

# **The IMC Planning Process**

## **CHAPTER OBJECTIVES**

Students should be able to answer the following questions:

- 4.1** What makes marketing research critical to the IMC planning process?
- 4.2** What categories do companies use to identify consumer target markets or market segments?
- 4.3** What categories do organizations use to identify business-to-business market segments?
- 4.4** How do the various approaches to positioning influence the IMC planning process?
- 4.5** How do the marketing communications objectives interact with the other elements of an IMC planning process?
- 4.6** How are communications budgets established?
- 4.7** What are the features of an international IMC planning program?

## **OVERVIEW**

This chapter describes the nature of the integrated marketing communications planning process. An integrated marketing communications planning process requires careful oversight by the company's marketing personnel and any agencies the firm employs.

### **Co-Marketing and MC Planning**

A recent trend in the world of commerce has been an increase in co-marketing programs, whereby two companies join to sell separate, but related products.

Market research would be undertaken in order to understand the natures of the two services and how they would logically combine.

Specific target market segments containing customers inclined to use both products would be identified.

Then, the marketing team would seek to make sure that the positioning of both items would be compatible.

From there, advertising budgets could be established to prepare commercials and other marketing messages designed to reach viable prospects.

Specific communications objectives would apply to both organizations.

### **Questions for Students:**

1. Besides the mobile device co-marketing programs described in the vignette, can you think of other examples of this tactic?
2. What would be the advantages and potential disadvantages of co-marketing programs?

This chapter depicts the nature of the IMC planning process (see Figure 4.1).

It begins with communications research that identifies potential target markets and positioning strategies that match brand offer.

Next, communications objectives are specified.

Finally, a budget designed to achieve the communication objectives is matched with the IMC components to be employed.

International considerations are taken into account.

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

### **Communications Research**

Three primary research approaches include product-specific research, consumer-oriented research, and target-market research.

*Product-specific research* involves identifying key product characteristics that become selling points, such as phone apps for various consumers.

Product-specific research goes beyond understanding attributes or characteristics. It includes an understanding of benefits that a product provides.

*Consumer-oriented research* assists marketers in identifying the context of a product's use.

- An *anthropological* approach involves direct observation of consumers using the good or service.

- A *sociological* analysis examines social class issues, trends, and family life cycle changes.
- The *psychological* approach looks at motives for product purchases, such as feeling sexy, powerful, or intelligent.

*Target-market research* identifies who will be the recipient of the planned communications campaign.

A *focus group* consists of consumers who are retained to talk about a particular topic, product, or brand in front of a moderator or panel who tracks consumer comments and ideas. The insights gained can become crucial elements in the IMC planning process.

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

### **Market Segmentation by Consumer Groups**

Target markets are often carefully specified as part of the market segmentation process, which is discussed in detail later in this chapter.

A *market segment* is a set of businesses or group of individual consumers with distinct characteristics. For a market segment to be considered a viable target, it should pass the following tests:

- The individuals or businesses within the market segment should be similar in nature, having the same needs, attitudes, interests, and opinions. This means persons or businesses within the segment are *homogenous*.
- The market segment differs from the population as a whole. Segments are distinct from other segments and the general population.
- The market segment must be large enough to be financially viable to target with a separate marketing campaign.
- The market segment must be reachable through some type of media or marketing communications method.

*Market segmentation* consists of identifying specific groups based on their needs, attitudes, and interests.

Figure 4.2 displays the methods of segmenting the consumer market.

### **Segments Based on Demographics**

## *Gender*

Men and women purchase differing products, buy similar products with different features (e.g., deodorants for women versus men), buy the same products for dissimilar reasons (stereos, televisions), and buy the same products after being influenced by different kinds of appeals through different media.

Recently, marketers have been thinking beyond male and female gender roles to recognize that not all individuals conform to one gender role.

An increasing number of individuals self-identify as non-binary or non-gender conforming.

Consequently, marketing efforts are evolving to understand the needs and preferences of all individuals.

This push for non-gender-based marketing is shaping specific campaigns. Degree and Old Spice provide examples of this type of approach.

**Question for Students:**      Can you think of other examples of this approach?  
Can you think of products that would be suited to non-gender-specific marketing?

## *Age*

Children, young adults, middle-aged grown-ups, and senior citizens are all targeted by different types of marketing campaigns. Often age-related factors are combined with other demographics such as gender. Children have a major impact on the purchasing decisions their parents make.

Figure 4.3 examines marketing to tweens.

Another age-based demographic group, which appeals to many firms, is seniors, defined as individuals over the age of 55.

## *Age and Lifestyle*

Lifestage refers to a phase of life that can be coupled with age. A young adult (ages 18-30) could be single, newly married, a cohabitant, or a new parent.

The coupling of age with lifestage gives the marketing team a more precise view of the target market to be reached with a specific message.

## *Income*

Spending is normally directed at three large categories of goods: *necessities*, *sundries*, and *luxuries*. The amount of goods in each category a consumer will purchase is highly dependent on their income.

### *Ethnicity*

In recent years, the ways in which marketing professionals approach ethnic marketing have changed. Rather than create separate campaigns for each ethnic group, agencies take a more holistic approach and that incorporates insights into various ethnic groups to help create stronger campaigns.

### **Psychographics**

Psychographics emerge from patterns of responses, which reveal a person's attitudes, interests, and opinions (AIO).

These patterns can then be applied to other demographics, including gender, income, and education.

The VALS typology includes the following segments:

- **Innovators**—Successful, sophisticated, and receptive to new technologies. Their purchases reflect cultivated tastes for upscale products.
- **Thinkers**—Educated, conservative, practical consumers who value knowledge and responsibility. They look for durability, functionality, and value.
- **Achievers**—Goal-oriented, conservative consumers committed to career and family. They favor established prestige products that demonstrate success to peers.
- **Experiencers**—Young, enthusiastic, and impulsive consumers who seek variety and excitement and spend substantially on fashion, entertainment, and socializing.
- **Believers**—Conservative, conventional consumers who focus on tradition, family, religion, and community. They prefer established brands and favor American-made products.
- **Strivers**—Trendy, fun-loving consumers who are concerned about others' opinions and approval. They demonstrate to peers their ability to buy.
- **Makers**—Self-sufficient consumers who have the skill and energy to carry out projects, respect authority, and are unimpressed by material possessions.
- **Survivors**—Concerned with safety and security, focused on meeting needs rather than fulfilling desires. They are brand loyal and purchase discounted products.

**Question for Students:** Which demographics and psychographics match you?  
Your parents?

### **Segments Based on Generations**

Figure 4.4 identifies the characteristics of various generational segments.

The idea behind generational segments is that each generation goes through similar events that create similar viewpoints and attitudes.

### **Segmentation by Geographic Area**

Marketing appeals made to people in a geographic area or region is *geo-targeting*.

This method is especially useful for retailers who want to limit marketing communication programs to specific areas and for companies conducting direct mail campaigns in target areas.

### **Geodemographic Segmentation**

Geodemographics combines census data with psychographic information. An example would be PRIZM (Potential Rating Index by Zip Marketing), which is a company that specializes in geodemographics. PRIZM has identified 62 different market segments in the United States.

### **Benefit Segmentation**

Benefit segmentation focuses on the advantages consumers receive from a product rather than the characteristics of consumers themselves. Demographics and psychographic information can be combined with benefit information to better identify segments.

### **Usage Segmentation**

The goal of usage segmentation is to seek to provide the highest level of service to a firm's low or casual, medium or heavy users.

Many companies are able to identify heavy users by utilizing their own databases, using bar-code scanners, point-of-sale systems, and credit/debit transaction cards data.

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

### **Business-to-Business Segmentation**

Figure 4.5 lists the various forms of business-to-business segmentation.

#### **Segmentation by Industry**

Many firms use the NAICS (North America Industry Classification System) code. The NAICS code is replacing the SIC (Standard Industrial Classification) coding system.

Firms can target specific industries such as construction (23) or wholesale trade (42). They can also segment within a specific category.

#### **Segmentation by Size**

The rationale for this method is that large firms have different needs than smaller companies and therefore should be contacted in a different manner.

#### **Segmentation by Geographic Location**

This approach is especially beneficial for businesses that have customers concentrated in geographic pockets such as the Silicon Valley area of California.

Companies can also use geodemographics, combining geographic areas with demographic and psychographic data.

#### **Segmentation by Product Usage**

Business markets can be segmented by how the good or service is used. Many services (financial, transportation, shipping, etc.) have a variety of uses for distinct customers.

#### **Segmentation by Customer Value**

This method of segmentation is much easier for business-to-business firms to utilize than it is for consumer businesses, due to the availability of in-depth data about each business customer. A more precise value can be assigned to each individual business through sales records and other sources of data and information.

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

### **Product Positioning**

Positioning is the perception created in the consumer's mind regarding the nature of a company and its products relative to the competition.

Positioning features variables such as the quality of products, the price, methods of distribution, packaging, image, and other factors.

Two elements stand out: (1) how the product is perceived by customers and (2) the product's standing relative to the competition.

### **Approaches to Positioning**

Various product positioning approaches are shown in Figure 4.6.

#### *Product Attributes*

Any product trait or characteristic that sets it apart from other products may be considered an attribute.

**Question for Students:** Can you think of a marketing message that strongly features a product's attributes?

#### *Competitors*

Using competitors to establish position can be accomplished by contrasting the company's product against others.

#### *Use or Application*

Positioning that involves creating a memorable set of uses for a product emphasizes the use or application approach (Arm & Hammer as a deodorizer. OxyClean is another example).

#### *Price-Quality Relationship*

Businesses that offer products at the extremes of the price range may position by price-quality relationships.

#### *Product User*

This involves distinguishing a brand or product by clearly specifying who might use it.



### *Product Class*

Position can be based on product class, such as an energy drink (Red Bull) versus soft drinks (Coke, Pepsi).

### *Cultural Symbol*

Positioning a product as a cultural symbol is not easy. When the position is successfully achieved, the company holds a strong competitive advantage.

**Question for Students:** Are there any cultural symbols for your generation? What are they?

### **Other Elements of Positioning**

A brand's position is never completely fixed. It can be changed.

Brand positioning applies to business-to-business marketing efforts.

### *International Positioning*

In the international arena, effective positioning remains vitally important. Plans are made to establish an effective position when a firm expands into new countries.

Effective positioning, by whatever method chosen, should increase sales and strengthen the long-term position of an individual product and the total organization.

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

### **Marketing Communication Objectives**

Marketing objectives tend to be general because they are for the entire company. Some examples of marketing objectives include the following:

- Sales volume
- Market share
- Profits
- Return on investment

In contrast, a communications plan may emphasize a specific communications objective. Figure 4.7 depicts the levels of objectives that apply to an overall company as well as specific targeted communications objectives.

Some of the targeted communications objectives include:

- Develop brand awareness
- Increase product/service category demand
- Change customer beliefs or attitudes
- Enhance purchase actions
- Encourage repeat purchases
- Build customer traffic
- Enhance firm image
- Increase market share
- Increase sales
- Reinforce purchase decisions

*Benchmark measures*, which consider a starting point in relation to a degree of change following a campaign, are useful to IMC programs.

**Objective 4.6:** How are communications budgets established?

Methods for determining marketing communications budgets appear in Figure 4.8.

### **Types of Budgets**

#### **Percentage of Sales**

Budgets can be based on sales from the previous year or anticipated sales for the next year.

#### **Meet the Competition**

Meet the competition seeks to prevent loss of market share by raising or lowering expenditures to match the competition.

#### **“What We Can Afford”**

This method sets the marketing budget after all of the company’s other budgets have been determined. Money is allocated based on what company leaders feel they can spend.

#### **Objective and Task**

This method begins with a list of all communication objectives to pursue during the year and then calculates the cost of accomplishing each objective.

## **Payout Planning**

This occurs when management establishes a ration of advertising to sales or market share. This method normally allocates greater amounts in early years to yield payouts in later years.

## **Quantitative Models**

Quantitative models are simulations of relationships between advertising and sales or profits. They may be difficult to create accurately.

## **Communications Schedule**

A *pulsating schedule* involves continuous advertising and communications during the year with bursts of higher intensity at specific times (more ads in more media).

Companies can also select a *flighting schedule* or approach, whereby communications are presented only during peak times, and not at all during other times of the year.

Many marketing experts believe spending in level amounts keeps the brand name repetitively in front of consumers, which is a *continuous campaign schedule* for items such as durable goods.

## **IMC Components**

Marketing communications consists of much more than traditional advertising.

Advertising expenditures may not make up the major portion of a marketing communications budget.

Trade promotions and consumer promotions each receive about one-fourth of overall marketing expenditures.

Budgets also vary by product type.

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

## **International Implications**

Figure 4.9 depicts successful globally integrated marketing communication tactics.

It is important to make sure the company's products and marketing messages will be *understood in the region* and, when needed, tailored to an individual area.

The goal is to *create a borderless marketing plan* that uses the same basic marketing approach for all of a company's markets.

This allows each subsidiary the freedom to determine how to implement that marketing plan, in essence, to *think globally but act locally*.

Another key is developing *local partnerships*. Local partners can be marketing research firms or advertising firms that are familiar with the local language and culture. These partnerships sometimes are formed by hiring a *cultural assimilator*, who has an understanding of the market and speaks both the language of the parent company and the local region.

*Communication segmentation* means creating a communications package that effectively reaches all possible target markets in another country.

A well-designed *market communications analysis* begins with the marketing team identifying strengths and weaknesses of local competitors and places in which opportunities exist.

Finally, *solid communication objectives* should be established.

### ***Note to Professors:***

The authors' blog for professors and students may be found at <http://blogclowbaack.net/>.

## **IMPLICATIONS FOR BRAND AND PROMOTION MANAGERS**

**(Note to professors—these materials are not in the text. They provide a method for you to summarize the chapter in a different way.)**

Recognize the connection between planning processes and evaluation processes. In other words, planning should only begin after previous efforts have been reviewed and analyzed. This would lead the account executive to ask the following questions about previous marketing communications and campaigns.

- What was done right?
- What was done wrong?
- What are the company's strengths and weaknesses?
- Did the last campaign (or previous promotional efforts) change this company's strengths and weaknesses?

When conducting the IMC planning process, the account executive should be aware of the following items:

- What the competition is doing (and plans to do, if that can be discovered)
- What opportunities are present in the environment
- How current company objectives can be integrated into the overall IMC approach
- What kinds of promotional strategies are in place
- Alternative tactics that will help support the company's strategies

As potential new market segments are being examined, consider the following criteria.

- Contribution to sales
- Contribution to profits, including how much should be spent in order to induce sales and revenues from the segment
- Potential for growth of the segment
- Potential to build company and brand loyalty in the segment
- Potential for competition from other firms seeking to capture the same segment
- The ability to match the firm's message to the particular attitudes and needs of the segment
- The possibility of combining segments or designing similar appeals to segments.
- Other short- and long-term implications of designing promotional efforts toward the segment

Appraise global markets using the same criteria as were used for local target markets.

## REVIEW QUESTIONS

### 4-1. What three forms of market research are used to develop marketing communications?

Three primary research approaches include product-specific research, consumer-oriented research, and target-market research.

LO: 4.1: What makes marketing research critical to the IMC planning process?  
AACSB: Application of knowledge

### 4-2. What functions do focus groups perform?

A focus group consists of consumers who are retained to talk about a particular topic, product, or brand in front of a moderator or panel who tracks consumer comments and ideas.

LO: 4.1: What makes marketing research critical to the IMC planning process?  
AACSB: Application of knowledge

#### **4-3. Define market segment and market segmentation.**

A market segment is a set of businesses or group of individual consumers with distinct characteristics. Market segmentation consists of identifying specific groups based on their needs, attitudes, and interests.

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

AACSB: Application of knowledge

#### **4-4. Define demographics. How are they used to segment consumer markets?**

Demographics are population characteristics. Target markets can be identified by gender, age, educational level, income, and ethnicity, as these are homogenous groups.

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

AACSB: Application of knowledge

#### **4-5. How can firms take advantage of target markets by gender?**

Segments for men and women can be combined with other demographics to create target markets, for example, teenagers or seniors.

The push for non-gender-based marketing is shaping specific campaigns.

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

AACSB: Application of knowledge

#### **4-6. How do firms use age to identify market segments?**

Children, young adults, middle-aged grown-ups, and senior citizens are all targeted by different types of marketing campaigns. Often age-related factors are combined with other demographics such as gender. Children have a major impact on the purchasing decisions their parents make. Another age-based demographic group, which appeals to many firms, is seniors, defined as individuals over the age of 55.

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

AACSB: Application of knowledge

#### **4-7. What role does ethnicity play in identifying market segments?**

Recently, the ways in which marketing professionals approach ethnic marketing have changed. Rather than create separate campaigns for each ethnic group, agencies take a more holistic approach and that incorporates insights into various ethnic groups to help create stronger campaigns.

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

AACSB: Application of knowledge

**4-8. What problems are associated with markets segmented according to geographic areas?**

The main problems associated with segmenting the market geographically are that everyone in the geographic area is targeted, with no focus on personal preferences or individual differences.

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

AACSB: Application of knowledge

**4-9. What are geodemographics? How can they be successfully used to define market segments?**

Geodemographics is a combination of using census data with psychographic information. This approach can be successful because marketers can conclude that people in certain areas tend to have the same basic needs. Geodemographics segmentation goes a step further by suggesting common personal preferences in individual geographic areas.

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

AACSB: Application of knowledge

**4-10. Describe usage segmentation and benefit segmentation.**

Usage segmentation is defining the market by usage or purchases. It is designed to maximize sales to all user groups. Companies then gather information from their most frequent customers and form their own database of customers describing their wants and needs.

Benefit segmentation is focusing on the advantages consumers receive from a good or service rather than the characteristics of consumers themselves. Companies use this technique to understand the preferences of different groups of consumers.

- LO: 4.2: What categories do companies use to identify consumer target markets or market segments?  
AACSB: Application of knowledge

**4-11. What are the common business-to-business market segments?**

The common business-to-business market segmentation concepts are by industry, business, and size. Segmentation by industry is utilizing the NAICS codes to identify a company's potential of being a quality customer.

- LO: 4.3: What categories do organizations use to identify business-to-business market segments?  
AACSB: Application of knowledge

**4-12. Describe the NAICS approach to business market segmentation.**

The NAICS approach to segmentation is using the company's business code to decipher what products the firm will need or purchase. It is better than the old SIC code because it broadens the product categories from 10 to 20. This allows for a more precise classification of businesses.

- LO: 4.3: What categories do organizations use to identify business-to-business market segments?  
AACSB: Application of knowledge

**4-13. Describe a usage segmentation approach in a business-to-business setting.**

An example of a usage segmentation approach in a business-to-business setting would be that although Xerox markets to most businesses, the company pays extra attention to schools because these organizations utilize so many copiers, allowing for both sales and service contracts. (Student answers will vary.)

- LO: 4.3: What categories do organizations use to identify business-to-business market segments?  
AACSB: Application of knowledge

**4-14. Describe a segmentation approach based on company size.**

A segmentation approach based on company size would target companies within a certain range. For instance, an advertising agency may target firms that have sales from \$3 million to \$20 million. Another agency may target the small firms, with incomes less than \$3 million. Another agency may go after extremely large international firms, with sales over \$1 billion.

- LO: 4.3: What categories do organizations use to identify business-to-



business market segments?  
AACSB: Application of knowledge

**4-15. Define product positioning and identify the types of positioning approaches that can be used in the IMC planning process.**

Positioning is the perception created in the consumer's mind regarding the nature of a company and its products relative to the competition. It includes the following:

- Product Attributes
- Competitors
- Use or Application
- Price-Quality Relationship
- Product User
- Product Class
- Cultural Symbol

LO: 4.4: How do the various approaches to positioning influence the IMC planning process?  
AACSB: Application of knowledge

**4-16. What is a benchmark measure?**

A benchmark measure represents the starting point that has been established in relation to the degree of change following a promotional campaign. In other words, the benchmark is the baseline from which future outcomes can be assessed.

LO: 4.5: How do the marketing communications objectives interact with the other elements of an IMC planning process?  
AACSB: Application of knowledge

**4-17. What common marketing communications objectives do firms establish?**

The most common marketing communications objectives that firms establish are the following:

- Develop brand awareness
- Increase product/service category demand
- Change customer beliefs or attitudes
- Enhance purchase actions
- Encourage repeat purchases
- Build customer traffic
- Enhance firm image
- Increase market share
- Increase sales
- Reinforce purchase decisions

LO: 4.5: How do the marketing communications objectives interact with the other elements of an IMC planning process?  
AACSB: Application of knowledge

**4-18. Describe the methods that can be used to establish a communications budget.**

The types of communications budgets are the following:

- Percentage of sales method, which uses a percentage of the previous year's sales and a projection of the coming year's sales
- Meet the competition, which is designed to prevent a loss of market share
- What we can afford, which establishes the marketing budget after all other budgets have been set
- Objective and task method, which allows management to set goals and ways to achieve those goals through marketing dollars
- Payout planning, which establishes a ratio of advertising to sales or market share based on Nielsen ratings
- Quantitative models use computer simulations to locate relationships between advertising and promotional expenditures

LO: 4.6: How are communications budgets established?  
AACSB: Application of knowledge

**4-19. Describe the three types of advertising schedules that may be used during the course of a year.**

A pulsating schedule involves continuous advertising and communications during the year with bursts of higher intensity at specific times (more ads in more media). Companies can also select a flighting schedule or approach, whereby communications are presented only during peak times, and not at all during other times of the year. Level amounts of spending keeps the brand name repetitively in front of consumers, which is a continuous campaign schedule.

LO: 4.6: How are communications budgets established?  
AACSB: Application of knowledge

**4-20. Which IMC components are more likely to be used in business-to-business marketing communications programs, as compared to consumer markets?**

Although telemarketing may be detested by consumers, it remains an important component of business-to-business marketing. Direct mail is used extensively along with noncatalog direct mail. Television advertising is a much smaller amount than for consumer products while internet marketing expenditures are much larger, used even more than television.

LO: 4.6: How are communications budgets established?  
AACSB: Reflective thinking

## CRITICAL THINKING EXERCISES

- 4-21. You are a marketing intern for S'well (<https://www.swellbottle.com>), a company that designs and sells specialty water bottles, and have been asked to conduct communications research about the product. Identify the three types of communications research and how each might help to gather information to be used in promoting the products to various market segments.**

Three primary research approaches include product-specific research, consumer-oriented research, and target-market research. Students should note product characteristics and what needs they serve (product research), the types of customers who would be interested in the items and why (consumer research) based on sociological or psychological needs, and then state a target market based on demographics, age, usage, or some other (less likely) market segmentation approach.

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

- 4-22. The Elephant Pants company (<https://www.theelephantpants.com>) makes and sells loose pants and gives 10 percent of sales to organizations that seek to end the exploitation of elephants. Your task is to identify the advertising efforts that would reach the market segments that would be most likely to purchase the pants. Examine the segmentation variables identified in Figure 4.2. If you were responsible for the segmentation strategy for The Elephant Pants, which segmentation variables would you use? Justify your answer.**

Age, gender, income, and psychographics are all possibilities. Student answers will vary based on their personal preferences.

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

- 4-23. Make a list of five consumer goods or services that are segmented on the basis of male/female gender but sold to all genders. Are there any differences in the product or service attributes? Are there differences in how they are marketed? What are those differences? Do you think using a different marketing approach has worked?**

Student responses will vary. They should note how each gender uses the product and how companies advertise and promote the products.

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

- 4-24. Make a list of five consumer goods or services that are segmented on the basis of age. Are there actual differences in the product or service attributes? Are there differences in how they are marketed? What are those differences? Do you think using a different marketing approach has worked?**

Student answers will vary based on their personal experiences.

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

- 4-25. Examine the list of demographic segmentation variables. For each demographic variable listed in the text, identify two products that are marketed to a specific demographic segment. Identify the specific demographic segment and explain why the product is aimed at that particular market segment. Identify one brand that has been especially successful at reaching a specific demographic segment.**

Student answers will depend on products chosen.

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

- 4-26. Examine the VALS psychographic groups presented in the chapter. For each of the following goods or services, identify the VALS segment that would be the best to target. Justify your choice. Describe an advertisement or marketing communication that could be used for the VALS segment you identified for each product.**

- a. Health food store**
- b. Trampoline court for children**
- c. Dermatologist and beauty-enhancement company**
- d. Appliance store (refrigerators, stoves, dishwashers)**
- e. Scooter retailer in Taiwan**

Student answers will vary based on their experiences.

- a. A health food is satisfying hunger needs and the desire to eat well.
- b. A trampoline court would be needs for entertainment for themselves or for brothers/sister, nieces or nephews.

- c. A dermatologist sells the benefit of looking better and healthier skin.
- d. An appliance store offers convenience; luxury in some cases, but also may emphasize price, service, and possibly delivery and installment.
- e. A scooter retailer would possibly emphasize being modern and upscale but also price and other features.

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

- 4-27. Generation Z is rapidly becoming an attractive generation for marketers. Explain how you would create marketing messages for this group and how you would deliver messages to them. How would the approach differ from one targeting millennials?**

Student answers will depend on their own experiences plus a friend or relative chosen and that is from the other generation. This might be a quality in-class discussion question.

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

- 4-28. Usage segmentation targets heavy users, average users, light users, or nonusers. Describe campaigns for each of the usage segments for a major hotel chain frequency program. In your discussion, identify the best communications objective for each of the campaigns and the product positioning strategy that you would use for each segment. Justify your decisions.**

Heavy users (frequent travelers) could be targeted with loyalty campaigns, both for personal and business trips. Moderate users would be identified to increase brand loyalty. Light users would receive attention in terms of brand awareness. For personal travel, product attributes would match higher-end hotels; price-quality and product attributes for families with children.

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

- 4-29. For each of the product-positioning strategies discussed in this chapter, identify two brands that feature the strategy and explain how the strategy is used to successfully market the brand.**

Student answers will vary by brands chosen.

LO: 4.4: How do the various approaches to positioning influence the IMC

planning process?

## INTEGRATED LEARNING EXERCISES

- 4-30. Use a search engine to locate five companies on the internet that sell swimwear. For each company, discuss the types of products sold and the types of promotional appeals used. Review each website. Describe the segmentation strategy the company is using and the specific market segments being targeted. For each company, which product-positioning strategy is being used? Justify your choice.**

Student reports will vary. Promotions will probably feature fashion, sleek/sexiness, price, and quality.

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

and

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

- 4-31. A brand's product positioning strategy should be an integral part of the company's advertising and marketing strategy, including its website. Examine the following websites and identify the product-positioning strategy you think is being used. Explain your choice.**

- a. Polaris ([www.polaris.com](http://www.polaris.com))
- b. Edgewater Beach & Golf Resort ([www.edgewaterbeachresort.com](http://www.edgewaterbeachresort.com))
- c. Celestial Seasonings ([www.celestialseasonings.com](http://www.celestialseasonings.com))
- d. Sony ([www.sony.com](http://www.sony.com))
- e. Stetson cologne ([www.stetsoncologne.com](http://www.stetsoncologne.com))

Polaris highlights the benefits of using the product. It may also be viewed as a cultural symbol form of positioning.

Edgewater Beach positions itself as the only “full service” resort on Panama City Beach, suggesting segmentation possibly based on income and possibility based on customer benefit.

Celestial Seasonings is represented as a healthy and natural product line, which suggests psychographics or benefit segmentation.

Sony emphasizes quality of its product lines. The company could target by income, geodemographics, benefit, or usage segmentation.

Stetson tends to emphasize cultural symbols in its marketing. It targets males.

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

- 4-32. VALS psychographic segmentation can be a valuable tool for marketers as they prepare their marketing materials. Access VALS through the Strategic Business Insights (SBI) website at [www.strategicbusinessinsights.com/vals](http://www.strategicbusinessinsights.com/vals) and examine the characteristics of each of the groups. Then take the test to determine which group you belong to. How can VALS help marketers develop advertising messages?**

Students will receive different group locations based on their answers. VALS2 can then target the individual groups with more specific messages.

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

- 4-33. A current trend for many companies is the development of marketing messages for specific demographic, ethnic, or lifestyle groups. This allows for a more targeted message than is possible for the mass audience. Go to the following websites. What types of marketing messages are on each site? How could the information on these websites be used to develop integrated marketing communications plans?**

- a. Parents ([www.pbs.org](http://www.pbs.org))
- b. Women ([womensenews.org](http://womensenews.org))
- c. African Americans ([www.targetmarketnews.com](http://www.targetmarketnews.com))
- d. Gays and lesbians ([www.gaycenter.org](http://www.gaycenter.org))

PBS emphasizes social issues, families, quality entertainment, and other educational materials.

WomenseNews.org features articles about items including gender, gender roles, babies, children for adoption, and other stories.

Targetmarketnews.com has a wide list of media featuring black performers and participants.

GayCenter.org features a health center that is the heart and home of NYC's LGBTQ community, providing programs for health, wellness, and community connection.

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

**4-34. For the following firms, examine the company's website to determine what segmentation strategy is being used. Describe the intended target market for the website. What communications objective(s) do you think the company is trying to accomplish? What product-positioning strategy is being used? Explain your responses.**

- a. Sara Lee Desserts ([www.saraleedesserts.com](http://www.saraleedesserts.com))
- b. Skeeter boats ([www.skeeterboats.com](http://www.skeeterboats.com))
- c. Reynolds Protection ([www.reynoldsprotection.com](http://www.reynoldsprotection.com))

Student answers will vary depending what is on the website at the time the students access them.

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

And

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

## Blog Exercises

Access the authors' blog for this textbook at the URLs provided to complete these exercises. Answer the questions that are posed on the blog.

**4-35.** New Target Market for Video Games:  
[blogclowbaack.net/2020/01/07/new-target-market-for-video-games-chapter-4-10/](http://blogclowbaack.net/2020/01/07/new-target-market-for-video-games-chapter-4-10/)

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

**4-36.** Automobile Positioning:  
[blogclowbaack.net/2018/09/25/positioning-methods-and-automobiles-chapter-4/](http://blogclowbaack.net/2018/09/25/positioning-methods-and-automobiles-chapter-4/)

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



4-37. Identity Theft Protection:  
[blogclowbaack.net/2019/09/04/identity-theft-protection-chapter-4/](http://blogclowbaack.net/2019/09/04/identity-theft-protection-chapter-4/)

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

## Student Project: Creative Corner

This exercise is designed to help students create ads for Yamaha Boats using the VALS2 typology of segments.

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

## CASES

### Case 1 Landscape Designs and Moore

**4-38. Which forms of market research would be most useful for Landscape Designs and Moore?**

Three primary research approaches include product-specific research, consumer-oriented research, and target-market research.

Product specific characteristics include key selling points, such as the creativity and ingenuity of her work.

Consumer-oriented research would focus on the sociological and psychological aspects of the product, including social class that would be most interested and the primary motives of those wishing to have attractive homes.

Target-market research would identify the types of homeowners and buyers who would be most receptive to marketing messages.

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

**4-39. What type of consumer market segmentation approach applies to the homeowners Marjorie seeks to reach? Explain your reasoning.**

Income would be a highly likely targeted area, along with usage and benefit segmentation.

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

**4-40. What form of business-to-business market segmentation best applies to Landscape Designs and Moore? Defend your choice.**

Geographic location and product usage would seem to be the most likely candidates. This is not a heavy vs. light user situation; industry and size also do not seem to be distinguishing variables.

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

**4-41. Describe the positioning approach that best fits Landscape Designs and Moore.**

Choices include:

- Product Attributes
- Competitors
- Use or Application
- Price-Quality Relationship
- Product User
- Product Class
- Cultural Symbol

Unlikely candidates would seem to be competitors and cultural symbol. A case can be made for the others.

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

**4-42. What type of budget best matches Marjorie's marketing objectives? What form of advertising schedule best fits her needs? Explain your answer.**

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

**Case 2 Phase 2 Fitness Center**

**4-43. Explain each of the types of research presented in the chapter in terms of the Phase 2 Fitness Center. Which would you recommend? Why?**

Three primary research approaches include product-specific research, consumer-oriented research, and target-market research. Student choices will vary.

Product-specific characteristics include key selling points, such as health and physical attractiveness.

Consumer-oriented research would focus on the sociological and psychological aspects of the product, including social class that would be most interested and self-concept as a psychological motive.

Target-market research would identify the types of individuals who would be most likely to be influenced by marketing messages.

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

**4-44. Discuss the potential consumer market segments that Phase 2 Fitness Center could serve using the information on consumer segmentation. Which segment or segments would you recommend? Why?**

Student choices could include demographics (gender, age), psychographics (fitness enthusiasts, benefit (get in shape), or usage (low, medium, high users).

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

**4-45. Are there any business-to-business segmentation opportunities present? Why or why not?**

Definitely. The company could reach out to local firms and offer programs.

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

**4-46. What positioning approach would be most valuable to Phase 2 Fitness Center? Defend your answer.**

Choices include:

- Product Attributes
- Competitors
- Use or Application
- Price-Quality Relationship

- Product User
- Product Class
- Cultural Symbol

Student answers will vary.

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

**4-47. Explain the most viable marketing communications objectives for the opening of the Phase 2 Fitness Center. Then note how those objectives might change over time.**

Choices include:

- Develop brand awareness
- Increase product/service category demand
- Change customer beliefs or attitudes
- Enhance purchase actions
- Encourage repeat purchases
- Build customer traffic
- Enhance firm image
- Increase market share
- Increase sales
- Reinforce purchase decisions

Student answers will vary.

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

## **Bonus Case 1**

### **BOSE: HIGH-END SOUND REPRODUCTION**

A case can be made that sound reproduction has become one of the areas in which technological innovations have made the most profound leaps forward. Leading the way are major competitors such as Sony, Philips, Tivoli Audio, and Bose. Many forms of sound delivery exist, some featuring earphones and headphones, and others through stand-alone speakers.

The Bose Corporation began operations in 1964. Amar G. Bose, a professor of electrical engineering at the Massachusetts Institute of Technology, became frustrated during his attempt to purchase a high-quality stereo system. He believed that the speakers that were available had impressive technical specifications but failed to reproduce the realism of a live performance.

Four years later, the first Bose product reached the market. In a very short time, Bose has delivered a series of innovations in sound.

Currently, the Bose Wave products are at the forefront of quality sound, including the Wave radio, Wave music system, and Acoustic Wave music system. Each is designed to deliver the most realistic sound through a compact, attractive device that will fit in any room in the home or office. The product can be linked with a dock that both plays and recharges an iPod. Another product allows the user to wirelessly play and store music from an internet radio station. Other Bose products include headphones, home theater systems, speakers, and sound systems for various locations, including boats and businesses.

Bose systems are on the high end in terms of price. For example, the most widely purchased Wave music system had a list price of \$499.95 in November 2009. To entice buyers, product discounts are routinely offered, including a \$100.00 price reduction when the Wave is purchased with the accompanying multi-CD changer. Also, Bose offers one-year, interest-free financing.

The Bose marketing program includes use of traditional media, most notably television, newspaper, and magazine advertising. The company's website allows buyers to find and purchase all items online. The company employs a limited number of retail stores that feature the Bose line. The primary marketing emphasis remains focused on quality. For example, *Fortune* rated the Bose QuietComfort headset, which cancels outside noise, as the best-quality option for headphones.

Although a company's reputation for quality may help to drive sales, outside factors can interfere. The recession that began in 2008 and continued into 2009 led many shoppers to cut back purchases, especially for more expensive luxury items. Bose was not immune to this trend. The company was forced to lay off nearly 1,000 workers, or 10 percent of its labor force, during the decline.

At the same time, Bose forged ahead, seeking to develop new technologies in areas other than sound. As the economy continues to recover, business analysts expect Bose to build on its core products while moving into new areas, furthering the growth of this innovative, energetic organization.

- (1) Explain how the IMC planning process would apply to future marketing efforts for Bose Wave products.**

All of the elements would apply, including context, customers, competitors, and communications, market segments, product positioning, communication objectives, budgets, and IMC components.

- (2) Identify the market segments that the Bose Wave products should continue to maintain.**

Based on positioning, the target markets will be persons with higher incomes who enjoy high-quality music.

- (3) Should Bose continue to compete based on the high-price/high-quality positioning, or develop programs to reduce prices and entice a wider variety of shoppers?**

This is a discussion question, and student responses may vary. It may damage the brand to try to move to any other than the current position.

- (4) What should be the primary marketing communications objectives for Bose?**

Student answers will vary; however, the primary objective may be to keep the brand in the consumer's mind when he or she is ready to make a new sound system purchase. The company may also wish to inspire action, especially during higher purchase seasons such as Christmas.

- (5) What type of budget should be used for the Bose promotional program?**

Student responses will vary; however, the objective and task may be best, given the choice of marketing objectives.

- (6) Which IMC components best match the target market, position, objectives, and budget for Bose products?**

Bose typically features television and magazine and Sunday supplement newspaper advertising.

## Bonus Case 2

### THE JAPANESE STEAKHOUSE EXPERIENCE

Hiroaki Rocky Aoki founded the first Benihana restaurant in New York in 1964. His innovative approach to dining featured an authentic Japanese farmhouse interior. Food preparation took place in front of customers on steel cooking grills. Chefs were taught to be entertaining, engaging employees with fascinating knife skills and a flair for the dramatic, including the use of fire as part of the show. A famous restaurant critic at the time, Clementine Paddleford wrote a raving, positive review in a local newspaper and the business grew dramatically as a result. Soon after, a second location was added in New York.

By 1972, six Benihana locations were opened across the United States. Currently more than 70 restaurants are active, with franchising possibilities offered to others. The chain has expanded to include locations in other countries as well and has acquired three other restaurant chains, HARU, RA Sushi, and Rudy's Restaurant Group.

The success of the original Benihana concept can be explained in part by the unique dining experience the company was first to offer. Groups of up to eight individuals are combined in each serving area, which means smaller sets, such as couples, often share the food preparation activities with other guests. Benihana currently holds the title of the longest running dinner show in the world.<sup>i</sup>

Not surprisingly, a series of entrepreneurs has jumped on the bandwagon and created similar dining programs. Some have developed chains of restaurants while others offer single locations in various cities in the United States.



The concept of combining food preparation, dining, and entertainment is not limited to Japanese steakhouse-type organizations. A series of restaurants features singing waiters. Missouri-based Lambert's Café sells "thrown rolls" that the servers literally toss at patrons. To achieve success, one key appears to be creating a logical combination of the entertainment program with the food to be served.

At the same time, other elements deserve attention, including the colors chosen for the restaurant's décor. For example, the Logo Company states that green suggests something "natural, organic, youth, nurturing, (and) instructional..." among others. Green fits with medicine, science, government, and ecology, but maybe not food (think mold). Orange generates cheerfulness, red creates excitement, gold conjures images of warmth, and blue suggests dependability and strength.<sup>ii</sup>

Colors combine with music, furniture, server outfits, and many other ingredients in order to construct a total dining experience. Then, marketing communications can be added to the mix. Focus groups and other forms of research help the marketing team discover if all of the elements work together. Eventually, a company name, logo, and an advertising program can be designed to entice patrons to try something new and different.

**(1) Which consumer market segments best match with Benihana?**

Student answers should note age (probably more targeted toward teenagers and older), income (at least some disposable income), education (tied to income), and benefit (enjoyment, fun). Ethnicity answers could be interesting.

**(2) Explain the positioning approach used by Benihana.**

Product attributes include a unique dining experience. Product user includes people who enjoy dining out. Cultural symbol would be of Japan, not the United States.

**(3) If you were assigned to create a competitor restaurant that prepared and served Japanese-style hibachi meals, which colors would you choose for the restaurant?**

**What type of music should be played? What other features should be key parts of the interior of the restaurant? How would you differentiate the restaurant from Benihana and other similar chains?**

Student answers will vary. The colors would be festive, the music probably Asian or “elevator music.” Other features would be unique cultural items that might somehow make the experience different, if Benihana has a restaurant in the city.

- (4) For the same competitor restaurant, assume that it has only one location in Seattle, Washington. Design an advertising campaign and identify the types of media that would reach your target market and create the right positioning.**

Local media might include a city-based magazine, newspaper, billboards or outdoor, and radio. The campaign should be based on the goal associated with reaching a target market (awareness versus loyalty, for example).

- (5) The color red holds special meaning in Asian culture as a symbol of celebration. Consequently, red is featured in much of Benihana’s marketing materials. Which colors would match other restaurant types, such as fried chicken, fast food hamburgers, or pizza parlors? Would your answer be different if the food were to be sold in other countries? Why or why not?**

Student answers will vary widely. In class, note that certain colors represent somber elements, such as mourning or death. These should be avoided.

<sup>i</sup> About Benihana, <http://www.benihana.com/about/corporate-information/>, accessed December 20, 2013.

<sup>ii</sup> “Why is Facebook Blue? The Science Behind Colors in Marketing,” fastcompany.com, <http://www.fastcompany.com/3009317/why-is-facebook-blue-the-science-behind-colors-in-marketing>, retrieved December 20, 2013.