

2

The Role of IMC in the Marketing Process

Online Dating
For
Farmers



FarmersOnly.com

City folks
just don't get it!™

Source: FarmersOnly Media Inc.

Learning Objectives

LO 2-1 | Describe the role of advertising and promotion in an organization's integrated marketing program.

LO 2-2 | Define target marketing.

LO 2-3 | Discuss the role of market segmentation in an IMC program.

LO 2-4 | Describe positioning and repositioning strategies.

LO 2-5 | Identify the marketing-mix decisions that influence advertising and promotional strategy.

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Segmenting the Online Dating Industry: There's a Site for Everyone

While the practice of finding a date online as we know it today is a relatively new phenomenon, trying to find a match through personal ads appeared in British newspapers as early as the late 1600s. The ads were predominantly placed by men looking for a potential spouse before they (the men) got older and the odds of finding someone to marry went down. The ads continued through the 1700s and 1800s in Britain and the United States and saw a marked increase in popularity in the United States in the early 1900s, most commonly by farmers or others living in rural areas and then by lonely veterans returning from duty in World War I.

While personal attempts at finding a partner continued throughout the 20th century in various forms and a variety of media—including newspapers, television, catalogs, and videotapes—a major shift occurred in the 1990s with the establishment and expansion of the World Wide Web. In 1995, Match.com became the first major dating service site to register a domain. JDate.com—a site designed to connect Jewish singles—was established in 1997. Online dating domains began to proliferate in the early 2000s with the establishment of a number of new sites, including eharmony, Ashley Madison, OkCupid, and numerous others. By 2007, online dating became the second highest online industry for paid content.

Like other industries, when the number of competitors increases, marketers often find that they can no longer compete with everyone or in every market. To market more effectively, they look for segments in the marketplace in which they can compete most effectively. By 2010, segmentation had hit the online dating industry with a bang! There are now an estimated 7,500 dating sites and apps frequented by millions of people looking for their match—whether it be a hookup, date, relationship, or marriage. The variety is astounding! Consider just these few:

- *Match.com*—The first and still most popular dating site now has over 23.5 million users and is ranked among the top by almost every online rating service. It has facilitated the most online dates with the highest success rate.
- *Eharmony and Zoosk*—Also rating high by site evaluators are eharmony and Zoosk. Both are targeted to singles seeking anything from a fun, casual date to a serious relationship. Both have users develop a profile to assist in the match. Eharmony prefers Christians. Zoosk is tied to Facebook and Google and handles over 3 million message exchanges per day. Both claim to be highly successful for those looking for more serious relationships and/or marriage.

Okay, now that you know the biggest players, consider a few sites and apps that target more specific segments:

- *Silver Singles and OurTime*—These sites are targeted to singles over the age of 50 who are looking for “friendship, dating, marriage, and everything in between.” Silver Singles also offers strong customer support and strong security measures and is easy to get started on and use. OurTime is also targeted to those 50+ who are interested in “mature dating” and has simplified the dating process.
- *EliteSingles*—Targeted to “educated professionals” who don’t have time to waste searching, EliteSingles offers a personality test to connect seekers with attractive, intelligent singles only.

- *TheLeague*—This is just one of a number of sites that target those who want to connect with Ivy Leaguers, some of which screen applicants based on looks and “elite status.”
- *FarmersOnly.com*—If you live in an urban area or have an urban attitude, this site is not for you. FarmersOnly.com is a site for single farmers who live in rural areas, love animals, or just don’t like the urban or suburban lifestyle and are looking for a meaningful relationship. Visiting this site will allow you to “start connecting with other single farmers and down-to-earth folks.” The site’s tagline is “City Folks Just Don’t Get It.” The site was founded in 2005 and claims to have grown to over 5 million members and to be responsible for more than 100 marriages. FarmersOnly.com gained notoriety through its quirky television commercials that typically depict a supposed country girl and an urban-type suitor who loses out to the country boy in the end. They also sometimes show animals talking, country scenes like fishing and horseback riding, and [page 44](#) the basic country lifestyle.

While we could continue to go on (remember there are more than 7,500 sites now out there), it is pretty easy to see how segmented the online dating business has become since the inception of Match.com. Online dating is now estimated to be about a \$1.8 billion per year industry that continues to grow and to segment to be attractive to more and more niche markets. Consider these: *beautifulpeople.com*—where people get voted on or off within 48 hours by other members based on their physical attractiveness; *singleparentmeet.com*—for singles with kids looking for a new relationship; and *ghostsingles.com*—ghost singles looking for other ghosts to date.

While beset by somewhat of a negative image in the beginning, online dating has become so mainstream that it no longer appears to be anything other than just another way to meet someone who is similar to you—and an apparently effective way at that. An article in *Wired* magazine in 2002 predicted that “Twenty years from now, the idea that someone looking for love won’t look for it online will be silly, akin to skipping the card catalog to instead wander the stacks because the right books are found only by accident.” As long as people have different interests, lifestyles and needs, it appears marketers will find them and a new online site will be born.

Sources: Amber Brooks, “21 Amazing Online Dating Statistics—The Good, Bad & Weird (2019),” January 14, 2018, www.datingadvice.com; “The Best Online Dating Sites of 2019,” January 31, 2019, www.top10bestdatingsites.com; Susie Lee, “The History of Online Dating from 1695 to Now,” *Huffington Post*, December 6, 2017, www.huffingtonpost.com; “The History of Online Dating,” December 4, 2017, www.onlinedatingadvice.com; Jewel Pi, “7 Unconventional Dating sites for the Extremely Unique Individual,” September 4, 2014, coffeemeetsbagel.com.

Marketers know that to be successful they must understand their buyers and potential buyers and develop specific strategies to best reach them. These include the identification of market opportunities, market segmentation, target

marketing and positioning, and marketing program development. As you will see in this chapter, this is often a challenging task.

In this chapter, we take a closer look at how marketing strategies influence the role of promotion and how promotional decisions must be coordinated with other areas of the marketing mix. In turn, all elements of the marketing mix must be consistent in a strategic plan that results in an integrated marketing communications program. We use the model in Figure 2–1 as a framework for analyzing how promotion fits into an organization's marketing strategy and programs.

FIGURE 2–1

Marketing and Promotions Process Model



This model consists of four major components: the organization's marketing strategy and analysis, the target marketing process, the marketing planning program development (which includes the promotional mix), and the target market. As the model shows, the marketing process begins with the development of a marketing strategy and analysis in which the company decides the product or service areas and particular markets where it wants to compete. The company must then coordinate the various elements of the

marketing mix into a cohesive marketing program that will reach the target market effectively. Note that a firm's promotion program is directed not only to the final buyer but also to the channel or "trade" members that distribute its products to the ultimate consumer. These channel members must be convinced there is a demand for the company's products so they will carry them and will aggressively merchandise and promote them to consumers. Promotions play an important role in the marketing program for building and maintaining demand not only among final consumers but among the trade as well.

As noted in Chapter 1, all elements of the marketing mix—product, price, place (distribution), and promotion—must be integrated to provide consistency and maximum communications impact. Development of a marketing plan is instrumental in achieving this goal.

As Figure 2–1 shows, development of a marketing program requires an in-depth analysis of the market. This analysis may make extensive use of marketing research as an input into the planning process. This page 45 input, in turn, provides the basis for the development of marketing strategies in regard to product, pricing, distribution, and promotion decisions. Each of these steps requires a detailed analysis, since this plan serves as the road map to follow in achieving marketing goals. Once the detailed market analysis has been completed and marketing objectives have been established, each element in the marketing mix must contribute to a comprehensive integrated marketing program. Of course, the promotional program element (the focus of this text) must be combined with all other program elements in such a way as to achieve maximum impact.

MARKETING STRATEGY AND ANALYSIS

LO 2-1

Any organization that wants to exchange its products or services in the marketplace successfully should have a **strategic marketing plan** to guide the allocation of its resources. A strategic marketing plan usually

evolves from an organization's overall corporate strategy and serves as a guide for specific marketing programs and policies. As we noted earlier, marketing strategy is based on a situation analysis—a detailed assessment of the current marketing conditions facing the company, its product lines, or its individual brands. From this situation analysis, a firm develops an understanding of the market and the various opportunities it offers, the competition, and the **market segments** or target markets the company wishes to pursue. We examine each step of the marketing strategy and *planning* in this chapter.

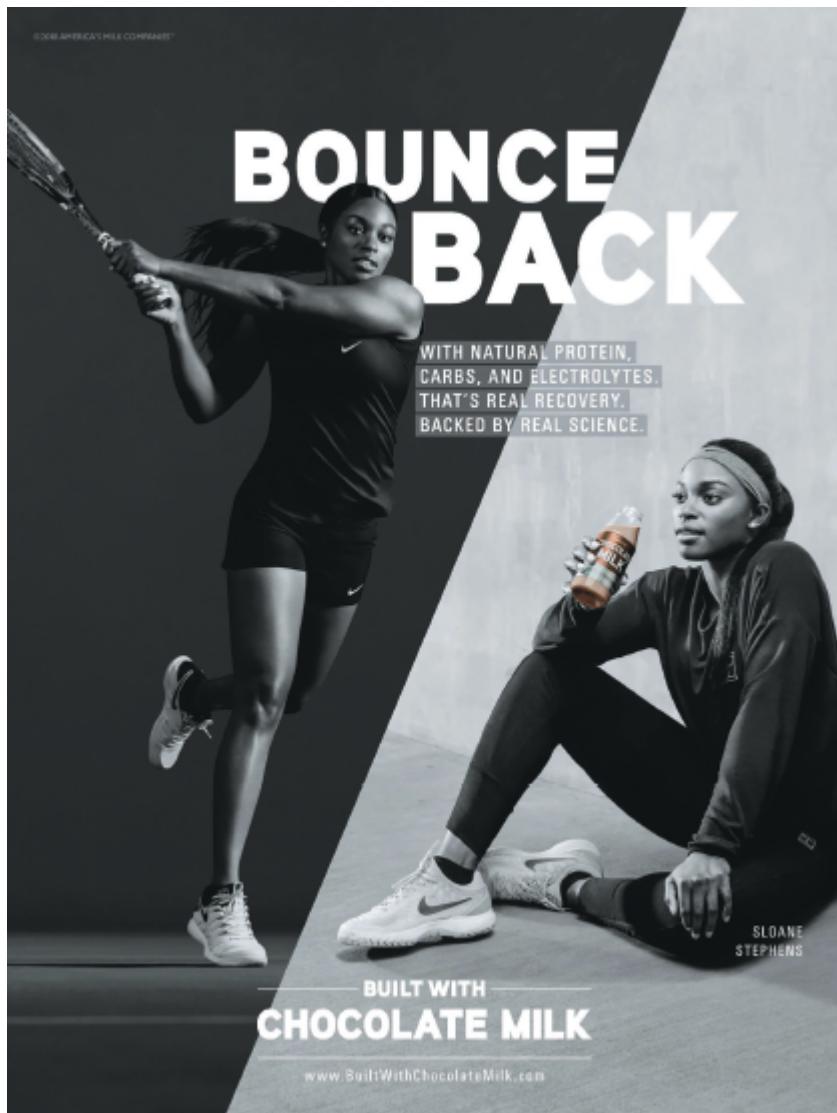
Opportunity Analysis

A careful analysis of the marketplace should lead to alternative market opportunities for existing product lines in current or new markets, new products for current markets, or new products for new markets. **Market opportunities** are areas where there are favorable demand trends, [page 46](#) where the company believes customer needs and opportunities are not being satisfied, and where it can compete effectively. Take chocolate milk, for example. Milk is thought to have been around and consumed since 5000 B.C. In recent years, however, white milk has continued a decades-long decline in consumption. But, when scientific research showed that chocolate milk was an effective post-workout recovery drink, the Milk Processor Education Program seized on the marketing opportunity, initiating a campaign to create a new drinking occasion for chocolate milk. The board initiated the “Built with Chocolate Milk” campaign, which was designed to deliver a message about chocolate milk and its role in aiding recovery after physical activities (Exhibit 2–1). The campaign leveraged partnerships with on- and offline activities including sampling programs; 360-degree marketing campaigns; social media; advertising; and partnerships with the Rock ‘n’ Roll Marathon Series, USA Swimming team, and the U.S. Olympic committee. The result was a yearlong steady increase in chocolate milk sales since the campaign started in 2012.¹

XHIBIT 2–1

Chocolate milk has seized a market opportunity.

Source: America's Milk Companies



A company usually identifies market opportunities by carefully examining the marketplace and noting demand trends and competition in various market segments. A market can rarely be viewed as one large homogeneous group of customers; rather, it consists of many heterogeneous groups, or segments. In recent years, many companies have recognized the importance of tailoring their marketing to meet the needs and demand trends of different market segments.

For example, different market segments in the personal computer (PC) industry include the home, government, education, science, and business

markets. These segments can be even further divided. The coffee industry includes retail for home consumption (e.g., sales through grocery stores), and institutional food services (sales to hotels, hospitals, colleges, and other high-volume users, plus military sales). Each segment each requires its own marketing efforts. A company that is marketing its products in the auto industry must decide in which particular market segment or segments it wishes to compete. This decision depends on the amount and nature of competition the brand will face in a particular market. Many auto companies are now competing in the hybrid car market, offering a variety of models (Exhibit 2–2). Mercedes is now competing in the light-duty truck market and the luxury pickup market. Jaguar and Volvo have both announced that they will make only electric cars after 2020.

XHIBIT 2–2

Many car companies, as shown in this ad for Porsche, now compete in the hybrid market. In addition to the hybrid and electric market, what are some other ways that car companies can target automotive consumers?

Source: Grzegorz Czapski/Shutterstock



A competitive analysis is an important part of marketing strategy development and warrants further consideration.

Competitive Analysis

In developing the firm's marketing strategies and plans for its products and services, the manager must carefully analyze the competition to be faced in the marketplace. This may range from direct brand competition (which can also include its own brands) to more indirect forms of competition, such as product substitutes. For example, growth in the bottled water market has led numerous companies to compete in this area and offer different [page 47](#) product varieties (Exhibit 2–3). Sales are expected to continue to increase through 2025, reaching over \$470 billion.

XHIBIT 2–3

SoBe, which is owned by Pepsi, offers a variety of enhanced waters and is an example of direct brand competition.

Source: SoBe by PepsiCo



At a more general level, marketers must recognize they are competing for the consumer's discretionary income, so they must understand the various ways potential customers choose to spend their money. The impact of the worldwide economic downturn has made manufacturers of luxury goods brands rethink their marketing strategies. Sales of luxury products fell during the recession in 2008 and again in 2009. However, by 2013 the top 100 luxury brands rebounded with an 8.2 percent growth rate, with this growth rate expected to continue through 2022.² A market downturn or uncertainty will often have a direct impact on luxury goods sales.

An important aspect of marketing strategy development is the search for a **competitive advantage**, something special a firm does or has that gives it an edge over competitors. Ways to achieve a competitive advantage include having quality products that command a premium price, providing superior customer service, having the lowest production costs and lower prices, and dominating channels of distribution. Competitive advantage can also be achieved through advertising that creates and maintains product differentiation and brand equity, an example of which was the long-running advertising campaign for Michelin tires, which stressed security as well as performance. The strong brand images of Apple, Samsung, Nike, BMW, and McDonald's give them a competitive advantage in their respective markets.

The competitive environment in some markets is constantly changing—for example, new market entries and brands reaching the end of their life cycles for a variety of reasons, from failing to adapt to market conditions to negative publicity to superior innovations and so on (think about VCRs and CDs). Sometimes brands that once were popular experience market share losses but are able to stay around and later make a comeback. Consider once-hot brands like Fila, Dr. Martens, Champion, and Polaroid. While all of these brands were popular in the 1980s, each fell on hard times throughout the 1990s and the early 2000s. Now each is enjoying a surge in popularity with younger market segments, thanks in part to product design changes in some (Fila, Polaroid) and association with social influencers in others (Champion, Dr. Martens).³ To be successful, or to remain

page 48 successful, marketers must always be monitoring their competitive environment (Exhibit 2–4).

XHIBIT 2–4

Fila revitalizes its image.

Source: *FILA Online, Inc.*



Competitors' marketing programs have a major impact on a firm's marketing strategy, so they must be analyzed and monitored. The reactions of competitors to a company's marketing and promotional strategy are also very important. Competitors may cut prices, increase promotional spending, develop new brands, or attack one another through comparative advertising (Exhibit 2–5). One of the more intense competitive rivalries is the battle between Coca-Cola and Pepsi. A number of other intense competitive rivalries exist in the marketplace, including Hertz and Avis, Verizon and AT&T, and Apple and Samsung.

XHIBIT 2–5

In this ad, Samsung compares itself to Apple but does not actually display the Apple name or logo, allowing Samsung to keep the focus on its brand.

Source: Samsung



**It doesn't take
a genius.**

A final aspect of competition is the growing number of foreign companies penetrating the U.S. market and taking business from domestic firms. In products ranging from beer to cars to electronics, imports are becoming an increasingly strong form of competition with which U.S. firms must contend. As we now compete in a global economy, U.S. companies must not only defend their domestic markets but also learn how to compete effectively in the international marketplace.

Target Market Selection

After evaluating the opportunities presented by various market segments, including a detailed competitive analysis, the company may select one, or more, as a target market. This target market becomes the focus of the firm's marketing effort, and goals and objectives are set according to where the company wants to be and what it hopes to accomplish in this market. As noted in Chapter 1, these goals and objectives are set in terms of specific performance variables such as sales, market share, and profitability. The selection of the target market (or markets) in which the firm will compete is an important part of its marketing strategy and has direct implications for its

advertising and promotional efforts. IMC Perspective 2–1 discusses Buick’s successful attempt to reach younger target markets.

Recall from our discussion of the integrated marketing communications planning program that the situation analysis is conducted at the beginning of the promotional planning process. Specific objectives—both marketing and communications—are derived from the situation analysis, and the promotional-mix strategies are developed to achieve these objectives. Marketers rarely go after the entire market with one product, brand, or service offering. Rather, they pursue a number of different strategies, breaking the market into segments and targeting one or more of these segments for marketing and promotional efforts. This means different objectives may be established, different budgets may be used, and the promotional-mix strategies may vary, depending on the market approach used.

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IMC Perspective 2–1 > > >

Creating a New Image for Buick



Buick/GM

Would you consider buying a Buick? Probably not. The first thing that usually comes to mind when someone mentions a Buick is “old”—old-fashioned, owned by older people, a car you would expect your grandfather to drive. Certainly not something you would think about buying just after you graduate from college. Well, Buick is out to change that image. The 116-year-old car company wants to appeal to a younger audience and to sell them more cars. To accomplish this, Buick has engaged in a major repositioning effort to change its image and become more appealing to a younger audience including millennials.

In 2008, the average age of a buick owner was 63. By 2018, it had dropped to 58. Like its GM partner, Oldsmobile, Buick was concerned about extinction (Oldsmobile also had an older demographic buyer and went out of business in 2004 after a 107-year history). But rather than going away quietly, Buick has made a comeback.

It started with the introduction of badly needed new car models. Considering the fact that 80 percent of the approximately 500,000 Buicks on the road in 2015 were no longer being built—including the lumbering Buick Century and LeSabre models—or (as noted by GM’s marketing VP) were piled in a scrap yard or in front of a bingo parlor, the image they projected was clearly not attractive to the younger crowd. It was time for a change. The redesigned new models include an attractive Enclave sport-utility vehicle (SUV), a smaller crossover Encore, a BMW 3 Series–sized Regal, and the Cascada—the first Buick convertible introduced in the last 25 years. All were designed to appeal to the millennial market. Showrooms were redesigned, customer service was improved, and a new mantra exuding “happiness” became pervasive. Sales were up and continuing to climb.

But what perhaps has led to most of the success was a powerful and effective IMC program centered around the “That’s a Buick?” ad campaign that poked a little fun at the automobile’s image. The commercials featured older people and millennials seeing a new Buick for the first time, and not believing that the car is really a Buick. In one spot a grandmother doesn’t believe her grandson’s new car is a Buick. In another, a valet attendee can’t find a Buick because he apparently is looking for a less stylish car. (He finds it when he pushes the button on the key chain and the lights blink.) Once he finds it he is also incredulous. Other ads feature the same theme of surprising people that a Buick could be so attractive. The wide variety of commercials and then a montage of snippets caught and held viewers’ attention. The campaign has now been running for over five years.

A second campaign targeted even more specifically at millennials and titled “#BuickHappiness,” emphasizes the happiness and the “zen of driving.” While offering a “24 Hours of Happiness Test Drive,” the campaign attempts to convey a sense of well-being in everything the car company does. In addition to traditional ads, the campaign was promoted through a series of online videos, podcasts, digital images, and numerous press releases as well as other touch points that included a video of an Israeli supermodel and yogi Bar Refaeli posing outside a Buick Encore and advice from “happiness researcher” Shawn Anchor. Dr. Dot, a Hollywood masseuse, is also included, demonstrating self-relaxation techniques to help drivers battle driver’s stress. The goal of the campaign was to reach out to even more millennials, and also baby boomers, in an attempt to create an overall good feeling for the new GM models as well as to expand beyond the “That’s a Buick?” campaign while again showing the repositioned brand.

For the first time in its history, Buick ran a Super Bowl commercial during Super Bowl 50 (2016) to introduce the newest entry and its first convertible in 25 years, the Cascada. The commercial featured New York Giants wide receiver Odell Beckham making the call on actor Emily Ratajkowski's contortionist move to catch a wedding bouquet. The catch is similar to, and a reminder of, his "catch heard around the world," in which Odell catches a touchdown pass that defies imagination. Ellie Kemper is used in a digital-media-only campaign, while all of the celebrities are heavily involved in online chatter. The Super Bowl has long been known as an excellent place to have your commercial noticed, but it is also a haven for online chatter. As many as 25 million tweets were posted about the game, at the rate of 395,000 a minute, while Facebook reported that 65 million users talked about the 2015 game, creating 265 million posts, comments, and likes. Beckham's 3.6 million Instagram followers and Ratajkowski's 4.7 million offer the opportunity for huge social media buzz. And these consumers are not your "grandfathers." Buick is clearly homing in on a younger audience through its media strategy.

Buick is expected to continue these efforts for a while; additional strategies are being designed as well. Most of them are targeted to millennials and/or boomers, and all of them are designed to change the image of the product line—or create a new image among those who don't yet have one. Is it possible that the repositioned "old" car can become hip? It certainly appears so as Buick sales in 2018 exceeded 206,000, more than double 2009's sales. Buick is now GM's second leading brand globally, behind only Chevrolet, and GM's leading brand in China.

Sources: Jamie L. LaReau, "The GM Brand That Nearly Died and the Unlikely Buyers Saving It," www.freepress.com June 27, 2018; www.carsalesbase.com, March 4, 2019; Dale Buss, "Buick Refreshes Its Branding to Appear More Refined and Modern," www.Brandchannel.com, March 13, 2018.

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THE TARGET MARKETING PROCESS

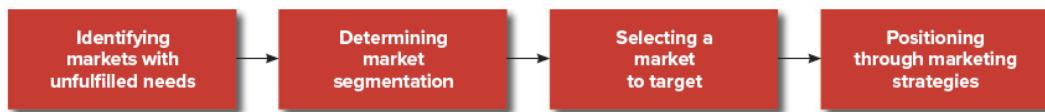
LO 2-2

Because few, if any, products can satisfy the needs of all consumers, companies often develop different marketing strategies to satisfy different consumer needs. The process by which marketers do this (presented in Figure 2–2) is referred to as **target marketing** and involves four basic

steps: identifying markets with unfulfilled needs, segmenting the market, targeting specific segments, and positioning one's product or service through marketing strategies.

FIGURE 2–2

The Target Marketing Process



Identifying Markets

When employing a target marketing strategy, the marketer identifies the specific needs of groups of people (or segments), selects one or more of these segments as a target, and develops marketing programs directed to each. This approach has found increased applicability in marketing for a number of reasons, including changes in the market (consumers are becoming much more diverse in their needs, attitudes, and lifestyles); increased use of segmentation by competitors; and the fact that more managers are trained in segmentation and realize the advantages associated with this strategy. Perhaps the best explanation, however, comes back to the basic premise that you must understand as much as possible about consumers to design marketing programs that meet their needs most effectively.

Target market identification isolates consumers with similar lifestyles, needs, and the like and increases our knowledge of their specific requirements. The more marketers can establish this common ground with consumers, the more effective they will be in addressing these requirements in their communications programs and informing and/or persuading potential consumers that the product or service offering will meet their needs.

Let's use the beer industry as an example. Years ago, beer was just beer, with little differentiation, many local distributors, and few truly national brands. The industry began consolidating; many brands were subsumed by the larger brewers or ceased to exist. As the number of competitors decreased, competition among the major brewers increased. To compete

more effectively, brewers began to look at different tastes, lifestyles, and so on of beer drinkers and used this information to design their marketing strategies. This process resulted in the identification of many market segments, each of which corresponds to different customers' needs, lifestyles, and other characteristics.

The beer market has changed dramatically over the past few years, with domestic brands and imports increasing their consolidation efforts. One of the faster-growing segments—craft breweries—itself now consists of a number of segments with numerous offerings available in each (Figure 2–3). Most of the large traditional brewers also have product offerings [page 51](#) in each segment, competing with each other as well as smaller craft microbreweries (Exhibit 2–6). Since 2014, the craft market has grown from a \$19.6 billion industry to over \$45 billion by 2019.⁴ Each appeals to a different set of needs. Taste is certainly one; others include image, cost, and social appeal. A variety of other reasons for purchasing are also operating, including the consumer's social class, lifestyle, and economic status.

FIGURE 2–3

The U.S. Craft Beer Market

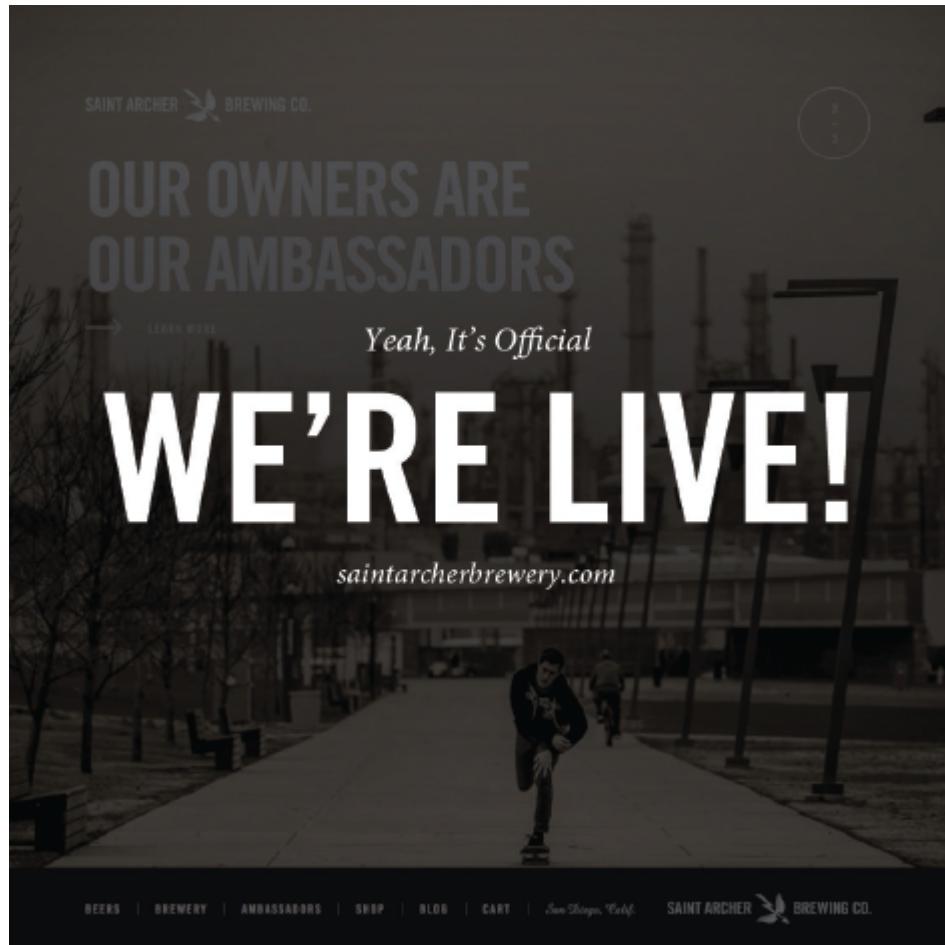


Source: Craft Beer Industry Market Segments, Brewers Association, 2019

EXHIBIT 2–6

Traditional breweries are now offering craft beers. MillerCoors recently purchased craft brewery Saint Archer Brewing Co. of San Diego to help it compete more effectively in different market segments.

Source: *Saint Archer Brewing Co.*



Marketers competing in nearly all product and service categories are constantly searching for ways to segment their markets in an attempt to better satisfy customers' needs. The remainder of this section discusses ways to approach this task.

Market Segmentation

LO 2-3

It is not possible to develop marketing strategies for every consumer. Rather, the marketer attempts to identify broad classes of buyers who have the same needs and will respond similarly to marketing actions. **Market**

segmentation is dividing a market into distinct groups that (1) have common needs and (2) will respond similarly to a marketing action.

The more marketers segment the market, the more precise is their understanding of it. But the more the market becomes divided, the fewer consumers there are in each segment. Thus, a key decision is, How far should one go in the segmentation process? Where does the process stop? As you can see by the strategy taken in the beer industry, it can go far!

In planning the promotional effort, managers consider whether the target segment is substantial enough to support individualized strategies. More specifically, they consider whether this group is accessible. Can it be reached with a communications program? For example, you will see in Chapter 10 that in some instances there are no media that can efficiently be used to reach some targeted groups. Or the promotions manager may identify a number of segments but be unable to develop the required programs to reach them. The firm may have insufficient funds to develop the required advertising campaign, inadequate sales staff to cover all areas, or other promotional deficiencies. After determining that a segmentation strategy is in order, the marketer must establish the basis on which it will address the market. The following section discusses some of the bases for segmenting markets and demonstrates examples of advertising and promotions applications.

Bases for Segmentation As shown in Figure 2–4, several methods are available for segmenting markets. Marketers may use one of the segmentation variables or a combination of approaches. Consider the market segmentation strategy that might be employed to market snow skis. The consumer's lifestyle—active, fun-loving, enjoys outdoor sports—is certainly important. But so are other factors, such as age (participation in downhill skiing drops off significantly at about age 30) and income (have you seen the price of a lift ticket lately?), as well as marital status. Let us review the bases for segmentation and examine some promotional strategies employed in each.

FIGURE 2–4

Some Bases for Market Segmentation



Basis of Segmentation	Segmentation Variables	Typical Breakdowns
Geographic	Region City size Statistical area Media-television Density	Northeast; Midwest; South; West; etc. Under 10,000; 10,000– 24,999; 25,000– 49,999; 50,000– 99,999; etc. Metropolitan and micropolitan statistical areas; Census tract; etc. 210 designated market areas (DMA) in the U.S. (Nielsen) Urban; suburban; small town; rural
Demographic	Gender Age Race/ethnicity Life stage Birth era Household size Marital status Income Education Occupation	Male; female Under 6 yrs; 6–11 yrs; 12–17 yrs; 18–24 yrs; 25–34 yrs; etc. African American; Asian; Hispanic; White/Caucasian; etc. Infant; preschool; child; youth; collegiate; adult; senior Baby boomer (1946– 1964); Generation X (1965–1976); etc. 1; 2; 3–4; 5 or more Never married; married; separated; divorced; widowed; domestic partner Under \$15,000; \$15,000–\$24,999; \$25,000–\$34,999; etc. Some high school or less; high school

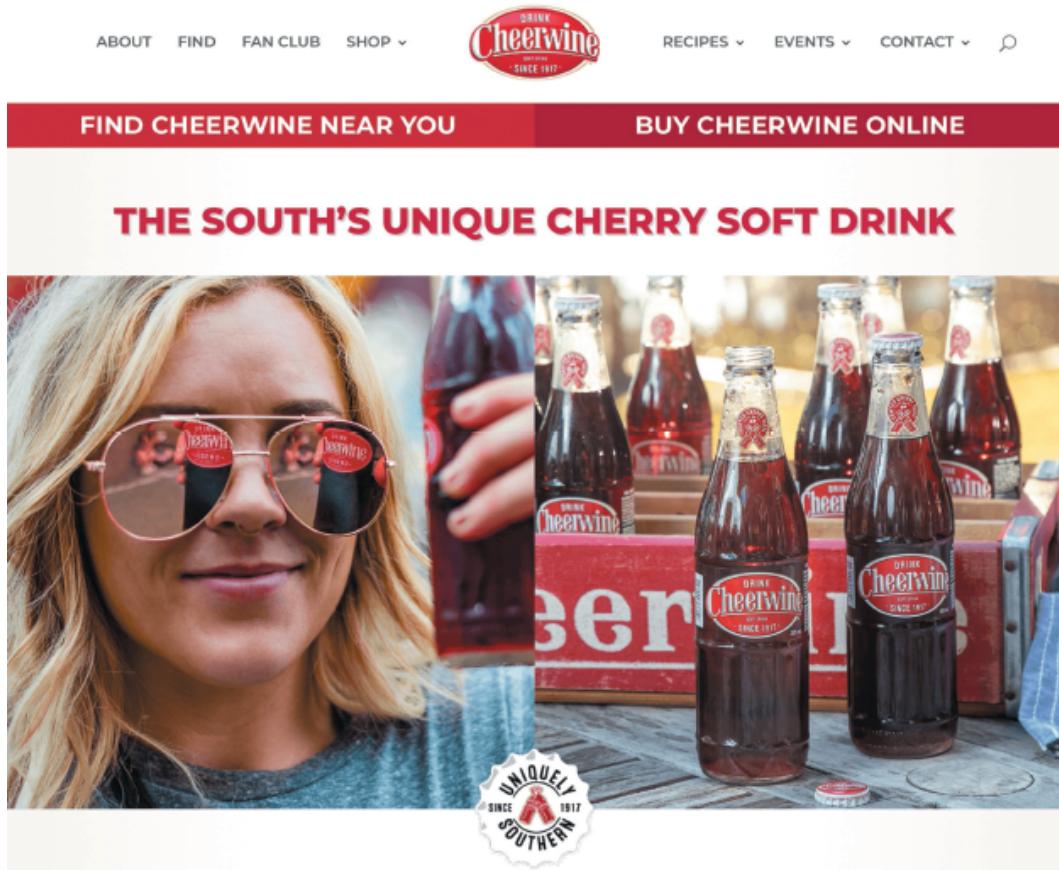
		graduate (or GED); etc.
		Managerial & professional; technical, sales; farming; etc.
Psychographic	Personality Values (VALS2) Lifestyle (Nielsen PRIZM®) Needs	Gregarious; compulsive; extroverted; aggressive; ambitious; etc. Innovators; Thinkers; Achievers; Experiencers; Believers; Strivers; etc.
		Blue Blood Estates; Single City Blues; etc. (66 total neighborhood clusters)
		Quality; service; price/value; health; convenience; etc.
Behavioral	Retail store type Direct marketing Product features Usage rate User status Awareness/intentions	Department; specialty; outlet; convenience; mass merchandiser; etc. Mail order/catalog; door-to-door; direct response; Internet Situation-specific; general Light user; medium user; heavy user Nonuser; ex-user; prospect; first-time user; regular user Unaware; aware; interested; intending to buy; purchaser; rejection

Geographic Segmentation In the **geographic segmentation** approach, markets are divided into different geographic units. These units may include nations, states, counties, or even neighborhoods. Consumers often have different buying habits depending on where they reside. Regional differences may exist in regard to food, drinks, attitudes toward foreign products, and the like. For example, many companies consider ^{page 52} California to be a very different market from the rest of the United States and have developed specific marketing programs targeted to the consumers in that state. Other companies have developed programs targeted at specific regions. Exhibit 2–7 shows an ad for Cheerwine, just one of the regional soft-drink “cult brands”—along with Jackson Hole Huckleberry (Wyoming), Vernors (Michigan), and Moxie (New England)—that have found success by marketing in regional areas (in Cheerwine’s case, the South). One company—Olde Brooklyn Beverage Company—even went so far as to promote a brand based on a specific section of New York City, differentiating it from bigger brands by promoting the product’s “Brooklyn Attitude.”

XHIBIT 2–7

Cheerwine is more popular in a specific geographic region.

Source: Carolina Beverage Corp.



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Demographic Segmentation Dividing the market on the basis of demographic variables such as age, sex, family size, education, income, and social class is called **demographic segmentation**. Secret deodorant and the Lady Schick shaver are products that have met with a great deal of success by using the demographic variable of gender as a basis for segmentation. [WomensHealth.com](#), a website and magazine targeting women, may be one of the most successful websites on the Internet (Exhibit 2–8). It is interesting to note that the top 10 websites for women are further segmented by age, lifestyle, fitness, and so forth.

XHIBIT 2–8

WomensHealth.com has successfully targeted women and is an excellent example of using gender as a basis for successful demographic segmentation. What are the pros and cons to using gender as a basis for demographic segmentation?

source: *WomensHealth.com*



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Although market segmentation on the basis of demographics may seem obvious, companies discover that they need to focus more attention on a specific demographic group. For example, IKEA—noting that more than 70 percent of its shoppers are women—has enhanced its store environment to be more “women friendly,” as have Home Depot and Walmart. Realizing that more women watch the Super Bowl than the Grammys and Academy Awards, companies like P&G (Olay), Pepsi (Bubly Sparkling water), and YellowTail wine sponsored women-targeted ads during the 2019 Super Bowl game. As seen in IMC Perspective 2–2, companies are also finding it difficult to reach the millennial and gen Z age segment. As a result, a number of companies have begun to focus more attention on the baby boomer market—those 76 million Americans born between 1946 and 1964. Given their huge spending power, this age segment has become more attractive to a number of companies including travel agencies and pharmaceutical companies among others. Recognizing their need for retirement planning, Wachovia has increased its marketing efforts to this segment.⁵ *AARP, The Magazine*, is

targeted to those who are 50+, and has over 38.5 million readers (Exhibit 2–9).⁶

XHIBIT 2–9

AARP, *The Magazine* targets the 50+ segment.

Source: AARP



Other products that have successfully employed demographic segmentation include Dove (gender); Doan's Pills (age); Coca-Cola (race); Mercedes-Benz, Lexus, and BMW cars (income); and Banquet prepackaged dinners (family size).

While demographics may still be the most common method of segmenting markets, it is important to recognize that other factors may be the underlying basis for homogeneity and/or consumer behavior. The astute marketer will identify additional bases for segmenting and will recognize the limitations of demographics. As noted by media strategist Jamie Beckland, many marketers are relying less on demographics and more on psychographic profiling.⁷

Psychographic Segmentation Dividing the market on the basis of personality, lifecycles, and/or lifestyles is referred to as **psychographic segmentation**. While there is some disagreement as to whether personality is a useful basis for segmentation, lifestyle factors have been used effectively. Many consider lifestyle the most effective criterion for segmentation.

The determination of lifestyles is usually based on an analysis of the activities, interests, and opinions (AIOs) of consumers. These lifestyles are then correlated with the consumers' product, brand, and/or media usage. For many products and/or services, lifestyles may be the best discriminator between use and nonuse, accounting for differences in food, clothing, and car selections, among numerous other consumer behaviors.⁸

Psychographic segmentation has been increasingly more popular with the advent of the values and lifestyles (VALS) program. Although marketers employed lifestyle segmentation long before VALS and although a number of alternatives—for example, PRIZM—are available, VALS remains one of the more popular options. VALS 2 divides Americans into eight lifestyle segments that exhibit distinctive attitudes, behaviors, and decision-making patterns. VALS is also available for a number of international markets, including Japan, China, the Dominican Republic, Nigeria, the UK, and Venezuela. The VALS 2 system is an excellent predictor of consumer behaviors, and a number of companies now employ lifestyle segmentation to position brands, determine value propositions, and select media.

IMC Perspective 2–2 >>>

Millennials to Gen Z—Passing the Torch Along with a Whole New Set of Marketing Challenges.



Source: Simone Hogan/Shutterstock

Over the past few years, one of the most sought-after cohorts by marketers is that referred to as *millennials*—those born between 1982 and 2000 (or thereabouts). And there is good reason for this: This cohort is over 80 million strong, with a spending power of over \$200 billion in the United States alone.

Just as marketers began to get comfortable with their extensive targeting efforts directed to millennials, along comes a new age cohort—generation Z. Gen Z consists of those born (roughly) around 1995 or thereafter, will constitute about 33 percent of the U.S. population by 2020, and contribute more than \$143 billion to the U.S. economy in spending. (Note: The birth age of this cohort and spending estimates vary.) Like millennials, gen Zers offer companies an attractive market segment to pursue. Like millennials, they also offer marketers a challenge to understand. Unlike millennials, gen Zers have their own distinguishing characteristics, which make them different:

- *They are liberal*—Gen Z has a more liberal attitude when it comes to race, gender, identity, and sexuality.

- *They use social platforms differently*—Sarah Cantillon, management partner of the advertising and marketing research firm Movement, notes that while millennials and prior cohorts tend to use social media in a similar fashion, gen Zers are more discerning. Gen Z's choice for long form content is YouTube, Instagram is for inspiration, and Snapchat is for communicating with friends, she says.
- *They are creative, innovative and entrepreneurial*—Cantillon notes that gen Zers prefer brands and products that allow them to express their identity based on these factors.

George Beal suggests that gen Zers and millennials differ in respect to:

- *Focus*—Beal contends that gen Zers are less focused, in part due to the fact that they process information quicker than millennials. Growing up with apps like Snapchat has caused them to communicate quickly and get bored more easily.
- *Multitasking*—Gen Zers are better at multitasking according to Beal, largely because they have done so their entire lives.
- *Bargains*—Millennials are more concerned with how they spend their money; look for bargains; and, in general, are more price conscious.
- *Individualistic*—The fact that gen Zers seek uniqueness more so than millennials do makes them respond differently to the brands they use, the companies they do business with, and even who they work for.
- *And more*—Beal also notes that gen Z is more entrepreneurial, has higher expectations, and is more globally oriented than its predecessor cohort. Raised with technology, gen Z is more focused on online shopping and even higher education.

So what does this mean for marketers? A very comprehensive study conducted by Atlantic Rethink, Harvard College Consulting Group, and Comscore recently examined differences between the cohorts' perspectives of brands, media, and careers. The study concluded that the groups differ in regard to which media they use (interestingly, gen Z prefers more established media than those founded since 2000), privacy (gen Z is less concerned), and brands (gen Z has higher expectations for brands, is more skeptical of brand promises, and is less brand loyal). Also in regard to brands, gen Z expects brands to be more socially conscious, is more influenced by recommendations from friends, and is more likely to be influenced by social influencers than by celebrities.

So just as we thought we were finally getting to understand millennials, we need to start over again!

Sources: Sarah Cantillon, "Five Insights on Gen Z," January 22, 2019, www.warc.com; "Gen Z Harder to win Over by Brands, Media, and the Companies Recruiting Them," *The Atlantic*, February 13, 2019, www.theatlantic.com; Emily He, "Gearing Up for Gen-Z: What Employers Should Know about Today's Young Workers," February 25, 2019, www.tweetthis.com; George Beal, "8 Key Differences between Gen Z and Millennials," *Huffington Post*, November 1, 2017, www.huffpost.com.

Another form of psychographic analysis relies on the use of multiple databases including social profile data (available through almost all social networks), behavioral data (tracking users through their online behaviors), and lifecycle data (stage of the consumer's lifecycle, e.g., buying diapers, graduating high school, etc.). Amazon.com has successfully used this strategy for some time, and others are now starting to see the advantages offered over traditional demographic profiling.⁹

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Behavioristic Segmentation Dividing consumers into groups according to their usage, loyalties, or buying responses to a product is **behavioristic segmentation**. For example, product or brand usage, degree of use (heavy vs. light), and/or brand loyalty are combined with demographic and/or psychographic criteria to develop profiles of market segments. In the case of usage, the marketer assumes that nonpurchasers of a brand or product who have the same characteristics as purchasers hold greater potential for adoption than do nonusers with different characteristics. As you will see in Chapter 15, many companies target consumers through social media like Facebook based on behavioristic segmentation.

Degree of use relates to the fact that a few consumers may buy a disproportionate amount of many products or brands. Industrial marketers refer to the **80–20 rule**, meaning 20 percent of their buyers account for 80 percent of their sales volume. Again, when the characteristics of these users are identified, targeting them allows for a much greater concentration of efforts and less wasted time and money. The same heavy-half strategy is

possible in the consumer market as well. The majority of purchases of many products (e.g., soaps and detergents, shampoos, cake mixes, beer, dog food, colas, bourbon, and toilet tissue—yes, toilet tissue!) are accounted for by a small proportion of the population. Perhaps you can think of some additional examples.

Benefit Segmentation In purchasing products, consumers are generally trying to satisfy specific needs and/or wants. They are looking for products that provide specific benefits to satisfy these needs. The grouping of consumers on the basis of attributes sought in a product is known as **benefit segmentation** and is widely used (Exhibit 2–10).

XHIBIT 2–10

Special K offers a cereal for those who want protein.

Source: Keith Homan/Shutterstock



Consider the purchase of a wristwatch. While you might buy a watch for particular benefits such as accuracy, water resistance, or stylishness, others may seek a different set of benefits. Watches are commonly given as gifts for birthdays, Christmas, and graduation. Certainly some of the same benefits are considered in the purchase of a gift, but the benefits the purchaser derives are different from those the user will obtain. Ads that portray watches as good gifts stress different criteria to consider in the purchase decision. The next time you see an ad or commercial for a watch, think about the basic appeal and the benefits it offers.

The Process of Segmenting a Market The segmentation process develops over time and is an integral part of the situation analysis. It is in

this stage that marketers attempt to determine as much as they can about the market: What needs are not being fulfilled? What benefits are being sought? What characteristics distinguish among the various groups seeking these products and services? A number of alternative segmentation strategies may be used. Each time a specific segment is identified, additional information is gathered to help the marketer understand this group.

For example, once a specific segment is identified on the basis of benefits sought, the marketer will examine psychographic characteristics and demographics to help characterize this group and to further its understanding of this market. Behavioristic segmentation criteria will also be examined. In the purchase of ski boots, for example, specific benefits may be sought—flexibility or stiffness—depending on the type of skiing the buyer does. All this information will be combined to provide a complete profile of the skier.

A number of companies offer research services to help marketing managers define their markets and develop strategies targeting them. The VALS and PRIZM systems discussed earlier are just a few of the services offered; others use demographic, socioeconomic, and geographic page 57 data to cluster consumer households into distinct “microgeographic” segments. One of these companies, Nielsen Claritas, provides demographic and psychographic profiles of geographic areas as small as census tract, block group, or zip code +4. Users of the system include Ace Hardware, Walmart, and numerous others. (See Exhibit 2–11.)

XHIBIT 2–11

Nielsen Claritas provides cluster profiles for marketers.

Source: Nielsen Claritas



Selecting a Target Market

The outcome of the segmentation analysis will reveal the market opportunities available. The next phase in the target marketing process involves two steps: (1) determining how many segments to enter and (2) determining which segments offer the most potential.

Determining How Many Segments to Enter Three market coverage alternatives are available. **Undifferentiated marketing** involves ignoring segment differences and offering just one product or service to the entire market. For example, when Henry Ford brought out the first assembly-line automobile, all potential consumers were offered the same basic product: a black Ford. For many years, Coca-Cola offered only one product version.

While this standardized strategy saves the company money, it does not allow the opportunity to offer different versions of the product to different markets.

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Differentiated marketing involves marketing in a number of segments, developing separate marketing strategies for each. For example, the Marriott hotel chain offers a variety of customer services for different travelers, including vacation, business, long or short stay, and so forth.

The third alternative, **concentrated marketing**, is used when the firm selects one segment and attempts to capture a large share of this market. Volkswagen used this strategy in the 1950s when it was the only major automobile company competing in the economy-car segment in the United States. While Volkswagen has now assumed a more differentiated strategy, other companies have found the concentrated strategy effective. For example, Rolls-Royce has focused its automobile business exclusively on the high-income segment; L'Oréal competes in the cosmetics and beauty segment.

Determining Which Segments Offer Potential The second step in selecting a market involves determining the most attractive segment. The firm must examine the sales potential of the segment, the opportunities for growth, the competition, and its own ability to compete. Then it must decide whether it can market to this group. Stories abound of companies that have entered new markets only to find their lack of resources or expertise would not allow them to compete successfully. After selecting the segments to target and determining that it can compete, the firm proceeds to the final step in Figure 2–2: the market positioning phase.

Market Positioning



LO 2-4

Approaches to Positioning Positioning strategies generally focus on either the consumer or the competition. While both approaches involve the association of product benefits with consumer needs, the former does so by linking the product with the benefits the consumer will derive or creating a favorable brand image, as shown in Exhibit 2–12. The latter approach positions the product by comparing it and the benefit it offers versus the competition. Products like Scope Outlast mouthwash (positioning itself as five times longer lasting than competitors' brands) and Burt's Bees (positioned as a better value than its competitors' brands) have employed this strategy successfully (Exhibit 2–13).

XHIBIT 2–12

Hilton uses positioning that focuses on the consumer.

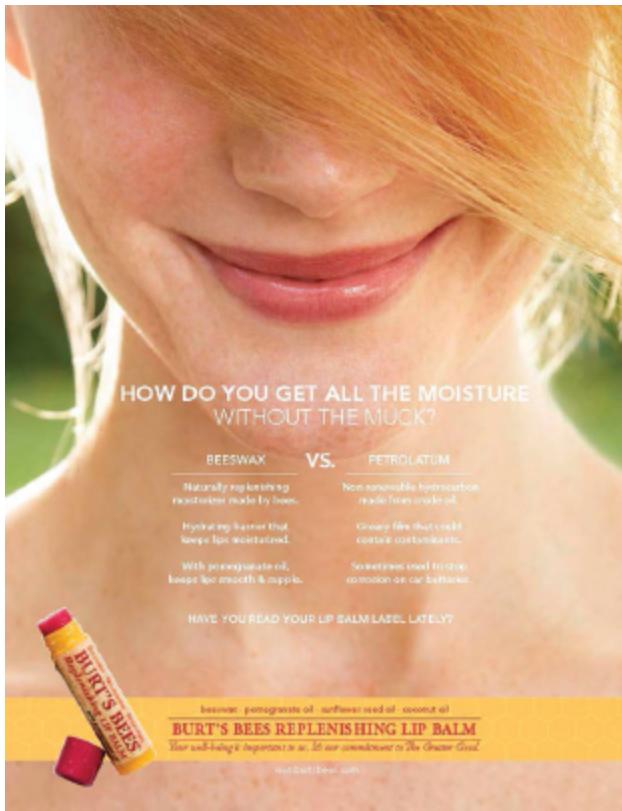
Source: Hilton



XHIBIT 2–13

In this advertisement, Burt's Bees uses a benefit positioning strategy by comparing the ingredients in its lip balm to that of its competitors.

Source: Burt's Bees



Many advertising practitioners consider market positioning the most important factor in establishing a brand in the marketplace. David Aaker and John Myers note that the term *position* has been used to indicate the brand's or product's image in the marketplace.¹⁰ Jack Trout and Al Ries suggest that this brand image must contrast with those of competitors. They say, "In today's marketplace, the competitors' image is just as important as your own. Sometimes more important."¹¹ Trout notes that a good branding strategy cannot exist without positioning. He further states that branding is about the process of building a brand, while positioning is about putting that brand in the mind of the consumer.¹² Thus, *positioning*, as used in this text, relates to the image of the product and/or brand relative to competing products or brands. The position of the product or brand is the key factor in communicating the benefits it offers and differentiating it from the competition. Let us now turn to strategies marketers use to position a product.

Positioning has been defined as "the art and science of fitting the product or service to one or more segments of the broad market in such a way as to set it meaningfully apart from competition."¹³ As you can see, the

position of the product, service, or even store is the image that comes to mind and the attributes consumers perceive as related to it. This communication occurs through the message itself, which explains the benefits, as _____ page 59 well as the media strategy employed to reach the target group.

Take a few moments to think about how some products are positioned and how their positions are conveyed to you. For example, what comes to mind when you hear the name Mercedes, Dr Pepper, or Apple? What about department stores such as Neiman Marcus, Walmart, and JCPenney? Now think of the ads for each of these products and companies. Are their approaches different from their competitors'? When and where are these ads shown? What is the message they are trying to communicate?

DEVELOPING A POSITIONING STRATEGY

A number of positioning strategies might be employed in developing a promotional program. David Aaker and J. Gary Shansby discuss six such strategies: positioning by product attributes, price/quality, use, product class, users, and competitor.¹⁴ Aaker and Myers add one more approach, positioning by cultural symbols.¹⁵

Positioning by Product Attributes and Benefits

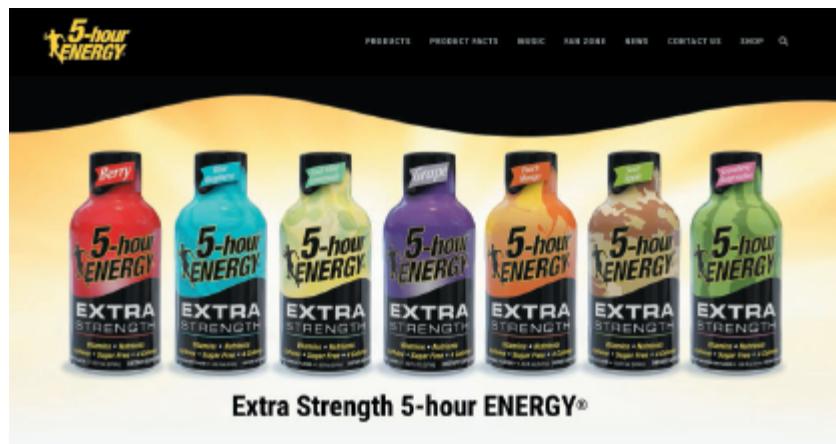
A common approach to positioning is setting the brand apart from competitors on the basis of the specific characteristics or benefits offered. Sometimes a product may be positioned on more than one product benefit. Marketers attempt to identify **salient attributes** (those that are important to consumers and are the basis for making a purchase decision). For example, when Apple first introduced its computers, the key benefit stressed was ease of use—an effective strategy, given the complexity of computers in the market at that time. While Apple still maintains this position, it is innovative products that come to mind as well. More recently, there have been a number of new water products that enhance hydration, help the body to exert physical

power, increase immunities, and so on. 5-hour ENERGY positions itself as a sugar-free energy shot that comes in a variety of flavors (Exhibit 2–14).

XHIBIT 2–14

5-hour ENERGY positions itself as an energy shot; by promoting its vitamins, nutrients, zero sugar, and low-calories it sets itself apart from its competitors.

Source: *Living Essentials Marketing, LLC.*



Positioning by Price/Quality

Marketers often use price/quality characteristics to position their brands. One way they do this is with ads that reflect the image of a high-quality brand where cost, while not irrelevant, is considered secondary to the quality benefits derived from using the brand. Premium brands positioned at the high end of the market use this approach to positioning.

Another way to use price/quality characteristics for positioning is to focus on the quality or value offered by the brand at a very competitive price. For example, Kohl's takes the position of a family-oriented specialty store offering good value (Exhibit 2–15). Remember that although price is an important consideration, the product quality must be comparable to, or even better than, competing brands for the positioning strategy to be effective.

XHIBIT 2–15

Kohl's positions its brand as having good value for the right price.

Source: *NetPhotos/Alamy*



Positioning by Use or Application

Another way to communicate a specific image or position for a brand is to associate it with a specific use or application. The Intuit ad shown in Exhibit 2–16 is specifically targeted to small business owners and/or entrepreneurs.

XHIBIT 2–16

ntuit offers products specifically useful to small business owners.

ource: *Intuit, Inc.*



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While this strategy is often used to enter a market on the basis of a particular use or application, it is also an effective way to expand the usage of a product. For example, Arm & Hammer baking soda has been promoted for everything from baking to relieving heartburn to eliminating odors in carpets and refrigerators (Exhibit 2–17).

XHIBIT 2–17

Arm & Hammer baking soda demonstrates numerous product uses.

Source: ZikG/Shutterstock



Positioning by Product Class

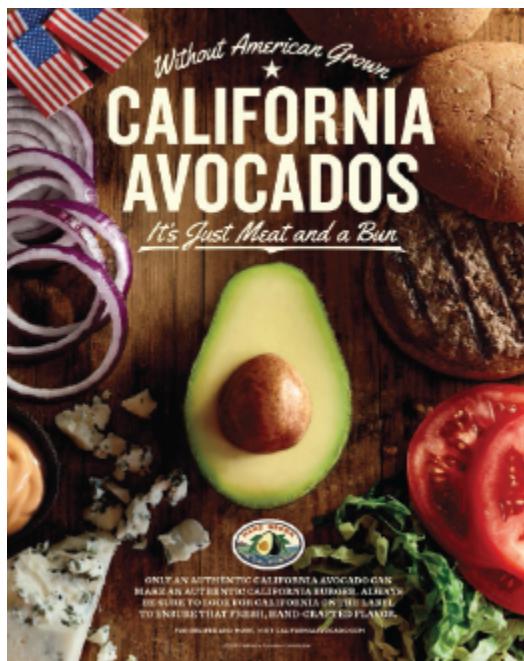
Often the competition for a product comes from outside the product class. For example, airlines know that while they compete with other airlines, trains and buses are also viable alternatives. Amtrak has positioned itself as an alternative to airplanes, citing cost savings, enjoyment, and other

advantages. Dole fruit juices encourage consumers to “drink their fruits,” claiming that 8 ounces of juice is the equivalent of two fruits. V8 promotes drinking one’s vegetables. Rather than positioning against another brand, an alternative strategy is to position oneself against another product category. The California Avocado Commission launched a major IMC campaign to more strongly position itself as a fruit (as opposed to a vegetable). The print, radio, outdoor, and online campaign took a humorous approach, positioning the avocado as a “fun fruit,” while at the same time demonstrating the healthy advantages relative to other fruits and vegetables, and providing numerous products for which it might become an alternative, including cream cheese, butter, and dips. Copy points for the ads were provided by the [page 61](#) commission to retailers (Exhibit 2–18). A Mountain High yogurt ad positions the product as a substitute for other baking ingredients such as oils, fats, and so on.

XHIBIT 2–18

In this ad, how does the California Avocado Commission use positioning to effectively market California avocados?

Source: California Avocado Commission



Positioning by Product User

Positioning a product by associating it with a particular user or group of users is yet another approach. An example would be the Globe Shoes ad shown in Exhibit 2–19. This ad emphasizes identification or association with a specific group—in this case, skateboarders.

EXHIBIT 2–19

Globe positions by product user—in this case, skateboarders.

Source: *Globe International Limited*



Positioning by Competitor

Competitors may be as important to positioning strategy as a firm's own product or services. Advertisers used to think it was a cardinal sin to mention a competitor in their advertising. However, in today's market, an effective positioning strategy for a product or brand may focus on specific competitors. This approach is similar to positioning by product class, although in this case the competition is within the same product category.

Perhaps the best-known example of this strategy was Avis, which positioned itself against the car-rental leader, Hertz, by stating, “We’re number two, so we try harder.” The Samsung ad shown earlier (Exhibit 2–5) is an example of positioning a brand against the competition. When positioning by competitor, a marketer must often employ another positioning strategy as well to differentiate the brand.

Positioning by Cultural Symbols

Aaker and Myers include an additional positioning strategy in which cultural symbols are used to differentiate brands. When it is associated with a meaningful symbol, the brand is easily identifiable and differentiated from others. Examples are the Jolly Green Giant, the Keebler elves, Speedy Alka-Seltzer, the Pillsbury Doughboy, the Wells Fargo stagecoach, Ronald McDonald, Chiquita Banana, and Mr. Peanut. Tony the Tiger (who has been used by Kellogg’s for over 60 years—with a few minor facelifts) clearly qualifies as a cultural symbol (Exhibit 2–20). Each of these symbols ^{page 62} has successfully differentiated the product it represents from competitors’.

XHIBIT 2–20

Tony the Tiger has become a cultural symbol.

ource: Sheila Fitzgerald/Shutterstock



Repositioning

One final positioning strategy involves altering or changing a product's or brand's position. **Repositioning** a product usually occurs because of declining or stagnant sales or because of anticipated opportunities in other market positions. Repositioning is often difficult to accomplish because of entrenched perceptions about and attitudes toward the product or brand. IMC Perspective 2-1 discusses an interesting example of a long-established brand—Buick—taking a new direction. Others who have attempted to change their position include JCPenney, La-Z-Boy, and MTV, with varying degrees of success.

Before leaving this section, you might stop to think for a moment about the positioning (and repositioning) strategies pursued by different companies. Any successful product that comes to mind probably occupies a distinct market position.

DEVELOPING THE MARKETING PLANNING PROGRAM

LO 2-5

The development of the marketing strategy and selection of a target market(s) tell the marketing department which customers to focus on and what needs to attempt to satisfy. The next stage of the marketing process involves combining the various elements of the marketing mix into a cohesive, effective marketing program. Each marketing-mix element is multidimensional and includes a number of decision areas. Likewise, each must consider and contribute to the overall IMC program. We now examine product, price, and distribution channels and how each influences and interacts with the promotional program.

Product Decisions

An organization exists because it has some product, service, or idea to offer consumers, generally in exchange for money. This offering may come in the form of a physical product (such as a soft drink, pair of jeans, or car), a service (banking, airlines, or legal assistance), a cause (Special Olympics, American Cancer Society), or even a person (a political candidate). The product is anything that can be marketed and that, when used or supported, gives satisfaction to the individual.

A *product* is more than just a physical object; it is a bundle of benefits or values that satisfy the needs of consumers. The needs may be purely functional, or they may include social and psychological benefits. For example, the campaign for Michelin tires stresses the quality built into Michelin tires (value) as well as their performance and durability (function). The term **product symbolism** refers to what a product or brand means to consumers and what they experience in purchasing and using it.¹⁶ For many products, strong symbolic features and social and psychological meaning

may be more important than functional utility.¹⁷ For example, designer clothing such as Versace, Gucci, and Prada is often purchased on the basis of its symbolic meaning and image, particularly by teenagers and young adults. Advertising plays an important role in developing and maintaining the image of these brands.

Product planning involves decisions not only about the item itself, such as design and quality, but also about aspects such as service and warranties as well as brand name and package design. Consumers look beyond the reality of the product and its ingredients. The product's quality, branding, packaging, and even the company standing behind it all page 63 contribute to consumers' perceptions.¹⁸ In an effective IMC program, advertising, branding, and packaging are all designed to portray the product as more than just a bundle of attributes. All are coordinated to present an image or positioning of the product that extends well beyond its physical attributes.

Branding Branding is about building and maintaining a favorable identity and image of the company and/or its products or services in the mind of the consumer. The goal of branding is to (1) build and maintain brand awareness and interest; (2) develop and enhance attitudes toward the company, product, or service; and (3) build and foster relationships between the consumer and the brand. The **brand identity** consists of the combination of the name, logo, symbols, design, packaging, and image of associations held by consumers. Think for a minute about the ads for Nike; the product benefits and attributes are usually not even mentioned—yet information about the brand is communicated effectively.

One important role of advertising in respect to branding strategies is creating and maintaining **brand equity**, which can be thought of as an intangible asset of added value or goodwill that results from the favorable image, impressions of differentiation, and/or the strength of consumer attachment to a company name, brand name, or trademark. Brand equity allows a brand to earn greater sales volume and/or higher margins than it could without the name, providing the company with a competitive advantage. The strong equity position a company and/or its brand enjoys is often reinforced through advertising. For example, Rolex watches command

a premium price because of their high quality as well as the strong brand equity they have developed through advertising (Exhibit 2–21).

XHIBIT 2–21

Rolex creates strong brand equity through advertising.

Source: Rolex SA



Packaging Packaging is another aspect of product strategy that has become increasingly important. Traditionally, the package provided functional benefits such as economy, protection, and storage. However, the role and function of the package have changed because of the self-service emphasis of many stores and the fact that more and more buying decisions are made at the point of purchase. Wrigley's gum, recognizing that as many as two-thirds of all purchases made in the supermarket are unplanned, has increased its efforts to attract attention at the checkout counter. The Chicago company is taking a closer look at how and why consumers buy impulse items at the checkout as well as how Wrigley's can be more effective in gaining their attention to increase sales.¹⁹ The package is often the

consumer's first exposure to the product, so it must make a favorable first impression. A typical supermarket has more than 30,000 items competing for attention. Not only must a package attract and hold the consumer's attention, but it must also communicate information on how to use the product, divulge its composition and content, and satisfy any legal requirements regarding disclosure. Moreover, many firms design the package to carry a sales promotion message such as a contest, sweepstakes, or premium offer.

Many companies view the package as an important way to communicate with consumers and create an impression of the brand in their minds. In other instances packages can extend the brand by offering new uses (Exhibit 2–22). Design factors such as size, shape, color, and lettering all contribute to the appeal of a package and can be as important as a commercial in determining what goes from the store shelf to the consumer's shopping cart. Many companies use packaging to create a distinctive brand image and identity. The next time you walk by a perfume counter, stop to look at the many unique package designs (see Exhibit 2–23).

XHIBIT 2–22

This ad for WD-40 successfully uses its packaging to show a few of the many uses for the product.

Source: WD-40 Company



XHIBIT 2-23

This Dior perfume packaging creates product image.

Source: kimmyjelly.th/Shutterstock



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Price Decisions

The *price variable* refers to what the consumer must give up to purchase a product or service. While price is discussed in terms of the dollar amount exchanged for an item, the cost of a product to the consumer includes time, mental activity, and behavioral effort.²⁰ The marketing manager is usually concerned with establishing a price level, developing pricing policies, and monitoring competitors' and consumers' reactions to prices in the marketplace. A firm must consider a number of factors in determining the price it charges for its product or service, including costs, demand factors, competition, and perceived value. From an IMC perspective, the price must be consistent with the perceptions of the product, as well as the communications strategy. Higher prices, of course, will communicate a higher product quality, while lower prices reflect bargain or "value" perceptions. A product positioned as highest quality but carrying a lower

price than competitors would only confuse consumers. In other words, the price, the advertising, and the distribution channels must present one unified voice speaking to the product's positioning.

Relating Price to Advertising and Promotion Factors such as product quality, competition, and advertising all interact in determining what price a firm can and should charge. Studies have shown that pricing and advertising strategies go together. High relative ad expenditures should accompany premium prices, and low relative ad expenditures should be tailored to low prices. These results obviously support the IMC perspective that one voice must be conveyed. In a recent and comprehensive study, it was shown that exposure to television ads reduces consumers' tendencies to react to price changes. The study further showed that heavy users of the product category were most likely to have their sensitivities reduced.²¹

Distribution Channel Decisions

As consumers, we generally take for granted the role of marketing intermediaries or channel members. If we want a six-pack of soda or a box of detergent, we can buy it at a supermarket, a convenience store, or even a drugstore. Manufacturers understand the value and importance of these intermediaries.

One of a marketer's most important marketing decisions involves the way it makes its products and services available for purchase. A firm can have an excellent product at a great price, but it will be of little value unless it is available where the customer wants it, when the customer wants it, and with the proper support and service. **Marketing channels**, the place element of the marketing mix, are "sets of interdependent organizations involved in the process of making a product or service available for use or consumption."²²

The distribution strategy should take into consideration the communication objectives and the impact that the channel strategy will have on the IMC program. Stewart and colleagues discuss the need for "integrated channel management," which "reflects the blurring of the boundaries of the communications and distribution functions."²³ Consistent with the product

and pricing decisions, where the product is distributed will send a communications message. Does the fact that a product is sold at Neiman Marcus or Saks convey a different message regarding its image than if it were distributed at Kmart or Walmart? If you think about it for a moment, the mere fact that the product is distributed in these channels communicates an image about it in your mind. Stewart gives examples of how channel elements contribute to communication—for example, grocery store displays, point-of-purchase merchandising, and shelf footage. The distribution channel in a well-integrated marketing program serves as a form of page 65 reminder advertising. The consumer sees the brand name and recalls the advertising. (Think about the last time you passed a McDonald's. Did it remind you of any of McDonald's ads?)

A company can choose not to use any channel intermediaries but, rather, to sell to its customers through **direct channels**. This type of channel arrangement is sometimes used in the consumer market by firms using direct-selling programs, such as Advocare, Tupperware, and Mary Kay, or firms that use direct-response advertising, telemarketing, or the Internet to sell their products. Direct channels are also frequently used by manufacturers of industrial products and services, which are often selling expensive and complex products that require extensive negotiations and sales efforts, as well as service and follow-up calls after the sale.

Chapter 15 provides a discussion of the role of the Internet and digital media in an IMC program. As will be seen, the Internet is relied on by many companies as a direct channel of distribution, since they offer products and services for sale on their websites. Amazon.com and Barnesandnoble.com are just two of the many examples of such efforts.

Most consumer-product companies distribute through **indirect channels**, usually using a network of wholesalers (institutions that sell to other resellers) and/or retailers (which sell primarily to the final consumer).

Developing Promotional Strategies: Push or Pull?

Most of you are aware of advertising and other forms of promotion directed toward ultimate consumers or business customers. We see these ads in the media and are often part of the target audience for the promotions. In addition to developing a consumer marketing mix, a company must have a program to motivate the channel members. Programs designed to persuade the trade to stock, merchandise, and promote a manufacturer's products are part of a **promotional push strategy**. The goal of this strategy is to push the product through the channels of distribution by aggressively selling and promoting the item to the resellers, or trade.

Promotion to the trade includes all the elements of the promotional mix. Company sales representatives call on resellers to explain the product, discuss the firm's plans for building demand among ultimate consumers, and describe special programs being offered to the trade, such as introductory discounts, promotional allowances, and cooperative ad programs. The company may use **trade advertising** to interest wholesalers and retailers and motivate them to purchase its products for resale to their customers. Trade advertising usually appears in publications that serve the particular industry.

A push strategy tries to convince resellers they can make a profit on a manufacturer's product and to encourage them to order the merchandise and push it through to their customers. An alternative strategy is a **promotional pull strategy**, spending money on advertising and sales promotion efforts directed toward the ultimate consumer. The goal of a pull strategy is to create demand among consumers and encourage them to request the product from the retailer. Seeing the consumer demand, retailers will order the product from wholesalers (if they are used), which in turn will request it from the manufacturer. Thus, stimulating demand at the end-user level pulls the product through the channels of distribution.

Whether to emphasize a push or a pull strategy depends on a number of factors, including the company's relations with the trade, its promotional budget, and demand for the firm's products. Companies that have favorable channel relationships may prefer to use a push strategy and work closely with channel members to encourage them to stock and promote their products. A firm with a limited promotional budget may not have the funds for advertising and sales promotion that a pull strategy requires and may find it more cost-

effective to build distribution and demand by working closely with resellers. When the demand outlook for a product is favorable because it has unique benefits, is superior to competing brands, or is very popular among consumers, a pull strategy may be appropriate. Companies often use a combination of push and pull strategies, with the emphasis changing as the product moves through its life cycle.

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THE ROLE OF ADVERTISING AND PROMOTION

As shown in the marketing model in Figure 2–1, the marketing program includes promotion both to the trade (channel members) and to the company's ultimate customers. Marketers use the various promotional-mix elements—advertising, sales promotion, direct marketing, publicity/public relations, digital/Internet marketing, and personal selling—to inform consumers about their products, their prices, and places where the products are available. Each promotional-mix variable helps marketers achieve their promotional objectives, and all variables must work together to achieve an integrated marketing communications program.

To this point, we have discussed the various elements of the marketing plan that serves as the basis for the IMC program. The development and implementation of an IMC program is based on a strong foundation that includes market analysis, target marketing and positioning, and coordination of the various marketing-mix elements. Throughout the following chapters of this text, we will explore the role of various IMC elements in helping achieve marketing objectives.

Summary —

Promotion plays an important role in an organization's efforts to market its product, service, or ideas to its customers. Figure 2–1 shows a model for analyzing how promotions fit into a company's marketing program. The model includes a marketing strategy and analysis, target marketing, program development, and the target market. The marketing process begins with a marketing strategy that is based on a detailed situation analysis and guides for target market selection and development of the firm's marketing program.

In the planning process, the situation analysis requires that the marketing strategy be assumed. The promotional program is developed with this strategy as a guide. One of the key decisions to be made pertains to the target marketing process, which includes identifying, segmenting, targeting, and positioning to target markets. There are several bases for segmenting the market and various ways to position a product.

Once the target marketing process has been completed, marketing program decisions regarding product, price, distribution, and promotions must be made. All of these must be coordinated to provide an integrated marketing communications perspective, in which the positioning strategy is supported by one voice. Thus all product strategies, pricing strategies, and distribution choices must be made with the objective of contributing to the overall image of the product or brand. Advertising and promotion decisions, in turn, must be integrated with the other marketing-mix decisions to accomplish this goal.

Key Terms –

- strategic marketing plan** 45
- market segments** 45
- market opportunities** 45
- competitive advantage** 47
- target marketing** 50
- market segmentation** 51
- geographic segmentation** 51
- demographic segmentation** 53
- psychographic segmentation** 54
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Discussion Questions

- 1.** The lead-in to this chapter discusses segmentation in the online dating market. Pick any three online sites and discuss the target market these sites are trying to appeal to. Provide examples to support your position. (LO 2-4)
- 2.** IMC Perspective 2-2 discusses the differences between millennials and gen Z. Discuss some of the ways these cohorts differ and how they are also the same. Cite some implications for marketers. (LO 2-3)
- 3.** Discuss some examples of companies' positioning strategies. Who do you think these companies are targeting? Explain your reasoning. (LO 2-4)
- 4.** Discuss the difference between a push and a pull strategy. How do these strategies differ in advertising and promotional strategies? (LO 2-5)
- 5.** What is the difference between product symbolism and functional product attributes? Give examples of brands that reflect each of these in their

marketing strategies. (LO 2-5)

6. IMC Perspective 2-1 discusses Buick's attempt to reposition its car to a younger audience. Explain why this may or may not work. (LO 2-4)

7. Many companies compete in a number of market segments. Discuss an example of one such company and describe how it communicates with its customers in different market segments. (LO 2-4)

8. Discuss the role that IMC assumes in the marketing mix. That is, how is this element of the mix coordinated with pricing, distribution, and product functions? (LO 2-5)

9. As the media environment changes, explain how this impacts the role of advertising and promotion. Why is the IMC process different than it was, say, 20 years ago? (LO 2-1)

10. Discuss the difference between benefit and demographic segmentation. Give examples of companies employing each. Is it possible for a company to employ both forms of segmentation simultaneously? (LO 2-4)



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Organizing for Advertising and Promotion: The Role of Ad Agencies and Other Marketing Communication Organizations

