Integrated Marketing Communications

I. Introduction

The "Note on Marketing Strategy" (HBS No. 598-061) states "Effective marketing requires an integrated communications plan…" because the communication program's role is to foster the consumer's "awareness of the product, knowledge about its features, interest in purchasing, likelihood of trying the product and or purchasing it." Accomplishing the typically multifaceted communications goals means relying not just on one form of communication, but bringing together a number of different modes in a consistent, complementary way.

For example, when General Motors introduced the Saturn as a "different kind of car company" it hired Hal Riney as its agency to coordinate all communications about the new automobile brand. Riney positioned the brand not only through a national advertising campaign, but also through brochures, the "look" and signage of the retail showrooms, local retailer advertiser, and retailer promotions. GM's idea in having a "single source" of all these materials was to ensure that the program elements worked together to position Saturn in the mind of the consumer in a consistent fashion. As part of the introduction, a local automobile dealer wanted to "give away" a Saturn. This would have been at odds with the message being presented in the rest of the campaign. Riney's involvement in all aspects of the program converted the car "give-away" and the negative associations which could go with that to a promotion in which the prize was a trip to Saturn's manufacturing facility in Spring Hill, Tennessee to meet the committed employees and visit the place where their car was born.[1] This promotion fit with the specialness of the new company.

Similarly, when Southwest Airlines begins service in a new city, a variety of efforts is launched to build consumers' awareness of the new service, to establish Southwest's positioning in their minds, and ultimately induce them to book a flight on Southwest. For example, when Southwest instituted its Baltimore base of operations, the kickoff to the communications program was a joint announcement of the coming event by Southwest's Chairman and Maryland's governor. The announcement event generated wide coverage in the press. As a second public relations event, Southwest took 49 children from Baltimore to Cleveland for a zoo visit—the 49 number being selected to match Southwest's $49 price. Advertising began with direct mail pieces to heavy airline users in the area containing promotional offers and an invitation to join Southwest's frequent-flyer program. Southwest employees then "hit-the-streets" in high traffic areas handing out bags of

[1] This is described in D. Aaker, *Building Strong Brands*, Free Press, 1996.

Professor Robert J. Dolan prepared this note as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

peanuts to passers-by to emphasize Southwest's "Just Peanut" fares. Traditional newspaper and television advertisements then followed.[2]

As these examples suggest, different types of communications are used for the obvious, simple reason that some types are better than others for specific purposes. For example, television advertising is great for creating awareness of a brand but typically not as powerful as a limited time promotional offer in generating action by the consumer.

In the past, a fair conception of many company's communications strategy was a media advertising program as the core, flanked by other supporting elements such as promotions. However, this primacy of media advertising is no longer a good general description. For a number of reasons, uses of other communication forms have been growing more quickly than media advertising. More pressure for short-term sales results has swung spending to vehicles like sales promotions, which are more capable of producing quick sales results. Also, the rising power of the trade has led to more communications spending directed to them as opposed to end consumers. Today's marketer has the opportunity and challenge of bringing together a wide variety of possible communication options to achieve the desired consumer impact.

This Note describes major communication vehicles. Section II contrasts personal selling and advertising, discussing media advertising and direct response advertising. Section III covers promotions, of which there are two types: Consumer Promotions and Trade Promotions. A short Section IV describes other communication vehicles rounding out the mix. Section V discusses the process via which elements are brought together to form a cohesive plan. It presents the concept of a "hierarchy-of-effects" model to describe how consumers move through a purchase process and how it can be a useful input to communication program design.

II. Communication Vehicles

A. Introduction **Figure A** shows two dimensions along which it is useful to contrast communications options.[3] These dimensions are:

(i.) Broadcast vs. Interactive or One-Way vs. Two Way: The horizontal dimension in **Figure A** is the distinction between situations in which there is outbound communication only vs. one in which there is an interaction between the initiator and receiver of the initial dialog. When Oldsmobile spent almost $2MM for a 30-second ad during the Super Bowl in January 1999, it sent out a message out over the airways to 130 million viewers tuned to Fox TV. Fox TV's technology could not accommodate a reply from the 130 million recipients of the message. It was a simple one way broadcast of a message.

At the other end of the spectrum is communication which is a dialogue, not a monologue. For example, when a prospect visits an Oldsmobile showroom, a salesperson is likely to engage that person. The salesperson delivers a message. The prospect responds. An exchange of some duration typically ensues. If the salesperson's message is persuasive enough, the prospect's ultimate response may well be to buy the Oldsmobile. This type of two-way interaction is instantaneous.

As shown in the middle of the horizontal axis of **Figure A,** other two-way interactions occur with a time lag. For example, a direct mail piece usually solicits

---

[2] This is described in R. Batra, J. Myers and D. Aaker, *Advertising Management*, Prentice-Hall, 1995.

[3] This two dimensional classification was originally suggested by Professor John Deighton.

a reply by the receiver. That reply however may await the receiver's attention or next trip to the post office.

(ii.) Mass vs. Addressable/Customized. The vertical dimension of **Figure A** describes the extent to which the message is able to be varied to meet the particular communication needs of the person receiving it. The Oldsmobile ad on the Super Bowl was not customized, i.e., it was presented to all 130 million people watching in precisely the same way. It is a mass medium.

On the other hand, the salesperson can and should be customizing his or her message to the particular communication needs of the message recipient. A primary advantage and justification for the typically high cost of personal selling is this ability to adjust the message to the situation, e.g. talking about safety features to the family with four children, the cargo carrying capability to the young couple with ski weekends on their minds, and low initial payment leases to the first-time car buyer with no equity in a trade-in.

Figure B fills in this space with some of the more important communication vehicles available. (The positions are generally suggestive rather than absolutes for all situations.) Everything other than Salesperson, anchoring the most northeast position, we can call a form of advertising.

Figure A Characteristics of Communication Options

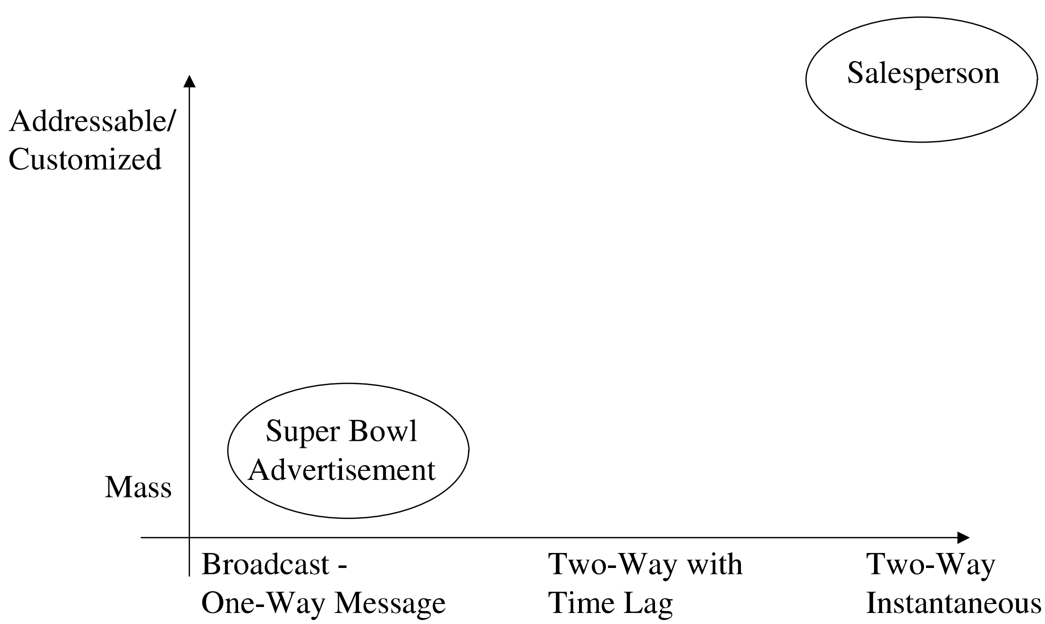
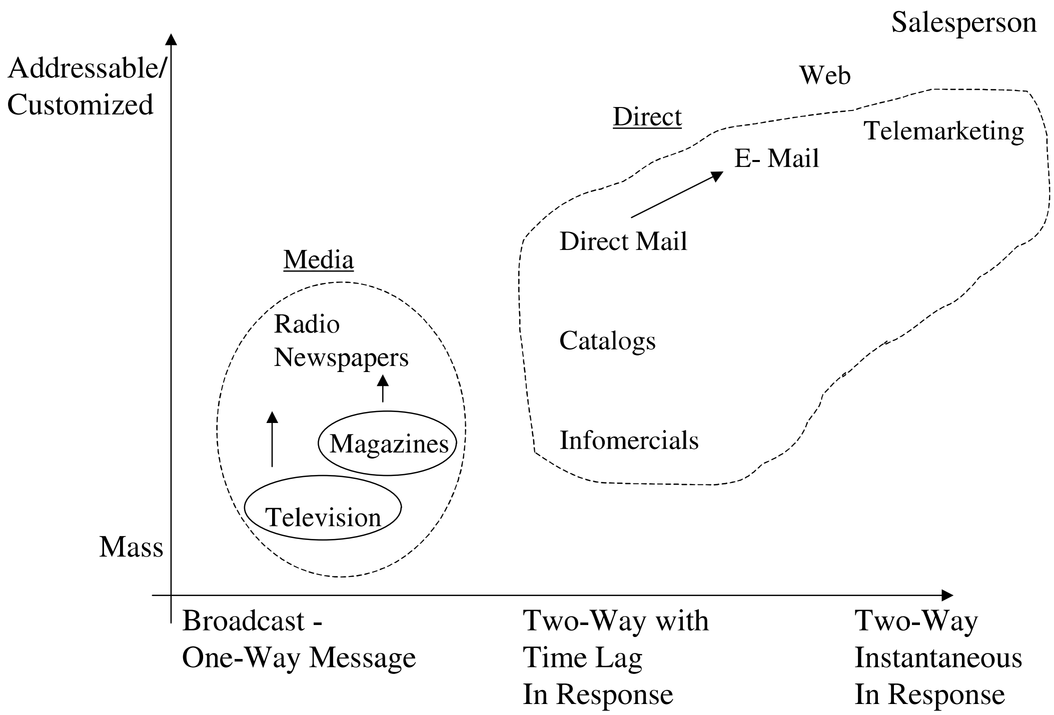


Figure B Position of Major Communication Vehicles



A typical person in the United States is exposed to over 1,500 advertisements per day. Imagine living in a suburb of Boston: your clock radio wakes you with the news that a call to "1-800-54-GIANT" will get your broken windshield fixed; your first sighting of the day as you begin the wake-up routine is the Tom's toothpaste package asserting Tom's "All-Natural" ingredients; the *Boston Globe* snatched from the front doorsteps announces the One-Day Sale at Filene's and tells you it's "Two Thumbs Up!" for a Civil Action; driving to work brings Cindy Crawford and her Omega watch into large view on a billboard; arriving at work and logging on to the Internet to check out the late sports scores on ESPN Sportszone produces the banner that "The New Volvo S80 is here. Bigger than a BMW 528*i*"; approaching the door into lunch brings the familiar red circle and the reminder "Coke Always"; after work, picking up the mail brings the offer of a 4.9% interest, no-fee credit card if you act now; looking through the program at your kid's Little League baseball game has a reminder that maybe it's not a Volvo but a "Lexington Toyota" for you; watching the evening news shows you can still "Have it Your Way" at Burger King; just before turning out the light, flipping the last page of Stephen Ambrose's *Undaunted Courage* brings information from the publisher about his upcoming sequel to his bestseller, *D-Day*.

Total advertising spending in the United States recently reached $200 billion annually. Two major types of advertising shown in **Figure B** are media advertising, clustered in the lower left-hand corner, and direct response in the middle. The key distinction is that direct is designed specifically to elicit a purchase action by the consumer whereas media advertising is setting a foundation for that by impacting the consumers' knowledge and attitude.

B. Characteristics of leading media advertising (i.) *Television*—Television is largely a national medium with 70% of the expenditures for national (as opposed to local) coverage in the United States. Television's prime advantage is its ability to reach broad segments of the population at a set time with a "sight-and-sound" message. It can be expensive however in both the production of a high impact sight-and-sound message and also in the payment to the media provider, e.g., the average 30-second prime time ad costs about $185,000; a 30-second ad on Seinfeld cost over $500,000 when that show was at its peak; and a 30-second ad on the final Seinfeld show ran $1.7MM.

A common measure used to summarize the cost of a communication option is the "cost-per-thousand." For example, if a prime-time TV show with a 30-second ad cost of $185,000 drew 10 million households as viewers, we would compute the CPM or "cost-per-thousand" household as:

$$\frac{\$185{,}000}{10{,}000{,}000} \times 1000 = \$18.50\ CPM.$$

A challenge for television advertisers is that multiple advertisers vie for the consumer's attention on a given show. In a typical hour of prime time programming, more than 15 ads will be featured. In addition to competing with these 14 other ads, an advertiser must compete with other activities for viewers' attention. Ads are frequently "zapped" as viewers use their "clickers" (remote controlled channel changers) to switch to another channel temporarily when a commercial break appears.

The upward arrow shown on Television in **Figure B** is to represent the fact that with the proliferation of cable TV channels, television has increased its addressability/customizability options. Obviously, everyone watching a given show sees the same ad. But, there are now many specialized channels, e.g., The Golf Channel, The Nashville Network (Country Music), which deliver specialized audiences. Ads can be varied by show to match the message to the audience.

(ii.) *Newspapers*—In contrast to TV, newspapers are largely a local medium with 90% of dollars in the U.S. placed on local basis. There are about 1,500 daily newspapers in the United States. *The Wall Street Journal* and *USA Today* do attract national advertisers, but most newspaper expenditure is for local presentation of display advertising in the main body of the newspaper or in supplements. A popular type of supplement commonly seen in Sunday papers is the free-standing insert, i.e. a loose sheet, often in color, placed within the paper.

An advantage of newspaper is that most consumers look upon advertising in newspapers positively. Whereas television advertising is deemed an intrusion, newspaper advertising is generally considered informational. Newspapers typically provide broad coverage of the local market as about 70% of adults read a daily newspaper. Newspapers are also flexible in that space need not be reserved far in advance. Noted limitations are: (i) it is a "sight-only" medium with relatively weak reproduction quality (e.g. as compared to magazines) and (ii) the "life" of an ad is typically one day before it is dispatched to the recycling bin or trash with the newspaper.

(iii.) *Radio*—Radio is also a largely local medium. Due to the large number of stations available within a market and their distinctive positions, e.g. Rock, Country, Adult Talk, Sports Talk, etc., the audiences are well-segmented. Radio is also relatively low cost and is a good candidate if the marketer is seeking to deliver a message frequently to a well-defined audience.

Limitations are that radio is obviously "sound-only" and ads may easily be tuned out. Also, like television, clutter is an issue as many ads compete for the listener's attention. Most effective radio ads have been creative in capturing the listener's attention and imagination.

(iv.) *Magazines*—There has been a sharp increase in the number of magazines published. This has meant a fundamental transformation in the role of magazine advertising. Through the 1950's, leading magazine were similar to television in delivering a broad audience. While some, like *TV Guide*, continue to do this today, a key development has been the emergence of special interest magazines. Magazines like the *Massachusetts Golfer* and *Modern Bride* deliver a very sharply defined audience to the advertiser. This is represented by the upward arrow shown on **Figure B**. Magazines offer the ability to deliver a visually strong message to a well-defined target audience. Magazine ads also have the longest "life" of any medium and also benefit from pass-along readership.

C. Direct marketing The second major type of advertising shown in **Figure B** is direct marketing communication. Direct marketing is defined as "an interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction."[4] A common characteristic of direct marketing is that a customer file or database records messages sent and whether or not there was a response. Some use the terms "direct marketing" and "database marketing" interchangeably.

A number of direct techniques are used:

(i.) *Infomercials* are basically relatively long video presentations of an information-heavy message. Frequently, the infomercial will combine entertainment and information. While infomercials may conjure up images of late-night cable television placement and heavy selling of "miracle" cooking and cutting devices, they can be delivered in other ways as well and present high quality, detailed marketing messages. For example, Chrysler produced the "Chrysler Showcase" a 30-minute infomercial setting out the positioning for the Chrysler 300M, LHS and Concorde models. The car's designers and engineers explain the new product development process behind the new models. The 30-minute version infomercial was on cable-TV and a shorter version on tape delivered via the mail to prospects requesting information from 1-800-CHRYSLER or the company's Web Site.[5]

Similarly, Valvoline Oil produced a 30-minute infomercial "Inside Valvoline Racing" that provided an in-depth story of two racing teams. The first goal of the production was to deliver entertainment value, which then provided the right context for product and brand messages.

(ii.) *Catalogs*, multi-paged pieces showing merchandise for sale are another common direct technique. Women's apparel and accessories were the largest catalog seller followed by home products, gifts and sporting goods. Many use catalogs to complement a retail presence: e.g., Victoria's Secret, Sharper Image, Brookstone, and J. Crew. A company can have a variety of catalogs, using the customer's purchase history as a guide to which catalogs to send and with what frequency.

Catalogs are a particular form of direct mail which, because of the quality of the production, tend not to be as customized to an individual recipient as a solicitation letter which can be easily and inexpensively customized. *Direct mail* generally includes a letter, a sales brochure, and instructions on how to reply (order) or a reply form. *E-mail*, as shown by its position to the northeast of direct mail in **Figure B** offers more opportunity for customization and quicker exchange of information.

(iii.) *Telemarketing* is basically selling-by-phone, rather than in-person. Whereas an in-person sales call might average out to $250 per call, telemarketing expenses typically run in the $5 per call range. A big advantage of telemarketing over direct mail, which in some cases justifies its cost premium, is its immediate two-way nature, allowing the caller to customize the message in accord with the message receiver's initial response.

---

[4] W. Wells, J. Burnett, and S. Moriarty, *Advertising: Principles and Practice*, Prentice-Hall, 1998.

[5] This is described in "Infomercial Offers Multiple Use," *Direct Marketing*, September 1998.

Technology has been a major force fostering the growth of direct marketing. Computers manage lists of customers and sophisticated statistical techniques help find worthwhile solicitation patterns. 800-numbers and fax machines ease the receipt of orders and widespread credit card use facilitates completing the order. Direct mail still accounts for the majority of direct marketing spending. The primary issue with direct mail is the large number of consumers with a "junk mail" attitude.

The most important recent development for direct marketing is the Web. The Web offers the opportunity to exchange customized messages and responses in an instantaneous way. As described in the "Note on Marketing and the World Wide Web," (9-597-037) a distinctive feature of the Web is its "hyper impulsivity" due to its "closer conjunction of desire, transaction and payment than any other environment." That note describes the potential of the Web as "to be as subtle, as flexible, as pertinent and as persuasive as good communication, with a better memory than the most diligent salesperson…" The Web can also serve in a less interactive way, via posting of banner ads without the needed supporting Web Site development for true interactivity. But, its great potential is as a mechanism for bringing the marketing system all together.

III. The Role of Promotion in Integrated Marketing Communications

A. Introduction Advertising and personal selling generally seek to move a customer through a purchase process by describing reasons to buy. A complementary part of the communications mix is Promotions. In promotions, a specific inducement to generate purchase behavior is offered, e.g., a $1.00 off coupon. Note that a given message to a consumer may include both advertising and promotion components. For example, a page in a magazine may include standard ad copy but then have a coupon at the bottom of the page to be cut out and redeemed at the store. It is important to recognize the two different goals even if the communications are contained in one specific execution.

Promotions can be directed to either the end consumer or the trade. A consumer promotion tries to induce consumer action to "pull" the product through the channel of distribution, while a trade promotion seeks to enlist support to carry an item and/or "push" it through to the end user.

B. Consumer promotions There is a wide variety of consumer promotion executions. Major types include:

(i.) *Free samples* are especially useful in generating a trial of the product. They can be distributed in the mail, passed out at points of purchase or other high traffic areas, or be made available upon request from a potential buyer.

(ii.) Price oriented programs which seek to reduce the consumer's real cost per unit in some way, e.g.: (a) *cents-off coupons* which can be redeemed at the point-of-purchase, (b) *mail-in refunds* or *rebates* in which the consumer receives the specified amount upon submitting proof-of-purchase. Alternatively, special "pacs" can be offered to improve the value consumers receive: e.g., a "*price pac*" offering the normal size but repriced to provide a savings; a "value" pac offering larger quantity at the usual price; or a "*bonus pac*" offering another unit of the good for free if a certain number are purchased at the usual price, e.g. the "buy-one-get-one free" offer.

(iii.) *Premiums*—another item is given away or offered at an attractive price if a certain number of units are purchased, e.g., during Christmas season 1998, Adams offered a free golf bag with the purchase of two of its clubs.

(iv.) *Tie-Ins*—similar to premiums, but involves the joint promotion of two items, e.g. buy a Jeep and get two free season's passes to a local ski resort. Typically, the two parties share in the cost of the promotion.

(v.) *Continuity Programs*—a reward is given in recognition of continuing relationships, e.g. the frequent flyer programs offered by virtually every airline.

(vi.) *Contests/Sweepstakes*—used to generate excitement about product. For example, as part of a large-scale program involving television advertising, free-standing inserts in papers, and point-of-purchase displays, consumers turning in $20 in receipts for Nestle products received certificates for reduced admission to movie theaters and were entered in a drawing for a 5-day "Best of Hollywood Vacation" during the Academy Awards, year 2000.[6] By law, a sweepstakes cannot require the purchase of a product in order to participate, but in many instances participation rates by nonbuyers are low.

The extent of consumer promotions is vast. About 300 billion coupons are distributed annually in the United States. The Sunday newspaper free-standing insert has been the vehicle of distribution for the majority of these coupons. However, as the number of coupons distributed has grown, the percent redeemed has declined, from about 3.5% in the early 1980s to 2.5% in the 1990s. There has been a good deal of research on the impact of coupons on sales and the finding is that while the redemption rates may be low, coupons can have a measurable impact on short-term sales due to their ability to attract new triers and induce brand switching.

C. Trade promotions As with consumer promotions, there is a wide variety of trade promotion executions in practice. The objective of each is generally the same however, i.e. to induce the trade member to "push" the brand and through these efforts induce the consumer to buy. More specifically, a trade promotion can serve to induce the trade to:

- Carry an item
- Increase inventory held
- Display/advertise the item
- Lower the price of the item

Common trade promotion vehicles are:

(i.) Slotting Allowances—This is a payment used to induce the trade to take on a new item. As the power of retailers has risen, new products, especially those with less certain sales prospects, effectively have to pay to "rent" shelf space from the retailer.

(ii.) Cooperative Advertising (Co-op)—the manufacturer agrees to pay a percentage of the trade's advertising cost if the product is featured in advertising in a particular way. For example, restrictions might include that the product be the only one of its type in the ad, be the most prominently featured of any product, and not be advertised at a price below a certain level.

[6] S. Thompson, "Nestle musters up 30-plus brands for Hollywood pegged-sweepstakes," *BRANDWEEK*, January 11, 1999.

(iii.) Floor Planning—the manufacturer basically finances the inventory of the retailer for a given period of time. This is common in expensive seasonal items such as snow blowers. If faced with buying and paying for goods in October and given lots of uncertainty about the timing and extent of demand, a retailer would likely take an amount into his store well less than the amount regarded as optimal by the manufacturer. The deferring of payment until after the selling season induces the trade to order more.

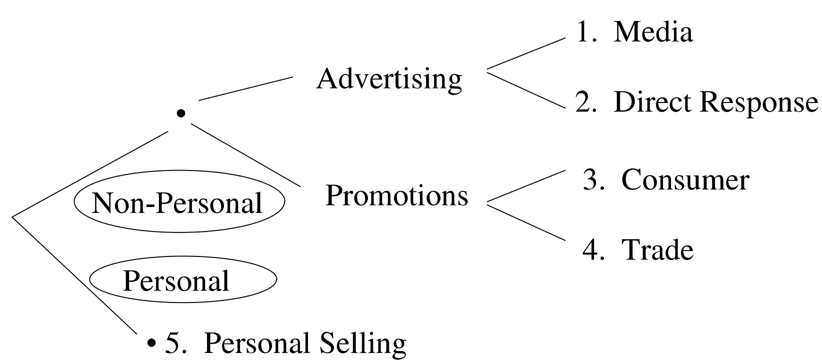
(iv.) Temporary Price Cuts—the manufacturer cuts its price to the trade for a fixed period of time, e.g. 10%-off-invoice on all items ordered in March. Often, the trade will require the manufacturer to supply its promotion schedule for the year so buying activities can be planned accordingly. Typically, the manufacturer hopes the "deal" (the price cut) is at least partially "passed through" to the end user by the trade.

(v.) Volume Discounts—price is reduced for units above a certain level. A quantity discount is a program whereby the same deal schedule is offered to all. Alternatively, some discounts "kick in" when an account exceeds its own last year's sales volume.

(vi.) Contests—just as a company may have contests and rewards for its salespeople, e.g. the $1 million club going to Cancun, so too it can generate push by the trade via contests for free gifts or trips.

IV. Rounding Out the Communications Mix

A. Introduction The five communications options presented to this point are:



Each of these is under the direct control of the company. Many firms round out their mix with programs not wholly under their control, e.g., Event Marketing/Sponsorships and Publicity and Public Relations. These are not directly under the control of the marketer because another party is involved and to some extent the performance of the other party influences the impact the association will have. For example, if the Boston Celtics and Boston Bruins play poorly, the value of having the Fleet Bank name on the building in which they play decreases. Publicity generally involves a third party who sends its own message about the company.

B. Event marketing sponsorships Sponsorship of events can be a mechanism to gain desirable brand associations. The majority of sponsorships revolve around sports: e.g., the naming of athletic arenas such as the Fleet Center in Boston, RCA Dome in Indianapolis, and the Trans World Dome in St. Louis; ties to on-going events like the Nike Golf tour (for professional golfers just failing to qualify for the PGA Tour), the Virginia Slims Tennis tour and the Winston Cup Series of NASCAR (National Association of Stock Car Racing); as well as specific events like the Bob Hope Chrysler Golf Tournament and the AT&T Rose Bowl Football Game.

Many sponsorships are used to enhance the corporate reputation as a responsible, thoughtful member of the community. Philip Morris, the world's largest cigarette manufacturer, affiliates itself with a number of socially desirable activities such as hunger alleviation and the arts.

While many companies see sponsorships as offering a very high return on their investment, these programs are less controllable than advertising and promotion programs. For example, the Olympics has historically been a prime sponsorship opportunity. However, companies affiliated with the Winter Games of 2002 in Salt Lake City have been rocked by the scandal over bribes paid to obtain the award of the games to the city.

C. Publicity and public relations Communications received from many media sources can influence a consumer's evaluation of a firm and its products. The medium's impact may depend on its perceived impartiality. Advertising is often viewed as biased as compared to the trade press. For example, a favorable review in *Road and Track* or other car enthusiast magazines can be critical in a new car introduction. The manufacturer exerts less control here than in advertising where it specifies the copy, the form and timing of the message's appearance. The marketer can, however, attempt to influence coverage of its product, e.g., by making information available (e.g. Press Releases) or even making the product available for test use to those who would then disseminate information about it to the market.

V. Formulating the Integrated Marketing Communications (IMC) Program

The "Note on Marketing Strategy" set out the 6M's model for communications planning, i.e.,

1. Market - to whom is the communication to be addressed?
2. Mission - what is the objective of the communication?
3. Message - what are the specific points to be communicated?
4. Media— which vehicles will be used to convey the message?
5. Money - how much will be spent in the effort?
6. Measurement - how will impact be assessed after the campaign?

A. The first three M's and the hierarchy-of-effects The Market/Mission/Message part is basically figuring out the strategic and tactical objectives of the communications campaign, i.e., who is being targeted for impact, the desired impact on the target, and the specific message to be delivered.

A useful approach to resolve the first three of the six M's is to analyze the consumer situation in terms of stages in the purchase and consumption process. While the desired end result of all marketing activities, including communications, is typically an exchange (often of dollars for goods/services), there is typically a sequence of steps a consumer goes through leading up to this. A valid communications goal can be to move the customer from one of these early steps to the next. A general model of the steps that a consumer may go through is called the hierarchy-of-effects model. It specifies the following seven steps.

1.	Unaware of Product ↓	
2.	Awareness ↓	Cognitive Stage
3.	Knowledge ↓	
4.	Liking ↓	
5.	Preference ↓	Affective Stage
6.	Conviction ↓	
7.	Purchase	Behavioral Stage

The seven steps fall into three stages: cognitive, affective and behavioral describing the type of response required from consumers to move along in the hierarchy.

In the cognitive stage, the communications job is to put some facts into the mind of the potential consumer. The first step is to make a consumer ***aware*** of the existence of the product and then build ***knowledge*** by conveying some information about it. For example, when Adams Golf introduced its Tight-Lies Golf Clubs, it had to first let potential customers know the club line existed and some of its features: e.g., a lower center of gravity and a shallower club face. This cognitive stage sets the foundation for an affective stage wherein the prospect develops a feeling toward the new product.

Adams moved some potential customers from the cognitive stage of just being aware of club features to understanding of benefits delivered and hence "liking" through infomercials which won awards as the best infomercial in the demonstration category in a national competition.

The remaining steps in the affective stage are to move from ***liking*** to have a ***preference*** for the product over others and finally a strong intent or ***conviction*** to buy it. Finally, the process ends with an action, i.e., advancing to the behavioral stage with a ***purchase*** of the product.

There is no one universally applicable model of the purchase process. For example, if the product was a nondurable, we might be concerned about another act within the behavioral stage, i.e., "repurchase." In some situations, it may be the case that the cognitive → affective → behavioral process (often called a learn → feel → do sequence) is not even descriptive of what is going on. Some researchers have found that the Learn → Feel → Do sequence may well describe a high-involvement purchase; but, Feel → Do → Learn may be an appropriate description in situations where consumers view the purchase of no great consequence and hence are relatively uninvolved in purchase process.

A first step in developing the Integrated Marketing Communications (IMC) plan is to assess the consumer purchase process relevant to the given situation. Note that it is possible that different segments of the market follow different purchase processes. For example, the entry-level buyer of stereo equipment has a different process than the aficionado/high-end purchaser. Once the right description of the process is developed, the next issue is to obtain at least a general sense of the distribution of potential customers over the states of the process at that point in time. For example, General Motors once developed the following stages for a new car model and distribution of target population.

Unaware	→	Aware	→	In Buying Class	→	In Consideration Class	→	First Choice
66%		14%		8%		7%		5%

Where:

"In Buying Case" → brand is considered similar to those being actively considered by the person.

"In Consideration Class" → brand is considered favorably by person.

"First Choice" → person would select brand if car purchase were to be made today.

By understanding the distribution of consumers across states, GM had a good understanding of the specific communications job it faced. Additional research showed GM the differences in perceptions/feeling between those in different states and hence what changes had to be brought about in the consumer's mind to move him or her along in the process.[7]

Communications objectives can be stated in terms of altering the distribution of the target market across the states.

B. The fourth M: Media Sections II-IV of this note set out the many communication vehicle options available. With an understanding of the advantages/disadvantages of each and the communication program objectives, one can determine which mix of vehicles is optimal.

For example, in early 1999 M&M/Mars introduced "M&M Crunchy" to join its existing M&M line-up of plain, peanut, and peanut butter candies. The "hierarchy-of-effects" for a new candy item could be:

Unaware → Aware → Positive Attitude → Trial → Repeat

In mid-January 1999, some very small percentage of target customers were aware of the coming of M&M Crunchy. It had been covered in the trade press, like *Advertising Age* which projected $60 million spending on communications to support the launch. As is typical of a new product launch, the first task was to move the concentration of target consumers in the "unaware" state along to awareness and positive attitude. Given the broad target market definition and the awareness task, the spot on the Super Bowl chosen by M&M was an ideal vehicle.

M&M/Mars would be hoping to move a prospect through the hierarchy quickly, so even while the awareness building activities were being carried out on television, programs would be put in place to convert the positive attitude to trial in the store. Retail distribution was gained prior to the advertising and special retail displays and trade promotions could be used to gain desired retail "push."

C. The fifth M: Money The size of the communications budget is frequently a matter of great debate within companies. Many companies use simple rules-of-thumb, e.g. setting budgets as some percentage of expected or previous year's sales. Others adopt a competitively-based benchmark, e.g.,

[7] This is described in R. Batra, J.G. Myers, and D.A. Aaker, *Advertising Management*.

"spend to have a share-of-voice (SOV: meaning the percentage of the product category spending attributable to the firm) equal to our share-of-market."

While these guidelines are often used as "reality checks," the right way to approach the budget question is through what is called the "objective and task" method, i.e., figure out what you have to do to attain your objectives and cost it out. Of course, one has to make the business assessment that such expenditures will pay out in the end.

The optimal communications budget is typically a function of:

1. *The Size and Heterogeneity of the Target Audience* to be reached: obviously the larger the audience, the greater the cost typically; but we also have to consider its heterogeneity and accessibility via communication vehicles. For example, it would be less expensive to reach all 1700 MBA students at Harvard Business School than it would be to reach the 100 most technology-oriented students at each of the top 17 MBA programs as identified by *Business Week*.

2. *Nature of Message*: some messages, e.g. the existence of M&M Crunchy in a light blue bag, are easy to get across. Others are more complex; e.g., explaining the details of Tweeter's Automatic Price Protection plan in an impactful way. Many industrial products require intensive communication efforts because new technology must be explained and the user convinced that the new product will interface with his current systems. For this reason, personal selling is often more important in business-to-business situations than in consumer.

3. *Receptivity of the Audience*: if the audience is seeking out information on the product category, the required budget is typically less because there is no need to break through the consumer's mechanism for screening out unwanted messages and then attract attention. For high involvement consumer purchases like automobiles, sporting equipment, and computers, consumers will seek out information in the purchase process. This active information search reduces the burden on the communicator. Alternatively, consider a low interest product category with consumers quite satisfied with current offerings in the category. Here there is the burden of attracting attention and getting a message through when the receiver generally regards such information as unimportant.

4. *Amount of Clutter*: the spending levels of the competition can be a factor in the intensity of the effort needed to get a message through. For example, while a new golf club manufacturer would be aided by consumer search for information, the high level of spending by Callaway on its Big Bertha line represents a burden to overcome. At times, spending has to reach a certain threshold before it "breaks through."

Spending levels vary greatly across industries and even across firms within the same category. On average, game and toy manufacturers spend 16% of sales on advertising; candy companies 12%; food companies 6%; household furniture 4%; motor vehicles 3% and airlines 1.5%. Within industries, one can find very different strategies as one firm might have a low price/low spending strategy while another has a strategy of relatively high price but supported by an appreciable communications budget to convince prospects of the value of the product.

D. The sixth M: Measurement An important part of communications planning is to build a mechanism for learning about the effects which the efforts had. This is a critical input to decisions on future spending levels, allocation of the budget across media, and specific communication messages.

Objectives being clearly stated is an important first step. For example, if an objective is to "increase awareness of the three-year warranty on all of our products to 50% of population by June 1," research can be done to see if the goal has been met. Note that "awareness" is not something one can observe in the normal course of business activities. It is a cognitive effect, so we have to do research such as a survey to assess this. As we noted above, another goal may be behavioral, e.g., "get 25% of target population to try the product by June 1." Again, this can be assessed via market research. If a sales goal is specified, e.g. "ship 500,000 cases by June 1" we need only look to company records to assess this.

The trade-off in the type of goals to assess progress against is that behavior/sales is the ultimate goal of the enterprise typically. However, many factors in addition to the communications effort impact sales, e.g., the product quality, price, and activities of competitors. Consequently, separating out the communications program effect is often difficult. Thus, earlier stage measurements of cognitive and affective impacts can be useful adjuncts to the assessment of communications effectiveness and learning about optimal communications methods.

VI. Conclusion

Developing the IMC is a critical part of marketing strategy. A product may in fact offer great value to a target population; but it is that segment's perception of the value that is key. The marketer has a variety of communication vehicles available and the options are expanding with technological developments such as the Internet. A systematic approach in first selecting the target and then understanding the purchase process in detail can lead to an efficient and effective IMC.