

PROMO

Chapter 1

The World of Integrated Marketing Communication



Learning Outcomes



1. Define promotion and integrated marketing communication (IMC).
2. Discuss a basic model of communication.
3. Describe the different ways of classifying audiences for promotion and IMC.
4. Explain the key role of IMC as a business process.

LO 1

Promotion via Integrated Marketing Communication

- **Promotion** The communications process in marketing that is used to create a favorable predisposition toward a brand of product or service.
- **Promotional Mix** A blend of communications tools used by a firm to carry out the promotion process and communicate directly with audiences.
- **Advertising** *A paid, mass-mediated attempt to persuade.*
- **Common Promotional Tools** Advertising is the most widely used promotional tool, but it is still just one part of the promotional mix. For example, it may be combined with contests and websites.

Advertising

Sales promotions

Direct marketing

Personal selling

Event sponsorships

Contests

Social media

Branded entertainment

LO 1

Promotion via Integrated Marketing Communication, *Continued*



To remind consumers that Heinz ketchup is a product the company has “cared for from seed to plate,” the company’s advertising combines the “No one grows Ketchup like Heinz” slogan with images of fresh tomatoes.

LO 1

Promotion via Integrated Marketing Communication, *Continued*

Exhibit 1.1 Is it an Ad?

What You See	Advertisement?
Will Smith appears on the <i>Late Show with David Letterman</i> to promote his newest movie.	No , it's publicity. The producer or film studio did not pay the <i>Late Show with David Letterman</i> for airtime. Rather, the show gets an interesting and popular guest, the guest star gets exposure, and the film gets plugged.
A film studio produces and runs ads on television and in newspapers for the newest Will Smith movie.	Yes . This communication is paid for by the studio and placed in media to reach consumers.
Trojan pays for print media to run a message that tells readers to "Get Real" and use a condom.	Yes . Trojan paid the print media to run an ad intended to increase demand for condoms, including Trojan condoms.
The United Kingdom's Health Education Authority prepares a message that urges readers to wear a condom; print media run the message.	No , it's a public service announcement. It is not paid for by an advertiser but offered in the public interest.

LO 1**Promotion via Integrated Marketing Communication, *Continued***

- **Integrated Marketing Communications (IMC)** The process of using a wide range of promotional tools working together to create widespread brand exposure.
- The focus in IMC is on building brand awareness, identity, and eventually preference. IMC is a process rather than an immediate tool to drive sales.
- IMC uses a well-coordinated *promotional mix* to target customers in different ways and to achieve *broad exposure* for the brand while keeping a *consistent brand message*.
- **Advertising Campaign** A series of coordinated promotional efforts that communicate a single theme or idea about the brand.

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LO 2

Mass-Mediated Communication

- **Mass-Mediated Communication** Communication delivered through a medium designed to reach more than one person, typically a large number—or mass—of people. Advertising is mass mediated.
- Mass communication has two major components, each representing quasi-independent processes: *production* and *reception*. These components are not entirely independent because the producer and receiver have a sense of each other although they do not have direct contact. Between production and reception are the mediating (interpretation) processes of *accommodation* and *negotiation*.

LO 2**Mass-Mediated Communication, *Continued***

- **Production** The creation of the message content. This involves:
 1. the company's message
 2. expectations and assumptions about the target audience
 3. the rules and regulations of the medium used
- **Accommodation, Negotiation, and Reception** Audiences accommodate competing meanings and agendas to negotiate a meaning. This is the process of interpreting the message. Reception means acceptance and understanding of the message, although not necessarily agreement with.
- **Limitations** Any mass audience will have different contexts, background knowledge, and goals. Therefore, no ad contains a single meaning for all audience members; although, they generally yield similar meanings.

Mass-Mediated Communication, *Continued*

Exhibit 1.2 Mass-Mediated Communication



LO 3

Audiences for Promotion

- **Audience** A group of individuals who may receive and interpret promotional messages.
- **Target Audience** A particular group of consumers singled out for an advertising or promotion campaign.
- **Household Consumers** The most conspicuous audience for advertising. Under the very broad heading of “consumer advertising,” companies can make very fine audience distinctions.
- **Members of Business Organizations** An advertising audience that buys business and industrial goods and services. While products and services targeted to this audience often require personal selling, advertising is used to create awareness and a favorable attitude among potential buyers.
- **Members of a Trade Channel** An advertising audience that includes retailers, wholesalers, and distributors. The promotional tool used most often to communicate with this group is personal selling, because this target audience represents a relatively small, easily identifiable group.
- **Professionals** An advertising audience that includes workers with special training or certification. Advertising to professionals is predominantly carried out through trade publications.
 - **Trade Journals** Magazines that publish technical articles for members of a trade.
- **Government Officials and Employees** Advertising audience that includes employees of government organizations at the federal, state, and local levels. Promotion to this target audience is dominated by direct mail, catalogs, and web advertising.

LO 3

Audiences for Promotion, *Continued*

Audience Geography

- **Global Promotion** This is typically used for brands that are considered citizens of the world and whose manner of use does not vary tremendously by culture.
- **International Promotion** This occurs when firms prepare and place different messages in different national markets outside their home market. Often, each international market requires unique or original promotion due to product adaptations or message appeals tailored specifically for that market.
- **National Promotion** This reaches all geographic areas of one nation. It is the kind of promotion we see most often in the mass media in the U.S. market.
- **Regional Promotion** This is carried out by producers, wholesalers, distributors, and retailers that concentrate their efforts in a relatively large, but not national, geographic region.
- **Local Promotion** Like regional promotion, this is directed at an audience in a single trading area, either a city or state.
- **Cooperative Promotion** This is a team approach to promotion in which national companies share promotion expenses in a market with local dealers to achieve specific objectives.

LO 3**Audiences for Promotion, *Continued***

**WHEN A CLOTHING STORE HAS A SALE
ON SELECTED MERCHANDISE,
WHY IS IT ALWAYS MERCHANDISE
YOU'D NEVER SELECT?**

At Daffy's you'll find 40-70% off all our clothes, every day 5th Ave. & 18th St., Madison Ave. & 44th St.

DAFFY'S
CLOTHES THAT WILL MAKE YOU, NOT BREAK YOU.™

Courtesy of Daffy's.

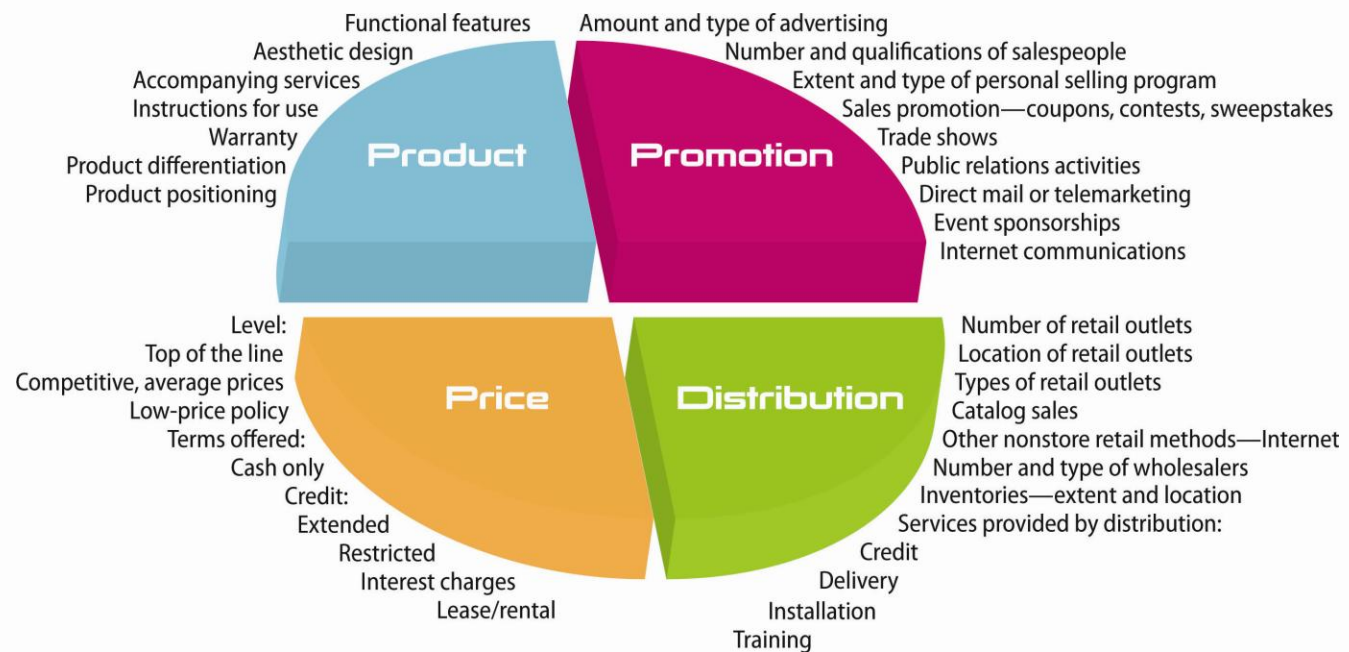
Daffy's is a clothing retailer with stores in the New York/New Jersey metropolitan area. It services a local geographic market so it communicates through local advertising.

LO 4

IMC as a Business Process

- **Marketing** The business process of planning and executing the *conception, pricing, promotion, and distribution* of goods and services to create an exchange that benefits the consumer and the company.
- **Marketing Mix** Balancing the four areas of marketing responsibility and decision making (conception, pricing, promotion, and distribution) to achieve the best possible balance.

LO 4

IMC as a Business Process, *Continued***Exhibit 1.3** The Marketing Mix

LO 4**IMC as a Business Process, *Continued*****Supporting Brand Management**

- **Brand** A name, term, sign, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers.
- **Brand Management** There are five major ways organizations support brand development and management:
 1. Information and persuasion
 2. Introducing new brands or brand extensions
 - Brand Extension** An adaptation of an existing brand to a new product area.
 3. Building and maintaining brand loyalty
 - Brand Loyalty** A decision-making mode in which consumers repeatedly buy the same brand to fulfill a specific need
 - Brand Equity** Positive associations with the brand in the minds of consumers.
 4. Creating an image and meaning for the brand
 5. Building and maintaining brand loyalty in trade channels

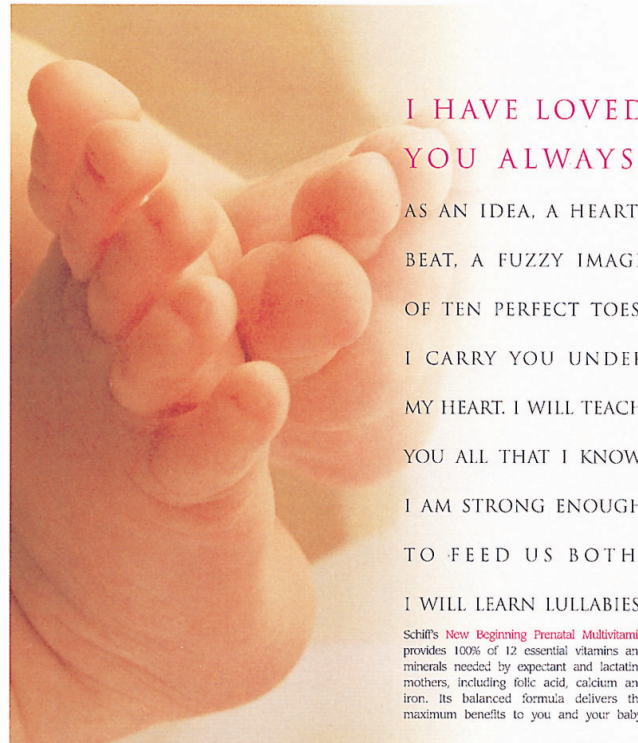
LO 4**IMC as a Business Process, *Continued***

The Crest brand was originally associated with toothpaste; advertising helped the company extend the brand to this line of toothbrushes. How did the Crest name help with brand extension?

LO 4

IMC as a Business Process, *Continued*

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I HAVE LOVED
YOU ALWAYS,
AS AN IDEA, A HEART-
BEAT, A FUZZY IMAGE
OF TEN PERFECT TOES.
I CARRY YOU UNDER
MY HEART. I WILL TEACH
YOU ALL THAT I KNOW.
I AM STRONG ENOUGH
TO FEED US BOTH.
I WILL LEARN LULLABIES.

Schiff's *New Beginning Prenatal Multivitamin* provides 100% of 12 essential vitamins and minerals needed by expectant and lactating mothers, including folic acid, calcium and iron. Its balanced formula delivers the maximum benefits to you and your baby.



Benefits Beyond Your Daily Requirements.

For more information on Schiff products, call 1-800-525-6281. Available at **GNC** and other health food stores.

Schiff

The message mines associations related to love and caring for an unborn or recently born child. Even the slogan for the brand, "Benefits Beyond Your Daily Requirements," plays on the notion that a vitamin is more than a vehicle for dosing up on folic acid. What meanings do you find in this message?

LO 4**IMC as a Business Process, *Continued*****Implementing Market Segmentation, Differentiation, and Positioning**

- **Market Segmentation** The process of breaking down a large, widely varied (heterogeneous) market into submarkets, or segments, that are more similar (homogeneous) than dissimilar in terms of what the consumer is looking for.
- **Differentiation** The process of creating a perceived difference, in the mind of the consumer, between an organization's brand and the competition's. This definition emphasizes that brand differentiation is based on *consumer perception*.
- **Positioning** the process of designing a brand so it can occupy a distinct and valued place in the target consumer's mind relative to other brands and then communicating this distinctiveness through advertising. Positioning, like differentiation, depends on a perceived image of tangible or intangible features.
 1. **External Positioning** The niche a brand will pursue relative to *all the competitive brands on the market*.
 2. **Internal Positioning** The niche a brand will occupy with regard to other similar *brands within the firm*.

LO 4**IMC as a Business Process, *Continued***

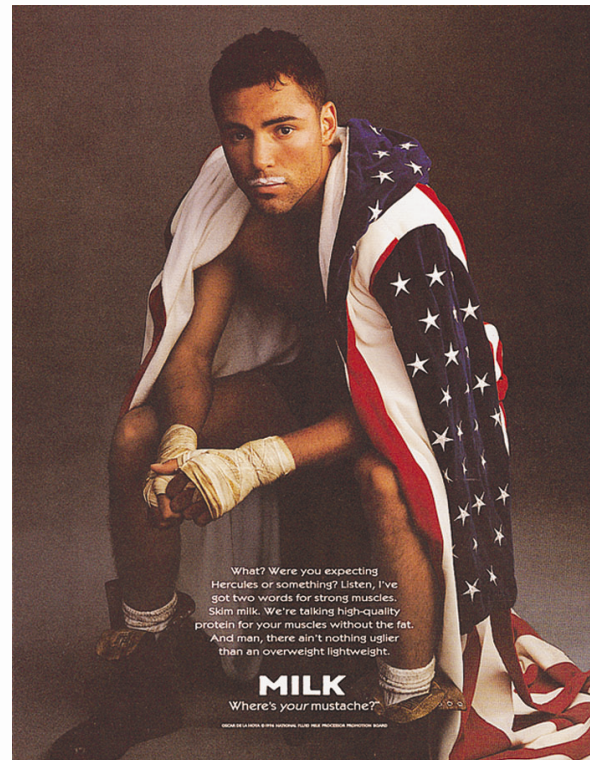
Advertising is a key tool in a marketing strategy of differentiation. How does this ad differentiate Fendi watches from lower-priced brands?

LO 4**IMC as a Business Process, *Continued*****Enhancing Revenue and Profits**

- Marketing is the only part of a business organization that has revenue generation as its primary objective.
- Promotion contributes to profits by giving an organization greater flexibility in pricing through economies of scale or inelasticity of demand.
- **Economies of Scale** This occurs when costs per-unit become lower due to larger volumes of production.
- **Inelasticity of Demand** A situation in which consumers are relatively insensitive to price increases for the brand.

LO 4**IMC as a Business Process, *Continued*****Promotion Objectives**

1. Promotion stimulates demand for a product or service.
 - **Primary Demand Stimulation** Promotion aimed at creating demand for an entire *product category*. Primary demand stimulation is challenging and costly, and research evidence suggests that it is likely to have an impact only for products that are totally new, not for brand extensions or mature product categories
 - **Selective Demand Stimulation** Promotion aimed at pointing out a *specific brand's* unique benefits compared with the competition.
2. Promotion stimulates an immediate or delayed response.
 - **Direct-Response Promotion** Promotion that asks the receiver of the message to act immediately.
 - **Delayed-Response Promotion** Promotion that relies on imagery and message themes to emphasize a brand's benefits and positive qualities to encourage customers to purchase the product at a later date.
3. Promotion strives to develop a favorable attitude toward a brand or the company itself.
 - **Brand Advertising** Communicates the specific features, values, and benefits of a particular brand offered for sale by a particular organization.
 - **Corporate Advertising** meant to create a favorable attitude toward a company as a whole.

LO 4**IMC as a Business Process, *Continued***

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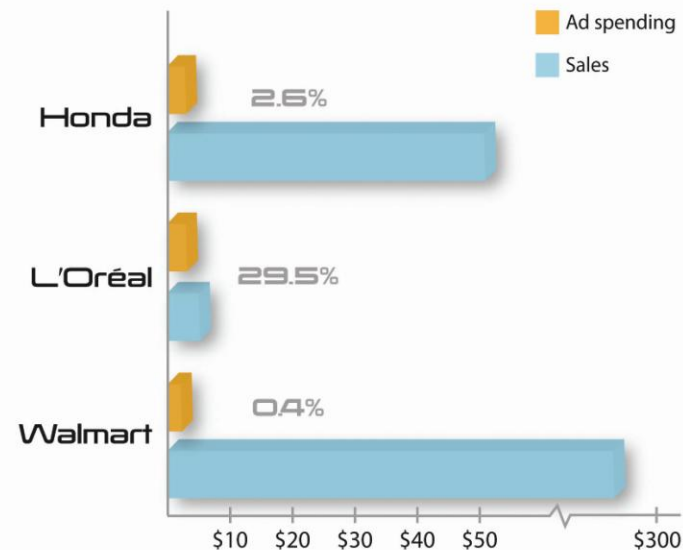
The National Fluid Milk Processor Promotion Board uses the famous milk mustache ads in an effort to build primary demand for milk, not for a particular brand.

LO 4**IMC as a Business Process, *Continued*****The Economic Impact of Promotion**

- **Impact on Gross Domestic Product (GDP)** As a part of the marketing mix, promotion increases GDP indirectly by working with product, pricing, and distribution decisions to stimulate sales.
GDP is the measure of the total value of goods and services produced within an economic system.
- **Impact on Business Cycles** Promotion can have a stabilizing effect on downturns in business activity. For this reason many companies choose to increase advertising during times of recession.
- **Impact on Competition** *Promotion can stimulate competition* and therefore motivate firms to strive for better products, better production methods, and other competitive advantages that ultimately benefit the economy as a whole. *Promotion can also act as a barrier to competition* because it can be cost-prohibitive.

LO 4**IMC as a Business Process, *Continued*****The Economic Impact of Promotion, *Continued***

- **Impact on Pricing** The cost of advertising is built into product costs, which are ultimately passed on to consumers. However, this should be considered with cost savings that lower the price—the reduced time and effort a consumer spends searching for a product or service, and economies of scale, discussed earlier.

Exhibit 1.4 Ad Spending as a Percent of Sales

LO 4**IMC as a Business Process, *Continued*****The Economic Impact of Promotion, *Continued***

- **Impact on Value** Promotion helps create value in the minds of consumers so that they will purchase the brand. Value in turn helps determine what we invest in the economy.
- **Value** refers to consumers' perception that a brand provides satisfaction beyond the cost incurred to obtain that brand.
- **Symbolic value** refers to what a product or service means to consumers in a nonliteral way. A brand can symbolize a person's idea about their personality.