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An Introduction to Integrated Marketing Communications



Source: Nike, Inc.

Learning Objectives

LO 1-1

| Describe the role of advertising and other promotional elements in marketing.

LO 1-2 | Discuss the evolution of the integrated marketing communications (IMC) concept.

LO 1-3 | Explain the increasing value of the IMC perspective in advertising and promotional programs.

LO 1-4 | Identify the elements of the promotional mix.

LO 1-5 | Identify the contact points between marketers and their target audiences.

LO 1-6 | Describe the steps in the IMC planning process.

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Nike Just Keeps Doing It—But in Different Ways

If you were to ask most consumers around the world to name a brand from the sports world, chances are most of them would answer Nike, and for good reason. Over the past several decades, Nike has run past all of its competitors to become the largest seller of athletic shoes and apparel and one of the world's most valuable brands. The company's revenue has more than tripled since the beginning of the new millennium, going from \$8.9 billion in 2000 to \$36.4 billion in 2018, and the goal is to reach \$50 billion in sales by 2022. Nike was number 17 in the annual Interbrand ranking of the world's best brands, with an estimated brand value of \$30 billion. The only other sports brand ranked in the top 100 is Adidas, which is more than 30 spots below Nike.

The Nike ethos of pure, brash performance and bringing inspiration and innovation to every athlete in the world is captured in the “Just Do It” slogan, which was adopted in 1988 and has become a catch phrase for the sports world. During the 1980s and

1990s and into the new millennium, Nike grew its sales and spread its brand message around the globe with advertising featuring top athletes such as Michael Jordan, Tiger Woods, Roger Federer, Maria Sharapova, Serena Williams, Cristiano Ronaldo, LeBron James, and many others. Nike ads would be run on television during sporting events and in sports magazines such as *Sports Illustrated* or *ESPN The Magazine* as well as on billboards. However, you might stop reading for a moment and try to recall the last time you saw a Nike commercial on television or in a magazine. Don't be surprised if you can't remember, because Nike's spending on television and print advertising has dropped dramatically over the past 10 years, even though its marketing budget has increased by more than 50 percent and is closing in on \$4 billion per year.

So you might ask a simple question: If Nike's marketing spending keeps increasing but you are seeing less and less of its advertising, where is the money going? Nike refers to its marketing budget as demand creation expenses, which include television, print, outdoor, and digital advertising, as well as brand events and retail brand presentation. And the demand creation tool that now accounts for most of Nike's budget is digital marketing and advertising. The reason for the shift is simple. Nike is going where its customers are, and its core target market of teens and young adults is not watching television and reading magazines but rather is spending most of their time online and on social media. Nike feels that digital media allows the company to connect and interact more closely with consumers than it can through traditional media. Nike CEO Mark Parker explained Nike's rationale for the change as follows: "Connecting used to be, Here's some product and here's some advertising. We hope you like it.' Connecting today is a dialogue."

Nike's shift from traditional to digital media involves more than just running ads online or in social media. The company is building and engaging with consumers through brand communities such as its NikePlus Membership program, which now has 100 million users and includes the Nike+ Run Club and Training Club apps for mobile devices, as well as SNKRS, the world's leading footwear shopping app. Nike has also increased its direct-to-consumer sales efforts: it now sells its shoe and apparel through the Nike.com website and in 2017 entered into an agreement with Amazon to sell its products on the leading e-commerce site. Direct-to-consumer sales have become increasingly important as major sporting goods retailers such as Sports Authority and Sport Mart have gone bankrupt, and 20 percent of sporting goods sales are now online. Nike has also opened more than 1,000 of its own retail stores, including a futuristic store on Fifth Avenue in New York City, which covers 68,000 square feet over six levels.

While Nike has shifted much of its marketing communications to digital media, the company recently demonstrated that it still knows how to use traditional media and is willing to take a risk with its advertising. In fall 2018, Nike began running a two-minute-long ad called "Dream Crazy." It featured Colin Kaepernick, who was the star quarterback of the San Francisco 49ers pro football team for five years but has not played in the National Football League (NFL) since 2016 when he ignited a controversy by kneeling during the national anthem prior to the start of a game. Kaepernick refused to stand to protest police shootings of African American men and what he considered other social injustices against minorities in the United States, and his actions led to a movement whereby other NFL players began kneeling during the anthem as well. The "Dream Crazy" ad was created to celebrate the 30th anniversary of Nike's

“Just Do It” slogan and featured other sports stars such as LeBron James and Serena Williams. Kaepernick narrates the commercial, which features inspirational stories and clips of athletes who have overcome challenging obstacles, such as Shaquem Griffin, who made it to the NFL despite having the lower portion of his arm amputated as a child, and a ten-year-old wrestler who was born without legs. The campaign also included print ads and billboards with a picture of Kaepernick’s and copy reading: “Believe in something. Even if it means sacrificing everything.”

Nike clearly took a risk with its decision to make Kaepernick the face of the anniversary campaign because many people viewed his actions as unpatriotic and threatened to boycott the company. President Donald Trump said that Nike was sending a terrible message by partnering with the controversial former quarterback but also acknowledged that the company’s freedom to do so “is what this country is all about.” Reactions to the ads were mixed, with some viewing Nike as a crusader for social justice while critics argued that the company was making a hero out of a social agitator. However, Nike ended up in the middle of a debate that drew a great deal of attention and admiration from its core target market of millennials and gen Zers, particularly in urban areas. CEO Mark Parker noted that the company saw record engagement with the brand through digital and social media. Nike added nearly 170,000 Instagram followers after the release of the campaign, and mentions of Nike on various social media channels such as Twitter and Facebook soared, with many celebrities and big-name athletes chiming in, many in favor of the ad. Nike’s online sales surged in the days following the release of the campaign, and its stock price reached an all-time high less than two weeks after viewers first saw Kaepernick in the ad. The video of the commercial has also became the second-most-liked post ever on Nike’s Instagram account.

Many experts note that the “Dream Crazy” campaign was very important to Nike because the company had been losing some momentum to competitors such as Under Armour, Adidas, and LuluLemon. The bold move helped Nike strengthen its position against those competitors as well as against startups such as Allbirds. One brand strategist summarized it quite well, noting that “We look to iconic brands to remain relevant by capturing the cultural moment and taking a stand and Nike did it brilliantly. It demonstrated support for its athletes as people, not just performers on and off the field of play.” Nike had signed Kaepernick to an endorsement contract in 2011 and continued to pay him, even though he was no longer playing in the NFL.

Nike’s willingness to take risks and find creative ways to connect with consumers, both online and offline, are major reasons for the tremendous success of the company. The company also continues to be recognized as one of the world’s best marketers as *Advertising Age*, the leading publication of the advertising and marketing industry, named the company “Marketer of the Year” for 2018. Nike continues to “Just Do It” very successfully.

Sources: Adrienne Pasquarelli, “Marketer of the Year,” *Advertising Age*, December 3, 2018, pp. 16–17; John Cassillo and Jason Damata, “How Nike’s Advertising Just ‘Does’ It,” *TVREV*, September 13, 2018, <https://tvrev.com/how-nikes-advertising-just-does-it-colin-kaepernick/>; Laura Stevens and Sara Germano, “Nike Thought It Didn’t Need Amazon—Then the Ground Shifted,” *The Wall Street Journal*, June 28, 2017, pp. B1, 2;

Scott Cendrowski, "Nike's New Marketing Mojo," *Fortune*, February 13, 2012,
<http://fortune.com/2012/02/13/nikes-new-marketing-mojo/>.

The opening vignette illustrates how Nike has adapted its marketing strategy to respond to changes taking place in the way the company communicates with consumers. It provides an excellent example of how the roles of advertising and other forms of marketing communication are changing in the modern world of marketing. In the past, advertising was a relatively simple process as most companies relied primarily on ads run in the mass media to deliver their marketing messages to large numbers of consumers who watched television, listened to radio, and read magazines and newspapers. However, today's marketers recognize that the rapidly changing media environment is making it increasingly difficult to reach their target audiences and communicate effectively with them. The mass media are losing their viewers, listeners, and readers to the highly fragmented but more narrowly targeted digital media that allow consumers to be more actively engaged in the communication process. Consumers are no longer passive message recipients who will sit back and receive unfiltered advertising messages dictated by marketers. They want to be in more control of the content they receive from the media, and they are seeking out information, as well as entertainment, from myriad sources.

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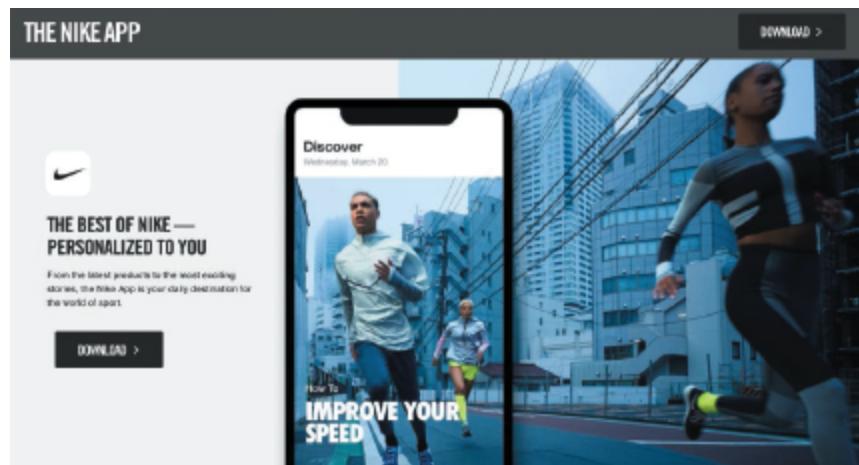
The various marketing communication tools used by Nike show how companies are using *integrated marketing communications* (IMC) to reach their target audiences and engage them. Nike still uses traditional mass media advertising through TV, magazines, and newspapers as well as out-of-home media such as billboards to build awareness, communicate information, and maintain its strong brand identity. Nike uses traditional media along with various forms of digital advertising to influence online behavior by driving consumers to its website as well as mobile apps and retail stores. The company also promotes its athletic shoes and apparel through various social media platforms, which have become an important part of the digital marketing efforts of nearly every company today. Consumers are encouraged

to connect with Nike through Facebook, Instagram, and Twitter, while commercials and other inspirational videos for the brand are available on YouTube. Nike is one of the most popular brands on Instagram, with over 85 million followers, and its content follows the same theme as its advertising, which is designed to inspire athletes to believe in themselves and work hard to meet their full potential. It includes posts such as short films, documentaries, and inspirational videos and photos. Nike also uses Facebook, Twitter, and Instagram to update its followers with news about the sports world, which shows that the company understands its target audience's interests and desires. Many consumers connect with Nike on social media through their smartphones and use the popular Nike apps to track their training and fitness efforts as well as to shop for Nike shoes and apparel (Exhibit 1–1).

XHIBIT 1–1

Mobile marketing is an important part of Nike's integrated marketing communications program.

Source: Nike, Inc.



Public relations (PR) is also an important part of Nike's marketing communications program. As one of the world's most popular brands, with very high profile advertising such as the “Dream Crazy” campaign, Nike receives a tremendous amount of publicity and media attention. However, Nike uses PR to address important social issues that are related to its business and to deliver information to consumers and other stakeholders

regarding its corporate social responsibility and citizenship. Promotional efforts for Nike are extended to retail stores where point-of-purchase displays, special offers and discounts, and other tactics are used to encourage stores such as Footlocker and Dick's Sporting Goods to stock and promote its products. Nike also spends several billion dollars each year on sponsorship of collegiate and professional teams, leagues such as the NFL and NBA, and sporting events.

Nike, along with thousands of other companies, recognizes that the way it communicates to and connects with consumers to promote its products continues to change, and it must keep pace by integrating a variety of communication tools into its marketing programs. The fragmentation of markets, the decline of traditional media such as magazines and newspapers, the growth of the Internet and new forms of digital and social media, the emergence of global markets, economic uncertainties, and changing lifestyles and media usage patterns of consumers are all changing the ways companies market their products and services and communicate with current and prospective customers.¹ Developing marketing communications programs that are responsive to these changes is critical to the success of nearly every company that competes in the marketplace.

THE GROWTH OF ADVERTISING AND PROMOTION

LO 1-1

Advertising and promotion are an integral part of our social and economic systems. In our complex society, advertising has evolved into a vital communications system for both consumers and businesses. The ability of advertising and other promotional methods to deliver carefully prepared messages to target audiences has given them a major role in the marketing programs of most organizations. Companies ranging from large multinational corporations to small retailers increasingly rely on advertising and page 6

promotion to help them market products and services. In market-based economies, consumers have learned to rely on advertising and other forms of promotion for information they can use in making purchasing decisions.

In 1980, advertising and sales promotion were the dominant forms of marketing communication used by most companies, and total expenditures in the United States across the two were just over \$100 billion. Media advertising accounted for \$53 billion, while \$49 billion was spent on sales promotion techniques such as product samples, coupons, contests, sweepstakes, premiums, and rebates as well as trade allowances and discounts to retailers. By 1990, \$130 billion was being spent on advertising, while sales promotion expenditures increased to \$140 billion. By the start of the new millennium, nearly \$156 billion was spent on local and national advertising, while spending on sales promotion programs targeted toward consumers and retailers increased to more than \$250 billion.² This growth has continued over the past two decades as an estimated \$240 billion was spent on advertising in 2019, with \$110 billion being spent on traditional media advertising (television, radio, magazines, newspaper, out-of-home, and cinema) and \$130 billion going to digital/online advertising. In addition to media advertising, nearly \$50 billion was spent on direct mail and other forms of direct marketing such as e-mail marketing, \$25 billion was spent on sponsorships and event marketing, and more than \$300 billion on consumer and trade promotion.³

It is particularly interesting to note the shift in advertising spending from traditional media such as television, radio, and print to digital formats, including online search, display and video ads, as well as advertising on social media. In 2019, spending on digital advertising in the United States surpassed that spent on traditional media advertising (54 percent vs. 46 percent) for the first time, and by 2023, digital ads are forecast to capture more than two-thirds of all advertising spending. The increase in digital advertising is coming from declines in spending in print versions of magazines and newspapers as well as directories such as the Yellow Pages.⁴ The largest category of digital advertising is paid search on search engines such as Google, Yahoo!, and Bing, which account for nearly half of all online ad expenditures. Online display advertising follows close behind and is being driven by the growth in video ads being shown online. Spending on

social media platforms such as Facebook, Twitter, Instagram, and Snapchat has been the fastest growing digital channel over the past several years. Much of the growth in digital advertising is being driven by mobile marketing whereby ads, text messages, and promotional offers are sent directly to mobile devices such as smartphones and tablets. Digital advertising on mobile devices accounts for nearly two-thirds of all digital ad spending and continues to grow. The shift to mobile marketing is occurring as consumers spend more time on their mobile devices and less time with traditional media such as newspapers, magazines, and television. It is estimated that adults in the United States spend an average of three and a half hours per day on mobile devices, with two-thirds of that time spent on smartphones.⁵

Advertising and promotion have grown globally as well over the past 40 years. Advertising spending outside the United States increased from \$55 billion in 1980 to nearly \$214 billion by 2002 and by 2019 had grown to \$394 billion.⁶ While the United States still accounts for nearly a third of the world's advertising expenditures, nearly half of global advertising spending is in Western Europe and the Asia/Pacific region. After the United States, the top countries in advertising spending are China, Japan, the United Kingdom, and Brazil. Marketers also spend billions more on sales promotion, direct marketing, event sponsorships, and public relations. As is the case in the United States, digital advertising is growing rapidly in countries around the world and is expected to increase its share of total advertising spending to nearly 50 percent by 2020.⁷

Spending on advertising and other forms of promotion will continue to increase as companies around the world strive to market their products and services to their customers, including both consumers and businesses. Integrated marketing communications plays an important role in the marketing programs of consumer product and service companies as well as business-to-business marketers in their efforts to communicate with their current and prospective customers. To understand the role IMC plays in the marketing process, let us first examine the marketing function.

THE ROLE OF MARKETING

Marketing has never been more important or more pervasive than it is today. Organizations ranging from large multinational corporations to small entrepreneurial companies and local businesses recognize that marketing is an important business function and plays a critical role in their ability to compete in the marketplace. For nearly two decades, the American Marketing Association (AMA), the organization that represents marketing professionals in the United States and Canada, defined marketing as *the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.*⁸ This definition of marketing focused on **exchange** as a central concept in marketing and the use of the basic marketing activities to create and sustain relationships with customers.⁹ For exchange to occur there must be two or more parties with something of value to one another, a desire and ability to give up that something to the other party, and a way to communicate with each other. Advertising and promotion play an important role in the exchange process by informing customers of an organization's product or service and convincing them of its ability to satisfy their needs or wants.

Not all marketing transactions involve the exchange of money for a product or service. Nonprofit organizations such as various causes, charities, religious groups, the arts, and colleges and universities (probably including the one you are attending) receive millions of dollars in donations every year. Many nonprofit organizations use ads to solicit contributions from the public such as the one shown in Exhibit 1–2 for the American Red Cross, which responds to approximately 70,000 disasters in the United States every year including floods, fires, tornadoes, hurricanes, and earthquakes that affect tens of thousands. Donors generally do not receive any material benefits for their contributions; they donate in exchange for intangible social and psychological satisfactions such as feelings of goodwill and altruism.

XHIBIT 1–2

Nonprofit organizations use advertising to solicit contributions and support.

Source: American National Red Cross



Every nine minutes, volunteers help the American Red Cross bring help and hope to people in need. Join us and make a difference in your community.

Be a hero. Volunteer today.



Sign up at redcross.org
#BeABHero

© 2012

While many still view exchange as the core phenomenon or domain for study in marketing, there is also agreement among most academicians and practitioners that the discipline is rapidly changing. To reflect these changes, the AMA adopted a revised definition of **marketing** in 2007, which is as follows:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large.¹⁰

This revised definition is viewed as being more reflective of the role of nonmarketers to the marketing process. It also recognizes the important role marketing plays in the process of creating, communicating, and delivering value to customers, as well as society at large. Today, most markets are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining *relationships* with their customers. Successful companies recognize that creating, communicating, and delivering *value* to their customers is extremely

important. **Value** is the customer's perception of all the benefits of a product or service weighed against all the costs of acquiring and consuming it.¹¹ Benefits can be functional (the performance of the product), experiential (what it feels like to use the product), and/or psychological (feelings such as self-esteem or status that result from owning a particular brand). Costs include the money paid for the product or service as well as other factors such as acquiring information about the product/service, making the purchase, learning how to use it, maintaining the product, and disposing of it.

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The Marketing Mix

Marketing facilitates the exchange process and the development of relationships by carefully examining the needs and wants of consumers, developing a product or service that satisfies these needs, offering it at a certain price, making it available through a particular place or channel of distribution, and developing a program of promotion or communication to create awareness and interest. These four Ps—product, price, place (distribution), and promotion—are elements of the **marketing mix**. The basic task of marketing is combining these four elements into a marketing program to facilitate the potential for exchange with consumers in the marketplace.

The proper marketing mix does not just happen. Marketers must be knowledgeable about the issues and options involved in each element of the mix. They must also be aware of how these elements can be combined to form an effective marketing program that delivers value to consumers. The market must be analyzed through consumer research, and the resulting information must be used to develop an overall marketing strategy and mix.

The primary focus of this book is on one element of the marketing mix: the promotional variable. However, the promotional program must be part of a viable marketing strategy and be coordinated with other marketing activities. A firm can spend large sums on advertising, sales promotion, or other forms of marketing communication, but it stands little chance of success

if the product is of poor quality, is priced improperly, or does not have adequate distribution to consumers. Marketers have long recognized the importance of combining the elements of the marketing mix into a cohesive marketing strategy. Many companies also recognize the need to integrate their various marketing communications efforts, such as traditional media advertising, direct marketing, sales promotion, Internet marketing, social media, event sponsorships, and public relations, to achieve more effective marketing communications.

INTEGRATED MARKETING COMMUNICATIONS

LO 1-2

For many years, the promotional function in most companies was dominated by mass-media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Most marketers did use additional promotional and marketing communication tools, but sales promotion and direct-marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organization's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communications process.

Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market, and different goals and objectives. These companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets.

The Evolution of IMC

During the 1980s, many companies began taking a broader perspective of marketing communication and recognizing the need for a more strategic integration of their promotional tools. The decade was characterized by the rapid development of areas such as sales promotion, direct marketing, and public relations, which began challenging advertising's role as the dominant form of marketing communication. These firms began moving toward the process of **integrated marketing communications (IMC)**, which involves coordinating the various promotional elements and other marketing activities that communicate with a firm's customers.¹² As marketers page 9 embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop and implement various components of their promotional plans.

Many large agencies responded to the call for synergy among the promotional tools by acquiring PR, sales promotion, and direct-marketing companies and touting themselves as IMC agencies that offer one-stop shopping for all their clients' promotional needs.¹³ Some agencies became involved in these nonadvertising areas to gain control over their clients' promotional programs and budgets and struggled to offer any real value beyond creating advertising. However, the advertising industry soon recognized that IMC was more than just a fad. Terms such as *new advertising, orchestration, and seamless communication* were used to describe the concept of integration.¹⁴ A task force from the American Association of Advertising Agencies (the “4As”) developed one of the first definitions of integrated marketing communications:

a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—

and combines these disciplines to provide clarity, consistency, and maximum communications impact.¹⁵

The 4As' definition focused on the process of using all forms of promotion to achieve maximum communication impact. However, advocates of the IMC concept argued for an even broader perspective that considers *all sources of brand or company contact* that a customer or prospect has with a product or service.¹⁶ They noted that the process of integrated marketing communications calls for a “big-picture” approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop a total marketing communications strategy that recognizes how all of a firm’s marketing activities, not just promotion, communicate with its customers.

Consumers’ perceptions of a company and/or its various brands are a synthesis of the bundle of messages they receive or contacts they have, such as media advertisements, price, package design, direct-marketing efforts, publicity, sales promotions, websites, point-of-purchase displays, and even the type of store where a product or service is sold. The integrated marketing communications approach seeks to have all of a company’s marketing and promotional activities project a consistent, unified image to the marketplace. It recognizes that every customer interaction with a company or brand across a host of contact points represents an opportunity to deliver on the brand promise, strengthen customer relationships, and deepen loyalty. It calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning. For example, Montblanc uses classic design and a distinctive brand name as well as high price to position its watches as high-quality, high-status products. This upscale image is enhanced by the company’s strategy of distributing its products only through boutiques, jewelry stores, and other exclusive shops, including its own stores.

An example of how Montblanc uses IMC is a global campaign the Swiss company has been running called “The Spirit of Mountain Exploration” to promote its 1858 Geosphere watch collection, which is inspired by chronographs and pocket watches created for military use and mountain exploration in the 1920s and 1930s. The professional-grade, innovative

timepiece pays tribute to the heroes of mountain climbing and those dedicated to the Seven Summits Challenge—reaching the peak of the highest mountain on each continent, which is considered the holy grail of climbers. Montblanc is using the campaign to engage with a younger generation of consumers who value excellence and exploration.¹⁷ The integrated campaign uses print, digital and social media such as Twitter, Facebook, and Instagram and features renowned mountaineers as well as actor Hugh Jackman, who is a brand ambassador for the company (Exhibit 1–3).

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XHIBIT 1–3

Montblanc is using the “Spirit of Mountain Exploration” campaign to engage younger consumers who value excellence and exploration.

Source: Montblanc



Many companies have adopted this broader perspective of IMC. They see it as a way to coordinate and manage their marketing communication programs to ensure that they send customers a consistent message about the company and/or its brands. For these companies, integration represents an improvement over the traditional method of treating the various marketing and promotion elements as virtually separate activities. However, this perspective of IMC has been challenged on the basis that it focuses primarily on the tactical coordination of various communication tools with the goal of making them look and sound alike.¹⁸ It has been criticized as an “inside-out

marketing” approach that is a relatively simple matter of bundling promotional-mix elements together so they have one look and speak with one voice.¹⁹ As IMC continued to evolve, academicians as well as practitioners recognized that a broader perspective was needed that would view the discipline from a more strategic perspective.

A Contemporary Perspective of IMC

As marketers become more sophisticated and develop a better understanding of IMC, they are recognizing that it involves more than just coordinating the various elements of their marketing and communications programs into a “one look, one voice” approach. IMC is now recognized as a business process that helps companies identify the most appropriate and effective methods for communicating and building relationships with customers and other stakeholders. Don Schultz of Northwestern University has developed what many think is a more appropriate definition of IMC:

Integrated marketing communication is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communications programs over time with consumers, customers, prospects, employees, associates and other targeted relevant external and internal audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value.²⁰

There are several important aspects of this definition of IMC. First, it views IMC as an ongoing strategic business process rather than just tactical integration of various communication activities. It also recognizes that there are a number of relevant audiences that are an important part of the process. Externally these include customers, prospects, suppliers, investors, interest groups, and the general public. It also views internal audiences such as employees as an important part of the IMC process. This definition also reflects the increasing emphasis that is being placed on the demand for accountability and measurement of the *outcomes* of marketing communication programs as well as marketing in general.

Today, most companies recognize that communicating effectively with current and prospective customers involves more than just the tactical use of traditional marketing communication tools. These firms, along with most advertising agencies, are embracing IMC and incorporating it into their marketing programs and business practices. Integrated marketing communications has been widely adopted and is proving to be of significant value to companies in the rapidly changing marketing environment they are now facing. IMC has been described as one of the “new generation” marketing approaches used by companies to better focus their efforts in acquiring, retaining, and developing relationships with customers and other stakeholders.²¹

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Reasons for the Growing Importance of IMC



LO 1-3

The IMC approach to marketing communications planning and strategy is being adopted by companies both large and small and has become popular among firms marketing consumer products and services as well as business-to-business marketers. There are a number of reasons why marketers are adopting the IMC approach. A fundamental reason is that they understand the value of strategically integrating the various communications functions rather than having them operate autonomously. By coordinating their marketing communication efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communication programs. Advocates of IMC argue that it is one of the easiest ways for a company to maximize the return on its investment in marketing and promotion.²²

The move to integrated marketing also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media consumption behavior. For decades, reaching

consumers was relatively easy, as marketers could run their ads in mass media (so named because they reach mass audiences) such as television, radio, magazines, and newspapers. The formula was really very simple, as the mass media had a symbiotic relationship with mass marketers such as automotive firms, consumer packaged-goods companies, and many others. The media companies would develop and deliver expensive but high-quality content that would in turn attract large audiences. The marketers would pay large amounts of money to the television and radio networks and stations and/or magazine and newspaper publishers for access to the mass audiences who would receive the advertising messages that encouraged them to purchase the marketers' products and services. The advertising revenue that the media companies received would be used to produce the high-quality content, which in turn would allow the media to continue to deliver the viewers, listeners, and readers that the marketers coveted.

Over the past decade, however, there have been major changes in the media landscape that are impacting the traditional mass media and the economic model that has supported them. There has been an evolution to *micromarketing* as the mass audiences assembled by the major television networks and augmented by other mass media such as magazines and newspapers are fragmenting at an accelerating rate.²³ For example, television viewing audiences are moving from the traditional broadcast networks (ABC, CBS, NBC, and Fox) to more narrowly targeted programming on cable networks such as ESPN, HGTV, CNN, and MTV. More and more households are "cutting the cord" from traditional cable services in favor of video streaming alternatives such as Netflix, Hulu, Amazon Prime, Sling TV, ESPN+, and YouTube TV. Faster Internet connections and an abundance of video streaming devices such as Apple TV, Roku, Amazon Fire, and Google Chromecast are contributing to the decline of subscribers to cable and satellite services such as DirecTV and Dish. Many younger consumers spend more time watching videos on YouTube or Instagram than watching television. The Internet has become the leading advertising medium, with online versions of nearly every magazine, newspaper, and television and radio station, as well as millions of websites that cater to very specific interests of consumers. The crude banner and pop-up ads that were used in the early days of the Internet have given way to more refined formats such as

paid search, which is the most widely used form of online advertising, as well as videos and mobile marketing techniques.

Advertisers can use the Internet in a more targeted way than they can use traditional media. They can run their ads on websites or social media sites that are narrowly targeted to consumer interests or have their ads appear on search engines such as Google, Yahoo!, and Bing, which are seen when people are seeking information about a product or service. For example, Google dominates as the online search advertising marketer with its keyword-targeted advertising program called Google Ads (Exhibit 1–4). Social networking sites such as Facebook, Snapchat, Twitter, [page 12](#) LinkedIn, Instagram, and YouTube have become pervasive on the Internet and make it possible for people to share content, opinions, insights, and experiences as well as educate one another about companies, brands, and various issues.²⁴

XHIBIT 1–4

What makes Google Ads the most popular platform for online search advertising?

Source: Google Inc.

The screenshot shows a web page from Google Ads. At the top, there's a header with the text "How businesses use Google ads". Below the header, there's a subtext: "All kinds of businesses rely on Google AdWords to improve online sales, generate new leads or keep customers coming back for more." To the right of this text is a blue "Start now" button and a link "Free phone support: 1-800-677-2891".
The main visual is a photograph of a woman with curly hair, wearing a dark blazer, standing in front of shelves filled with colorful paint cans. She is holding a silver laptop. To the right of the photo, there's a quote: "AdWords has been my most effective means of advertising since the beginning—which is why it gets 90 percent of my advertising budget." Below the quote, it says "Lisa Rhodes, *glossybabby*".
At the bottom of the screenshot, there's a small note: "Founded in 2001, glossybabby sells unique, handblown glass vases in over four hundred colors. Their handmade products are available over the internet and at a few select retail locations in Seattle and San Francisco. The company considers online advertising an important piece of their web growth, and plans to keep investing in AdWords."

In addition to the proliferation of media options and fragmentation of audiences, marketers are also facing the challenge of consumers being less responsive to and finding ways to avoid their advertising messages. Many consumers are turned off by advertising and other forms of marketing communication because they are tired of being bombarded with sales

messages. Younger consumers in the millennial and gen Z age cohorts (which include most college students) are particularly skeptical of advertising. Having grown up in an even more media-saturated and brand-conscious world than their parents did, they respond differently to advertising, and simply pushing messages at them does not work very well.²⁵ Nearly all of the millennials and gen Zers have smartphones and are spending less time with traditional media. However, like other age cohorts, they are actively seeking ways to avoid advertising messages, not only on television but online as well. They are installing ad blockers on their computers, tablets, and smartphones and skipping out of online ads as quickly as possible (Exhibit 1–5). Recent studies have shown that while about a quarter of Internet users in the United States deploy ad blockers, more than a third of millennials and over half of gen Zers have installed them on their computers and mobile devices to avoid receiving ads.²⁶

XHIBIT 1–5

The use of AdBlock Plus on computers and mobile devices is increasing.

Source: eyeo GmbH

The screenshot shows the Adblock Plus website. At the top, there's a red header bar with the Adblock Plus logo and navigation links for 'Download', 'About', 'Help', and 'English (US)'. Below the header, the main headline reads 'SURF THE WEB WITH NO ANNOYING ADS'. There's a bulleted list of benefits: 'Experience a cleaner, faster web and block annoying ads', 'Acceptable Ads are allowed by default to support websites', and 'Adblock Plus is free and open source'. A note below states: 'By clicking the Agree and Install button below, you agree to our Terms of Use.' A green button labeled 'Agree and Install for Safari' is visible. At the bottom, there's a link to 'Download Adblock Plus for another browser'. To the right of the text area, there's a visual representation of a laptop and a smartphone both displaying a webpage with several ads being blocked, showing a clean interface.

The advertising industry, as well as online publishers such as newspapers, magazines, blogs, and the myriad websites available on the Internet are very concerned over the impact ad blockers are having on their digital advertising business.²⁷ Companies that sell advertising space on their websites, apps, and social media sites are paid based on the number of people who see, watch, or click on the ads, so the use of ad blockers has the potential to undermine their basic business model. For example, Spotify,

which is one of the most popular music streaming subscription services, changed its terms of service in early 2019 to include a ban on ad blockers and notified users that it has the right to suspend any accounts that use them.²⁸

The integrated marketing communications movement is also being driven by fundamental changes in the way companies market their products and services and an ongoing marketing revolution that is changing the rules of marketing.²⁹ These changes and developments are affecting everyone involved in the marketing and promotional process. Marketers can no longer be tied to a specific communication tool (such as media advertising); rather, they should use whatever contact methods offer the best way of delivering the message to their target audiences. Ad agencies continue to reposition themselves as offering more than just advertising expertise; they strive to convince their clients that they can manage all or any part of clients' integrated marketing communications needs. Most agencies recognize that their future success depends on their ability to understand how to develop and place advertising messages not just for traditional media but also for the rapidly evolving areas of digital marketing, including social media and mobile.

The Role of IMC in Branding

One of the major reasons for the growing importance of integrated marketing communications over the past decade is that it plays a major role in the process of developing and sustaining brand identity and equity. As branding expert Kevin Keller notes, “Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets.”³⁰ With more and more products and services competing for consideration by customers who have less and less time to make page 13 choices, well-known brands have a major competitive advantage in today’s marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer.³¹ Companies recognize that brand equity is as important an asset as factories, patents, and cash because strong brands have the power to command a premium price from consumers

as well as investors. While competitors may be able to duplicate their product designs and manufacturing processes, it is very difficult to duplicate the beliefs, images, and impressions that are ingrained in the mind of consumers as well as the emotions brands evoke. Figure 1–1 shows the world’s most valuable brands, as measured by Interbrand, a leading brand consultancy company.

FIGURE 1–1

Best Global Brands 2019

Rank	Brand	Brand Value (billions)
1	Apple	\$234,231
2	Google	167,713
3	Amazon	125,263
4	Microsoft	108,847
5	Coca-Cola	63,365
6	Samsung	61,098
7	Toyota	56,246
8	Mercedes-Benz	50,832
9	McDonald's	45,362
10	Disney	44,352

Source: “Interbrand’s Best Global Brands 2019” is a look at financial performance of the brand, role of brand in the purchase decision process, and the brand strength. For more information go to: <https://www.interbrand.com/best-brands/best-global-brands/2019/ranking/>.

Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging, and performance of a product or service as well as the image or type of associations that come to mind when consumers

think about a brand. It encompasses the entire spectrum of consumers' awareness, knowledge, and image of the brand as well as the company behind it. It is the sum of all points of encounter or contact that consumers have with the brand, and it extends beyond the experience or outcome of using it. These contacts can also result from various forms of integrated marketing communications activities used by a company, including mass-media advertising, sales promotion offers, sponsorship activities at sporting or entertainment events, websites, social media, and e-mail messages. Consumers can also have contact with or receive information about a brand in stores at the point of sale; through articles or stories they see, hear, or read in the media; or through interactions with a company representative, such as a salesperson. For many companies, mass-media advertising has long been the cornerstone of their brand-building efforts. However, astute marketers recognize that the way consumers relate to brands is changing and they can no longer build and maintain brand equity merely by spending large sums of money on media advertising and other forms of marketing communication. Brands are becoming less about the actual product or service and more about how people relate to them. Consumers today demand more than just product/service quality or performance, as many view brands as a form of self-expression. It is also widely recognized that marketing is now in the relationship era and companies must connect with consumers based on trust, transparency, engagement, and authenticity. As one chief marketing officer notes: "the future of marketing isn't about getting people to buy your brand, but to buy *into* your brand."³²

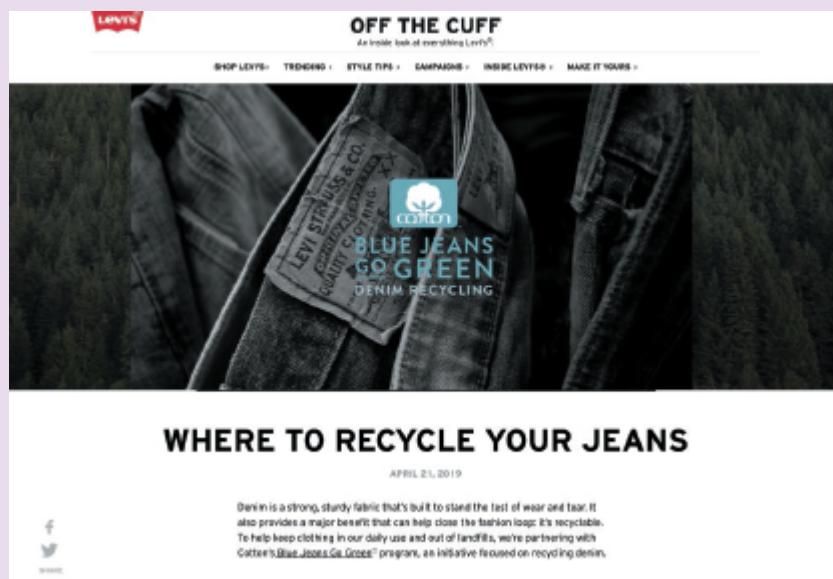
page 14

Ethical Perspective 1–1 >>>

Marketers Focus on Sustainability

Sustainability is becoming increasingly important as more companies consider the impact their business practices have on the environment as well as on society. A growing number of organizations are integrating sustainability into their business strategy as they realize they can do well by doing good. Sustainability as a business practice is nothing new; companies such as Patagonia, Eileen Fisher, and Levi Strauss have incorporated environmentally friendly initiatives into their operations for decades. Patagonia has made sustainability a core part of its operations and marketing messaging since its founding in 1973, while Levi Strauss established "terms of engagement" that laid out the company's global code of conduct throughout its supply chain in 1991. Sustainability became the focus of many companies' marketing strategy in the 1990s as the concept of *green marketing*, which refers to the process of selling products and services based on their environmental benefits, gained in popularity.

Over the past decade, more and more companies have been focusing on sustainability and making it an integral part of their marketing strategy, and for good reason. Numerous studies have shown that consumers in many countries purchase products and services from companies they believe are doing good for society or the environment. Surveys have found that younger generations of consumers such as gen Z and millennials are adjusting their spending to benefit the environment and choosing brands based on their sustainability practices. One area where marketers are using sustainability to connect with consumers is the apparel industry. Levi Strauss has been building sustainability into everything it does, from the sourcing of raw materials to its retail stores and its products. For example, five years ago the company launched the Levis® Waste<Less collection of products, 20 percent of which are made from recycled plastic bottles. Levi Strauss encourages consumers to stop thinking about clothes as disposable, which means keeping a pair of jeans longer, and to consider the end of life of the apparel products they purchase.



Source: Levi Strauss & Co.

Other fashion-focused companies are also focusing on sustainability. J. Crew's Madewell brand urges consumers to find new homes for their old jeans through its denim recycling program, while Banana Republic promotes its vegan suede jackets. Fast fashion retailers such as H&M, Zara, and Uniqlo, which have been criticized for shortening fashion cycles and encouraging consumers to expand their wardrobes and update them quickly, are putting more emphasis on sustainability by touting organic collections or recycling initiatives. Some of these changes have been brought about by social campaigns such as Slow Fashion and Fashion Revolution, which have become movements that encourage consumers to look into how their clothes are sourced, produced, and consumed and helped spread the call for more transparency.

Marketers are also recognizing that they need to do more than pay lip service to sustainability and be careful about making claims they cannot support, because it has become much easier for consumers to determine how sustainable they really are in their operations. For example, Good On You is a mobile app that consumers use to learn how sustainable companies or brands are incorporating their supply chain and certifications such as Fair Trade, organic, and vegan into one universal rating system. Consumers have also become very sensitive to overexaggerated claims or marketing publicity stunts with regard to sustainability. Watchdog groups and activists are monitoring every move made by companies, and one misstep can quickly spread across social media and lead to a boycott of a brand. Brands are in a fishbowl like they have never been before as they are being constantly watched to see if they are behaving appropriately with regard to sustainability. For example, the high-end fashion company Burberry incurred the wrath of many consumers in 2018 when it was revealed that the company had burned \$38 million worth of clothing and beauty products to maintain the exclusivity of its brand. Disposal is a common practice among luxury brands to prevent unwanted items from being sold at a discount, which can erode the high prices they can charge in retail stores. The British company received a great deal of criticism from the media and across social media, as well as consumer boycotts of its products, and announced that it would stop destroying unsold merchandise. Burberry's chief executive issued a statement noting that "modern luxury means being socially and environmentally responsible."

Luxury and fashion brands are not the only companies focusing on sustainability. For example, Johnson & Johnson's Earthwards® program is dedicated to more sustainable product innovation in its consumer products, medical devices, and pharmaceuticals. In order to earn a stamp of approval by the program, a product must show at least three sustainability improvements across seven impact areas, including materials, waste reduction, packaging, energy and water use, innovation, and social impact. J&J plans to have 20 percent of its revenue come from Earthward products by 2020.

Procter & Gamble has been involved with social responsibility initiatives for many years, often working with Global Citizen, an advocacy group dedicated to ending extreme poverty by 2030. In 2019, the consumer packaged goods giant sponsored the "Activate" documentary series from National Geographic that explores issues of extreme poverty, inequality, and sustainable development. The documentaries and broader content sponsorship covers 172 countries and 43 languages and features appearances from high-profile celebrities such as Hugh Jackman, Usher, Pharrell Williams, and Rachael Brosnahan. A number of P&G brands are integrated into the

series, such as efforts by its Always feminine hygiene products to help end period poverty (lack of access to sanitary products), which can keep girls from school during their menstrual cycles. Episodes focusing on disaster relief will weave in the company's Tide laundry detergent brand and its Tide Loads of Hope program that sends mobile laundry units to natural disaster sites such as floods, tornadoes, and hurricanes. The integrated marketing efforts for the Activate series included a 12-page spread in *National Geographic* magazine as well as content in digital and social media. National Geographic has nearly 100 million Instagram followers and has led all brands in social media engagement over the past four years.

Sustainability is becoming more important for companies across all industries. Marketers are recognizing that the majority of consumers have a more positive image of companies and brands that support social and environmental causes and are factoring this into their purchase decisions. Moreover, consumers are raising their expectations with regard to sustainability, and transparency is becoming more prevalent. Thus it is very important for companies to realize that not only can they do well by doing good, they must do well if they want to remain competitive.

Sources: Adrienne Pasquarelli, "Shades of Green," *Advertising Age*, March 4, 2019, pp. 18–20; Jack Neff, "P&G Joins National Geographic in Star-Studded Docu-Series on Poverty, Inequality and Sustainability," *Advertising Age*, February 8, 2019, <https://adage.com/article/cmo-strategy/p-g-joins-national-geographic-docu-series-poverty/316587/>; Elizabeth Paton, "Burberry to Stop Burning Clothing and Other Goods It Can't Sell," *The New York Times*, September 6, 2018, <https://www.nytimes.com/2018/09/06/business/burberry-burning-unsold-stock.html>; Elizabeth Segran, "Levis Is Radically Redefining Sustainability," *Fast Company*, February 9, 2017, <https://www.fastcompany.com/3067895/levis-is-radically-redefining-sustainability>.

The relationship between brands and their customers has become much more complex. One reason for this is that today's consumer knows much more about brands and the companies that make them than ever before. The value chain of companies has become increasingly visible, and consumers often select brands based on the social, economic, and environmental records and policies of the companies that make them. **Sustainability**, which refers to development that meets the needs of the current generation without compromising the ability of future generations to meet their needs, has become a very important issue for both consumers and corporations.³³ Companies are addressing sustainability by carefully examining the social and environmental impacts of their marketing strategies. This means reevaluating their product and service portfolios, as well as the way these products and services are created, produced, and marketed. A company that

is a leader in sustainability is the outdoor apparel company Patagonia, which was founded on the principles of sustainability and transparency and has a 40-year history of environmental conservation and activism. Protecting and preserving the environment is a core business tenet of the company, which is reflected in its mission to “Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.”³⁴ Each year the company contributes 1 percent of its annual net revenue to nonprofit charitable organizations that promote environmental conservation and sustainability. Patagonia publishes an Environmental + Social Initiatives report each year that discusses its sustainability efforts and achievements. (Exhibit 1–6). Ethical Perspective 1–1 discusses how other companies in the apparel, as well as other industries, are making sustainability an integral part of their business strategy.

XHIBIT 1–6

Patagonia is a leader in sustainability.

ource: Patagonia, Inc



Cynicism about corporations remains high following the Great Recession, and many companies must continue to work hard to gain consumer trust and confidence. Companies are also finding it more difficult to control their brand image because the Internet provides consumers with a wealth of

information about their products and services that can be easily accessed and shared. They can use the Internet to make price and quality comparisons or to learn what others think about various brands as well as learn about their experiences or satisfaction with them. The pervasiveness of social media has transformed traditional word-of-mouth into viral “word-of-page 16 mouse” messages that fly around Facebook, Twitter, YouTube, or Yelp at the speed of send. Consumers’ passion for brands shows no sign of waning and in fact may be getting stronger. However, the ways that companies connect consumers to their companies and brands are changing.

Marketers recognize that in the modern world of marketing, there are many different opportunities and methods for *contacting* current and prospective customers to provide them with information about a company and/or brands. The challenge is to understand how to use the various IMC tools to make such contacts and deliver the branding message effectively and efficiently. A successful IMC program requires that marketers find the right combination of communication tools and techniques, define their role and the extent to which they can or should be used, and coordinate their use. To accomplish this, the persons responsible for the company’s communication efforts must have an understanding of the IMC tools that are available and the ways they can be used.

THE PROMOTIONAL MIX: THE TOOLS FOR IMC

LO 1-4

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea.³⁵ While implicit communication occurs through the various elements of the marketing mix, most of an organization’s communications with the marketplace take place as part of a carefully planned and controlled promotional program. The basic tools used to

accomplish an organization's communication objectives are often referred to as the **promotional mix** (Figure 1–2).

FIGURE 1–2

Elements of the Promotional Mix



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Traditionally the promotional mix has included four elements: advertising, sales promotion, publicity/public relations, and personal selling. However, in this text we view direct marketing as well as digital/Internet marketing that takes place online as major promotional-mix elements that marketers use to communicate with their target markets. Each element of the promotional mix is viewed as an integrated marketing communications tool that plays a distinctive role in an IMC program. Each may take on a variety of forms. And each has certain advantages.

Advertising

Advertising is defined as any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.³⁶ The *paid* aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), whose advertising space or time is donated by the media, usually to a nonprofit organization or cause.

The *nonpersonal* component means that advertising involves mass media (e.g., TV, radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The nonpersonal nature of

advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it.

Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particularly for companies whose products and services are targeted at mass consumer markets, such as automobile manufacturers and packaged-goods and drug companies. Nearly 200 companies spend over \$200 million each on advertising in the United States each year, including spending in measured media (television, radio, newspapers, magazines, outdoor, and Internet display advertising) as well as unmeasured media (direct marketing, promotion, online search, social media, and other forms). Figure 1–3 shows the advertising and promotion expenditures of the 25 leading national advertisers.

FIGURE 1–3

25 Leading Advertisers in the United States, 2018

Rank	Advertiser	Ad Spending (Millions)
1	Comcast Corp.	\$6,122
2	AT&T	5,362
3	Amazon	4,470
4	Procter & Gamble Co.	4,305
5	General Motors Co.	3,139
6	Walt Disney Co.	3,132
7	Charter Communications	3,042
8	Alphabet (Google)	2,960
9	American Express Co.	2,798

10	Verizon Communications	2,682
11	Walmart	2,604
12	JP Morgan Chase & Co.	2,513
13	Ford Motor Co.	2,331
14	Pfizer	2,282
15	Nestle	2,202
16	Samsung Electronics Co.	2,152
17	Berkshire Hathaway	2,141
18	L'Oreal	2,137
19	Fiat Chrysler Automobiles	2,129
20	Capital One Financial Corp.	2,065
21	Expedia Group	1,953
22	Johnson & Johnson	1,765
23	Deutsche Telecom (T-Mobile US)	1,700
24	LVMH Moet Hennessy Louis Vuitton	1,560
25	McDonald's	1,541

Source: "Leading National Advertisers Fact Pack," *Advertising Age*, June 24, 2019.

There are several reasons why advertising is such an important part of many marketers' IMC programs. First, media advertising is still the most cost-effective way to reach large numbers of consumers with an advertising message. Television in particular is an excellent way for marketers to reach mass markets. The average television program on the four major television

networks during prime time (8:00 p.m. to 11:00 p.m.) reaches nearly 6 million viewers. The cost per thousand households reached on network TV during prime time is generally around \$25.³⁷ Popular shows such as *NCIS*, *Sunday Night Football*, and *The Voice* can reach between 15 million and 20 million viewers each week. And while the viewing audiences for cable networks such as ESPN, CNN, and MTV are smaller than those for the major networks, their programming appeals to more specific audiences that many marketers are trying to reach. Magazines such as *Time*, *Sports Illustrated*, and *People* have weekly circulations of more than 3 million and can reach more than 10 million people since there are multiple readers of each issue. Thus, for marketers who want to build or maintain brand awareness and reach mass markets with their advertising messages, media advertising remains an excellent way to do so.³⁸

Advertising is also a valuable tool for building company or brand equity because it is a powerful way to provide consumers with information as well as to influence their perceptions. Advertising can be used to create favorable and unique images and associations for a brand, which can be very important for companies selling products or services that are difficult to differentiate on the basis of functional attributes. Brand image plays an important role in the purchase of many products and services, and advertising is still recognized as one of the best ways to build a brand. Exhibit 1–7 shows an ad from a campaign run by the American Advertising Federation promoting the value of advertising.

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XHIBIT 1–7

The American Advertising Federation promotes the value of advertising.

Source: Courtesy of American Advertising Federation



The nature and purpose of advertising differ from one industry to another and/or across situations. Companies selling products and services to the consumer market generally rely heavily on advertising to communicate with their target audiences, as do retailers and other local merchants. However, advertising can also be done by an industry to stimulate demand for a product category such as beef or milk. Advertising is also used extensively by companies who compete in the business and professional markets to reach current and potential customers. For example, business-to-business (B2B) marketers use advertising to perform important functions such as building awareness of the company and its products, generating leads for the sales force, reassuring customers about the purchase they have made, or helping create a favorable image of the company. B2B marketers generally target their advertising to reach key decision makers in other companies and often run their ads in business publications such as magazines and newspapers, although television and the Internet are the largest categories for B2B ad spending. Many products such as personal computers, tablets, smartphones, and printers along with services such as finance and banking, telecommunications, and insurance are marketed to both business customers and consumers. Thus, marketers sometimes develop ad campaigns that serve both markets.³⁹ The leading B2B advertisers include major corporations such as Intel, Microsoft, AT&T, IBM, and General Electric.⁴⁰ Exhibit 1–8 shows an ad from Qualcomm, which designs and markets products and services for the wireless telecommunications industry. The company is leading the way in fifth-generation (5G) wireless technology that is being used in smartphones, tablets, and many other devices. Qualcomm runs advertising in a variety of media—including print, television, and digital—showing how 5G will help empower the next generation of technological progress and usher in a new era that Qualcomm calls the Invention Age. The company’s IMC targets other businesses as well as consumers who are users of wireless devices. Figure 1–4 describes the most common types of advertising.

XHIBIT 1–8

Qualcomm promotes the power of 5G wireless technology.

Source: Qualcomm



This is the age of 5G.
Made real by Qualcomm.

The mobile know-how we put into 3G and 4G enabled us to pioneer 5G, connected cars, and a true Internet of Things (IoT) that will have everyone, and everything, talking.

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Direct Marketing

One of the fastest-growing sectors of the U.S. economy is **direct marketing**, in which organizations communicate directly with target customers to generate a response and/or a transaction. Traditionally, direct marketing has not been considered an element of the promotional mix. However, because it has become such an integral part of the IMC program of many organizations and often involves separate objectives, budgets, and strategies, we view direct marketing as a component of the promotional mix.

Direct marketing is much more than direct mail and mail-order catalogs. It involves a variety of activities, including database management, direct selling, telemarketing, and direct-response advertising through direct mail, online, and various broadcast and print media. Some companies, such as Tupperware, Avon, Mary Kay, Herbalife, and Amway, do not use any other distribution channels, relying on independent contractors to sell their products directly to consumers. Companies such as L.L.Bean, Lands' End, and J.Crew have been very successful in using direct marketing to sell their clothing products. The FTD Companies has a diversified portfolio of brands sold primarily through direct marketing including ProFlowers, Personal Creations, Flying Flowers, Shari's Berries, and Gifts.com.

FIGURE 1–4

Classifications of Advertising

ADVERTISING TO CONSUMER MARKETS

National Advertising

Advertising done by large companies on a nationwide basis or in most regions of the country. Most of the ads for well-known companies and brands that are seen on prime-time TV or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand and its features, benefits, advantages, or uses and to create or reinforce its image so that consumers will be predisposed to purchase it.

Retail/Local Advertising

Advertising done by retailers or local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment. Retail or local advertising tends to emphasize specific patronage motives such as price, hours of operation, service, atmosphere, image, or merchandise assortment. Retailers are concerned with building store traffic, so their promotions often take the form of direct-action advertising designed to produce immediate store traffic and sales.

Primary- versus Selective-Demand Advertising

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasizes reasons for purchasing a particular brand.

An advertiser might concentrate on stimulating primary demand when, for example, its brand dominates a market and will benefit the most from overall market growth. Primary-demand advertising is often used as part of a promotional strategy to help a new product gain market acceptance, since the challenge is to sell customers on the product concept as much as to sell a particular brand. Industry trade associations also try to stimulate primary demand for their members' products, among them cotton, milk, orange juice, pork, and beef.

ADVERTISING TO BUSINESS AND PROFESSIONAL MARKETS

Business-to-Business Advertising

Advertising targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. Industrial goods are products that either become a physical part of another product (raw material or component parts), are used in manufacturing other goods (machinery), or are used to help a company conduct its business (e.g., office supplies, computers). Business services such as insurance, travel services, and health care are also included in this category.

Professional Advertising

Advertising targeted to professionals such as doctors, lawyers, dentists, engineers, or professors to encourage them to use a company's product in their business operations. It might also be used to encourage professionals to recommend or specify the use of a company's product by end-users.

Trade Advertising

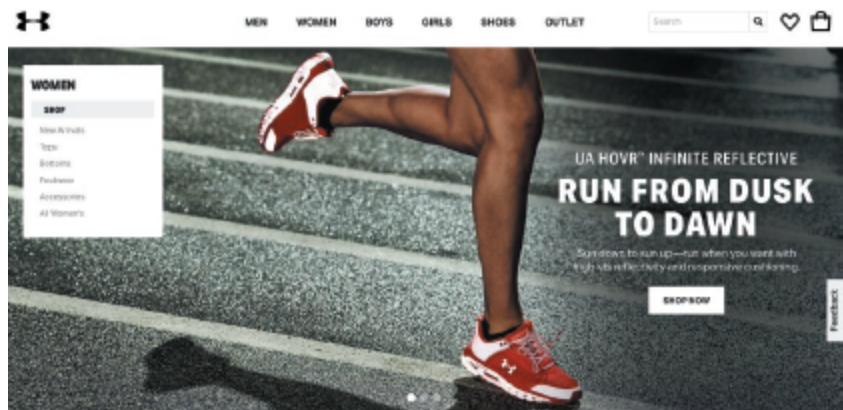
Advertising targeted to marketing channel members such as wholesalers, distributors, and retailers. The goal is to encourage channel members to stock, promote, and resell the manufacturer's branded products to their customers.

One of the major tools of direct marketing is **direct-response advertising**, whereby a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer. Traditionally, direct mail has been the primary medium for direct-response advertising, although television and the Internet have become increasingly important media. Direct-response advertising and other forms of direct marketing have become very popular over the past two decades, owing primarily to changing lifestyles, particularly the increase in two-income households. This has meant more discretionary income but less time for in-store shopping. The availability of credit cards and toll-free phone numbers has also facilitated the purchase of products from direct-response ads. More recently, the rapid growth of mobile devices to access the Internet is fueling the growth of direct marketing. Many consumers go straight to their smartphones or tablets to search for information about a product or service, and they are very comfortable with making purchases through a mobile device. The convenience of shopping through catalogs or on a company's website and placing orders online has become very appealing to many consumers, and marketers recognize that this can be an effective way to augment their sales through traditional retail channels. For example, athletic shoe and apparel companies such as Nike, Adidas, and Under Armour now generate a significant portion of their sales revenue through their e-commerce websites, in addition to selling their products through sports retail stores and their company-owned stores (Exhibit 1–9).

XHIBIT 1–9

Under Armour is an example of a company that successfully sells its products online as well as through retail channels.

Source: Under Armour, Inc.



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Direct-marketing tools and techniques are also being used by companies that distribute their products through traditional distribution channels or have their own sales force. One of the major trends in marketing that has emerged over the past decade is that of **omnichannel retailing**, whereby companies sell their products through multiple distribution channels including retail stores, online, catalogs, and mobile apps. However, it is about more than just offering a product or service through multiple channels. An omnichannel strategy involves using a combination of physical or offline channels as well as digital or online channels to influence a customer's shopping experience including research before a purchase and service after a sale.⁴¹ Direct marketing plays a big role in the integrated marketing communications programs of consumer-product companies and business-to-business marketers. They use telemarketing to call customers directly and attempt to sell them products and services or qualify them as sales leads. Marketers also send out e-mails, direct-mail pieces ranging from simple letters and flyers to detailed brochures, catalogs, and other promotional materials to give potential customers information about their products or services. Direct-marketing techniques are also used to distribute product samples.

Many companies now have extensive databases containing customer names; mail and e-mail addresses; geographic, demographic, and psychographic profiles; purchase patterns, media preferences, credit, and other financial information; and other relevant customer characteristics. Marketers use this information to target their current and prospective customers through a variety of direct-marketing methods such as direct mail,

e-mail marketing, telemarketing, and others. These databases are an integral part of companies' customer relationship management (CRM) programs, which involve the systematic tracking of customer preferences and behaviors and modifying a product or service to meet individual needs and wants.⁴²

Digital/Internet Marketing

Over the past decade or so we have been experiencing perhaps the most dynamic and revolutionary changes of an era in the history of marketing and integrated marketing communications in particular. These changes are being driven by advances in technology and developments that have led to the dramatic growth of communication through interactive, digital media via the Internet. **Interactive media** allow for a two-way flow of communication whereby users can participate in and modify the form and content of the information they receive in real time. Unlike other forms of marketing communication—such as traditional media advertising—that are one-way in nature, the digital media allow users to perform a variety of activities such as receive, alter, and share information and images; make inquiries; respond to questions; and make purchases online. The rapid growth of the Internet and, more recently, social media has forever changed the nature of how companies do business and the ways they communicate and interact with consumers. Every day more consumers around the world are gaining access to the Internet's World Wide Web of information available to users. There are now more than 4.5 billion Internet users around the world, including [page 22](#) 293 million in the United States, where more than 90 percent of the adult population has access to the Web.⁴³ Nearly all marketers are making the Internet an integral part of their marketing communications, as well as overall business strategy.

The Internet is actually a multifaceted marketing communication tool. On one hand, it is an advertising medium as many marketers pay to run display and video ads promoting their products and services on the websites of other companies, organizations, and web publishers. Advertisers also pay Internet search engines such as Google, Bing, and Yahoo! to place ads in or near relevant search results based on keywords. Paid search has become the most

widely used form of Internet advertising. The Internet can also be used as a marketing communication tool in its own right because it is a medium that can be used to execute all of the elements of the promotional mix. In addition to advertising on the Web, marketers offer sales promotion incentives such as coupons, contests, and sweepstakes online, and they use the Internet to conduct direct marketing, personal selling, and public relations activities more effectively and efficiently.

We are well into the second phase of the Internet revolution (often referred to as “Web 2.0,” where the focus is on collaboration and sharing among Internet users. This has given rise to the development and growth of **social media**, which refers to online means of communication and interactions among people that are used to create, share, and exchange content such as information, insights, experiences, perspectives, and even media themselves. It is estimated that nearly three-quarters of Americans have a social network profile and are using one or more social media platforms such as Facebook, Twitter, LinkedIn, Instagram, YouTube, Snapchat, and Pinterest. Usage of social media among teens and young adults (18 to 29) is particularly high, with 90 percent of this age group using social networking sites.⁴⁴ Social media have revolutionized how companies communicate with, listen to, and learn from their customers and have become a major marketing tool for most companies. Companies and organizations are using social media as well by creating Facebook and Instagram pages, YouTube channels or Twitter accounts, or by posting advertisements and videos on YouTube, Vimeo, Metacafe, and other sites.⁴⁵

For many years consumers accessed the Internet and social media primarily through their personal computers (PCs) including desktops and laptops. However, with the growth of smartphones and tablets there has been a dramatic shift in the way people go online; the majority of those who own these mobile devices prefer to access the Internet on them. The growing popularity of smartphones and tablets has opened up a new way for marketers to connect with consumers. Advertising is already pervasive on the first two screens in most consumers’ lives—televisions and personal computers—and more and more ads and promotional messages are appearing on the “third screen” of mobile phones and tablets. This has led to the explosive growth of **mobile marketing**, which is promotional activity

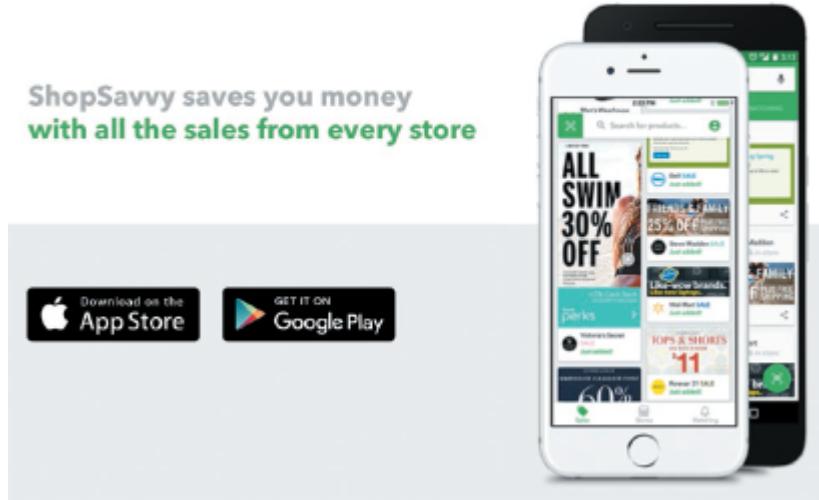
designed for delivery to cell phones, smartphones, tablets, and other handheld devices including apps, messaging, commerce, and customer relationship management. Mobile advertising has grown tremendously over the past several years, to an estimated \$87 billion in 2019, and now accounts for more than two-thirds of digital advertising spending and nearly a third of all ad spending in the United States.⁴⁶

Marketers are extremely interested in mobile marketing since messages can be delivered that are specific to a consumer's location or consumption situation.⁴⁷ One of the major factors driving the growth of this medium is the development of mobile shopping services and apps that consumers can use to make shopping more economical, efficient, productive, and fun. Services are now available that provide consumers with mobile coupons sent directly to their cell phones that can be redeemed at the point of purchase. Other mobile apps that are now available include price comparison apps such as ShopSavvy, Purchx, or RedLaser that allow consumers to scan a barcode and compare prices at a given location against nearby competitors, or online retailers and social sourcing apps such as Bazaarvoice that provide consumers with outside opinions and feedback on their mobile devices while making a purchase (Exhibit 1–10). Marketers are finding a number of creative ways to connect with consumers through their mobile devices by developing their own brand-specific applications as well as games, videos, and ads. For example, Starbucks has developed apps for iPhones and Android mobile devices that allow customers to find Starbucks locations, look up nutritional information, order ahead and pick up drinks to avoid waiting in line, and manage their Starbucks Rewards accounts.

XHIBIT 1–10

The ShopSavvy app allows shoppers to make price comparisons before making a purchase.

Source: *ShopSavvy, Inc.*



The interactive nature of the Internet and social media is one of their major advantages. This capability enables marketers to gather valuable personal information from customers and prospects and to adjust their offers accordingly, in some cases in real time. For example, a number of companies adjust prices and display different product offers to consumers based on a variety of characteristics such as their web browsing history and location, which includes proximity to rival stores.⁴⁸ Another advantage of the Internet is that it provides marketers with the capability to more closely and precisely measure the effects of their advertising and other forms of promotion. There are a number of metrics that can be generated when consumers visit websites or spend time on social media, which allow marketers to determine how consumers are responding to their campaigns, how well they are engaging them, and the return on investment they are receiving from their promotional dollars.

Companies recognize the advantages of the Internet, and many are increasing the role various forms of digital and social media play in their IMC programs. They are developing campaigns that integrate their websites, social media, and mobile marketing with other aspects of their IMC programs such as media advertising. However, the digital marketing landscape is now dominated by three major companies—Google, Facebook, and Amazon. Digital and Social Media Perspective 1–1 discusses the

evolution of the three firms and how they have come to dominate the digital advertising market.

Sales Promotion

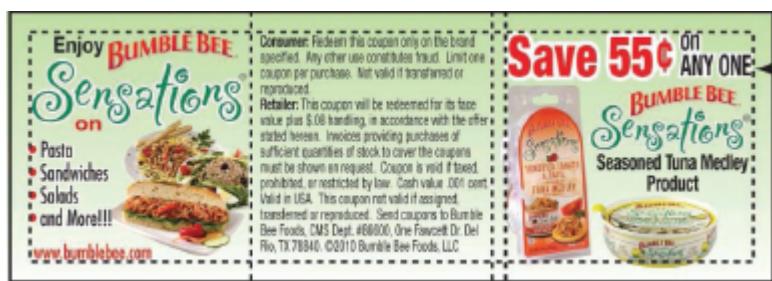
The next variable in the promotional mix is **sales promotion**, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities.

Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes couponing, sampling, premiums, rebates, contests, sweepstakes, and various point-of-purchase materials (Exhibit 1–11). These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short-term sales. *Trade-oriented sales promotion* is targeted toward marketing intermediaries such as wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contests, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

XHIBIT 1-11

Coupons, like this one for Bumble Bee Sensations, are a popular consumer-oriented sales promotion tool.

Source: Bumble Bee Foods, LLC



Among many consumer packaged-goods companies, sales promotion is often 50 to 60 percent of the promotional budget, with much of this money spent on trade promotion.⁴⁹ Reasons for the increased emphasis on sales

promotion include declining brand loyalty and increased consumer sensitivity to promotional deals. Another major reason is that retailers have become larger and more powerful and are demanding more trade promotion support from their vendors.

Promotion and *sales promotion* are two terms that often create confusion in the advertising and marketing fields. As noted, promotion is an element of marketing by which firms communicate with their customers; it includes all the promotional-mix elements we have just discussed. However, many marketing and advertising practitioners use the term more page 24narrowly to refer to sales promotion activities to either consumers or the trade (retailers, wholesalers). In this book, *promotion* is used in the broader sense to refer to the various marketing communications activities of an organization.

Digital and Social Media Perspective 1–1 >>>

Google, Facebook, and Amazon Reshape the Advertising World

When the new millennium began, digital technology was just starting to affect the world of marketing and advertising. The Internet was constrained by technological limitations such as bandwidth problems, and most consumers were accessing the Web via dial-up telephone services. The average consumer spent less than 30 minutes online each day versus nearly 5 hours today. However, technological advances such as wireless broadband (wi-fi) led to the growth of mobile devices such as tablets and smartphones, with the latter becoming an indispensable part of most people's daily lives. While a number of companies have been involved in the digital revolution, three in particular currently dominate the world of digital marketing and advertising: Google, Facebook, and Amazon. It is interesting to examine the evolution of each company and how they have become so powerful.

Online search was in its infancy when Google was cofounded by Sergey Brin and Larry Page while they were graduate students at Stanford working on the problem of trying to improve the online search process. The system they developed delivered more

relevant search results by favoring pages that were referenced and linked by other websites. Consumers fell in love with the simplicity of Google's search engine as well as the fast and accurate results it provided. Google attracted a loyal following among the growing number of Internet users and quickly became the dominant search engine and leading gateway to vast amount of information available online. While Google helps Internet users search for information online, it also makes much of its revenue from selling advertisements associated with the keywords they use to do their searches. Google Ads is a platform where marketers pay to display brief advertising messages above the search results when people look for products and services. Online advertisers compete to have their ads displayed with the results of a particular keyword search in a higher position than competitors are given, and pay only when an ad is clicked (called cost-per-click), which in turn takes the Web surfer to a landing page on the advertiser's website.

In 2003, Google expanded beyond search-related advertising by launching contextual ads that appear on the websites of companies or online publishers with whom Google partners through its AdSense program. What are now known as display ads as well as videos can appear on more than 2 million websites and in over 650,000 mobile apps. In 2006, Google paid \$1.6 billion for YouTube, which was launched just a year earlier by three former PayPal employees. YouTube quickly became the world's largest video-sharing website—people now watch over 1 billion hours of videos on YouTube each day. In late 2008, YouTube began accepting pre-roll ads that would appear before some of the videos, and in early 2009, it started accepting ads in seven other formats. Google has revolutionized the online advertising industry as well as the practice of marketing. The company has refined the concept of targeted advertising and taken it well beyond what traditional media can offer. Never before could marketers have their ads appear at the moment a potential customer was searching for a product.

Facebook was launched by Mark Zuckerberg in 2004 while he was a student at Harvard. Its membership was initially limited to Harvard students before quickly expanding to other colleges in the United States and Canada. By the end of 2006, the social networking site was available to everyone 13 years and older, and by 2010, Facebook had more than 500 million members. In September 2012, it reached a milestone of 1 billion monthly active users and just five years later reached 2 billion active users. In 2012, Facebook purchased Instagram, which reached 1 billion users by late 2018, nearly 90 percent of whom are outside the United States. In 2014, the company acquired WhatsApp, the world's most popular messaging platform, which now has over 1.5 billion users. Like Google, Facebook has had a tremendous impact on advertising and marketing because marketers can target Facebook and Instagram ads to users of the platforms by demographics such as age and gender, location, interests, behavior, and connections. Moreover, people spend a considerable amount of time on the two social media sites; the average daily Facebook user spends about 41 minutes on the app. Instagram users under the age of 25 spend an average of 32 minutes per day on the platform, while those over the age of 35 spend 24 minutes a day.

The third major player in the digital advertising industry is now Amazon, which was founded in 1995 by Jeff Bezos as an e-commerce company that began by selling books online. Over the next several years, the company added more categories of merchandise, including toys, electronics, video games, software, and a variety of home

goods. In 2005, the company launched Amazon Prime, which included free delivery for over a million eligible products, and free video streaming was added to the Prime offerings in 2011. By 2018, there were more than 100 million Prime members worldwide acquiring more than 5 billion items per year. Amazon has become the leading online retailer; the company captured 49 percent of the e-commerce sales in the United States in 2018, generating an estimated \$258 billion in sales. The second largest competitor in the e-commerce space was eBay with just 7 percent market share.

Amazon's dominance in e-commerce has made the company an important player in the advertising industry as companies selling their products on the site want to maintain a presence on it. As one marketing executive notes: "If you're selling on Amazon, you're advertising on Amazon." The company's website attracts more than 180 million U.S. visitors each month—most of who come with intentions to make a purchase. Amazon sells search ads similar to Google's cost-per-click search system as well as display and video ads. Its reach extends across the Web. Amazon owns Twitch, the world's leading video game streaming site; online retailer Zappos.com; and IMDb, which is the world's most popular source for movie, television, and celebrity content, including ratings and reviews for new movies and TV shows. The company also has a network of online publishers that run its ads. Amazon has a tremendous amount of data about customers' preferences and online shopping behavior that it can use to help advertisers target their online advertising and to determine if they are generating sales.

Evidence of how the three companies dominate the digital advertising market can be found in the numbers. Digital advertising revenue is expected to reach \$129 billion in the United States in 2020, with Google receiving \$54 billion and Facebook receiving \$34 billion, which means that nearly 70 percent of the money spent by online advertisers goes to the two companies. Amazon's digital advertising revenue has been growing rapidly, increasing from \$3.3 billion in 2017 to an estimated \$15 billion in 2020, which means the three tech giants will claim nearly 80 percent of the market. The dominance of Google, Facebook, and Amazon reflects how advertising is becoming less about developing creative ads run through high-profile media such as television and magazines and more about being able to use big data and analytics to target messages to individual consumers. All three companies have tremendous amounts of data on their members and consumers searching or shopping on their sites. For example, Facebook offers advertisers more than 1,300 categories that can be used for ad targeting. As one media agency executive notes, the advantage of being able to track online behavior is that "we know what you want even before you know you want it."

It will be interesting to see if Google, Facebook, and Amazon can continue to rule digital marketing and advertising. Facebook and Google are both facing increasing scrutiny over privacy and the way user data are tracked and shared with marketers. Consumer advocates are calling for increased government regulation of all three companies, while some politicians argue that they should be regulated like utilities or even broken up because of their market power. It is likely that changes will occur such as opt-in legislations, which will deny marketers access to user data without users' permission. However, in the interim, it is likely that the Google, Facebook, and Amazon will continue to dominate the online advertising industry.

Sources: Alexandra Bruell, "Amazon's Ad Business May Be Growing Faster Than Thought," *The Wall Street Journal*, February 20, 2019, <https://www.wsj.com/articles/amazons-ad-business-may-be-growing-faster-than-thought-11550660401>; Garett Sloane, "Amazon's Big Year," *Advertising Age*, February 4, 2019, p. 8; Garett Sloane, "Advertisers Just Can't Quit Facebook," *Advertising Age*, February 4, 2019, p. 8; Ken Auletta, "How the Math Men Overthrew the Mad Men," *The New Yorker*, May 21, 2018, <https://www.newyorker.com/news/annals-of-communications/how-the-math-men-overthrew-the-mad-men>.

Publicity/Public Relations

Another important component of an organization's promotional mix is publicity/public relations.

Publicity **Publicity** refers to nonpersonal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship. It usually comes in the form of a news story, editorial, or announcement about an organization and/or its products and services. Like advertising, publicity involves nonpersonal communication to a mass audience, but unlike advertising, publicity is not directly paid for by the company. The company or organization attempts to get the media to cover or run a favorable story on a product, service, cause, or event to affect awareness, knowledge, opinions, and/or behavior. Techniques used to gain publicity include press releases, press conferences, feature articles, photographs, films, and video news releases.

page 25

An advantage of publicity over other forms of promotion is its credibility. Consumers generally tend to be less skeptical toward favorable information about a product or service when it comes from a source they perceive as unbiased. For example, the success (or failure) of a new movie is often determined by the reviews it receives from film critics, who are viewed by many moviegoers as objective evaluators. Another advantage of publicity is its low cost, since the company is not paying for time or space in a mass medium such as TV, radio, or newspapers. While an organization may

incur some costs in developing publicity items or maintaining a staff to do so, these expenses will be far less than those for the other promotional programs.

page 26

Publicity is not always under the control of an organization and is sometimes unfavorable. Negative stories about a company and/or its products can be very damaging. For example, United Airlines has had several major PR crises recently, including one incident where a passenger was dragged off an overbooked flight even though he was holding a ticket. A video of the forceful removal was captured on the smartphone of another passenger and quickly went viral. A few months later, United received more negative publicity after forcing a passenger to put her dog in the overhead compartment of a plane during a flight, leading to the dog's death.⁵⁰ Both incidents resulted in intense backlash and threats of boycotts from the public. Facebook has also received a great deal of negative publicity recently over its privacy policies and handling of user data as well as the exposure of Facebook and Instagram user passwords to employees in the company. Concern over these issues has led many users of the social media platform to deactivate or even delete their Facebook accounts.⁵¹

Public Relations It is important to recognize the distinction between publicity and public relations. When an organization systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, it is really engaging in a function known as public relations. **Public relations** is defined as “a strategic communication process that builds mutually beneficial relationships between organizations and their publics.”⁵² Public relations generally has a broader objective than does publicity, as its purpose is to establish and maintain a positive image of the company among its various publics. Thus, it involves managing relationships with a number of important audiences, including investors, employees, suppliers, communities, and governments (federal, state, and local) as well as consumers.

Public relations uses publicity and a variety of other tools—including special publications, participation in community activities, fund-raising,

sponsorship of special events, and various public affairs activities—to enhance an organization's image. Companies also use advertising as a public relations tool. For example, the ad shown in Exhibit 1–12 is part of the American Honda Motor Co.'s corporate social responsibility campaign, which communicates the company's stance on important issues such as social values, business ethics, diversity, environmental stewardship, and community involvement. The ad promotes Honda's commitment to building fuel efficient products, such as the Honda Jet, and innovating and creating jobs in America.

XHIBIT 1–12

Honda uses advertising to enhance its corporate image by showing its commitment to building products and creating jobs in America.

Source: Honda of America Manufacturing, Inc



Advancing America on the ground and in the sky.
HondaInAmerica.com/HondaJet

HONDA
The Power of Dreams

Traditionally, publicity and public relations have been considered more supportive than primary to the marketing and promotional process. However, many companies now make PR an integral part of their IMC strategy. PR firms are increasingly touting public relations as a communications tool that can take over many of the functions of conventional advertising and marketing.⁵³

Personal Selling

The final element of an organization's promotional mix is **personal selling**, a form of person-to-person communication in which a seller attempts to

assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea. Unlike advertising, personal selling involves direct contact between buyer and seller, either face to face or through some form of telecommunications such as telephone sales. This interaction gives the marketer communication flexibility; the seller can see or hear the potential buyer's reactions and modify the message accordingly. The [page 27](#) personal, individualized communication in personal selling allows the seller to tailor the message to the customer's specific needs or situation.

Personal selling also involves more immediate and precise feedback because the impact of the sales presentation can generally be assessed from the customer's reactions. If the feedback is unfavorable, the salesperson can modify the message. Personal-selling efforts can also be targeted to specific markets and customer types that are the best prospects for the company's product or service.

While personal selling is an important part of the promotional mix, it will not be covered in this text because it is not a direct part of the IMC program in most companies. Also, personal selling is managed separately in most organizations and is not under the control of the advertising or marketing communications manager. However, throughout the text we will address the many ways and situations in which various IMC tools such as media advertising, digital marketing, and sales promotion must be coordinated with the personal-selling program.

IMC INVOLVES AUDIENCE CONTACTS

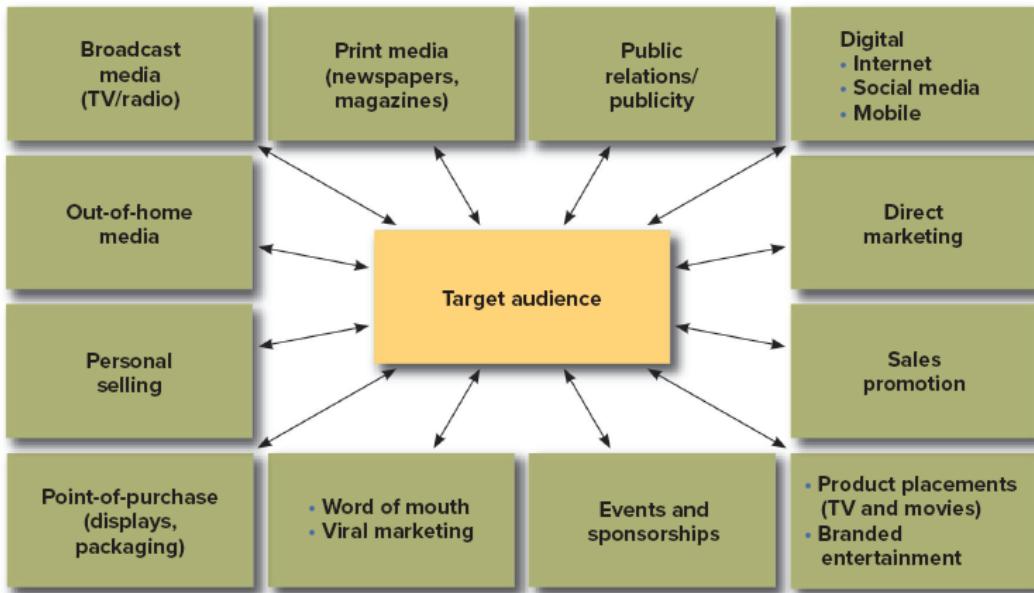
LO 1-5

The various promotional-mix elements are the major tools that marketers use to communicate with current and/or prospective customers as well as other relevant audiences. However, each of these tools is multifaceted since there are various types of media advertising (print, broadcast, outdoor) and sales promotion as well as ways by which marketers use the Internet (websites, social media, online advertising). Moreover, there are additional ways

companies communicate with current and prospective customers that extend beyond the traditional promotional mix. Figure 1–5 provides a more extensive list of the ways by which marketers can communicate with their target audiences.

FIGURE 1–5

MC Audience Contact Tools



Many companies are taking an *audience contact* or *touch point* perspective in developing their IMC programs whereby they consider all of the potential ways of reaching their target audience and presenting the company or brand in a favorable manner. A **touch point** refers to each and every opportunity the customer has to see or hear about the company and/or its brands or have an encounter or experience with it. These contacts can range from simply seeing or hearing an ad for a brand to actually having the opportunity to use or experience a brand in a retail store or interacting with the company during a sales transaction or service encounter. page 28 Tom Duncan notes that there are four basic categories of contact or touch points.⁵⁴ These are as follows:

- *Company-created touch points* are planned marketing communication messages created by the company such as advertisements, websites and

social media sites, news/press releases, packaging, brochures and collateral material, sale promotions, and point-of-purchase displays along with other types of in-store décor. Company-created touch points account for a large part of an IMC program and have the advantage of being under the control of the marketer.

- *Intrinsic touch points* are interactions that occur with a company or brand during the process of buying or using the product or service such as discussions with retail sales personnel or customer service representatives. Intrinsic touch points are often not under the direct control of the marketing department or IMC program. However, Duncan notes that marketers should make suggestions regarding ways to manage and improve these interactions with customers in order to send a positive message about the company or brand. There are also various types of intrinsic touch points that are controlled, or at least may be influenced, by the marketing or IMC manager. These include the design and functioning of the company and/or brand website or social media pages, as well as the packaging, which can contain product information and impact the customers' experience of using a product. Marketers are also finding ways to communicate with consumers during the process of making a purchase by using some of the mobile marketing techniques discussed earlier.
- *Unexpected touch points* are unanticipated references or information about a company or brand that a customer or prospect receives that is beyond the control of the organization. Probably the most influential type of unexpected contact is a word-of-mouth message which refers to a personal communication that comes from friends, associates, neighbors, co-workers, or family members. Unexpected messages may also come from other sources such as the media which may print or broadcast stories about a company and/or its brands, as well as experts who write about products and services. Another type of unexpected touch point that has become very influential is websites and apps that provide reviews of products and services. Some of these sites provide expert reviews while others give reviews from other customers. For example, CNET is widely used by consumers looking for reviews of specific brands of consumer electronic products. TripAdvisor provides nearly 2 million travel-related reviews and opinions each year from travelers around the world. It is

important to note that information received from unexpected touch points can be either positive or negative. Most of you have probably relied on reviews from Yelp for a variety of local businesses such as restaurants, bars, retail stores, and professional services. Yelp averages 145 million unique visitors each month, and the reviews provided on its website are a very important source of information for many consumers (Exhibit 1–13).

XHIBIT 1-13

Reviews on Yelp are a very important touch point and source of information for consumers in selecting restaurants.

Source: Yelp Inc.

The screenshot shows the Yelp homepage with a search bar set to "San Francisco, CA". The main content is for "Los Compadres Taco Truck", a Mexican food establishment. It displays a rating of 3.5 stars based on 35 reviews, operating hours (open until 8 pm), and a brief description of their food. A map shows the truck's location in SOMA, San Francisco. Below the main listing, there are sections for "35 reviews for Los Compadres Taco Truck", "Review Highlights", "Rating Distribution", and "People Who Viewed This Also Viewed...". Other nearby businesses like "Deli's Deli" and "Baja Beach" are also listed.

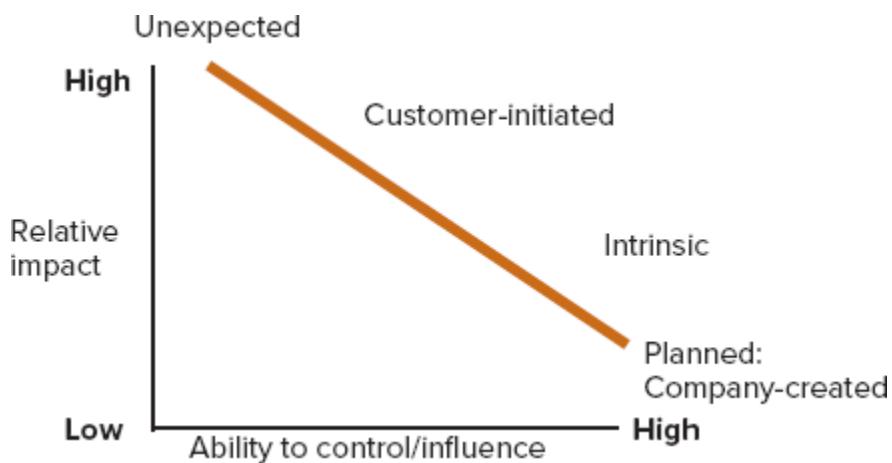
- *Customer-initiated touch points* are interactions that occur whenever a customer or prospect contacts a company. Most of these contacts involve inquiries or complaints consumers might have regarding the use of a

product or service and occur through calls made directly to the company, via e-mails, or through specific sections of websites to which customers are directed. Many of the customer-initiated contacts are handled through customer service departments, although a number of companies have inbound telemarketing departments as part of their direct sales efforts. The manner in which marketers handle customer-initiated contacts [page 29](#) has a major impact on their ability to attract and retain customers. Moreover, many companies try to differentiate themselves on the basis of customer service and promote their customer orientation in their advertising and other aspects of their IMC programs. They also encourage current or prospective customers to contact them by calling toll-free numbers or by putting their website addresses on packages, in ads, and in various promotional materials.

Marketers who take a contact or touch point perspective recognize that consumers' perceptions and opinions of a brand, as well as their purchase behavior, result from the information they receive and experiences and interactions they have with the company and its products or services. They also recognize that not all touch points are equally effective and they differ in regard to a company's ability to control or influence them. Figure 1–6 plots the four categories of touch points in terms of their relative impact and the marketer's ability to control them.

FIGURE 1–6

MC Touch Points: Control vs. Impact



As can be seen in this figure, company-planned touch points are the easiest to control but are lowest in terms of impact. Marketers can control the nature and type of advertising and other forms of promotion that they send to their target audiences, but consumers often discount these messages since they receive so many of them and they recognize the persuasive intent that underlies them. At the other extreme, unexpected messages are often the most impactful but are the most difficult to control. Duncan notes than an unexpected message can be very powerful because it has the power of third-party credibility since the people who provide the information are often perceived as more believable than company sources because they have no vested interest in the success or failure of the company or brand.⁵⁵ Customer-initiated and intrinsic messages fall in between unexpected and company-created messages with respect to impact as well as the ability of the marketer to control them.

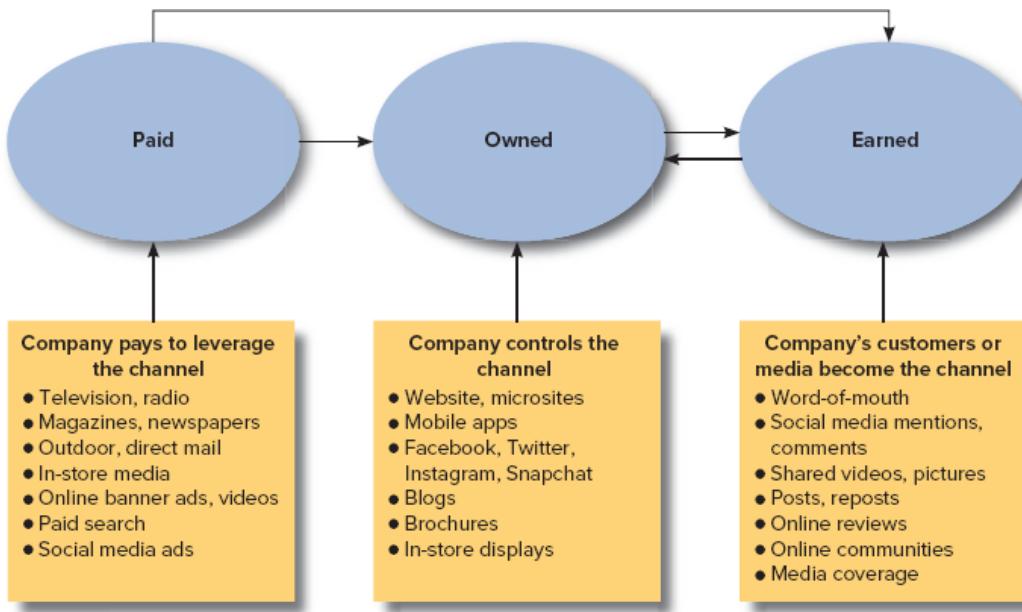
Paid, Owned, and Earned Media

Another categorization of the various types of customer touch points that has become very popular is that of paid, owned, and earned media, as shown in Figure 1–7.⁵⁶ **Paid media** refers to channels a marketer pays to leverage and includes traditional advertising media such as television, radio, [page 30](#) print, outdoor, and direct mail as well as various forms of digital advertising such as paid search and online display and video ads. **Owned media** refers to channels of marketing communication that a company controls, such as its websites, blogs, and mobile apps as well as social media channels such as Facebook, Twitter, Instagram, and YouTube. **Earned media** is exposure for a company or brand that it did not have to pay for and is generated by outside entities such as the media or the general public. Earned media has traditionally been viewed as exposure for a company or brand generated by its public relations/publicity efforts or through favorable word of mouth. However, with the growth of digital and social media, earned media exposure is taking place online through social media and as a result of the viral marketing efforts of marketers which focus on getting consumers, as well as the media, to share information about their company and/or brands.

This can occur through tweets and re-tweets on Twitter, social media posts on Facebook or Instagram, product reviews, blogs, video sharing, and discussions within online communities.

FIGURE 1–7

Paid, Owned, and Earned Media



Marketers making effective use of integrated marketing communications today will use a combination of all three forms of media. For example, advertising through paid media is still an efficient way to generate awareness of and interest in a company or brand, particularly among mass markets. Media advertising can also be used to drive consumers to various forms of owned media such as a Facebook or Instagram page for a company or brand and/or its website where more content can be provided to encourage greater involvement and engagement. Well-executed and coordinated paid and owned media efforts can also serve as a catalyst for generating earned media when the media and/or consumers find information or content about a company or brand to be interesting or valuable enough that they want to write about it or share it with others. An important aspect of earned media is that information about a company or brand that comes from stories in the media or is shared through social media is often perceived as more credible and

authentic than paid advertising messages and thus can have a greater influence on consumers.

Marketers must determine how valuable each of the various forms of media and contact tools are for communicating with their current and prospective customers and how they can be combined to form an effective IMC program. This is generally done by starting with the target audience and determining which IMC tools will be most effective in reaching, informing, and persuading them and ultimately influencing their behavior. It is the responsibility of those involved in the marketing communications process to determine how the various contact tools will be used to reach the target audience and help achieve the company's marketing objectives. The IMC program is generally developed with specific goals and objectives in mind and is the end product of a detailed marketing and promotional planning process. We will now look at a model of the process that companies follow in developing and executing their IMC programs.

THE IMC PLANNING PROCESS

LO 1-6

In developing an integrated marketing communications strategy, a company combines the various promotional-mix elements, balancing the strengths and weaknesses of each to produce an effective communication program. **Integrated marketing communications management** involves the process of planning, executing, evaluating, and controlling the use of the various promotional-mix elements to effectively communicate with target audiences. The marketer must consider which promotional tools to use and how to integrate them to achieve marketing and communication objectives. Companies also must decide how to distribute the total marketing communications budget across the various promotional-mix elements. What percentage of the budget should be allocated to advertising, sales promotion, the Internet, sponsorships, and personal selling?

As with any business function, planning plays an important role in the development and implementation of an effective integrated marketing communications program. This process is guided by an **integrated marketing communications plan** that provides the framework for developing, implementing, and controlling the organization's IMC program. Those involved with the IMC program must decide on the role _____ page 31 and function of the specific elements of the promotional mix, develop strategies for each element, determine how they will be integrated, plan for their implementation, and consider how to evaluate the results achieved and make any necessary adjustments. Marketing communications is but one part of, and must be integrated into, the overall marketing plan and program.

A model of the IMC planning process is shown in Figure 1–8. The remainder of this chapter presents a brief overview of the various steps involved in this process.

Review of the Marketing Plan

The first step in the IMC planning process is to review the marketing plan and objectives. Before developing a promotional plan, marketers must understand where the company (or the brand) has been, its current position in the market, where it intends to go, and how it plans to get there. Most of this information should be contained in the **marketing plan**, a written document that describes the overall marketing strategy and programs developed for an organization, a particular product line, or a brand. Marketing plans can take several forms but generally include five basic elements:

1. A detailed situation analysis that consists of an internal marketing audit and review and an external analysis of the market competition and environmental factors.
2. Specific marketing objectives that provide direction, a time frame for marketing activities, and a mechanism for measuring performance.
3. A marketing strategy and program that include selection of target market(s) and decisions and plans for the four elements of the marketing mix.

4. A program for implementing the marketing strategy, including determining specific tasks to be performed and responsibilities.
5. A process for monitoring and evaluating performance and providing feedback so that proper control can be maintained and any necessary changes can be made in the overall marketing strategy or tactics.

For most firms, the integrated marketing communications plan is an integral part of its marketing strategy and plan. Thus, those involved with the IMC process must know the roles advertising and other promotional-mix elements will play in the overall marketing program. The IMC plan is developed similarly to the marketing plan and often uses its detailed information. Promotional planners focus on information in the marketing plan that is relevant to the promotional strategy.

Promotional Program Situation Analysis

After the overall marketing plan is reviewed, the next step in developing a promotional plan is to conduct the situation analysis. For the IMC program, the situation analysis focuses on the factors that influence or are relevant to the development of a promotional strategy. Like the overall marketing situation analysis, the promotional program situation analysis includes both an internal and an external analysis.

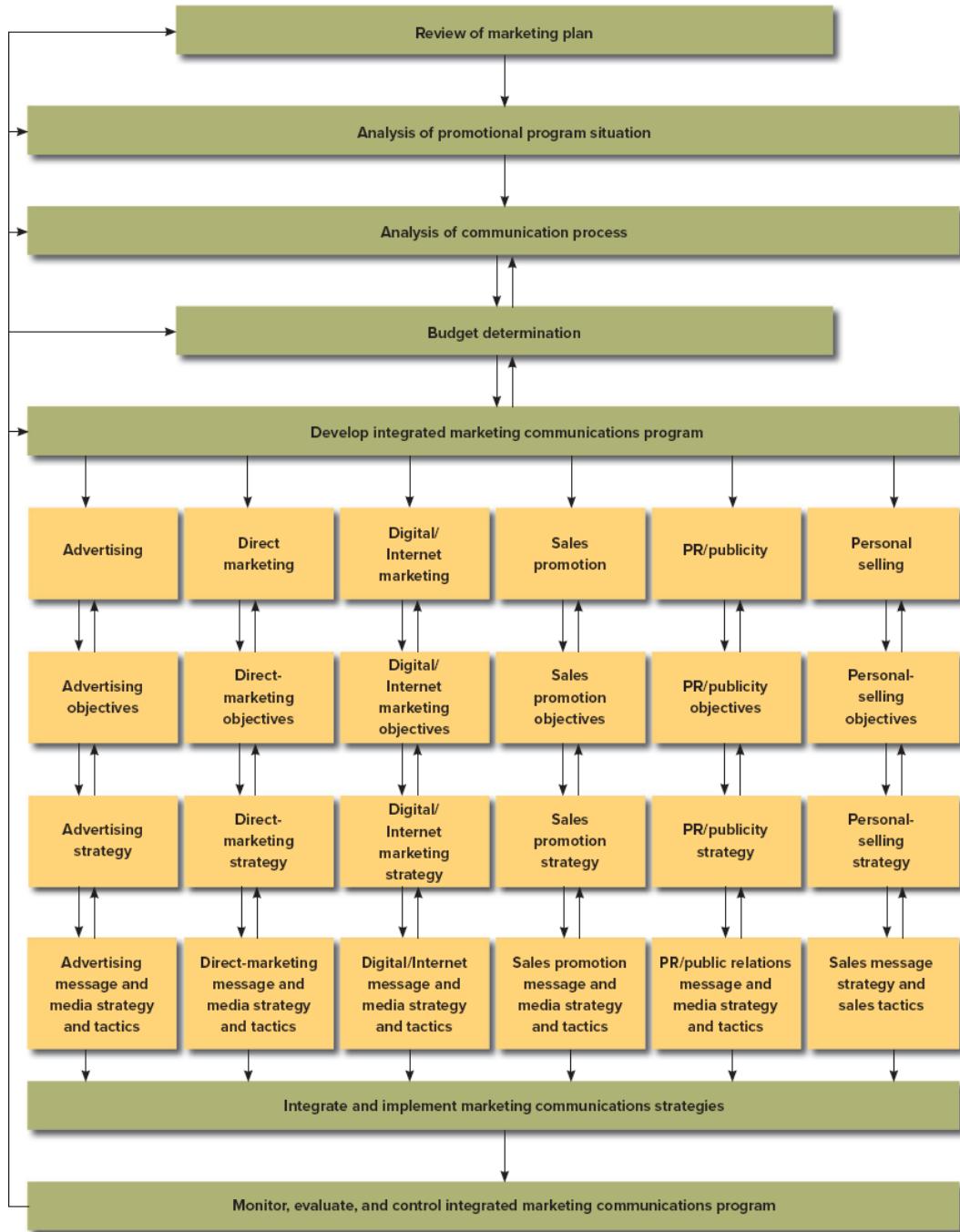
Internal Analysis The **internal analysis** assesses relevant areas involving the product/service offering and the firm itself. The capabilities of the firm and its ability to develop and implement a successful IMC program, the organization of the marketing communications department, and the successes and failures of past programs should be reviewed. The analysis should study the relative advantages and disadvantages of performing the promotional functions in-house as opposed to hiring an external agency (or agencies). For example, the internal analysis may indicate the firm is not capable of planning, implementing, and managing certain areas of the IMC program. If this is the case, it would be wise to look for assistance from an advertising or digital agency or some other promotional facilitator. If the organization is already using an external agency, the focus will be on the

quality of the agency's work and the results achieved by past and/or current campaigns.

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FIGURE 1–8

An Integrated Marketing Communications Planning Model



Review of Marketing Plan

Examine overall marketing plan and objectives
Role of advertising and promotion
Competitive analysis
Assess environmental influences

Analysis of Promotional Program Situation

Internal analysis	External analysis
Promotional department organization	Consumer behavior analysis
Firm's ability to implement promotional program	Market segmentation and target marketing
Agency evaluation and selection	Market positioning
Review of previous program results	Market trends and developments

Analysis of Communication Process

Analyze receiver's response processes
Analyze source, message, channel factors
Establish communication goals and objectives

Budget Determination

Set tentative marketing communications budget
Allocate tentative budget

Develop Integrated Marketing Communications Program

Advertising	Sales promotion
Set advertising objectives	Set sales promotion objectives
Determine advertising budget	Determine sales promotion budget
Develop advertising message	Determine sales promotion tools
Develop advertising media strategy	and develop messages
Direct marketing	Develop sales promotion media strategy
Set direct-marketing objectives	Public relations/publicity
Determine direct-marketing budget	Set PR/publicity objectives
Develop direct-marketing message	Determine PR/publicity budget
Develop direct-marketing media strategy	Develop PR/publicity messages
Digital/Internet marketing	Develop PR/publicity media strategy
Set interactive/Internet marketing objectives	Personal selling
Determine interactive/Internet marketing budget	Set personal-selling and sales objectives
Develop interactive/Internet message	Determine personal-selling/sales budget
Develop interactive/Internet media strategy	Develop sales message
	Develop selling roles and responsibilities

Integrate and Implement Marketing Communications Strategies

Integrate promotional-mix strategies
Create and produce ads
Purchase media time and space

Design and implement direct-marketing programs
Design and distribute sales promotion materials
Design and implement public relations/publicity programs
Design and implement digital/Internet marketing programs

Monitor, Evaluate, and Control Integrated Marketing Communications Program
Evaluate promotional program results/effectiveness
Take measures to control and adjust promotional strategies

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In this text we will examine the functions advertising agencies perform for their clients, the agency selection process, compensation, and considerations in evaluating agency performance. We will also discuss the role and function of other promotional facilitators such as digital/interactive agencies, sales promotion firms, direct-marketing companies, public relations agencies, and media specialists as well as marketing and media research firms.

Another aspect of the internal analysis is assessing the strengths and weaknesses of the firm or the brand from an image perspective. Often the brand equity and image a firm brings to the market will have a significant impact on the way the firm can advertise and promote itself as well as its various products and services. Companies or brands that are new to the market or those for whom perceptions are negative may have to concentrate on their images, not just the benefits or attributes of the specific product or service. On the other hand, a firm with a strong reputation and/or brand image is already a step ahead when it comes to marketing its products or services. For example, brands such as Apple, Samsung, Nike, Starbucks, Mercedes Benz, Hermes, and Louis Vuitton have very favorable brand images, which can be leveraged in advertising and other elements of their IMC programs (Exhibit 1–14).

XHIBIT 1-14

Companies such as Starbucks have very favorable brand images.

Source: mstepanphotographer/Shutterstock



The internal analysis also assesses the relative strengths and weaknesses of the product or service; its advantages and disadvantages; any unique selling points or benefits it may have; its packaging, price, and design; and so on. This information is particularly important to the creative personnel who must develop the advertising message for the brand.

Figure 1–9 is a checklist of some of the areas marketers might consider when performing analyses for promotional planning purposes. Addressing internal areas may require information the company does not have available internally and must gather as part of the external analysis.

FIGURE 1–9

Areas Covered in the Situation Analysis

Internal Factors	External Factors
<i>Assessment of Firm's Promotional Organization and Capabilities</i>	<i>Customer Analysis</i> Who buys our product or service?

<p>Organization of promotional department.</p> <p>Capability of firm to develop and execute promotional programs.</p> <p>Determination of role and function of ad agency and other promotional facilitators.</p>	<p>Who makes the decision to buy the product?</p> <p>Who influences the decision to buy the product?</p> <p>How is the purchase decision made? Who assumes what role?</p>
<p><i>Review of Firm's Previous Promotional Programs and Results</i></p>	<p>What does the customer buy? What needs must be satisfied?</p>
<p>Review previous promotional objectives.</p> <p>Review previous promotional budgets and locations.</p> <p>Review previous promotional-mix strategies and programs.</p> <p>Review results of previous promotional programs.</p>	<p>Why do customers buy a particular brand?</p> <p>Where do they go or look to buy the product or service?</p> <p>When do they buy? Any seasonality factors?</p>
<p><i>Assessment of Firm or Brand Image and Implications for Promotion</i></p>	<p>What are customers' attitudes toward our product or service?</p> <p>What social factors might influence the purchase decision?</p>
<p>What is the identity and/or reputation of the firm or brand in the market?</p>	<p>Do the customers' lifestyles influence their decisions?</p> <p>How is our company or brand perceived by customers?</p> <p>How do demographic factors influence the purchase decision?</p>
<p><i>Assessment of Relative Strengths and Weaknesses of Product or Service</i></p>	<p><i>Competitive Analysis</i></p>
<p>What are the strengths and weaknesses of product or service?</p> <p>What are its key benefits?</p> <p>Does it have any unique selling points?</p> <p>Assessment of packaging, labeling, and brand image.</p> <p>How does our product or service compare with competition?</p>	<p>Who are our direct and indirect competitors?</p> <p>What key benefits and positioning are used by our competitors?</p> <p>What is our position relative to the competition?</p> <p>What is the size of our competitors' marketing budgets?</p> <p>What message, media, and digital strategies are our competitors using?</p>

Environmental Analysis

Are there any current trends or developments that might affect the promotional program?

External Analysis The **external analysis** focuses on factors such as characteristics of the firm's customers, market segments, positioning strategies, and competitors, as shown in Figure 1–9. An important part of the external analysis is a detailed consideration of customers' characteristics and buying patterns, their decision processes, and factors influencing their purchase decisions. Attention must also be given to consumers' perceptions and attitudes, lifestyles, and criteria for making purchase decisions. Often, marketing research studies are needed to answer some of these questions.

A key element of the external analysis is an assessment of the market. The attractiveness and growth potential of various market segments must be evaluated and the segments to target must be identified. Once the target markets are chosen, the emphasis will be on determining how the company or brand should be positioned. What image or place should it have in consumers' minds?

This part of the promotional program situation analysis also includes an in-depth examination of both direct and indirect competitors. While competitors were analyzed in the overall marketing situation analysis, even more attention is devoted to promotional aspects at this phase. Focus is on the firm's primary competitors: their specific strengths and weaknesses; their segmentation, targeting, and positioning strategies; and the promotional strategies they employ. The size and allocation of their promotional budgets, their media strategies, and the messages they are sending to the marketplace should all be considered.

The external phase also includes an analysis of the marketing environment and current trends or developments that might affect the promotional program. Marketers must consider relevant page 35 demographic, economic, and sociocultural factors and how they are impacting their markets. For example, consumers have become more

focused on health and nutrition, which has had a major impact on the beverage industry. Sales of soft drinks have been declining for more than a decade as a result of consumer concerns over their nutritional value and the high number of calories from added sugar as well as the artificial sweetener used in diet sodas. These concerns have led many consumers to turn to alternative beverages such as teas, juices, bottled water, flavored waters, and sports drinks. This has created a market opportunity for marketers who have launched new beverage products that are positioned as being healthier and having more nutritional value. For example, one beverage that has shown significant growth in recent years is sparkling water as sales in the category have grown more than 50 percent since 2015. Exhibit 1–15 shows an ad for Dasani Sparkling, which is a line extension of the popular Dasani water brand marketed by the Coca-Cola Company.

XHIBIT 1–15

Sparkling water is one of the fastest-growing beverage categories.

Source: Coca-Cola Company



Analysis of the Communication Process

This stage of the promotional planning process examines how the company can effectively communicate with consumers in its target markets. The promotional planner must think about the process consumers will go through in responding to marketing communications. The response process for products or services for which consumer decision making is characterized by a high level of interest is often different from that for low- ^{page 36} involvement or routine purchase decisions. These differences will influence the promotional strategy.

Communication decisions regarding the use of various source, message, and channel factors must also be considered. The promotional planner should recognize the different effects various types of advertising messages might have on consumers and whether they are appropriate for the product or brand. Issues such as whether a celebrity spokesperson should be used and at what cost may also be studied. Preliminary discussion of media-mix options (print, TV, radio, digital, direct marketing), including how they can be used to reach the target market and their cost implications, might also occur at this stage.

An important part of this stage of the promotional planning process is establishing communication goals and objectives. In this text, we stress the importance of distinguishing between communication and marketing objectives. **Marketing objectives** refer to what is to be accomplished by the overall marketing program. They are often stated in terms of sales, market share, or profitability.

Communication objectives refer to what the firm seeks to accomplish with its promotional program. They are often stated in terms of the nature of the message to be communicated or what specific communication effects are to be achieved. Communication objectives may include creating awareness or knowledge about a product and its attributes or benefits; creating an image; or developing favorable attitudes, preferences, or purchase intentions. Communication objectives should be the guiding force for development of the overall marketing communications strategy and of objectives for each promotional-mix area.

Budget Determination

After the communication objectives are determined, attention turns to the promotional budget. Two basic questions are asked at this point: How much will the IMC program cost? How will the money be allocated across different media, geographic markets, and time periods? Ideally, the amount a firm needs to spend on advertising and promotion should be determined by what must be done to accomplish its communication objectives. In reality, promotional budgets are often determined using a more simplistic approach, such as how much money is available or a percentage of a company's or brand's sales revenue. At this stage, the budget is often tentative. It may not be finalized until specific promotional-mix strategies are developed.

Developing the Integrated Marketing Communications Program

Developing the IMC program is generally the most involved and detailed step of the promotional planning process. As discussed earlier, each promotional-mix element has certain advantages and limitations. At this stage of the planning process, decisions have to be made regarding the role and importance of each element and their coordination with one another. As Figure 1–8 shows, each promotional-mix element has its own set of objectives and a budget and strategy for meeting them. Decisions must be made and activities performed to implement the promotional programs. Procedures must be developed for evaluating performance and making any necessary changes.

For example, the advertising program will have its own set of objectives, usually involving the communication of some message or appeal to a target audience. A budget will be determined, providing the advertising manager and the agency with some idea of how much money is available for developing the ad campaign and purchasing media to disseminate the ad message.

Two important aspects of the advertising program are development of the message and the media strategy. Message development, often referred to as *creative strategy*, involves determining the basic appeal and message the advertiser wishes to convey to the target audience. This process,

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along with the ads that result, to many students is the most fascinating aspect of promotion. *Media strategy* involves determining which communication channels will be used to deliver the advertising message to the target audience. Decisions must be made regarding which types of media will be used (e.g., newspapers, magazines, radio, TV, outdoor, digital) as well as specific media selections (e.g., a particular magazine or TV program). This task requires careful evaluation of the media options' advantages and limitations, costs, and ability to deliver the message effectively to the target market.

Once the message and media strategies have been determined, steps must be taken to implement them. Most large companies hire advertising agencies to plan and produce their messages and to evaluate and purchase the media that will carry their ads. However, most agencies work very closely with their clients as they develop the ads and select media, because it is the advertiser that ultimately approves (and pays for) the creative work and media plan.

A similar process takes place for the other elements of the IMC program as objectives are set, an overall strategy is developed, message and media strategies are determined, and steps are taken to implement them. While the marketer's advertising agencies may be used to perform some of the other IMC functions, they may also hire other communication specialists such as direct-marketing and interactive and/or sales promotion agencies, as well as public relations firms.

Monitoring, Evaluation, and Control

The final stage of the IMC planning process is monitoring, evaluating, and controlling the promotional program. It is important to determine how well the IMC program is meeting communication objectives and helping the firm accomplish its overall marketing goals and objectives. The IMC planner wants to know not only how well the promotional program is doing but also why. For example, problems with the advertising program may lie in the nature of the message or in a media plan that does not reach the target market effectively. The manager must know the reasons for the results in order to take the right steps to correct the program.

Most companies are using analytics to measure the effectiveness of their advertising and promotion campaigns, particularly digital advertising. In addition to running ads in traditional media such as television and print, most marketers' IMC programs include digital ads that utilize different formats, such as display and video, and across a number of channels, including search, social media, websites, and mobile. Digital and social media platforms such as Google, Facebook, and LinkedIn can provide very detailed analytics that marketers can use to gauge the effectiveness of their digital ads and determine how they move consumers through the purchase funnel.⁵⁷ These platforms also provide online courses, training, and certification programs to help marketers understand how to use measurement tools and analytics (Exhibit 1–16).

XHIBIT 1–16

Google's Analytics Academy provides training in the use of measurement and analytics tools.

Source: Alphabet Inc.

The screenshot shows the Google Analytics Academy homepage. At the top, there is a banner with the text "Learn analytics with free online courses". Below this, a sub-section titled "Analytics Academy Courses" lists four courses:

- Google Analytics for Beginners**: Learn the basic features of Google Analytics including how to create an account, implement tracking code, analyze basic reports, and set up goals and campaign tracking.
- Advanced Google Analytics**: Learn about advanced Google Analytics features including data collection, processing and configuration, and more complex analysis and marketing tools.
- Google Analytics for Power Users**: After you're familiar with the range of features Analytics offers, learn and practice actionable analyses to track business performance and identify areas for business improvement.
- Getting Started With Google Analytics 360**: Learn about powerful Google Analytics 360 features that are not available in the standard product, and gain insight into how you can benefit from Integrations with BigQuery, Google Marketing Platform products, and Google Ad Manager.

This final stage of the process is designed to provide managers with continual feedback concerning the effectiveness of the IMC program, which in turn can be used as input into the planning process. As Figure 1–8 shows, information on the results achieved by the IMC program is used in subsequent promotional planning and strategy development.

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PERSPECTIVE AND ORGANIZATION OF THIS TEXT

Traditional approaches to teaching advertising, promotional strategy, or marketing communications courses have often treated the various elements of the promotional mix as separate functions. As a result, many people who work in advertising, sales promotion, direct marketing, digital/Internet, or public relations tend to approach marketing communications problems from the perspective of their particular specialty. An advertising person may believe marketing communications objectives are best met through the use of media advertising; a promotional specialist argues for a sales promotion program to motivate consumer response; a public relations person advocates a PR campaign to tackle the problem. These orientations are not surprising, since each person has been trained to view marketing communications problems primarily from one perspective.

In the contemporary business world, however, individuals working in marketing, advertising, and other promotional areas are expected to understand and use a variety of marketing communication tools, not just the one in which they specialize. Ad agencies no longer confine their services to the advertising area. Many are involved in sales promotion, public relations, direct marketing, event sponsorship, digital/interactive, and other marketing communication areas. Individuals working on the client or advertiser side of the business, such as brand, product, or promotional managers, are developing marketing programs that use a variety of marketing communication methods.

This text views advertising and promotion from an integrated marketing communications perspective. We will examine the promotional-mix elements and their roles in an organization's integrated marketing communications efforts. Although media advertising may be the most visible part of the communications program, understanding its role in contemporary marketing requires attention to other promotional areas such as the Internet and digital marketing, direct marketing, sales promotion, and public relations. Not all the promotional-mix areas are under the direct control of the advertising or marketing communications manager. For example, as noted earlier, personal selling is typically a specialized marketing function outside the control of the advertising or promotional department. Likewise, publicity/public relations is often assigned to a separate department. All these departments should, however, communicate to coordinate all the organization's marketing communication tools.

The purpose of this book is to provide you with a thorough understanding of the field of advertising and other elements of a firm's promotional mix and show how they are combined to form an integrated marketing communications program. To plan, develop, and implement an effective IMC program, those involved must understand marketing, consumer behavior, and the communication process. The first part of this book is designed to provide this foundation by examining the roles of advertising and other forms of promotion in the marketing process. We examine the process of market segmentation and positioning and consider their part in developing an IMC strategy. We also discuss how firms organize for IMC and make decisions regarding ad agencies and other firms that provide marketing and promotional services.

We then focus on consumer behavior considerations and analyze the communication process. We discuss various communication models of value to promotional planners in developing strategies and establishing goals and objectives for advertising and other forms of promotion. We also consider how firms determine and allocate their marketing communications budget.

After laying the foundation for the development of a promotional program, this text will follow the integrated marketing communications planning model presented in Figure 1–8. We examine each of the promotional-mix variables, beginning with advertising. Our detailed

examination of advertising includes a discussion of creative strategy and the process of developing the advertising message, an overview of media strategy, and an evaluation of the various media (print, broadcast, and support media). The discussion then turns to the other areas of the promotional mix: direct marketing, digital/Internet marketing, sales promotion, and public relations/publicity. Our examination of the IMC planning process concludes with a discussion of how the program is monitored, evaluated, and controlled. Particular attention is given to measuring the effectiveness of advertising and other forms of promotion.

The final part of the text examines special topic areas and perspectives that have become increasingly important in contemporary marketing. We will examine the area of international advertising and promotion and the challenges companies face in developing IMC programs for global markets as well as various countries around the world. The text concludes with an examination of the environment in which integrated marketing communications operates, including the regulatory, social, and economic factors that influence, and in turn are influenced by, an organization's advertising and promotional program.

Summary

Advertising and other forms of promotion are an integral part of the marketing process in most organizations. Over the past decade, the amount of money spent on advertising, sales promotion, direct marketing, and other forms of marketing communication has increased tremendously, both in the United States and in foreign markets. There has been a very large increase in the amount of monies spent on digital advertising done through the Internet as well as various forms of nontraditional media, some of which did not exist at the beginning of the new millennium, such as social media. To understand the role of advertising and promotion in a marketing program, one must understand the role and function of marketing in an organization. The basic task of marketing is to combine the four controllable elements, known as the marketing mix, into a comprehensive program that facilitates exchange with a

target market. The elements of the marketing mix are the product or service, price, place (distribution), and promotion.

For many years, the promotional function in most companies was dominated by mass-media advertising. However, more and more companies are recognizing the importance of integrated marketing communications, coordinating the various marketing and promotional elements to achieve more efficient and effective communication programs. A number of factors underlie the move toward IMC by marketers as well as ad agencies and other promotional facilitators. Reasons for the growing importance of the integrated marketing communications perspective include a rapidly changing environment with respect to consumers, technology, and media. The IMC movement is also being driven by changes in the ways companies market their products and services. A shifting of marketing expenditures from traditional media advertising to digital and social media, a shift in marketplace power from manufacturers to retailers, the growth and development of database marketing, the demand for greater accountability from advertising agencies and other marketing communication firms, and the fragmentation of media markets, as well as changing media consumption patterns, are among the key changes taking place.

Promotion is best viewed as the communication function of marketing. It is accomplished through a promotional mix that includes advertising, personal selling, publicity/public relations, sales promotion, direct marketing, and digital/Internet marketing. The inherent advantages and disadvantages of each of these promotional-mix elements influence the roles they play in the overall marketing program. In developing the IMC program, the marketer must decide which tools to use and how to combine them to achieve the organization's marketing and communication objectives. Many companies are taking an audience contact or touch point perspective in developing their IMC programs whereby they consider all of the potential ways of reaching their target audience and presenting the company or brand in a favorable manner. The four primary categories of contact points include company planned, intrinsic, unexpected, and customer initiated. These contact points vary with respect to the impact they have on the customer and marketers' ability to control them. Another categorization of the various

types of customer contact points that has become very popular is that of paid, owned, and earned media.

Promotional management involves coordinating the promotional-mix elements to develop an integrated program of effective marketing communication. The model of the IMC planning process in Figure 1–8 contains a number of steps: a review of the marketing plan; promotional program situation analysis; analysis of the communication process; budget determination; development of an integrated marketing communications program; integration and implementation of marketing communications strategies; and monitoring, evaluation, and control of the promotional program.

Key Terms

- exchange** 7
 - marketing** 7
 - value** 7
 - marketing mix** 8
 - integrated marketing communications (IMC)** 8
 - sustainability** 14
 - promotion** 16
 - promotional mix** 16
 - advertising** 17
 - direct marketing** 19
 - direct-response advertising** 19
 - omnichannel retailing** 21
 - interactive media** 21
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Discussion Questions

- 1.** Discuss the role of integrated marketing communications in the marketing program for a company such as Nike. Discuss how Nike uses various IMC tools to market its athletic shoes and apparel and maintain its position as the market leader. (LO 1-2, 1-5)
- 2.** Evaluate Nike's decision to run the "Dream Crazy" ad featuring former NFL quarterback Colin Kaepernick. Why do you think the company was willing to take the risk of running this controversial ad? Do you agree with Nike's decision? LO 1-2, 1-5)
- 3.** Discuss the role that integrated marketing communications plays in the marketing program of companies and organizations. Discuss how the use of the various promotional mix tools has changed over the past decade and what factors drive these changes. (LO 1-1, 1-4)
- 4.** Spending by marketers on digital advertising has now surpassed spending on traditional media such as television, radio, magazines, and newspapers. Discuss the reasons marketers are spending more on digital than traditional media. Do you expect this trend to continue? (LO 1-2, 1-3, 1-4)
- 5.** Why has sustainability become an important consideration for many companies? Discuss some of the ways companies are integrating sustainability into their marketing programs. (LO 1-1, 1-2)

- 6.** Digital and Social Media Perspective 1-1 discusses how Google, Facebook, and Amazon dominate the market for digital advertising. Why has each of these companies become so dominant? Discuss their importance to marketers using digital advertising as part of their IMC program. (LO 1-4, 1-5)
- 7.** What is meant by a consumer contact or touch point? Choose a specific company or brand and discuss how it is using the four categories of touch points discussed in the chapter. (LO 1-5)
- 8.** What is meant by the categorization of touch points into paid, owned, and earned media? Choose a specific company or brand and discuss how it is using these three categories of media. (LO 1-5)
- 9.** Find an example of a company or brand that has reduced its spending on traditional mass-media advertising and is allocating more of its IMC budget to digital media. Do you agree with this decision or do you think this company or brand should be maintaining its spending on traditional media advertising? (LO 1-3, 1-5, 1-6)
- 10.** Assume a company is developing an IMC plan for a new product that will compete in the beverage market. Discuss some of the factors that should be considered as part of the external analysis when developing the IMC plan. (LO 1-6)



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- SmartBook 2.0
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2

The Role of IMC in the Marketing Process