CHAPTER 1

An Introduction to Integrated Marketing Communications

# Chapter Overview

The purpose of this opening chapter is to provide the student with an overview of the field of advertising and promotion and its role in the marketing process. We introduce the concept of integrated marketing communications (IMC), its evolution, and examine how various marketing and promotional elements must be coordinated to communicate effectively. We also discuss the reasons for the increasing importance of the IMC perspective in planning and executing advertising and promotional programs. Marketers understand the value of strategically integrating the various communication functions rather than having them operate autonomously. The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media. The various elements of the promotional mix are introduced in this chapter along with a brief discussion of these basic tools of IMC. We discuss how many companies are taking an audience contact or touch point perspective in developing their IMC programs and consider four basic categories of touch points. This chapter also examines the various tasks and responsibilities involved in advertising and promotion management and a model of the integrated marketing communications planning process is presented. Lastly, we give an overview of the perspective and organization of the rest of the text.

# Learning Objectives

1. To examine the marketing communication function and the growing importance advertising and other promotional elements play in the marketing programs of domestic and foreign companies.
2. To introduce the concept of integrated marketing communications (IMC) and consider how it has evolved.
3. To examine the reasons for the increasing importance of the IMC perspective in planning and executing advertising and promotional programs.
4. To introduce the various elements of the promotional mix and consider their role in an IMC program.
5. To examine the various types of contact points through which marketers communicate with their target audiences.
6. To introduce a model of the IMC planning process and examine the steps in developing a marketing communications program.

# Chapter and Lecture Outline

## I. INTRODUCTION TO ADVERTISING AND PROMOTION

The chapter begins with a brief discussion of the changing roles of advertising and promotional strategy in modern marketing. Instructors should note the role and importance of an organization’s promotional efforts in various industries and markets. These might include the automotive market, the beer industry, soft drinks, and consumer electronics. The opening vignette on Gatorade provides a very good overview of this how various IMC tools are used by major marketers to communicate with their target audiences.

## II. THE GROWTH OF ADVERTISING AND PROMOTION

Advertising and promotion are integral parts of our social and economic systems. Advertising has evolved into a vital communication system for both consumers and businesses. In market-based economies, consumers rely on advertising and other forms of promotion to provide them with information they can use in making purchase decisions. Corporations rely on advertising and promotion to help them market their products and services.

Evidence of the increasing importance of advertising and promotion in the marketing process comes from the growth in expenditures in these areas over the past decade. In 1980, advertising expenditures in the U.S. were $53 billion and $49 billion was spent on sale promotion. By 2013 an estimated $198 billion was spent on advertising while sales promotion expenditures increased to more than $300 billion! Advertising expenditures outside of the U.S. increased from $55 billion in 1980 to $365 billion by 2013. Billions more are spent by both domestic and foreign companies in other promotional areas such as direct marketing, event sponsorship, interactive marketing, sponsorships and public relations. The tremendous growth in expenditures for advertising and promotion reflect the growth of the U.S. and global economies. Expansion-minded marketers are taking advantage of growth opportunities in various regions of the world and taking advantage of integrated marketing opportunities through methods such as event sponsorship and the use of the Internet. Particularly noteworthy is the increase in the amount of marketing communications dollars being spent online. Nearly $21 billion was spent for online and mobile search marketing in 2013 and another $4.6 billion on social media sites. Spending on Internet advertising – which includes mobile, social, display, and search ads – is growing rapidly and is expected to account for over 20 percent of advertising expenditures by 2014.

Professor Notes

III. THE ROLE OF MARKETING

1. Many students may already have had a marketing course; however, it is still helpful to define marketing and stress that it involves more than just selling or other promotion functions. For more than two decades, the American Marketing Association, the association that represents marketing professionals in the United States and Canada, defined **marketing** as:

**the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.**

This definition of marketing focused on **exchange** as a central concept and the various activities involved in the marketing process. Many experts argue that *exchange* is the core phenomenon or domain for study in marketing. The discussion can focus on the nature of **exchange** and what is needed for this process to occur including: two or more parties with something of value to one another; a desire and ability to give up their something of value to the other party; and a way for the parties to communicate with one another.

1. Revised Definition of Marketing — In 2007 the AMA adopted a revised definition of marketing:

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

This definition of marketing is more reflective of the role non-marketers to the marketing process. It also focuses on the important role marketing plays in developing and sustaining relationships with customers and delivering value to them.

*Value* is the customer’s perception of all of the benefits of a product or service weighed against all the costs of acquiring and using it. Benefits can be functional, experiential or psychological. Costs include the money paid for the product or service as well as other factors such as acquiring information, making the purchase, learning how to use a product/service, maintaining, and disposing of it.

1. The Marketing Mix—The four elements of the marketing mix (product, price, place, and promotion) can be introduced and the task of combining these elements into an effective marketing program for facilitating exchange with a target audience should be noted. The instructor should point out that while this course focuses on the promotion element of the marketing mix, the promotional program must be part of a viable marketing strategy and coordinated with other marketing mix variables. This leads into a discussion of the concept of integrated marketing communications.

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## IV. INTEGRATED MARKETING COMMUNICATIONS

A. The Evolution of IMC—In the past, many marketers built strong barriers around the various marketing and promotional functions, planning and managing them separately with different budgets, different views of the market and different goals and objectives. In the 1990s, however, many companies began moving toward the concept of integrated marketing communications (IMC), which involves coordinating the various promotional elements along with other marketing activities that communicate with a firm’s customers. As marketers embraced the concept of IMC, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily upon media advertising. A number of companies began looking beyond traditional advertising agencies and using other types of promotional specialists to develop and implement various components of their promotional plans. As the advertising industry recognized that IMC was more than just a fad, terms such as *new advertising, orchestration* and *seamless communication* were used to describe the concept of integration. A task force from the American Association of Advertising Agencies (4As) developed one of the first definitions of **integrated marketing communications** defining it as:

 **A concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations- and combines these disciplines to provide clarity, consistency, and maximum communications impact.**

 Integrated marketing communications calls for a “big picture” approach to planning marketing and promotion programs and coordinating various communication functions. With an integrated approach, all of a company’s marketing and promotional activities should project a consistent and unified image to the marketplace. However, advocates of IMC have argued for an even broader perspective that considers *all sources of brand or company contact* that a customer or prospect has with a company, product or service.

1. A Contemporary Perspective of IMC—As IMC evolves and becomes marketers develop a better understanding of the concept, they are recognizing that it involves more than just coordinating the various elements of the marketing and communications program to reflect “one look, one voice.” IMC is being recognized as a business process that helps companies identify the most appropriate and effective methods for communicating and building relationships with customers and other stakeholders. Don Schultz of Northwestern University, who has been one of the major proponents and thought leaders in the area, developed a new definition of IMC which is as follows:

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

This definition views IMC as an ongoing strategic business process rather than just tactical integration of various communication activities. It also recognizes that there are a number of relevant audiences that are an important part of this process beyond just customers.

1. Reasons for the Growing Importance of IMC—There are a number of reasons why marketers are adopting the concept of IMC. A very fundamental reason is that they recognize the value of strategically integrating the various communication functions rather than having them operate autonomously. The move also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology and media. One of the major developments hat has led to the adoption of IMC is the fragmentation of media and the shift from mass to micromarketing. Advances in technology are also impacting IMC, particularly, the transformation of the Internet (Web 2.0) which is discussed in Digital and Social Media Perspective 1-1. The IMC movement is also being driven by a “marketing revolution” that is changing the ways companies market their products and services. Major characteristics of this marketing revolution include:
* A shifting of marketing dollars from traditional media advertising to other forms of promotion as well as nontraditional media.
* The rapid growth of the Internet and social media which is changing the nature of how companies do business and the ways they communicate with consumers.
* A shift in marketplace power from manufacturers to retailers. Due to consolidation in the retail industry, small local retailers are being replaced by large regional, national, and international chains that are using their clout to demand promotional fees and allowances. Retailers are also and using new technologies such as checkout scanners to assess the effectiveness of manufacturers’ promotional programs which is prompting many marketers to shift their focus to tools that can produce short term results, such as sales promotion.
* The growth and development of database marketing which is prompting many marketers to target consumers through a variety of direct-marketing methods such as telemarketing, direct mail and direct response advertising.
* Demands for greater accountability from advertising agencies and changes in the way agencies are compensated which are motivating agencies to consider a variety of communication tools and less expensive alternatives to mass media advertising.
1. The Role of IMC in Branding – one of the major reasons for the growing importance of integrated marketing communications over the past decade is that it plays a major role in the process of developing and sustaining brand identity and equity. *Brand identity* is a combination of many factors including the name, logo, symbols, design, packaging, and performance of a product or service as well as the associations that come to mind when consumers think about a brands. It is the sum of all points of encounter or contact that consumers have with a brand which includes the various forms of integrated marketing communication used by a company. Figure 1-1 shows the world’s 10 most valuable brands from the 2013 Interbrand rankings. IMC Perspective 1-1 discusses how branding has entered the relationship era. This IMC Perspective is based on an article by written by Doug Levy and Bob Garfield that appeared in *Advertising Age* and might be assigned as additional reading for students. The chart provides an interesting comparison of the older consumer era to the new relationship era.
2. **THE PROMOTIONAL MIX: THE TOOLS FOR IMC**

The Role of Promotion - **Promotion** is defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea**.** It should be noted that promotion is best viewed as the communication function of marketing. The discussion of integrated marketing communications should point how other marketing elements such as brand name, package design, price or retail outlets implicitly communicate with consumers. However, most of an organization’s communication with the marketplace takes place through a carefully planned and controlled promotional program which utilizes elements of the promotional mix. The **promotional mix** is defined as the basic tools or elements that are used to accomplish organization’s objectives. The role and function of each promotional mix element in the marketing program can be discussed along with its advantages and limitations.

**A. Advertising—**any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.

Advantages

* cost-effective way for communicating, particularly with large audiences
* ability to create images and symbolic appeals and for differentiating similar products and services
* valuable tool for creating and maintaining brand equity
* ability to strike responsive chord with audience through creative advertising
* opportunity to leverage popular advertising campaigns into successful IMC programs which can generate support from retailers and other trade members
* ability to control the message (what, when and how something is said and where it is delivered)

Disadvantages:

* the cost of producing and placing ads can be very high, particularly television commercials
* it can be difficult to determine the effectiveness of advertising
* there are credibility and image problems associated with advertising
* the vast number of ads has created clutter problems and consumers are not paying attention to much of the advertising they see and/or hear

The nature and purpose of advertising differs from one industry to another and across various situations as does its role and function in the promotional program. The common classifications of advertising to the consumer market include national, retail/local and direct-response advertising as well as primary versus selective demand advertising. Classifications of advertising to the business and professional market include industrial, professional and trade advertising. These classifications are described in Figure 1-4.

*Professor Notes*

B. **Direct Marketing—**a system of marketing by which organizations communicate directly with target customers to generate a response and/or a transaction. Direct marketing has not traditionally been considered an element of the promotional mix. However, because it has become such an integral part of the integrated marketing communications program of many organizations, this text views it as a component of the promotional mix.

 Advantages:

* changes in society (two-income households, greater use of credit) have made consumers more receptive to the convenience of direct-marketed products
* allows a company to be very selective and target its marketing communications to specific customer segments
* messages can be customized to fit the needs of specific market segments
* effectiveness of direct-marketing efforts is easier to assess than other forms of promotion
* many companies now have extensive data bases that can be used to target current and prospective customer, particularly through digital media

 Disadvantages:

* consumers and businesses are being bombarded with unsolicited mail and phone calls which makes them less receptive to direct-marketing
* direct marketing has image problems
* problems with clutter as their are too many direct-marketing messages competing for consumers’ attention
1. **Digital/Internet Marketing** –digital media allow for a back-and-forth flow of information

 whereby users can participate in and modify the content of the information they receive in real time. The major interactive medium is the Internet, which is a global collection of computer networks linking both public and private computer systems. While the most prevalent perspective on the Internet is that it is an advertising medium, it is actually a medium that can be used to for other elements of the promotional mix as well including sales promotion, direct marketing, and public relations. The extensive penetration of smartphones) is leading to a rapid growth in mobile marketing whereby marketing messages are sent directly to these devices. Digital and Social Media Perspective 1-2 provides interesting insight into how Nike has shifted much of its marketing budget to digital media.

 Advantages:

* the Internet can be used for a variety of integrated marketing communication functions including advertising, direct marketing, sales promotion, public relations and selling. The Internet is also the foundation for social media sites such as Facebook and Twitter, which are becoming an integral part of many marketers IMC programs, as well as mobile marketing
* messages can be tailored to appeal to the specific interests and needs of the target audience
* the interactive nature of the Internet leads to a higher degree of customer involvement when customers are visiting a web site.
* the Internet makes it possible to provide customers with a great deal of information regarding product and service descriptions and specifications, purchase information and more. Information provided by marketers can be updated and changed continually.
* The Internet has tremendous creative potential as a well-designed web site can attract a great deal of attention and interest among customers and be an effective way to generate interest in a company as well as its various products and services.

 Disadvantages

* the Internet is not yet a complete mass medium as some U.S. households do not have access to the Internet and many do not have broadband access. In some countries this percentage is much higher.
* there are problems with the Internet as an advertising medium as many Internet users do not pay attention to banner ads and the click-through rate on most is extremely low.
* there is a great deal of clutter on the Internet which makes it difficult for advertising messages to be noticed and/or given attention.

D. **Sales Promotion—**marketing activities that provide extra value or incentive to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities.

Advantages:

* provides extra incentive to consumer or middlemen to purchase or stock and promote a brand
* way of appealing to price sensitive consumer
* way of generating extra interest in product or ads
* effects can often be more directly measured than those of advertising
* can be used as a way of building or reinforcing brand equity

 Disadvantages:

* many companies are becoming too reliant on sales promotion and focusing too much attention on short-run marketing planning and performance
* many forms of sales promotion do not help establish or reinforce brand image and short-term sales gains are often achieved at the expense of long-term brand equity
* problems with sales promotion clutter as consumers are bombarded with too many coupons, contests, sweepstakes and other promotional offers
* consumers may become over-reliant on sales promotion incentives which can undermine the development of favorable attitudes and brand loyalty.
* in some industries promotion wars may develop whereby marketers sales promotion incentives extensively which results in lower profit margins and makes it difficult to sell products at full price

 It is important to address the potential terminology problem concerning the use of the terms ***promotion*** and ***sales promotion***. In this text the term ***promotion*** represents an element of the marketing mix by which firms communicate with their customers and includes the various promotional mix elements. However, many marketing and advertising practitioners use the term promotion in reference to sales promotion activities. We use the term promotion in the broader sense. When discussing ***sales promotion*** activities, we are referring to this one specific element of the promotional mix.

E. Publicity/Public Relations

 **Publicity—**nonpersonal communications about an organization, product, service, or idea that is not directly paid for nor run under identified sponsorship.

 **Public Relations**—a management function which evaluates public attitudes, identifies the public policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance.

 The distinction should be made between publicity and public relations noting that public relations generally has a broader objective than publicity, as its purpose is to establish and maintain a positive image of the company among its various publics. Publicity is an important communications technique used in public relations; however other tools may also be used.

 Advantages of Publicity:

* credibility of publicity is usually higher than other forms of marketing communication
* low cost way of communicating
* often has news value and generates word‑of‑mouth discussion among consumers

 Disadvantages of Publicity:

* lack of control over what is said, when, where and how it is said
* can be negative as well as positive

E. **Personal Selling**—direct person‑to‑person communication whereby a seller attempts to assist and/or persuade prospective buyers to purchase a company’s product or service or act on an idea.

 Advantages:

* direct contact between buyer and seller allows for more communication flexibility
* can tailor and adapt message to specific needs or situation of the customer
* allows for more immediate and direct feedback
* promotional efforts can be targeted to specific markets and customers who are best prospects

 Disadvantages:

* high cost per contact ($155 to $300, depending on the industry)
* expensive way to reach large audiences
* difficult to have consistent and uniform message delivered to all customers

Professor Notes

## IMC INVOLVES AUDIENCE CONTACTS

The various promotional mix elements are the major tools that marketers use to communicate with current and/or prospective customers as well as other relevant audiences. Many companies are taking an *audience contact* perspective in developing their IMC programs whereby they consider all of the potential ways of reaching their target audience with their messages. The various ways that a customer can come into contact with a company or brand is are shown in Figure 1-5. It is the responsibility of those involved in the marketing communications planning process to determine how each of these contact tools can be used to communicate with the target audience and how they can be combined to form an effective IMC program. New to this edition is a discussion of four basic categories of contact or touch points which include:

* Company created touch points which are planned marketing communication messages such as advertisements, web sites, news/press releases, packaging, sales promotion offers and point-of-purchase display.
* Intrinsic touch points which are interactions that occur with a company or brand during the process of buying or using a product or service such as discussion with retail sales personnel or customer service representatives.
* Unexpected touch points which are unanticipated references or information about a company or brand that a customer or prospect receives that is beyond the control of the organization. This includes word-of-mouth messages as well as information from various media sources.
* Customer-initiated touch points or interactions that occur whenever a customer or prospect contacts a company. These contacts often involve inquiries or complaints that must be handled properly by the company such as through customer service departments.

## VII. THE IMC PLANNING PROCESS

**Integrated marketing communications management** is defined as the process of planning, executing, evaluating, and controlling the use of the various promotional-mix elements to effectively communicate with target audiences. It involves coordinating the promotional mix elements to develop a controlled and integrated program of effective marketing communication. It involves various decision areas such as:

1. which promotional tools to use and how to combine them effectively
2. determining the size of and distributing the advertising and promotional budget
3. determining the influence of various factors on the promotional mix including the type of product, target market, decision process of the buyer, stage of the product life cycle, and channels of distribution

This process is guided by the development of the **integrated marketing communications plan** which provides the framework for developing, implementing, and controlling an organization’s IMC program and activities. At this point it is helpful to go through the Integrated Marketing Communications Planning Model presented in Figure 1-7 of the text.

The steps in the Integrated Marketing Communications Planning Model include:

1. Review of the Marketing Plan – the first step in the IMC planning process is to review the **marketing plan** which is a document that describes the overall marketing strategy and programs developed for an organization, a product/service line, or an individual brand.

2. Promotional Program Situation Analysis

* Internal Analysis
* External Analysis

3. Analysis of the Communications Process – determining how the company can effectively communicate with customers in the target market. An important part of this stage of the IMC planning process is developing communication objectives which refer to what the firm seeks to accomplish with its promotional program.

4. Budget Determination – two basic issues must be addressed with regard to the IMC budget:

* How much money will be spent on marketing communication
* How the money will be allocated across the various IMC tools

5. Developing the Integrated Marketing Communications Program - the most involved and detailed part of the promotional planning process occurs at this stage as decisions have to be made regarding the role and importance of each IMC tool and their coordination with one another. Each IMC tool has its own set of objectives, budget, messaging, and media strategy. These include:

* Advertising message and media strategy and tactics
* Direct marketing message and media strategy and tactics
* Interactive/Internet Marketing message and media strategy and tactics
* Sales promotion message and media strategy and tactics
* Public relations/publicity strategy and tactics
* Personal selling – sales strategy and tactics
1. Integrating and Implementing Marketing Communications Strategies – the various IMC tools must be integrated and steps must be taken to implement them. Most large companies hire external agencies to plan and develop their creative messages and media strategies as well as to implement them.
2. Monitoring, Evaluation and Control – the final stage of the IMC planning process involves monitoring, evaluating and controlling the promotional program. At this stage, the marketing should be gathering feedback concerning how well the IMC program is working and whether it is meeting its objectives. It is important to note that information regarding the results achieved by the IMC program is used in subsequent IMC planning and strategy development.

*Professor Notes:*

# Teaching Suggestions

This initial chapter is designed to provide the student with an overview of the field of advertising and promotion and a brief look at the role of IMC in the marketing process. The instructor should be careful not to go into an in‑depth discussion of marketing since this is covered in detail in chapter 2. You should introduce the concept of integrated marketing communications discuss its evolution, and note how this approach differs from more traditional perspectives of advertising and promotional planning. In this edition we have provide an updated perspective of IMC which recognizes that it involves more than just coordinating the various elements into a “one look, one voice” approach. It is important to define the six elements of the promotional mix, discuss their role as marketing communication tools, their advantages and limitations. Note that our view of the elements of the promotional mix goes beyond the traditional communication tools of advertising, sales promotion, publicity/public relations and personal selling, as we also include direct marketing and digital/internet marketing as part of the mix. Direct marketing and digital/Internet have become major methods by which modern-day marketers communicate with their target audiences and we feel they are best viewed as distinct IMC tools.

You should also emphasize that there are a variety of ways by which customers come into contact with a company and/or its brands. There is a discussion of IMC involving audience contacts and Figure 1-5 of the text is an excellent way of showing the various contact tools. New to this edition is a discussion of four major categories of contact points which have been noted by Tom Duncan. When discussing these various types of contact points, you might use Figure 1-6 to explain how these four types of contact points differ in terms of their effectiveness and a company’s ability to control or influence them. It is important to review the various factors that underlie the adoption of an IMC approach to advertising and promotion by many companies. You might also spend some time discussing the pros and cons of IMC. Although we advocate the IMC approach in this text, the discipline is still evolving. Excellent articles regarding the role and status of IMC can be found in special issues of the *Journal of Advertising Research* (March 2004, Volume 44. No. 1) and the *Journal of Advertising* (Winter 2005, Volume 34, No. 4).

During an introductory lecture there is latitude to discuss various issues and aspects concerning each promotional mix variable. For example, various perspectives regarding advertising such as its social and economic effect might be noted along with common complaints and criticisms of advertising. We do not suggest going into a detailed discussion of these charges at this early stage of the course. We feel that students are best able to evaluate and appraise various arguments for and against advertising and other promotional mix elements toward the end of the course. Thus, the final chapter of the text evaluates the social and economic aspects of advertising.

We feel that it is important in either the first or second lecture to cover the integrated marketing communications planning model in some detail. This text is built around this model and it provides the student with the “big picture” as to the decision sequence and various considerations involved in the development of an advertising and promotional program. It is also important to communicate to students that advertising and promotion management is a process. A great deal of internal and external analyses, as well as the coordination of the promotional mix elements, is required to develop an effective program of marketing communications that can be integrated into an organization’s overall marketing strategy and tactics.

# Answers to Discussion Questions

1. Discuss the role of integrated marketing communications in the marketing program of a product such as Gatorade. How can Gatorade use the various IMC tools to achieve its objectives of expanding into the sports nutrition market? (LO2,05)

Integrated marketing communications play a very important role in the marketing program for Gatorade. A variety of IMC tools are used to provide consumers with information about the various items in the Gatorade product line as well as to build and maintain its brand image. Gatorade uses all aspects of the promotional mix to market its sports beverages and nutritional products. Gatorade still spends heavily on mass media advertising through television, magazines, and banner ads to drive awareness, communicate information and maintain its brand identity. Gatorade advertises heavily during televised collegiate and professional sporting events such as football and basketball games and also uses print ads in various sports magazines such as *Sports Illustrated* and *ESPN The Magazine* and various vertical publications that focus on specific sports and fitness. Digital/internet advertising has also become an important part of the IMC program for Gatorade as online display ads are used as well as a variety of social media tools such as Facebook, Twitter and YouTube. Gatorade, like many other brands, has created its own YouTube channel where consumers can watch commercials for the brand as well as vides such as the “Everything to Prove” webisodes. The Internet has become an important IMC tool for Gatorade as they expand their product line as consumers can visit the their website ([www.gatorade.com](http://www.gatorade.com)) to get information about the various G Series products as well as learn more about sports nutrition, hydration and recovery. Publicity/public relations is also an important part of the IMC program of Gatorade. The company’s uses the FleishmanHillard agency to handle its media relations and generate publicity for the brand such as through PR activities that result in stories in magazines, newspapers and various online news sources. Gatorade also uses sponsorships through its partnerships with professional sports leagues such as the NBA, NFL, MLB and NHL and individual teams as well as its sponsorship of major sporting events. Gatorade also uses various forms of nontraditional media to communicate with its core market of 13 to 17-year old performance focused athletes such as the Gatorade Mobile Locker Room which made its way to high schools across the country. Sales promotion is also an important part of the promotional mix for Gatorade including both consumer and trade promotions. Trade promotions are used to encourage retailer to stock and promote the Gatorade product line while consumer promotions such as contests, sweepstakes, coupons, price-off deals and other incentives are used to generate sales in stores. Personal selling is also an important part of Gatorade’s marketing program as the company has a sales force that calls on retail accounts. Gatorade recently rolled out its G-Force, which is a dedicated sales and marketing team that visits retailers and champions its products at a local level. Many of the members of the G-Force team are former college athletes who are hired specifically for their athletic knowledge and sports expertise.

1. Evaluate Gatorade’s decision to launch the new G Series product line and the challenge this represents to the company from an integrated marketing communications perspective. (L02,05)

Gatorade’s decision to launch the new G Series product line is part of the company’s strategy to move beyond the sports beverage market and expand into the broader sports nutrition market. This strategic decision was largely based on the decline in sales for sports drinks which are facing increased demand from new types of beverages such as vitamin fortified water, energy drinks, and protein powders. Even though Gatorade maintains a dominant market share for sports drinks, the company has found it difficult to maintain its growth objectives as this market declines. Thus, expansion into the much larger sports nutrition market provides Gatorade with new growth opportunities by providing consumers with a full spectrum of sports nutrition products that go beyond hydration. As part of its new strategy to evolve from a sports drink company to a sports performance innovator, Gatorade is covering the sports nutrition market with a full spectrum of products designed to get the body ready for exercise and help recover afterward including beverages, energy bars, gels, protein shakes and various other nutritional products. The first part of the new plan involved the repackaging and positioning of its three core product lines – the G Series, G Series Fit, and G Series Pro - with each consisting of multiple products designed to help athletes before, during and after practice, workouts, or competition. To implement its new strategy, Gatorade had to achieve a number of marketing communication objectives including driving awareness, trial and scientific understanding of the G-Series among the core performance target market as well as building scientific credibility and trust among key influencers. Consumers had to be educated on how the new G Series was designed to meet their nutritional needs before, during and after activity. Marketing platforms also had to be created through which Gatorade could share information on the new product line, deepen consumer engagement and deliver insights from competitive athletes and sports health professionals. While Gatorade still uses traditional media advertising, it has reduced its media spending and has developed fully integrated marketing campaigns that utilize a variety of tools to connect with consumers including grassroots efforts, sponsorships, the Internet and social media.

1. Discuss the role integrated marketing communications plays in the marketing program of companies and organizations. Discuss some of the reasons for the for the tremendous growth of in advertising and other forms of marketing communications in the United States as well as in global markets (L01).

Integrated marketing communications plays a critical role in the marketing program most companies and organizations as it provides them with a way to communicate with consumers and help them influence their purchase decisions or other types of behavior. The fragmentation of mass markets, the rapid growth of the Internet and digital media, changing lifestyles and media consumption patterns of consumers are all factors leading to the growth of IMC. One of the key factors underlying the growth of advertising and other forms of marketing communication in the U.S. is the economic recovery. Advertising spending generally moves with the economy as companies spend more monies on advertising and other forms of marketing communication during good economic times. Many countries outside the U.S. are also experiencing strong economic growth which is leading to more spending on advertising and promotion such as the BRIC nations of Brazil, Russia, India and China. Many companies are also focusing on downstream activities such as marketing and brandings to achieve competitive advantage which is leading to more monies being spent on advertising and other forms of marketing communication.

1. Discuss how integrated marketing communications differs from traditional advertising and promotion. What are some of the reasons marketers are taking an IMC perspective to their advertising and promotional programs? (L01)

IMC differs from traditional advertising and promotion in that it recognizes the value of using a variety of communication tools rather than just relying primarily on media advertising which might be supplemented with tactical promotions. IMC involves coordinating all a company’s promotional elements, as well as marketing activities, in a synergistic manner to send a consistent message to the target audience. While traditional advertising relies primarily upon the use of ads through the mass media to communicate with the target audience, IMC recognizes that consumers’ perceptions of a company and/or its brands are a synthesis of the bundle of messages or contacts they have with the firm. These contacts include media advertisements, packaging, sales promotion, messages received through interactive media such as web sites and other digital media, point-of-purchase displays, and other forms of communication. The IMC approach seeks to have all of a company’s marketing and promotional activities project a consistent, unified message and/or image to the market and consider which particular element of the promotional mix is the most effective way to communicate with customers in the target audience.

There are many reasons why the IMC approach is becoming so popular among marketers. Probably the most fundamental reason is that marketers are recognizing the value of strategically integrating the various communication functions rather than having them operate autonomously. By coordinating their marketing communication efforts, companies can avoid duplication, take advantage of synergy among various communication tools, and develop more efficient and effective marketing communication programs. The movement toward IMC is also being driven by changes in ways companies market their products and services. As discussed on pages 11-16 of the text, there is an ongoing revolution that is changing the rules of marketing and the role of traditional media advertising. Important aspects of this revolution include: a shifting of marketing dollars from media advertising to other forms of promotion, a movement away from relying on advertising-focused approaches (which rely on mass media such as television and magazines) to solve communication problems, a shift in marketplace power from manufacturers to retailers, the rapid growth of database marketing, demand for greater accountability from advertising agencies and the way they are compensated, and the rapid growth of the Internet.

The growth of the integrated marketing communications is very likely to continue as it is being driven by fundamental changes in the way companies market their products and services resulting from the ongoing revolution that was discussed above. Moreover, many marketers and advertising agencies recognize the importance of taking an IMC approach and are becoming advocates of integration. The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology and media. Major changes are occurring among consumers, particularly with respect to media use and buying and shopping patterns. Many consumers are turned off by traditional advertising which is leading marketers to look for alternative ways to communicate with their target audiences. The continued fragmentation of media markets and rapid growth of interactive media and online services are also creating new ways for reach consumers. While IMC will continue to have its critics and may undergo some changes, it is very unlikely that we will see a return to the traditional system where advertising in mass media dominates and advertising and other forms of promotion function autonomously.

1. Discuss how the digital revolution is impacting the way marketers plan and implement their integrated marketing communications programs. Identify three specific technological developments and discuss how each is impacting the IMC program of companies. (L03, 04).

As discussed in Digital and Social Media Perspective 1-1, there are many technological developments that are impacting IMC. Cable and digital satellite systems have vastly expanded the number of channels available to television viewers which is contributing to the fragmentation of media markets. The average household in the U.S., as well as many other countries, now receives 135 television channels versus 60 at the beginning of the new millennium. The proliferation of channels as well the penetration of new technologies such as DVRs, video-on-demand, and shows that can be streamed to HDTV sets, personal computers or tablets via Netflix or Hulu Plus is also impacting television. The long predicted convergence of television with computers has become a reality as consumer now have many other viewing options beyond the programming offered by the television networks. The rapid penetration of the Internet is another development which is leading to media fragmentation as hundreds of millions of consumers are now online and can visit a myriad of different web sites. However, time spent on the Internet competes for time spent with traditional media such as television, radio, newspapers and magazines. One of the most significant changes is the penetration of smartphones as more than half of U.S. adults now own one and are using them to access the Internet. The growth in tablets such as the iPad and various devices using Google’s Android operating system are also bring yet another type of screen into the lives of many consumers. Most magazines and newspapers have developed digital versions of their publications for consumers who want to read them online as well as on their mobile devices. Marketers are responding to these changes by increasing their spending on highly targeted media that reach specific market segments. Monies that have traditionally been spent in broadly targeted mass media are now being allocated to more specialized media that reach specific market segments. Marketers are developing mobile marketing applications that can deliver messages and promotional offers directly to consumer’s mobile devices and can be targeted to specific locations or consumption situations. They are also recognizing that it has become increasingly difficult to reach consumers through the mass media and are using a variety of other IMC tools such as sponsorships, branded entertainment, publicity/public relations, digital and social media (such as Facebook and Twitter) and in-store media to reach consumers.

The Internet is another technological development having a tremendous impact on the way companies design and implement their entire business and marketing strategies as well as their integrated marketing communications programs. Companies ranging from large multinational corporations to small local firms have developed websites to promote their products and services by providing current and potential customers with information, building images for their companies and brands and even selling their products or services directly over the Internet. While many view the Internet as an advertising or promotional medium, it really is a marketing communications tool that can be used to execute all elements of the promotional mix. Companies can advertise on the Internet by running banner ads or sponsorships on the websites of other companies or organizations. Marketers can offer sales promotion incentives such as coupons over the internet and they can offer contests and sweepstakes online and encourage consumers to visit their web sites to enter them. Many companies are using the Internet for direct marketing. Companies such as Dell, L.L. Bean and Under Armour have made the Internet a major part of their direct-marketing efforts and encourage consumers to visit their websites to view their merchandise and to place orders online. Companies are also using the Internet for publicity and public relations activities as many activities such as the sending of press releases can now be done online. Many companies also maintain press releases on their web sites which can be accessed by the media and other relevant publics to learn more about these companies and their products and services.

1. Discuss how brand building is changing as marketing moves from the consumer era to the relationship era. Find an example of a company that has made the transition to the relationship area and discuss how it has done so. (L03)

Branding involves building and maintaining a favorable identity and image of the company and/or its products or services in the mind of the customer. It involves building and maintaining brand awareness and interest, developing and enhancing favorable attitudes, and building and fostering relationships through interactions between customers and the brand. Brand identity is a combination of many factors including the name, logo, symbols, design packaging and performance of a product or service as well as the image or type associations that come to mind when consumers think about a brand. It is the sum of all the points of contact and/or interaction that consumer have with a brand. These contacts often come from various forms of IMC activities used by a company including media advertising, sponsorships, websites on the Internet, social media, sales promotion activities, direct mail and collateral materials. Consumers can also have contact with or receive information about a brands through in-store media such as point-of-purchase displays; articles they read, see and//or hear in the media; or through direct interactions with a company representative such as a sales person.

Some companies are finding that finding new ways to build brands that include more than just spending large sums of money on media advertising. In the relationship era, companies are recognizing that trust and transparency are key factors that consumers use to evaluate companies, decide whether to purchase their products and services, and become loyal to their brands. Companies must be able to build sustainable relationships with consumer s based on honesty, engagement and authenticity rather than through a clever ad slogan. Some firms are recognizing that an effective way to build brand equity is by letting consumers experience their brands. Apple has opened hundreds of retail stores where consumer come in and experience products such as iPod, iPhones, iPads and Mac computers first hand. Starbucks has relied very little on media advertising to build its brand but rather has created a hip, relaxed atmosphere where consumer can receive quality products and excellent customer service. Some companies are also turning to branded entertainment as a way of connecting with consumers and making their products and services part of movies and television shows. Google is another example of a company that has built a very strong brand image without using mass-media advertising. The company receives a tremendous amount of publicity because of the popularity of its search engine and its expansion into new markets and areas of advertising and marketing. The key to building successful brands in the future is not just for marketers to get consumers to buy their brands but to get them to buy *into* their brands. Students should be encouraged to find examples of companies that have built their brand equity through strong relationships with consumers. You might encourage them to visit the Interbrand website which ranks the world’s best global brands (<http://www.interbrand.com/en/best-global-brands/2013/Best-Global-Brands-2013.aspx>) each year for examples.

1. Discuss the opportunities and challenges facing marketers with regard to the use of mobile marketing. What are some of the ways marketers can use mobile marketing as part of their IMC program. (L04,05)

The Mobile Marketing Association defines mobile marketing a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network. It involves the use of wireless media, primarily smartphones, as an integrated content delivery and direct response vehicle within a cross-media marketing communications program. The growing popularity of smartphones, tablet PCs, and other handheld mobile devices along with the decision of the various wireless carriers to open their mobile phones services to these messages is opening up new marketing opportunities. Marketers are already sending interactive messages to consumers that contain promotional offers such as coupons that can be redeemed at the point-of-purchase. Many of these mobile messages are specific to a consumers’ location or consumption context. One of the major factors driving the growth of mobile marketing is the development of shopping services and apps that consumers can use to make shopping more efficient, productive and fun. Marketers are also developing their own brand specific applications such as games, video, and promotional offers as part of their mobile marketing programs.

One of the challenges marketers will face with mobile marketing is possible resistance from consumers. Many consumers do not want to be bombarded with messages to their cell phones or other mobile devices. Thus, marketers will be dependent upon consumers “opting in” to receive these messages. There is also the issue of screen size which may limit the type of messages that be sent to mobile devices. However, it is likely that most marketers will tie-in their mobile marketing efforts to other components of their IMC programs such as sales promotions or incentives to visit a web site. Thus, mobile marketing will become yet another way for marketers to deliver messages to consumers and get them to take some form of action that helps in the marketing process.

1. What is meant by a customer contact or touch point? Choose a specific company or brand and discuss how it is using the four categories of contact points discussed in the chapter. (L05)

Customer contact points are each and every opportunity the consumer has to see or hear about the company’s product/brand or have an experience or encounter with it. These contact points can be created by the company and include planned messages delivered through media advertising, packages, collateral materials, in-store displays, and public relations activities. They also can come from interactions with the brand that occur during the process of buying or using the brand as well as from information that consumers receive from word-of-mouth messages. Marketers must determine how important the various contact tools are for communicating with their target audience and how they can be combined to form an effective IMC program.

Students should be encouraged to select a company or brand and discuss the various ways consumers come into contact with it. They might use IMC Contact tools shown in Figure 1-5 of the chapter as a framework for conducting the contact point analysis. You might also ask them to discuss which contacts points are most effective or influential in shaping consumers’ impressions of the company or brand. For example, media advertising may be the most important influence for an image-laden product such as clothing or cosmetics while information from a web site may be the most important influence for a high tech brand such as a consumer electronics product.

1. Evaluate Nike’s decision to move away from the use of traditional mass-media advertising and focus more of its marketing budget on digital media. Do you agree with this decision or do you think Nike should be allocating more of its IMC budget to traditional media advertising? (L05,06)

For decades Nike relied primarily on mass-media advertising as their primary way to communicate with consumers and deliver its marketing messages. However, Nike is moving away from the use of mass-media advertising as they feel there are other IMC tools that may be more effective and provide a better return-on-investment for their marketing expenditures. Nike now views digital media as a more cost effective way to reach its target audience of younger consumers as they can be reached more easily online rather than through traditional media. Moreover, it is often very difficult to measure the return-on-investment for mass media advertising as there is no direct way to determine who is viewing, hearing, or reading a television, radio or print ad. Nike, like many other companies, prefers to use more targeted integrated marketing tools such as the Internet and social media where it is easier to measure response to an ad using various measures such as page views, click throughs, and other analytics. Nike is also using digital media to conduct direct marketing as well as build online communities of customers with whom they can interact on a regular basis. The use of social media has also become very important to Nike as they now have a Facebook page for nearly all of their brands which can be used to communicate with consumers and engage them in various ways. Rather than relying on traditional media, Nike often will release new commercials and other types of videos through various forms of social media such as Facebook as well as on their YouTube channel. Nike also recognizes that the use of social media is important is maintaining its image as a cool, interesting, innovative, and relevant brand among younger consumers.

Most students will agree with the decision by Nike to allocate most of their IMC budget to digital media. However, there are also strong arguments as to why Nike should continue to use traditional media such as television and magazine advertising. Nike built its brand through the effective use of television and print advertising developed by its long-time agency Wieden+ Kennedy. For several decades W+K developed very powerful and impactful TV commercials that used some of the world’s top athletes such as Michael Jordan, Bo Jackson, Tiger Woods and others. One can argue that Nike should not totally abandon the approach that was very successful in making it the world’s most valuable sports brand. There is also a great deal of selectivity available today for traditional media through cable television, sports programming and magazines that reach various segments of the athletic and fitness market. Nike may be able to reach the younger consumer through traditional media and do so in an impactful way with ads created by W+K.

10. Why is it important for those who work in the field of advertising and promotion to understand and appreciate all the various integrated marketing communication tools, not just the area in which they specialize? (L05, 06)

In today’s business world, marketers use a variety IMC tools to communicate with their customers. The various promotional mix elements have to be viewed as component parts of an integrated marketing communications program. An individual IMC activity such as advertising or sales promotion cannot be managed without considering its relationship to other promotional mix elements. Individuals working in various areas of advertising and promotion are expected to understand and use a variety of marketing communication tools, not just the one in which they specialize. For example, advertising agencies no longer confine their services to creating and placing ads. Many agencies are involved in sales promotion, public relations, Internet/interactive media, direct marketing, event sponsorship and other communication areas. Thus, it is important for those who work in advertising and promotion, either on the agency or client side, to understand and appreciate the value and limitations of all the promotional mix elements and how they can be combined to develop an effective program of integrated marketing communications.

# Additional Discussion Questions (not shown in text)

1. Compare the definition of integrated marketing communications developed by Don Schultz with the original definition that was developed by the American Association of Advertising Agencies. How do they differ? (L02)

The new definition of IMC developed by Don Schultz of Northwestern University is as follows: “Integrated marketing communications is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, brand communications programs over time with consumers, customers, prospects, employees, associates and other targeted relevant external and internal audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value.” This definition differs from the seminal definition of IMC developed by the 4As in several ways. It views IMC as an ongoing strategic business process rather than just tactical integration of various communication activities. It also recognizes that there are a number of relevant audiences that are an important part of the marketing communications process. These include customers, prospects suppliers, investors, interest groups, and the general public as well as internal audiences such as employees. The definition also reflects the increasing emphasis that is being placed on the demand for accountability and measurement of the outcomes of marketing communication programs. The original definition developed by the 4As has been criticized for focusing primarily on coordinating the various communication tools with the goal of making them look and feel alike. Both academicians as well as practitioners are recognizing that the broader perspective of IMC offered in the definition by Schultz is needed as it views the discipline from a more strategic perspective.

1. Choose a company and discuss how it communicates with its customers at the corporate, marketing, and marketing communications levels. (L01)

Messages can originate at all three levels since all of a company’s corporate activities, marketing mix activities, and marketing communications efforts have communication dimensions and play a role in attracting and maintaining their customers. Students should be encouraged to choose a company and analyze how it communicates with its customers at each of these levels. At the corporate level the analysis should focus on how a firm’s business practices and philosophies, policies and procedures, hiring practices, corporate culture, and other factors communicate with customers and other relevant stakeholders. At the marketing level, the analysis should focus on how the company communicates through various elements of the marketing mix. The physical product communicates a great deal to consumers through elements such as shape, design or appearance of the actual product or the packaging. The price of a product may also send a message about quality. The brand name of a brand also is a form of communication. Companies also communicate with consumers through the choice of retail outlets where they choose to sell their products. Selling a product only through upscale specialty or department stores may communicate that it is a high quality item. On the other hand, selling a product through discount stores or mass merchandise outlets may send a cue of lower quality.

 There are many examples of how consumers communicate with consumers through their marketing activities. You might talk about products such as expensive watches (Concord, Movado, or Rolex) and how they are priced high, sold only through jewelry store or high end department stores and designed to reflect an image of quality, prestige and style. On the other hand brands such as Timex and Casio are designed more for function or sport, are priced lower, and sold in drug stores, sporting goods stores and mass merchandise outlets. At the marketing communications level, the analysis should focus on the various IMC tools the company uses such as advertising, direct marketing, its web site, sales promotion messages, publicity/public relations activities such as event sponsorships, and personal selling efforts. The analysis of the company should consider whether all of these IMC tools communicate with one look, voice, and image and position and identify the company and/or brand in a consistent manner.

13. Why are marketers putting so much emphasis on developing strong brands? Choose one of the World’s 10 Most Valuable brands listed in Figure 1-1 and discuss how the company has used integrated marketing communications to build a strong brand image. (L03)

There are a number of reasons why marketers are putting so much emphasis on building strong brands. Consumers have a tremendous number of choices available in nearly every product or service category and are have less time available to make purchase decisions. Thus they are putting a great deal of emphasis on well-known and trusted brand names to help simplify their decision making process. Also, consumers are often willing to pay a price premium for well-known brands which provides marketers with higher profit margins and helps them avoid price competition. Consumer product companies, as well as business-to-business marketers, recognize that brand equity is a very important asset and they are taking steps to build and maintain brand equity. Students should be encouraged to select one of the top 10 brands listed in Figure 1-1 and analyze how the company has used IMC to build a strong image. This analysis might include examination of the company’s advertising, sales promotion programs, product and service quality, public relations efforts, sponsorships, web site and other communication elements.

14. The various classifications of advertising to consumer and business-to-business markets are shown in Figure 1-4. Choose one category of advertising to consumer markets and one to the business-to-business market and find an ad that is an example of each. Explain the specific goals and objectives each company might have for the ad. (L04)

Students should be encouraged to choose one of the various classifications of advertising to consumer and business-to-business and professional markets, find an ad that they feel is an example of each and explain the company, association or organization’s goals and objectives for the ad. Basic descriptions of each classification of advertising is provided in Figure 1-4 along with insight as to what the goals or objectives might be for using this type of advertising.

 This assignment is helpful in getting students to recognize that the nature and purpose of advertising varies from one industry to another and/or across situations. For example, you might encourage them to find an example of advertising done either by a company or an industry trade association where the focus is on primary demand stimulation. Advertising campaigns by the Beef Board, National Pork Producers Council, or Potato Board are all very good examples of primary demand advertising Students might also be encouraged to look in some industry or trade publications for examples of business-to-business or advertising targeted at retailers. Publications such as *Progressive Grocer* or *Drug Store News* are a good source of trade advertising.

15. What is meant by primary versus selective demand advertising? Provide examples of each. Discuss when a marketer might focus on primary demand stimulation versus selective demand stimulation. (L04)

Primary demand advertising is designed to stimulate demand for the general product class or entire industry. Selective demand advertising focuses on creating demand for a specific company’s brand or a product or service. Primary demand advertising is often done by industry trade associations to generate demand for the product category. This is often done for commodity products where it is difficult to differentiate an individual brand or association members recognize the value of promoting the product category. Examples include products such as milk, orange juice, pork, beef, potatoes, avocados and raisins. Primary demand advertising is sometimes done by a company whose brand(s) dominates the market and will benefit the most from demand generation. For examples Gatorade has over 70 percent of the sports drink market and its ads often promote the value of its products for hydration versus water. Most advertising focus on selective demand as the goal is to create demand for a specific brand. Thus the advertising will emphasize reasons for purchasing a particular brand and focus on differentiating a particular brand of a product or service from the competition.