

Chapter 1

- Companies use integrated marketing communications to link or connect their promotional tools and communicate with their current and prospective customers
- Companies develop their marketing communication plans such that each promotional tool retains its unique communication effect of the brand or organization

Marketing Communication

Marketing

- American Marketing Association (AMA) → organization that represents marketing professionals in US and Canada
 - Marketing → the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy the individual and organizational objectives**
- This definition focused on *exchange* as the central concept in marketing and the use of key marketing activities to create and sustain relationships with customers
- For exchange to occur → there must be 2+ parties with something of value to one another, a desire and ability to give up that something to the other party, and a way to communicate with each other
- Marketing communication → informs consumers of an organization's product and convinces them of its ability to satisfy their needs/wants
- Marketing facilitates exchange process
- Marketing helps:
 - examine the needs/wants of the consumer
 - develop a product/service that satisfies these needs
 - offering it at a certain price
 - making it available at a particular place or through a channel of distribution
 - developing a program of promotion or marketing communication
- 4 P's: product, price, place, promotion → **MARKETING MIX**
- Main purpose of marketing is to combine these 4 elements into a marketing program to facilitate potential for exchange with consumers in the marketplace

Communicating Product

- Product decisions
 - Product type
 - Features or attributes/benefits
 - Corporate name
 - Brand name
 - Package design

Product Value

- Organizations exist because they offer products to consumers (physical goods, services, causes, ideas, people, etc)
- Product → anything that can be marketed and gives satisfaction to individual when

consumed/supported

-Diff product types not always independent (ex: going to restaurant you have the physical goods (food) but also service (not having to make meal, eat food you don't have skill to make))

Product Attributes/Benefits

-Every product has fairly obvious features that characterize what it is

-Marketing communication can take the simple role of identifying the ingredients or composition of a good (ex: milk/dark chocolate)

-Marketing communication can also be used to educate consumers on how services are delivered (ex: West Jet → attentive service, Keg Steakhouse → ambiance)

-Consumers typically view a product as a bundle of benefits signifying what the attributes can do

-Benefits:

-Functional → performance of the product

-Experiential → what it feels like to use the product

-Psychological → self-esteem/status that results from owning particular brand

-Managers must decide which benefits to emphasize/how to portray the benefits in a message and the best way to deliver that message

-Product symbolism → what a product or brand means to consumers and what they experience in purchasing and using it

-For products with strong symbolic features → experiential/psychological benefits may be more important than functional (ex: designer clothing)

Brand Identity

-A brand or corporate name

-Identification → logo, symbol, trademark

-Marketers use brand names that can communicate products concepts clearly (ex: Air Canada)

-The identification of a logo in an ad is critical

-One primary focus of marketing communication is to present the brand and its identification in favourable locations, situations, or time frames that allow consumers to think or feel more positively toward the brand

-Brand id and the symbolism of the brand → often reinforced by the tagline or slogan

-Tagline → communicates the brand position/brand benefit

-Can have an audio logo if you have a lot of products/services (ex: Rogers)

-Continuity and consistency → because brand id is a key part of the brand experience

-Packaging → provides functional benefits (economy, protection, storage)

-Package → gives it distinctive look

Brand Equity

-Brand equity → an intangible asset of added value or goodwill that results from the favourable image, impressions of differentiation, and/or strength of consumer attachment to a company name, brand name, or trademark

-Allows a brand to earn greater sales volume than it could without the name

-Gives competitive advantage

Communicating Price

- Price** → *what consumer must give up to purchase a product*
- True cost includes money, time, mental activity, and behavioural effort
- Price planning → decisions concerning the level, policy, adjustments through discounts or allowances, and flexibility when facing competition
- Marketing communication plays a role in reinforcing a consumer's belief that the product's benefit or quality accurately reflects the price
- High relative ad expenditures should accompany premium prices and low expenditures should be tailored to low prices
- Price is often key message conveyed
- Focus on price and discounts and allowances
- Price comparison advertising plays a key role in consumers' reference price for products when determining the value of a product
- Communicating price info is critical for influencing consumers who are in the process of deciding to buy a product

Communicating Distribution

- Marketing channels (place)** → *sets of interdependent organizations involved in the process of making a product/service available for use or consumption*
- Most consumer product companies distribute through indirect channels
 - Indirect channels** → *a network of wholesalers/retailers*
 - Direct channels** → *when a company does not channel intermediaries and sells to consumers directly (ex: through internet)*
- Marketing communication often provides info on where product can be purchased
- Direct consumers to organizational websites for online purchases

The Promotional Mix

- Promotion** → *the coordination of all seller-initiated efforts to set up channels of info and persuasion to sell goods and services or promote an idea*
- Implicit communication occurs through the other elements of the marketing mix
- Most of the organization's communication with the marketplace occurs as part of a carefully planned and controlled promotional program
 - Promotional mix** → *tools an organization uses in a promotional program*
- Advertising
- Direct Marketing
- Internet Marketing
- Sales Promotion
- Public Relations
- Personal Selling

Advertising

- Advertising** → *any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor*

Paid:

- Space or time for an ad generally must be bought
- Some PSA's are not bought but are instead donated by the media

Non-personal:

- Involves mass media
- Transmit message to large groups of individuals, often at the same time
- No opportunity for immediate feedback (exception: direct-response advertising)
- Before message is sent, advertiser must consider how the audience will interpret and respond

Cost Efficient

- Cost-efficient method for communicating with large audience
- During a television season, prime-time network television reached 85% of Canadians on a daily basis

Cost Effective

- Assuming that a majority of the viewers actually watched a TV ad, paid attention during the airing, and remembered something about the message, then advertising can be seen as a very cost-effective form of marketing communication for many brands
- Cost effective method for allowing potential customers to know something about a brand and have a positive attitude toward the brand prior to, during, or after purchasing a product

Brand Effects

- Provide customers with info and influence their attitudes
- Advertising used to create favourable and unique images and associations for a brand
- Good for brands that sell things that are hard to differentiate on functional attributes
- Brand image and brand rep play an important role in the purchase of many goods/services

Brand Interaction

- Encourage consumers to interact with brand online

Flexible Tool

- Can be used for many industries (ex: cars, soft drinks, etc)
- Can be used for diff market situations (ex: new product or market development for established product)
- Target audiences (ex: new customers or loyal customers)

Multiple Domains

- National or regional messages
- Some messages to particular international consumer markets
- Business-to-business advertising → directed to those who buy or influence the purchase of goods or services for their organization
- Advertising can be directed towards wholesalers, distributors, retailers, etc

Sales Promotion

- Sales promotion → marketing activities that provide extra value or incentives to the sales force, distributors, or the ultimate consumer and can influence their behaviour to*

stimulate sales

-2 major categories:

-Consumer oriented activities

-Trade-oriented activities

-Consumer sales promotion → targeted to the ultimate user of a product or service and includes tools like coupons, samples, premiums, rebates, contests, events, and point-of-purchase materials

-Encourages consumers to make immediate purchase, participate in brand activity, etc

-Trade sales promotion → targeted toward marketing intermediaries such as wholesalers, distributors, and retailers

-Ex: promotional and merchandising allowances, price deals, sales contests, and trade shows

Public Relations

-When an organization systematically plans and distributes information in an attempt to control and manage its image

-Public relations → the management function which evaluates public attitudes, identifies the policies and procedure of an individual or an organisation with the public interest, and executes a program of action to earn public understanding and acceptance

-Uses variety of tools:

-special publications

-participation in community activities

-fundraising

-sponsorship of special events

-public affairs activities

-To enhance organization's image

-Publicity → non-personal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship

-Message reaches the public in the form of news story, editorial, announcement, etc

-Non-personal communication to mass audience

-Not directly paid for by organization

-Organization encourages media to run a favourable story

-Credibility → unbiased source

-Low cost

Direct Marketing

-Direct marketing → occurs when organization communicate directly with target audiences to generate a response and/or a transaction

-Telemarketing, call centers, direct mail, mail-order catalogues, direct-response ads, print media

-Traditionally not been considered a part of the promotional mix since it has distinct objectives, strategies, and tactics

-Important since it is connected to many other communication tools

-Loyalty programs → designed to keep in touch with frequent purchasing customers

-Used by companies that distribute their products to consumers directly and through traditional

distribution channels

- To communicate directly → companies develop and maintain databases containing contact info
- Distribute product samples and other promotional items
 - Direct response advertising** → *a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer*

Internet Marketing

- Interactive media** → *allows for back-and-forth flow of info whereby users can participate in and modify the form and content of the info they receive instantly*
- Allow users to perform a variety of functions such as receiving and altering info and images, making inquiries, responding to questions, and making purchases
- Many websites give info about company's products and activities
- Some firms develop websites to entertain or communicate more emotionally with clientele
- Social media → allows brands to establish groups (facebook) or channels (youtube) for all kinds of marketing communication
- Mobile devices → new ways to reach ppl (ex: someone can get a message on their phone prompting them to turn around and eat a restaurant they just passed)

Personal Selling

- Personal selling** → *a form of person-to-person communication in which a seller assists and/or persuades prospective buyers to purchase the company's product or service or to act on an idea*
- Direct contact between buyer and seller
- Face to face
- Telecommunication

Participants in the Promotional Process

- 5 major groups
 - Advertiser
 - Advertising agency
 - Media organizations
 - Specialized marketing communication services
 - Collateral services

Advertisers

- Have the products to be marketed
- Provide funds that pay for ad and promotion
- Assume responsibility for developing the marketing program and making the final decisions regarding the advertising and promotional program

Advertising Agencies

- Outside firms
- Specialize in the creation, production, placement of promotional messages
- May provide services like research
- Advertisers are referred to as *clients* if they retain the services of the ad agency

- Act as a partner with an advertiser
- Assume responsibility for developing the marketing and promotional programs

Media Organizations

- Provide info or entertainment to their subscribers, viewers, or readers
- Provides an environment for the firm to deliver its marketing communication message
- Must have editorial or program content that attracts consumers so advertisers and their agencies will want to buy time or space with them

Specialized Marketing Communication Services

- Direct marketing agencies → develops and implements direct-marketing programs
- Sales promotion agencies → develop contests and sweepstakes, premium offers, sampling programs
- Interactive agencies → develop websites, social media activities, internet ads
- Public relations firms → generate and manage publicity, focus on relationships with its relevant publics
- Media buying agencies → work with clients and media organizations for optimal placement of advertiser's messages
- Provide services in their areas of expertise
 - Collateral services → include market research companies, package design firms, consultants, photographers, printers, video production houses, and event marketing services*

Integrated Marketing Communications

- Wide range of promotional tools must be coordinated to communicate effectively and present a consistent image to target audiences
- Comprehensive perspective of marketing communication

The Evolution of IMC

- Integrated marketing communications → shift towards in the 1980s
- Marketers asked their agencies to coordinate the use of more promotional tools rather than rely on media advertising
- Looked beyond traditional advertising agencies
- Recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines (general advertising, direct response, sales promotion, PR, etc)
- Combines disciplines to provide clarity, consistency and max communications impact

A Renewed Perspective of IMC

- A business process that identifies the most appropriate and effective methods for communicating and building relationships
- Strategic business process
- Used to plan, develop, execute, and evaluate coordinated, measurable, persuasive brand communications programs over time with consumers, customers, prospects, employees,

associates, and other targeted relevant external and internal audiences

-Goal → generate short term financial returns & build long term brand and shareholder value

-Now seen as ongoing strategic business process rather than just tactical integration of communication activities

-Recognizes there are a number of relevant audiences that require specific communication programs

-Demand for accountability

-Measurement of the OUTCOMES of marketing communications programs

-IMC has 4 general characteristics:

- 1) Unified communication for consistent message and image
- 2) Differentiated communication to multiple consumer groups
- 3) Database-centered communication for tangible results
- 4) Relationships fostering communication with existing customers

-IMC is now connected to a firm's market and brand orientation

-Higher use of IMC leads to higher levels of sales, market share, and profits

Importance of IMC

-Successful IMC program → requires that a firm find the right combo of promotional tools

-Define role of promotional tools

-Define extent to which they can or should be used and coordinate their use

Audience Contacts

-Use promotional mix elements to communicate with current/prospective customers

-Communicate with other relevant audiences (ex: employees, suppliers, community, gov't)

-Audience contact perspective → company considers all the potential ways of reaching target audience and presenting message of the company or brand in a favourable manner

-Identify how loyal buyers interact with a company/brand

-This contact can range from seeing/hearing an ad to actually using it or experiencing a brand at a company-sponsored event

-Can be extended to non-customers and all other potential audiences

-Marketers must determine how valuable each contact tool is for communicating with target audience

-Determine which IMC tools are most effective in reaching, informing and persuading

Consumer's Point of View

-All the elements of a promotional campaign have to be carefully linked so that the message is clear and the brand is represented well

Relationship Marketing

-Seek more than one-time exchange or transaction with customers

-Concentrate on developing and sustaining RELATIONSHIPS with customers

-Relationship marketing → creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit

-More cost-effective to retain customers than to acquire new ones

- Retained customers tend to buy more products and expand their purchases
- Reducing customer defections by 5% = increase future profit by as much as 30%-90%
- Companies build databases to facilitate relationships

Customer Adoption of Technology and Media

- Audiences are more fragmented
- TV advertising reaches smaller and more selective audiences
- Must have message available in other media
- New applications for advertising on the internet are invented each year
- Greater opportunity to reach particular audiences
- Brands have initiated SPONSORED GROUPS on FB where consumers can join and receive brand messages and promotional offerings like contests and samples

Planning Efficiency and Effectiveness

- Value of strategically integrating communication functions rather than having them operate autonomously
- By coordinating marketing communications efforts, companies:
 - avoid duplication
 - take advantage of synergy
 - develop more efficient and effective marketing communications programs
- IMC → easy way to maximize the return on investment in marketing and promotion
- Strong IMC performance = stronger market performance

Integrated Marketing Communications Planning

- In developing IMC strategy → company combines the promotional mix elements to produce an effective program for marketing communication
 - IMC Planning → the process of conceiving, executing, evaluating, and controlling the use of promotional mix elements to communicate effectively with target audiences***
 - IMC Plan → provides the framework for developing, implementing, and controlling the organization's IMC program***

Review the Marketing Plan

- Must understand where the company has been
- Understand current position in market
- Understand where you intend to go
- Understand how you plan to get there
- Most of this info should be contained in marketing plan
 - Marketing plan → a written document that describes the overall marketing strategy and programs developed for an organization, a particular product line, or a brand***
- Marketing plans usually have 5 basic parts:
 - 1) Situation analysis → internal marketing review, external analysis of market, company, consumer, competition, macro environment
 - 2) Specific marketing objectives → provide direction, time frame, mechanism for measuring performance
 - 3) Marketing strategy and program → include selection of target markets and decision and

plans for the 4 marketing mix elements

4) Program for implementing marketing strategy → determine specific tasks and responsibilities

5) Process for monitoring and evaluating performance → provide feedback, permit proper control, allow for strategic/tactical revisions

Assess the Marketing Communications Situation

-In IMC program → Situation analysis focuses on relevant internal and external factors for developing a promotional strategy much like the marketing situation analysis

Internal Analysis

-Internal analysis → assesses four relevant areas: product, previous promotional programs, firm or brand image, organizational capabilities

-Assesses relative strengths & limitations of product

-Product's unique selling points, attributes, benefits

-Packaging, price, design

-Review previous promotional objectives, budgets, strategies, and tactics of all elements

-Track results of previous programs

-Determine which promotional decisions should be retained, revised, or withdrawn

-New brands/ones with negative perceptions → focus on image

-Strong image → maintain image

External Analysis

-External analysis → focuses on factors such as characteristics of the firm's customers, market segments, competitors, and environment

-Consideration of customers' characteristics (demographics, psychographics, etc), buying patterns, decision processes, factors influencing their purchase decisions

-Marketing research studies often needed

-Assessment of market

-Evaluate attractiveness of diff markets

-Evaluation of direct and indirect competitors → their strengths, limitations, segmentation, targeting, positioning, promotion

Determining IMC Plan Objectives

-Establish relevant and appropriate objectives

-Marketing objectives → what is to be accomplished by the overall marketing program

-Often stated in terms of sales, market share, profitability

-Determined when marketing plan is constructed

-Communications objectives → what the firm seeks to accomplish with its IMC program

-Often stated in terms of the nature of the message to be communicated

-What specific communication effects are to be achieved (ex: awareness)

-Behavioural objectives → trail purchase or repeat purchase, among others

Develop IMC Programs

-Each promotional mix element has its own set of objectives, overall strategy, message and

media strategy and tactics, and a budget

-Two important aspects of advertising program:

-Development of message

-Media strategy

-Message development (aka *creative strategy*) → determining the basic message the advertiser wishes to convey to the target audience

-Media strategy → determining which communication channels will be used to deliver the advertising message to the target audience

-Evaluate the media options' strengths and limitations, costs, and ability to deliver the message effectively to target audience

-Similar process and set of decisions occur for ALL other elements of the IMC program as objectives are set, an overall strategy is developed, and message and media strategies are determined

Implement and Control the IMC Plan

-Most large companies hire advertising agencies to plan and produce their messages and to evaluate and purchase the media that will carry their ads

-Most agencies work very closely with clients as they develop ads and select media

-Advertiser ultimately approves and pays for creative work and media plan

-Determine how well promotional program is meeting communication and behavioural objectives

-Provide managers with feedback concerning effectiveness of promotional program