Public relations can tell the story behind a company, brand, or product.

**ONLINE AND SOCIAL MEDIA MARKETING** Online marketing and messages can take many forms to interact with consumers when they are in active search mode or just browsing and surfing online for something to do. They share three characteristics:

1. **Rich**—Much information or entertainment can be provided—as much or as little as a consumer might want.
2. **Interactive**—Information can be changed or updated depending on the person's response.
3. **Up to date**—A message can be prepared very quickly and diffused through social media channels.

**MOBILE MARKETING** Increasingly, online marketing and social media rely on mobile forms of communication and smart phones or tablets. Three distinguishing characteristics of mobile marketing are:

1. **Timely**—Mobile communications can be very time-sensitive and reflect when and where a consumer is.
2. **Influential**—Information received or obtained via a smart phone can reach and influence consumers as they are making a purchase decision.
3. **Pervasive**—Consumers typically carry their smart phones everywhere, so mobile communications are at their fingertips.

**DIRECT AND DATABASE MARKETING** The advent of “Big Data” has given marketers the opportunity to learn even more about consumers and develop more personal and relevant marketing communications. Three noteworthy characteristics of direct and database marketing are:

1. **Personal**—Personal facts, opinions, and experiences can be stored in massive databases and incorporated into personal messages.
2. **Proactive**—A direct marketing piece can create attention, inform consumers, and include a call to action.
3. **Complementary**—Product information can be provided that helps other marketing communications, especially in terms of e-commerce. A good catalog might spur online shopping.

**PERSONAL SELLING** Personal selling is the most effective tool at later stages of the buying process, particularly in building up buyer preference, conviction, and action. It has three notable qualities:

1. **Customized**—The message can be designed to appeal to any individual.
2. **Relationship-oriented**—Personal selling relationships can range from a matter-of-fact selling relationship to a deep personal friendship.
3. **Response-oriented**—The buyer is often given personal choices and encouraged to directly respond.

## FACTORS IN SETTING THE MARKETING COMMUNICATIONS MIX

Companies must consider several factors in developing their communications mix: type of product market, consumer readiness to make a purchase, and stage in the product life cycle.

**TYPE OF PRODUCT MARKET** Consumer marketers tend to spend comparatively more on sales promotion and advertising; business marketers tend to spend comparatively more on personal selling. In general, personal selling is used more with complex, expensive, and risky goods and in markets with fewer and larger sellers (hence, business markets).

Although marketers rely more on sales calls in business markets, advertising still plays a significant role:

- Advertising can provide an introduction to the company and its products.
- If the product has new features, advertising can explain them.
- Reminder advertising is more economical than sales calls.
- Advertisements offering brochures and carrying the company’s phone number or Web address are an effective way to generate leads for sales representatives.
- Sales representatives can use copies of the company’s ads to legitimize their company and products.
- Advertising can remind customers how to use the product and reassure them about their purchase.

Advertising combined with personal selling can increase sales over personal selling alone. Corporate advertising can improve a company’s reputation and improve the sales force’s chances of getting a favorable first hearing and early adoption of the product. IBM’s recent corporate marketing effort is a notable success.<sup>36</sup>

**IBM SMARTER PLANET** Working with long-time ad agency Ogilvy & Mather, IBM launched “Smarter Planet” in 2008 as a business strategy and multiplatform communications program to promote the way in which IBM technology and expertise help government as well as transportation, energy, education, health care, and other businesses work better and “smarter.” The point was that technology has evolved so far that many of the world’s problems are now fixable. The campaign began internally to inform and inspire IBM employees about how they could



IBM's "Smarter Planet" corporate ad campaign improved the company's image and drove sales.

contribute to building a "Smarter Planet." It was then rolled out with unconventional long-form, content-rich print ads, targeted TV ads, and detailed online interactive ads. A "Smarter Cities" tour hosted major events at which IBM and other experts discussed and debated challenges all cities face: transportation, energy, health care, education, and public safety. The success of the campaign was evident in the significant improvements in IBM's image as a company that was "making the world better" and "known for solving its clients' most challenging problems." Despite a recession, significant increases occurred in new business opportunities and the number of companies interested in doing business with IBM, and the company's stock price soared from \$80 at the start of the campaign to more than \$200 five years later.

On the flip side, personal selling can also make a strong contribution in consumer-goods marketing. Some consumer marketers use the sales force mainly to collect weekly orders from dealers and to see that sufficient stock is on the shelf. Yet an effectively trained company sales force can make four important contributions:

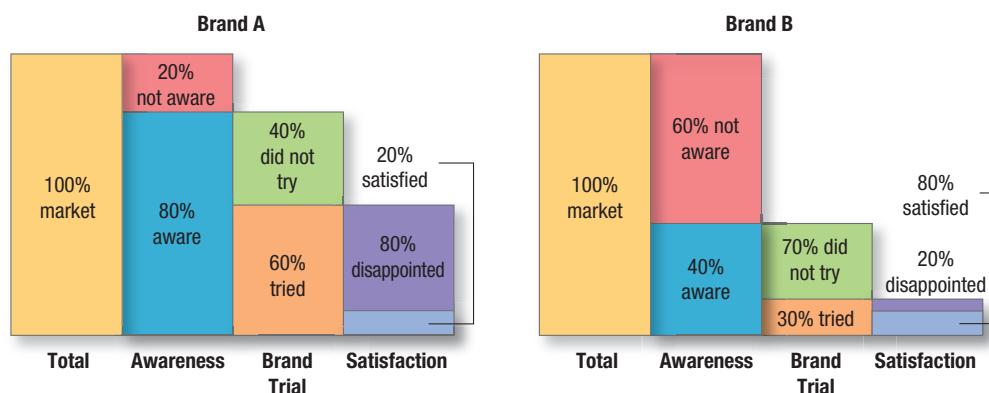
- Increase stock position**—Sales reps can persuade dealers to take more stock and devote more shelf space to the company's brand.
- Build enthusiasm**—Sales reps can build dealer enthusiasm by dramatizing planned advertising and communications support for the company's brand.
- Conduct missionary selling**—Sales reps can sign up more dealers.
- Manage key accounts**—Sales reps can take responsibility for growing business with the most important accounts.

**BUYER-READINESS STAGE** Communication tools vary in cost-effectiveness at different stages of buyer readiness. Figure 19.4 shows the relative cost-effectiveness of three communication tools. Advertising and publicity play the most important roles in the awareness-building stage. Customer comprehension is primarily affected by advertising and personal selling. Customer conviction is influenced mostly by personal selling. Personal selling and sales promotion are most helpful in closing the sale. Reordering is also affected mostly by personal selling and sales promotion and somewhat by reminder advertising. Note too that online activities can affect virtually any stage.

| Fig. 19.4 |

Cost-Effectiveness  
of Three Different  
Communication  
Tools at Different  
Buyer-Readiness  
Stages





| Fig. 19.5 |

Current Consumer States for Two Brands

**PRODUCT LIFE-CYCLE STAGE** In the introduction stage of the product life cycle, advertising, events and experiences, and publicity have the highest cost-effectiveness, followed by personal selling to gain distribution coverage and sales promotion and direct marketing to induce trial. In the growth stage, demand has its own momentum through word of mouth and interactive marketing. Advertising, events and experiences, and personal selling all become more important in the maturity stage. In the decline stage, sales promotion continues strong, other communication tools are reduced, and salespeople give the product only minimal attention.

## MEASURING COMMUNICATION RESULTS

Senior managers want to know the *outcomes* and *revenues* resulting from their communications investments. Too often, however, their communications directors supply only *inputs* and *expenses*: press clipping counts, numbers of ads placed, or media costs. In fairness, communications directors try to translate inputs into intermediate outputs such as reach and frequency (the percentage of target market exposed to a communication and the number of exposures), recall and recognition scores, persuasion changes, and cost-per-thousand calculations. Ultimately, though, behavior-change measures capture the real payoff.

After implementing the communications plan, the communications director must measure its impact. Members of the target audience are asked whether they recognize or recall the message, how many times they saw it, what points they recall, how they felt about the message, and what are their previous and current attitudes toward the product and the company. The communicator should also collect behavioral measures of audience response, such as how many people bought the product, liked it, and talked to others about it.

Figure 19.5 provides an example of good feedback measurement. We find 80 percent of the consumers in the total market are aware of brand A, 60 percent have tried it, and only 20 percent who tried it are satisfied. This indicates that the communications program is effective in creating awareness, but the product fails to meet consumer expectations. In contrast, 40 percent of the consumers in the total market are aware of brand B and only 30 percent have tried it, but 80 percent of them are satisfied. In this case, the communications program needs to be strengthened to take advantage of the brand's potential power.

# Managing the Integrated Marketing Communications Process

The American Marketing Association defines **integrated marketing communications (IMC)** as “a planning process designed to assure that all brand contacts received by a customer or prospect for a product, service, or organization are relevant to that person and consistent over time.” When done well, this planning process evaluates the strategic roles of a variety of communications disciplines and combines them seamlessly to provide clarity, consistency, and maximum impact of messages.

The wide range of communication tools, messages, and audiences available to marketers makes it imperative that companies move toward integrated marketing communications. They must adopt a 360-degree view of consumers to fully understand all the different ways communications can affect behavior.<sup>37</sup>

To facilitate one-stop shopping for marketers, media companies and ad agencies have acquired promotion agencies, public relations firms, package-design consultancies, Web site developers, social media experts, and direct-mail houses. They are redefining themselves as *communications companies* that help clients improve their overall communications effectiveness by offering strategic and practical advice on many forms of communication.

These expanded capabilities make it easier for marketers to assemble various media properties—as well as related marketing services—in an integrated communication program. Table 19.3 lists the different lines of businesses for marketing and advertising services giant WPP, for example.

**TABLE 19.3** WPP's Lines of Businesses

Advertising
Global, national, and specialist advertising services from a range of top international and specialist agencies, among them Bates CHI & Partners, Grey, JWT, Ogilvy & Mather, United Network, and Y&R
Media Investment Management
Above- and below-the-line media planning and buying and specialist sponsorship and branded entertainment services from GroupM companies MediaCom, MEC, Mindshare, Maxus, plus tenthavenue and others
Consumer Insight
WPP's Kantar companies, including TNS, Millward Brown, The Futures Company, and many other specialists in brand, consumer, media, and marketplace insight, work with clients to generate and apply great insights
Public Relations & Public Affairs
Corporate, consumer, financial, and brand-building services from PR and lobbying firms Burson-Marsteller, Cohn & Wolfe, Hill+Knowlton Strategies, Ogilvy Public Relations Worldwide, RLM Finsbury, and others
Branding & Identity
Consumer, corporate, and employee branding and design services, covering identity, packaging, literature, events, training, and architecture from Addison Group, Brand Union, FITCH, Lambie-Nairn, Landor Associates, The Partners, and others
Direct, Promotion, & Relationship Marketing
The full range of general and specialist customer, channel, direct, field, retail, promotional, and point-of-sale services from AKQA, Geometry Global, OgilvyOne, RTC Relationship Marketing, VML, Wunderman, and others
Health Care Communications
GCI Health, ghg, Ogilvy CommonHealth Worldwide, Sudler & Hennessey, and others provide integrated health care marketing solutions from advertising to medical education and online marketing
Specialist Communications
A comprehensive range of specialist services, from custom media and multicultural marketing to event, sports, youth, and entertainment marketing; corporate and business-to-business; media, technology, and production services
WPP Digital
Through WPP Digital, WPP companies and their clients have access to a portfolio of digital experts including 24/7 Media, Blue State Digital, and POSSIBLE

**Source:** Adapted from WPP, "What We Do," [www.wpp.com/wpp/about/whatwedo](http://www.wpp.com/wpp/about/whatwedo), as of June 28, 2014.

## COORDINATING MEDIA

Media coordination can occur across and within media types, but marketers should combine personal and nonpersonal communications channels through *multiple-vehicle, multiple-stage campaigns* to achieve maximum impact and increase message reach and impact.<sup>38</sup>

Promotions and online solicitations can be more effective when combined with advertising, for example.<sup>38</sup> The awareness and attitudes created by advertising campaigns can increase the success of more direct sales pitches. Advertising can convey the positioning of a brand and benefit from online display advertising or search engine marketing that sends a stronger call to action.<sup>39</sup>

Most companies are coordinating their online and offline communications activities. Web addresses in ads (especially print ads) and on packages allow people to more fully explore a company's products, find store locations, and get more product or service information. Even if consumers don't order online, marketers can use Web sites in ways that drive them into stores to buy.

## IMPLEMENTING IMC

Many international clients such as IBM (Ogilvy), Colgate (WPP's Red Fuse), and GE (BBDO) have opted to place a substantial portion of their communications work with one full-service agency. The result is integrated and more effective marketing communications at a much lower total cost.

Integrated marketing communications can produce stronger message consistency and help build brand equity and create greater sales impact.<sup>40</sup> It forces management to think about every way the customer comes in contact with the company, how the company communicates its positioning, the relative importance of each vehicle, and timing issues. It gives someone the responsibility—where none existed before—to unify the company's brand images and messages as they are sent through thousands of company activities. IMC should improve the company's ability to reach the right customers with the right messages at the right time and in the right place.<sup>41</sup> "Marketing Memo: How Integrated Is Your IMC Program?" provides some guidelines.

### marketing memo

#### How Integrated Is Your IMC Program?

In assessing the collective impact of an IMC program, the marketer's overriding goal is to create the most effective and efficient communications program possible. The following "six Cs" criteria can help determine whether communications are truly integrated.

- **Coverage.** Coverage is the proportion of the audience reached by each communication option employed as well as the amount of overlap among those options. In other words, to what extent do different communication options reach the designated target market and the same or different consumers making up that market?
- **Contribution.** Contribution is the inherent ability of a marketing communication to create the desired response and communication effects from consumers in the absence of exposure to any other communication option. How much does a communication affect consumer processing and build awareness, enhance image, elicit responses, and induce sales?
- **Commonality.** Commonality is the extent to which *common* associations are reinforced across communication options; that is, the extent to which different communication options share the same meaning. The consistency and cohesiveness of the brand image are important because they determine how easily existing associations and responses can be recalled and how easily additional associations and responses can become linked to the brand in memory.
- **Complementarity.** Communication options are often more effective when used in tandem. Complementarity relates to the extent to which *different* associations and linkages are emphasized across communication options. For effective positioning, brands typically need to establish multiple brand associations. Different marketing communication options may be better suited to establishing a particular brand association; for example, sponsorship of a cause may improve perceptions of a brand's trust and credibility, but TV and print advertising may be needed to communicate its performance advantages.
- **Conformability.** In any integrated communication program, the message will be new to some consumers and not to others. Conformability refers to the extent to which a marketing communication option works for such different groups of consumers. The ability to work at two levels—effectively communicating to consumers who have and have *not* seen other communications—is critically important.
- **Cost.** Marketers must evaluate marketing communications on all these criteria against their cost to arrive at the most effective *and* most efficient communications program.

**Source:** Adapted from Kevin Lane Keller, *Strategic Brand Management*, 4th ed. (Upper Saddle River, NJ: Pearson, 2013).

# Summary

1. Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible to target customers. Companies must also communicate with present and potential stakeholders and with the general public.
2. The marketing communications mix consists of eight major modes of communication: advertising, sales promotion, public relations and publicity, events and experiences, online and social media marketing, mobile marketing, direct and database marketing, and personal selling.
3. The communications process consists of nine elements: sender, receiver, message, media, encoding, decoding, response, feedback, and noise. To get their messages through, marketers must take into account how the target audience usually decodes messages. They must also transmit the message through efficient media that reach the target audience and develop feedback channels to monitor response to the message.
4. Developing effective communications requires eight steps: (1) identify the target audience, (2) choose the communications objectives, (3) design the communications, (4) select the communications channels, (5) set the total communications budget, (6) choose the communications mix, (7) measure the communications results, and (8) manage the integrated marketing communications process.
5. In identifying the target audience, the marketer needs to close any gap that exists between current public perception and the image sought. Communications objectives can be to create a need for the category, brand awareness, brand attitude, or brand purchase intention.
6. Designing the communication requires answering three questions: what to say (message strategy), how to say it (creative strategy), and who should say it (message source). Communications channels can be personal (advocate, expert, and social channels) or nonpersonal (media, atmospheres, and events).
7. Although other methods exist, the objective-and-task method of setting the communications budget, which calls upon marketers to develop their budgets by defining specific objectives, is typically most desirable.
8. In choosing the marketing communications mix, marketers must examine the distinct advantages and costs of each communication tool and the company's market rank. They must also consider the type of product market in which they are selling, how ready consumers are to make a purchase, and the product's stage in the company, brand, and product life cycle.
9. Measuring the effectiveness of the marketing communications mix requires asking members of the target audience whether they recognize or recall the communication, how many times they saw it, what points they recall, how they felt about the communication, and what are their previous and current attitudes toward the company, brand, and product.
10. Managing and coordinating the entire communications process calls for integrated marketing communications (IMC): marketing communications planning that recognizes the added value of a comprehensive plan to evaluate the strategic roles of a variety of communications disciplines and that combines these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of discrete messages.

## MyMarketingLab

Go to [mymktlab.com](http://mymktlab.com) to complete the problems marked with this icon  as well as for additional Assisted-graded writing questions.

# Applications

## Marketing Debate

### Has TV Advertising Lost Its Power?

Long deemed the most successful marketing medium, television advertising is increasingly criticized for being too expensive and, even worse, less effective than it once was. Critics maintain that consumers tune out too many ads and that it is difficult to make a strong impression. The future, claim some, is with online advertising. Supporters of TV advertising disagree, contending that the multisensory experience of TV is unsurpassed and that no other media option offers the same potential impact.

**Take a position:** TV advertising has largely become unimportant *versus* TV advertising is still the most powerful advertising medium.

## Marketing Discussion

### Communications Audit

★ Pick a brand and go to its Web site. Locate as many forms of communication as you can find. Conduct an informal communications audit. What do you notice? How consistent are the different communications?

## Marketing Excellence

### >> Red Bull

Red Bull's integrated marketing communications mix has been so successful that the company has created an entirely new billion-dollar drink category—energy drinks. In addition, Red Bull has become a multibillion-dollar beverage brand among fierce competition from beverage kings like Coca-Cola, Pepsi, and Anheuser-Busch. To date, the company has sold more than 40 billion cans of energy drinks across 166 countries. How? Red Bull became the energy drink market leader by skillfully connecting with youth around the globe and doing it differently than anyone else.

Dietrich Mateschitz founded Red Bull with a single product in Austria in 1987. By 1997, the slender silver-and-blue can was available in 25 markets globally, including Western and Eastern Europe, New Zealand, and South Africa. Its size and style immediately signaled to consumers that its contents were different from traditional soft drinks. Red Bull's ingredients—amino acid taurine, B-complex vitamins, caffeine, and carbohydrates—were specifically formulated to make the drink highly caffeinated and energizing. In fact, some users have referred to it as "liquid cocaine" or "speed in a can." Over the past decade, the company introduced other products and flavors, many of which did not succeed. Today, Red Bull offers the original Red Bull Energy Drink, Red Bull Total Zero, Red Bull Sugar Free, and special editions infused with berry, lime, and cranberry flavors.

As the company continued to expand worldwide, it developed an integrated marketing communications plan that reached its target audience on many different levels and built its brand image of authenticity, originality, and community. First, Red Bull focused on pre-marketing, sponsoring events like the Red Bull Snowthill of Chamonix ski contest in France to help build word-of-mouth excitement around the brand. Once the company entered a new market, it built buzz through its "seeding program," micro-targeting trendy shops, clubs, bars, and stores. This enabled the cultural elite to access Red Bull's product first and influence other consumers. As one Red Bull executive explained, "We go to on-premise accounts first, because the product gets a lot of visibility and attention. It goes faster to deal with individual accounts, not big chains and their authorization process." The company also targeted opinion leaders likely to influence consumers' purchases, including action sports athletes and entertainment celebrities.

Once Red Bull gained some momentum in bars, it moved into gyms, health food stores, restaurants, convenience stores near colleges, and eventually supermarkets. The company's primary point-of-purchase tool has always been its refrigerated sales units, prominently displaying the Red Bull logo. These set the brand apart from other beverages and ensure a prominent location in every retail environment. To guarantee consistency and quality in its point-of-purchase displays, the company hired teams of delivery van drivers whose sole responsibility was stocking Red Bull.

Another essential aspect of Red Bull's marketing communication mix is product trial. Whereas traditional beverage marketers attempt to reach the maximum number of consumers with sampling, the company seeks to reach consumers only in ideal usage occasions, namely when they feel fatigue and need a boost of energy. As a result, its sampling campaigns take place at concerts, parties, festivals, sporting events, beaches, highway rest areas (for tired drivers), and college libraries and in limos before award shows.

Red Bull also aligns itself with a wide variety of extreme sports, athletes, and teams and artists in music, dance, and film. From motor sports to mountain biking, snowboarding to surfing, rock concerts to extreme sailing, there is no limit to the craziness of a Red Bull event or sponsorship. A few company-sponsored events are notorious for taking originality and extreme sporting to the limit. For example, at the annual Flugtag, contestants build homemade flying machines that must weigh less than 450 pounds, including the pilot. Teams launch their contraptions off a specially designed Red Bull-branded ramp, 30 feet above a body of water. Crowds of as many as 300,000 young consumers cheer as the contestants and their craft try to stay true to the brand's slogan: "Red Bull gives you wings!"

Red Bull uses traditional advertising once the market has grown mature and the company needs to reinforce the brand to its consumers. As one executive

explained, "Media is not a tool that we use to establish the market. It is a critical part. It's just later in the development."

Red Bull's "anti-marketing" marketing communications strategy has been extremely successful connecting with its young consumers. It falls directly in line with the company's mission to be seen as unique, original, and rebellious—just as its Generation Y consumers want to be viewed.

### Questions

1. What are Red Bull's greatest strengths as more companies (like Coca-Cola, Pepsi, and Monster) enter the energy drink category and gain market share? What are the risks of competing against such powerhouses?
2. Discuss the pros and cons of Red Bull's nontraditional marketing tactics. Should the company do more traditional advertising? Why or why not?
3. Discuss the effectiveness of Red Bull's sponsorships. Where should the company draw the line in terms of novelty and risk?

**Sources:** Kevin Lane Keller, "Red Bull: Managing a High-Growth Brand," *Best Practice Cases in Branding*, 3rd ed. (Upper Saddle River, NJ: Prentice Hall, 2008); Peter Ha, "Red Bull Stratos: Man Will Freefall from Earth's Stratosphere," *Time*, January 22, 2010; "Red Bull to Go on Sale in U.S. with Fruity Flavors," *Businessweek*, October 8, 2012; [www.redbull.com](http://www.redbull.com).

## Marketing Excellence

### >> L'Oreal

L'Oreal is one of the leading beauty and cosmetic companies in the world with well-segmented product offerings in 130 countries. Headquartered in Paris, France, L'Oreal's origins date back to 1909, when the young entrepreneur Eugene Schueller formed a company that sold hair dyes to hairdressers. Growing through successful brand launches and acquisitions, the company became the L'Oreal Group. In 2013, L'Oreal had a market capitalization of \$94.76 billion with \$9 billion spent on advertising and promotion. It markets 27 global brands and operates across five divisions selling high-end luxury cosmetics, professional hairstyling products, specialized dermatological products, mass-marketed consumer beauty products, and the Body Shop brand. Some of its iconic brands are YSL, Ralph Lauren, Lancôme, Kerastase, Redken, Vichy, L'Oreal Paris, Maybelline, and Garnier.

L'Oreal Paris is the innovative brand from the company's consumer product division that sells high-end mass marketed hair care, hair color, skin care, and makeup products. L'Oreal uses a rich integrated marketing

communications mix across television, print, events, experiences, interaction, and social media to promote the brand's universal message of the power of beauty. More than 40 years ago, L'Oreal Paris revolutionized the advertising world with the legendary slogan, "Because I am worth it." Written in 1973 by a 23-year-old female copywriter from McCann Erickson, when the idea of feminism was at its peak, the slogan spread the message of respect and recognition for women. The slogan's positive and empowering sentiment helped develop a line of celebrity endorsements supported by 35 diverse international ambassadors like Jane Fonda, Jennifer Lopez, Beyoncé, and Aishwarya Rai. The timeless appeal of the slogan is used across many brands sold under the L'Oreal Paris umbrella, and has been tweaked to "Because you are worth it" and "Because we are worth it" to adapt to the changing times.

L'Oreal believes that events bring brands to life and are a key component of its IMC strategy. It effectively integrates promotional events with the celebrity power of its brand ambassadors from nearly 20 international red carpets including the Cannes Film Festival. L'Oreal also aligns its communications strategy with fashion events by sponsoring global events like Graduate Fashion Weeks and Fashion Weeks in London, Toronto, and Melbourne.

The L’Oreal Paris’s Powder Room, a pop-up brand experience, is set up during the fashion events where experts provide professional advice, beauty tips, and gifts that help in delivering synchronized brand messages to audiences.

L’Oreal also works on partnerships to gain visibility across strategic traditional and digital media in developing its marketing communications. It successfully associated with the Emmy award-winning fashion reality show, Project Runway that regularly featured its products on the show. In addition to mass media sponsorships, L’Oreal’s IMC strategy uses partnerships that work on more direct communications. In 2013, L’Oreal partnered with Rent the Runway, a leading online rental fashion store, for its campus program that had a presence in more than 200 college campuses in the U.S. with a reach of over 1.1 million female students. RTR’s network of 1,000 brand ambassadors used its digital catalogs, social media, and organized grassroots events to promote the brand. The program was supported by L’Oreal in its nationally syndicated television programs and on social media. Through such associations, L’Oreal delivers a coordinated message of beauty and self-worth to women at specifically targeted levels.

L’Oreal creatively uses interactive marketing as part of its IMC to engage its consumers in online loyalty programs, such as the L’Oreal Paris Gold Rewards. Consumers can earn credit online and get free products upon collecting enough points. Responding to the growth of online beauty videos and utilizing the concept to build a stronger communications strategy, L’Oreal teamed up with YouTube to produce a one-stop beauty channel. The online channel, called Destination Beauty offered its audience information on latest trends, looks, and provided tutorials. In 2014, offering a unique e-beauty experience, L’Oreal Paris introduced its digital innovation app, Makeup Genius, a virtual makeup tester that allows women to try different looks and products through smart devices. L’Oreal believes this will revolutionize the way women shop for makeup.

L’Oreal has also adapted its global communication strategy in different local markets. For example, in the Middle East, L’Oreal considers the region’s distinct concept of beauty and cultural norms in developing communication messages. L’Oreal recognizes that Middle Eastern women are becoming more sophisticated in their beauty choices with easy access to international trends through the Internet. L’Oreal has developed a careful blend of the IMC tools to connect with the women in the Middle East, and at the same time maintain synergy with its global communication themes. Key elements of L’Oreal’s IMC strategy in the Middle East include traditional advertising, sales promotion, events, experiences, interactive marketing, and personal selling. Each tool is implemented keeping in view local preferences and customs. Many countries in the Middle East, like the United Arab Emirates and Qatar, host world-class malls that are the main entertainment destinations for local families. L’Oreal uses these retail facilities

to reach relevant audiences by offering creative point-of-purchase displays, sales presentations, demonstrations, sampling, exhibits, and experiences within these shopping malls. Following its worldwide approach, L’Oreal uses celebrity endorsements in the Middle East. In 2012, L’Oreal named Najwa Karam, a top Lebanese artist and, known as the “shining sun” of the Arab music world, as its first brand ambassador in the Middle East. L’Oreal develops specific promotional campaigns for popular festivals in the Middle East as well. For example, the So Couture Eid Look campaign in 2014, promoted the idea of celebrating the festival of Eid by dressing up with the “most awaited L’Oreal Paris Eid look,” endorsed by its latest brand spokesperson. L’Oreal has also partnered with the online fashion store Mooda.com to launch its first e-commerce platform in the Middle East. This exclusive beauty-meets-fashion Web site offers a distinctive mix of content and commerce to consumers in the Middle East.

L’Oreal is changing the face of beauty marketing by transforming its marketing model through complete integration of its traditional and digital media. It uses content-based marketing incorporating education, empowerment, and aspiration to develop creative messages that increase its brand equity. With more than 4 billion searches on the Web on the subject of beauty, consumers are increasingly using digital and social media. L’Oreal takes such consumer insights and the digital revolution seriously. By developing content using how-to videos, information on trends, fashion tips, virtual makeup trials, celebrity appeals, and covering glamorous awards and fashion events, L’Oreal stays relevant to the subject of beauty globally.

### Questions

1. Discuss L’Oreal Paris’s message strategy and creative strategy in light of its slogan and use of brand ambassadors. Do you think L’Oreal Paris has adapted its IMC strategy effectively in the Middle East?
2. Evaluate L’Oreal’s approach to events, experiences, and sponsorships. Has L’Oreal been effective in selecting its partners?
3. What are the benefits of content-based marketing for a beauty brand like L’Oreal? Do you think L’Oreal is right in completely integrating its traditional and digital media?

**Sources:** L’Oreal, [www.loreal.com](http://www.loreal.com); L’Oreal Paris, [www.lorealparisusa.com](http://www.lorealparisusa.com); L’Oreal Partnerships, [www.lorealparis.com](http://www.lorealparis.com); News release, “Project Runway Season 10 multi-platform Social Media Campaign Unveils ‘Real-time Runway’ and ‘Favorite Fan’ to Complement ‘Fan Favorite.’” *PR Newswire*, July 19, 2012; News release, “Rent the Runway Announces L’Oreal Paris as the First Ever Presenting Sponsor of RTR on Campus.” *PR Newswire*, August 26, 2013; Kelly Lyakasa, “L’Oreal CMO: Digital is Changing Our Content, Creative and Conversation.” *AdExchanger*, September 13, 2013; Caroline Winter, “L’Oreal’s Makeup Genius App: The Cosmetics Counter Goes Digital.” *Businessweek*, September 11, 2014; Kisten Comings, “3 Keys to L’Oreal’s Content Marketing Strategy.” *iMedia Connection*, September 30, 2013; Rachel McArthur, “Najwa Karam, L’Oreal’s First Arab Ambassador is Worth it,” *Gulf News*, June 7, 2012; Press release, “Celebrate this Eid by dressing up in L’Oréal Paris’ most awaited Eid look—Arwa’s So Couture Nude Look.” *Go Dubai*, September 4, 2014.



## In This Chapter, We Will Address the Following **Questions**

1. What steps are required in developing an advertising program? (p. 608)
2. How should marketers choose advertising media and measure their effectiveness? (p. 615)
3. How should sales promotion decisions be made? (p. 622)
4. What are the guidelines for effective brand-building events and experiences? (p. 626)
5. How can companies exploit the potential of public relations? (p. 629)

Backed by a fully-integrated communications program, P&G's "Thank You Mom" Olympic sponsorship has connected with customers and improved sales worldwide.

*Source: Xin yu tj-Imaginechina*

**MyMarketingLab™**

★ Improve Your Grade!  
Over 10 million students improved their results using the Pearson MyLabs. Visit [mymktlab.com](http://mymktlab.com) for simulations, tutorials, and end-of-chapter problems.