

SUMMARY OF CLASSROOM MATERIAL

INTEGRATED MARKETING COMMUNICATION AND PROMOTION

BACKGROUND

Integrated Marketing Communication (IMC) involves the idea that a firm's promotional efforts should be coordinated to achieve the best combined effects of the firm's efforts. Resources are allocated to achieve those outcomes that the firm values the most.

Promotion involves a number of tools we can use to increase demand for our product. The most well known component of promotion is advertising, but we can also use tools such as the following:

- **Public relations** (the firm's staff provides information to the media in the hopes of getting coverage). This strategy has benefits (it is often less expensive and media coverage is usually more credible than advertising) but it also entails a risk in that we can't control what the media will say. Note that this is particularly a useful tool for small and growing businesses—especially those that make a product which is inherently interesting to the audience.
- **Trade promotion.** Here, the firm offers retailers and wholesalers temporary discounts, which may or may not be passed on to the consumer, to stimulate sales.
- **Sales promotion.** Consumers are given either price discounts, coupons, or rebates.
- **Personal selling.** Sales people either make “cold” calls on potential customers and/or respond to inquiries.
- **In-store displays.** Firms often pay a great deal of money to have their goods displayed prominently in the store. More desirable display spaces include: end of an aisle, free-standing displays, and near the check-out counter. Occasionally, a representative may display the product.
- **Samples**
- **Premiums**

A chart in the text discusses characteristics of each method.

PROMOTIONAL OBJECTIVES AND EFFECTIVENESS

Generally, a sequence of events is needed before a consumer will buy a product. This is known as a “hierarchy of effects.” The consumer must first be aware that the product exists. He or she must then be motivated to give some attention to the product and what it may provide. In the next stage, the need is for the consumer to evaluate the merits of the product, hopefully giving the product a try. A good experience may lead to continued use. Note that the consumer must go through the earlier phases before the later ones can be accomplished.

Promotional objectives that are appropriate differ across the Product Life Cycle (PLC). Early in the PLC—during the introduction stage—the most important objective is creating *awareness* among consumers. For example, many consumers currently do not know the Garmin is making auto navigation devices based on the global position satellite (GPS) system and what this system can do for them. A second step is to induce *trial*—to get consumers to buy the product for the first time. During the growth stage, important needs are persuading the consumer to buy the product and prefer the brand over competing ones. Here, it is also important to persuade retailers to carry the brand, and thus, a large proportion of promotional resources may need to be devoted to retailer incentives. During the maturity stage, the firm may need to focus on maintaining shelf space, distribution channels, and sales. A chart on p. 480 in the text suggests some appropriate strategies.

Different promotional approaches will be appropriate depending on the stage of the consumer’s decision process that the marketer wishes to influence. Prior to the purchase, the marketer will want to establish a decision to purchase the product and the specific brand. Here, samples might be used to induce trial. During the purchase stage, when the consumer is in the retail store, efforts may be made to ensure that the consumer will choose one’s specific brands. Paying retailers for preferred shelf space as well as point of purchase (POP) displays and coupons may be appropriate. After the purchase, an appropriate objective may be to induce a repurchase or to influence the consumer to choose the same brand again. Thus, the package may contain a coupon for future purchase.

There are two main approaches to promoting products. The “push” strategy is closely related to the “selling concept” and involves “hard” sell and aggressive price promotions to sell at this specific purchase occasion. In contrast, the “pull” strategy emphasizes *creating demand for the brand* so that consumers will come to the store with the intention of buying the product. Hallmark, for example, has invested a great deal in creating a preference for its greeting cards among consumers.

There are several types of advertising. In terms of product advertising, the “pioneering” ad seeks to create awareness of a product and brand and to instill an appreciation among consumers for its possibilities. The competitive or persuasive ad attempts to convince the consumer either of the performance of the product and/or how it is superior in some way to that of others. Comparative advertisements are a prime example of this. For instance, note the ads that show that some trash bags are more durable than others. Reminder advertising seeks to keep the consumer

believing what other ads have already established. For example, Coca Cola ads tend not to provide new information but keep reinforcing what a great drink it is.

DEVELOPING AN ADVERTISING PROGRAM

Developing an advertising program entails several steps:

- **Identifying the target audience.** Market reports can be bought that investigate the media habits of consumers of different products and/or the segments that the firm has chosen to target.
- **Determining appropriate advertising objectives.** As discussed, these objectives might include awareness, trial, repurchase, inducing consumers to switch from another brand, or developing a preference for the brand.
- **Settling on an advertising budget.**
- **Designing the advertisements.** Numerous media are available for the advertiser to choose from. A list of some of the more common ones may be found on PowerPoint slide #11. Each medium tends to have advantages and disadvantages.

It is essential to pretest advertisements to see how effective they actually are in influencing consumers. An ad may have to be redesigned if it is found not to be as effective as targeted. Note that selecting advertisements is often a “numbers game” where a lot of advertisements are created and the ones that “test” best are selected.

ADVERTISING STRATEGIES

Depending of the promotional objectives sought by a particular firm, different advertising strategies and approaches may be taken. The following are some content strategies commonly used.

- **Information dissemination/persuasion.** Comparative ads attempt to get consumers to believe that the sponsoring product is better. Although these are frequently disliked by Americans, they tend to be among the most effective ads in the U.S. Comparative advertising is illegal in some countries and is considered very inappropriate culturally in some societies, especially in Asia.
- **Fear appeals** try to motivate consumers by telling them the consequences of not using a product. Mouthwash ads, for example, talk about the how gingivitis and tooth loss can result from poor oral hygiene. It is important, however, that a specific way to avoid the feared stimulus be suggested directly in the ad. Thus, simply by using the mouthwash advertised, these terrible things can be avoided.
- **Attitude change through the addition of a belief.** This topic was covered under consumer behavior. As a reminder, it is usually easier to get the consumer to accept a new belief which is not inconsistent with what he or she already believes than it is to change currently held beliefs.
- **Classical conditioning.** A more favorable brand image can often be created among the consumer when an association to a liked object or idea is created.

For example, an automobile can be paired with a beautiful woman or a product can be shown in a very upscale setting.

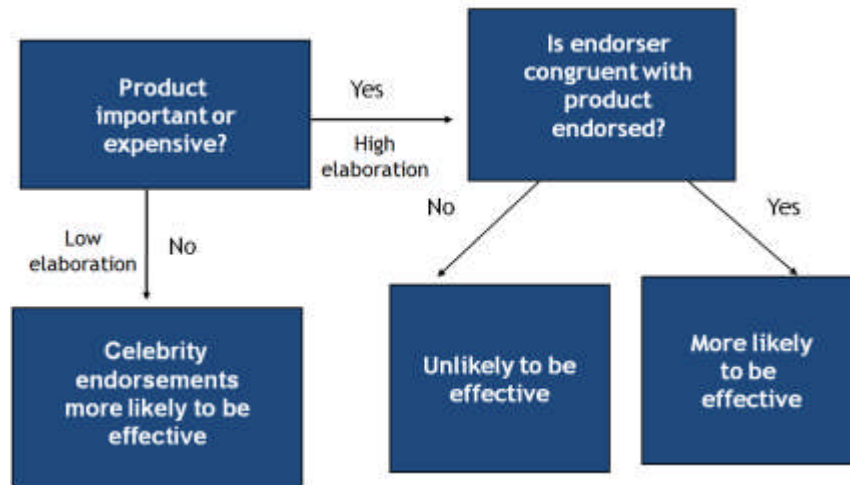
- **Humor appeal.** The use of humor in advertisements is quite common. This method tends not to be particularly useful in persuading the consumer. However, more and more advertisers find themselves using humor in order to compete for the consumer's attention. Often, the humor actually draws attention away from the product—people will remember what was funny in the ad but not the product that was advertised. Thus, for ads to be effective, the product advertised should be an integral part of what is funny.
- **Repetition.** Whatever specific objective is sought, repetition is critical. This is especially the case when the objective is to communicate specific information to the customer. Advertising messages—even simple ones—are often understood by consumers who have little motive to give much attention to advertisements to which they are exposed. Therefore, very little processing of messages is likely to be done at any one time of exposure. Cumulatively, however, a greater effect may result.
- **Celebrity endorsements.** Celebrities are likely to increase the amount of attention given to an advertisement. However, these celebrities may not be consistently persuasive. The Elaboration Likelihood Model discussed below identifies conditions when celebrity endorsements are more likely to be effective.

ADVERTISING AND ATTITUDE CHANGE

A significant objective of advertising is attitude change. A consumer's attitude toward a product refers to his or her beliefs about, feeling toward, and purchase intentions for the product. Beliefs can be both positive (e.g., for McDonald's food: tastes good, is convenient) and negative (is high in fat). In general, it is usually very difficult to change deeply held beliefs. Thus, in most cases, the advertiser may better off trying to add a belief (e.g., beef is convenient) rather than trying to change one (beef is really not very fatty).

Consumer receptivity to messages aimed at altering their beliefs will tend to vary a great deal depending on the nature of the product. For unimportant products such as soft drinks, research suggests that consumers are often persuaded by having a large number of arguments with little merit presented (e.g., the soda comes in a neat bottle, the bottle contains five percent more soda than competing ones). In contrast, for high involvement, more important products, consumers tend to scrutinize arguments more closely, and will tend to be persuaded more by high quality arguments.

Celebrity endorsements are believed to follow a similar pattern of effectiveness. The Elaboration Likelihood Model (ELM) suggests that for trivial products, a popular endorser is likely to be at least somewhat effective regardless of his or her qualifications to endorse (e.g., Bill Cosby endorses Coca Cola and Jell-O without having particular credentials to do so).

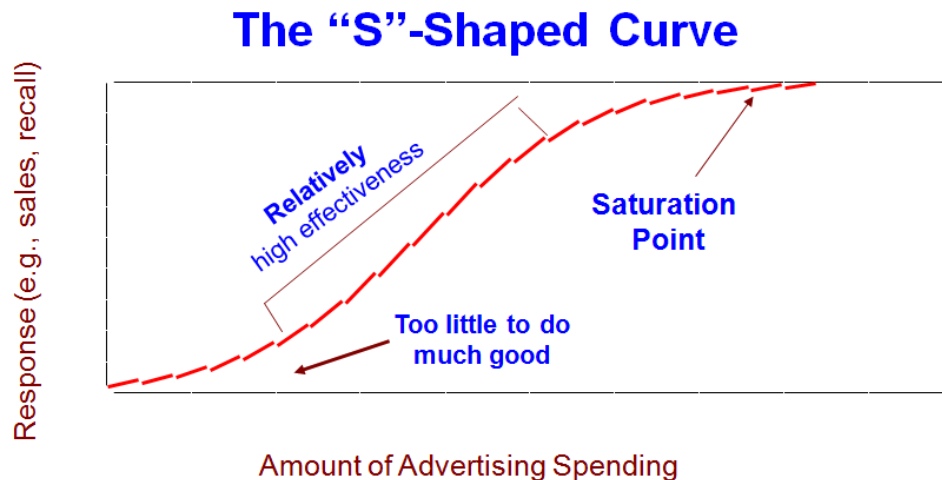


On the other hand, for more important products, consumers will often scrutinize the endorser's credentials. For example, a basket ball player may be perceived as knowledgeable about athletic shoes, but not particularly so about life insurance. In practice, many celebrities do not appear to have a strong connection to the products they endorse. Tiger Woods might be quite knowledgeable about golf carts, it is not clear why he has any particular qualifications to endorse Cadillac automobiles.

ADVERTISING EFFECTIVENESS AND EVALUATION

The effectiveness of advertising is a highly controversial topic. Research suggests that in many cases advertising leads to a relatively modest increase in sales. One study suggests, for example, that when a firm increases its advertising spending by 1%, sales go up by 0.05%. (The same research found that, in contrast, if prices are lowered by 1%, sales tend to increase by 2%). In general, it appears that advertising is more effective in selling durable goods (e.g., stereo systems, cars, refrigerators, and furniture) than for non-durable goods (e.g., restaurant meals, candy bars, toilet paper, and bottled water). Also, advertising appears to be more effective for new products. This suggests that advertising is probably most effective for providing information (rather than persuading people). Note that many advertising agencies make a large part of their money on commissions on advertising sold. Thus, they have a vested interest in selling as much advertising as possible, and may strongly advise clients to spend excessive amounts on advertising.

Research suggests that advertising effectiveness follows a sort of "S-" shaped curve:



Very small amounts of advertising are too small to truly register with consumers. At the medium level, advertising may be effective. However, above a certain level (labeled “saturation point” on the chart), additional advertising appears to have a limited effect. (This is comparable to the notion of “diminishing returns to scale” encountered in economics).

There are several potential ways to measure advertising effectiveness. Two main categories include:

- **“Field” based studies.** These studies look at what happens with real consumers in real life. Thus, for example, we can examine what happens to sales of a company’s products when the firm increases advertising. Unfortunately, this is often a misleading way to measure advertising impact because we live in a “messy” world where other factors influence sales as well. For example, a soft drink firm could conclude that there is very little correlation between advertising and sales because another, much more powerful factor is at work: temperature. That is, the firm may find that although a great deal of advertising is done in the winter, sales are greater in summer months because people drink more soft drinks in hot weather. Note that the choice of brand of soft drink purchased in the summer may very well be influenced by advertising heard at other times.
- **Laboratory studies.** To get around the confounds imposed by nature, advertising researchers often use artificial situations to evaluate advertising. This sacrifices the use of real consumers in real settings, but allows the marketer to control sources of influence. An advertising firm may hire people to come in and participate in research. The consumers may come in and be asked to view some television and respond to a questionnaire about the programming later. Half of the subjects can then see a version which includes an ad to be tested (the other half is known as the “control” group, which will serve as a basis for comparison). We can now compare the two groups on factors such as attitude toward the brand, purchase intention, and preference.

PUBLIC RELATIONS

Consumers will often perceive what they perceive to be “independent” media news stories as more credible than paid advertising. Therefore, getting favorable media coverage can be quite valuable. One downside, of course, is that the marketer does not get to control what the media will say. This type of coverage is not necessarily less expensive than traditional advertising, either, since a lot of labor is often needed to generate media interest.

News releases should generally be brief. Ordinarily, these should not exceed two double spaced pages in length although additional information can be made available. The media will generally react negatively to “advertising” or sensational language such as “revolutionary” or “breakthrough.” There is generally a preference for precise, factual information although a human interest story may also be of interest. It is important to quote actual people—whether customers, neutral experts, or employees of the firm. This may mean “drafting” a quote and asking the appropriate person for permission to quote him or her saying this.