Integrated Marketing Communications

Communication is defined as transmitting, receiving, and processing information. The parts of a communications model are displayed in Figure 1.2. Components that should be discussed include:

- **Sender**—the person(s) attempting to deliver a message or idea.
- **Encoding processes**—the verbal (words, sounds) and nonverbal (gestures, facial expression, posture) cues that the sender utilizes in dispatching the message.
- **Transmission device**—all of the items that carry the message from the sender to the receiver.
- **Decoding**—takes place when the receiver employs any set of his or her senses (hearing, seeing, feeling, etc.) in the attempt to capture the message.
- **Receiver**—the intended audience for a message.
- **Feedback**—information the sender obtains from the receiver regarding the receiver’s perception or interpretation of a message.
- **Noise**—anything that distorts or disrupts a message.

The text uses shoe companies and the advertisement to demonstrate how communication takes place between them and their customers. Some Web sites of various shoe companies that you can use in your class discussion are listed below.

<table>
<thead>
<tr>
<th>Internet Sites of Selected Shoe Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reebok (<a href="http://www.rbk.com">http://www.rbk.com</a>)</td>
</tr>
<tr>
<td>ASICS (<a href="http://www.asics.com">http://www.asics.com</a>)</td>
</tr>
<tr>
<td>New Balance (<a href="http://www.newbalance.com">http://www.newbalance.com</a>)</td>
</tr>
<tr>
<td>Skechers (<a href="http://www.skechers.com">http://www.skechers.com</a>)</td>
</tr>
</tbody>
</table>

Senders are companies that manufacture and sell shoes. Encoding occurs when someone (usually the creative) takes the idea and transforms it into an attention-getting mode. Messages travel to audiences via various transmission devices, such as a television, billboard, Sunday paper with a coupon, or a letter to the purchasing agent of a large retail store. Decoding occurs when the receiver’s (consumer’s) senses are touched in some way by the message. Feedback occurs through inquiries, trips to the store, and purchases. Noise is all of the factors that prevent the consumer from seeing the message. A classic example is clutter, which exists when consumers are exposed to hundreds of marketing messages per day, and most are tuned out. Figure 1.2—Displays a model of the marketing communications process.
Figure 1.3—Shows examples of communication noise that affects television.

Question for Students: Can you think of additional examples of noise in advertising or marketing communications?

**Integrated Marketing Communications**

Integrated marketing communications (IMC) is the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program, which maximizes the impact on consumers and other end users at a minimal cost. This integration affects all of a firm’s business-to-business, marketing channel, customer-focused, and internally directed communications.

The marketing mix consists of:
- Products
- Pricing systems
- Distribution systems
- Promotional programs

The promotions mix consists of:
- Advertising
- Sales promotions (including consumer and trade promotions)
- Personal selling activities

The IMC promotions mix also includes:
- Direct marketing
- Public relations programs
- Internet marketing
- Sponsorship marketing
- Database marketing

Figure 1.4 displays all of these elements. They must blend together to present a unified message.

**An Integrated Marketing Communications Plan**

Figure 1.5—Lists the primary steps required to complete a marketing plan. They include:

1. Situational analysis (examining problems and opportunities in the organization’s external environment and strengths and weaknesses in the firm itself).
2. Defining marketing objectives (sales, market share, competitive position, and customer actions desired).
4. Finalizing marketing strategies.
IMC Components

Figure 1.6—Illustrates the IMC model.

The foundation of the IMC plan includes:
- Corporate image and brand management (Chapter 2)
- Analysis of buyer behaviors (Chapter 3)
- Promotions opportunity analysis to identify all target markets of the communications program (Chapter 4)

Advertising tools include:
- Advertising management, including the major functions of all those involved in an advertising campaign (Chapter 5)
- Advertising design focused on theoretical elements and types of appeals (Chapter 6)
- Advertising design focused on the message theme and executional frameworks (Chapter 7)

Media tools include:
- Traditional media channels, including television, radio, magazines, newspapers, outdoor signs, and direct mail (Chapter 8)
- E-active marketing, including the Internet activities, social networks, and blogs (Chapter 9) Alternative marketing programs, including buzz marketing, guerilla marketing, product placements and branded entertainment, and lifestyle marketing (Chapter 10)

Promotional tools include:
- Database and direct response marketing programs (Chapter 11)
- Consumer and trade promotions (Chapter 12)
- Public relations (Chapter 13)

Integration tools include:
- Legal and ethical issues (Chapter 14)
- IMC evaluation (Chapter 15)

Refining the IMC Program

Figure 1.7 displays the four stages of an effective integrated marketing communications system.
Stage One—Identify, coordinate, and manage all forms of external communication under one umbrella.

Stage Two—Extend the scope of communication to include everyone touched by the organization so that all external communications mesh with internal messages.

Stage Three—Apply information technology to the IMC program. Databases must be developed summarizing each customer’s activities, purchases, and interactions with the company.

Stage Four—Treat IMC as an investment and not a departmental function.

Other noteworthy aspects of IMC programs that emerged from the American Productivity & Quality Center that are important in developing an IMC culture include:

- Work hard at developing both interpersonal and cross-functional communications
- Involve customers (both consumers and business-to-business firms) in planning processes
- Understand the nature of customers. (ServiceMaster, which provides janitorial services to various companies, was able to cross-sell pest control and lawn services to those same organizations.)

The Value of IMC Plans

Figure 1.8 notes the trends impacting integrated advertising and marketing communications.

Information Technology

The challenge for marketers in the future is not so much related to gathering information, but rather sifting through an avalanche of statistics, ideas, and messages and putting them together in an intelligible format for company leaders to study.

Technology allows instant communications between business executives and their employees, even when workers are disbursed throughout the world. Marketers can quickly determine who is buying a company’s products and identify the best communication channels to reach those customers.

Changes in Channel Power

The Internet and the availability of information technology have shifted more power to the consumer. Both individual customers and businesses can shop online and even place orders without ever visiting a retail store.
Increase in Competition

Consumers can purchase goods and services from anyplace in the world. Competition no longer comes from the firm just down the street—it can also come from a firm 10,000 miles away or one in another country.

In this type of mature market, the only way one firm can gain sales is to take customers away from another firm. Integrating advertising and other marketing communications becomes extremely important in such an environment and advertising alone is not enough to maintain sales.

Brand Parity

Many products have nearly identical benefits. From the consumer’s perspective, this means shoppers will purchase from a group of accepted brands rather than one specific brand.

In response, marketers must generate messages in a voice that expresses a clear difference. They must, in essence, build some type of perceived brand superiority for the company and its products or services.

Integration of Information

Consumers are able to integrate information they receive from various sources. This means marketers should also be concerned about integration. Every contact point should project the same message. Contact points are the places in which a customer may interact with or acquire additional information about a firm.

Decline in the Effectiveness of Mass Media Advertising

DVRs, VCRs and other devices make it possible to watch programs without commercials. The rise in popularity of cable TV and satellite dishes means consumers have a wider variety of viewing choices. As a result, the number of people tuned to the major national networks has declined. IMC programs help firms reach these harder-to-find consumers.

International Implications

In the past, marketers had two different strategies for global companies. One was to standardize the product and message across countries. The second is called adaptation, in which the product and message are customized for each region.

The Globally Integrated Marketing Communications (GIMC) approach is easier to apply when a company has relied on the standardization method; however, GIMC can and should be used with either standardization or adaptation.
In terms of marketing, perhaps the best philosophy to follow is “market globally but act locally.”

**IMPLICATIONS FOR MARKETING ACCOUNT EXECUTIVES**

(Note to professors -- these materials are not in the text. They provide a method for you to summarize the chapter in a different way)

Describe the role of marketing account executive to students. This individual is in charge of the connection between an advertising agency and a client company. Review the following ideas:

Account executives are going to be asked to justify how marketing funds are being spent. Therefore, three things are important:

1. Make sure that all marketing efforts focus on an integrated theme.
2. Establish clear-cut marketing objectives in the area of communication.
3. Recognize the difference between short-term outcomes (immediate sales, coupon redemptions, Internet “hits”) and longer-term brand equity and company image issues. Both are vital components in the marketing success of a firm over time.

Remember that because account executives are being held accountable, they also tend to hold more power. Effective use of this power would include:

- Careful selection of creatives who will stay focused on company themes, objectives, and desired outcomes.
- Realistic expectations when campaigns are designed, so that they don’t “oversell” anticipated outcomes.
- Precisely tuned measurement instruments, which provide clear information regarding success and failure rates for individual marketing communications campaigns.

Account executives should be reminded of several points from the communications model:

1. How the communications process works.
2. What can go wrong (clutter, poor media selection, etc.).
3. Ways to overcome clutter and send a clear, coherent message to all concerned.

Account executives must be aware of the new technologies and alternative media that are available for sending and receiving messages. These include:
• Social networks
• Blogs
• Buzz marketing
• Guerilla marketing
• Lifestyle marketing
• Product placements and branded entertainment

Account executives must utilize the total IMC approach.
• Note that it is a building process that begins with an effective overall marketing plan.
• Conceptualize advertising as part of the IMC program, and fit other marketing activities together with ads to construct a more powerful approach to the promotions part of the marketing mix.
• Discover ways to incorporate IMC efforts to make better contacts with those internal to the company (employees, other department heads, management teams, etc.).
• Watch for shifts in channel power. When customers have clearly established the ability to make decisions by seeking out information on their own (through Web sites, personal visits, responses to advertisements, and so forth).
• The account executive must rethink methods to reach consumers in ways which keep the company at the forefront as they make purchase decisions.
• Focus on ways to make an IMC message a global message. This involves keeping a theme intact although adapting that theme to the requisites of individual countries and cultures.

REVIEW QUESTIONS

1. How has the job of an advertising account executive changed? How has the job of a creative changed? How has the job of brand manager changed? How do the three jobs interact in the new marketing environment?

   The account executive is being held accountable for results. Creatives must work with additional media. Brand managers must work with both in the attempt to develop strong campaigns that speak with one clear voice. Greater cooperation and communication among all three is required.

2. Define communication. Why does it play such a crucial role in marketing and business?

   Communication may be defined as transmitting, receiving, and processing information. It is critical to business because through communication businesses make contact with potential customers and complete transactions.

3. What are the parts of an individual communications model?
The parts of the individual human communications model are:
Senders—the persons or companies sending messages.
Encoding—transforming an idea to an attention-getting form, such as through an
advertisement or personal (e.g., personal selling) medium.
Transmission devices—occurs when a channel or medium delivers the message
through the channel.
Decoding—occurs when the receiver’s senses are touched in some way by the
message.
Receivers—the person who receives the message as encoded by the sender.

4. Who are the typical senders in marketing communications? Who are the
typical receivers?

The typical senders in the communications model are companies wanting to sell a
product or idea. The typical receivers in the communication model are potential
customers who are looking to buy the product.

5. Name the transmission devices, both human and nonhuman, which carry
marketing messages. How can the human element become a problem?

Transmission devices include television advertisements, billboards, and coupons
from a Sunday paper (nonhuman). They also include people (humans) telling other
people about an advertisement and other messages. The human element becomes a
problem when different people interpret a message differently.

6. Define clutter. Name some of the standard forms in marketing
communications.

Clutter is the most common form of noise in the marketing communications. It
occurs when receivers are exposed to many different messages (television, radio,
billboards, bunches of ads in the Wednesday paper, etc.) in one day and therefore
some messages get tuned out.

7. Define integrated marketing communications (IMC).

Integrated marketing communications is the coordination and integration of all
marketing communication tools, avenues, and sources within a company into a
seamless program, which maximizes the impact on consumers and other end users
at a minimal cost.

8. What are the four parts of the marketing mix?

The four parts in the marketing mix are taken from: product, price, promotion, and
distribution. This book concentrates on the promotions mix, through advertising,
personal selling, consumer and business-to-business promotions, publicity, and
direct marketing.

9. **What steps are required to write a marketing plan?**

The steps in writing a marketing plan are:

1. Situation analysis
2. Marketing objectives
3. Marketing budget
4. Marketing strategy and tactics
5. Evaluation

10. **Describe firm and brand image.**

Firm and brand images are the impressions that a company presents to customers. These images are conveyed by letterhead, commercials, logos, advertisements, and the ways the company directly deals with customers.

11. **What are the main components of advertising?**

The main components of advertising are: the management program, media selection, and advertising design.

12. **How has the growth of information technology made IMC programs vital to marketing efforts?**

The growth of information technology has made IMC plans important because now companies have the ability to utilize the Internet and databases to track customer purchase behavior. These developments have also lead to a growth in Internet and alternative media marketing.

13. **What reasons were given to explain the growth of IMC plans and their importance?**

IMC plans are more crucial than ever because of the growth in information technology. This growth means it is possible for companies to develop databases that allow marketing experts to learn information about their customers and ways to reach them.

14. **What is channel power? How has it changed in the past few decades?**

Channel power is who has the most influence in the marketing channel. It has changed because of technology, which has shifted power from producer to the retailer and the final consumer.

15. **What is brand parity? How is it related to successful marketing efforts?**
Brand parity is a situation in which consumers believe that many brands offer the same set of attributes. The result is that consumers will purchase from a group of accepted brands rather than one specific brand. Successful marketing overcomes this problem by making one brand seem better or more preferable.

16. **What is a GIMC? Why is it important for multinational firms?**

GIMC is a globally integrated marketing communications program. A GIMC program has the same goals as IMC except on a larger scale. These programs are important for companies that choose to compete internationally, so that the firm’s unified message is presented effectively in other nations and regions.

17. **What is the difference between standardization and adaptation in GIMC programs?**

The difference between standardization and adaptation is how the product is marketed. Standardization means the company sells the same product in different countries and maintains the same basic message. Adaptation means adjusting the message for various individual countries or regions. Both can be a part of a GIMC program.

**CRITICAL THINKING EXERCISES**

**Discussion Questions**

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1. While accompanying her husband on a trip to Australia, Janine Allis saw a hole
in the Australian market for a healthy fast-food alternative. Allis consulted
with nutritionists and naturopaths to create a menu of healthy juices and
smoothies that were free of preservatives and artificial flavors and colors. The
first Boost store opened in Adelaide in 2000, and by 2006 more than 189 Boost
outlets had opened throughout Australia. Suppose Boost wanted to enter the
Egyptian market. Would you recommend a standardization or an adaptation
approach in its product and advertising strategy?

The Egyptian consumer needs to be studies and understood clearly. Standardisation
vs. Adaptation has always been a favourite argument among both academics and
practitioners. The Egyptian consumer taste, the raw product i.e. fruits may be
different from Australia, religion and culture is different, based on these variables it
would be a better strategy to adapt.

1. Emirates Airlines tagline is “Keep Discovering.” Do you think this message
spells out clearly what the company stands for and what industry it is in?
```
Discuss.

The tagline is the key phrase within the advertising copy, a television ad, or a radio ad. Emirates has become a very popular and powerful airline brand right across the world. Its advertising strategy which includes a campaign highlighting the traveller to do something or experience something new supports the tag line called “Keep Discovering”.

2. **The most common form of noise affecting marketing communications is clutter.** Consumers are exposed to hundreds of marketing messages each day. Watch a couple of your favorite television programs over a 1-week period and count the number of commercial breaks and ads that are featured. Discuss the impact of clutter on your television viewing experience.

You will notice the huge volume of ads especially during prime time TV e.g. 6-10pm worldwide. Research suggest that TV audience leave their TV and do house chores during ad breaks.

4. **Research indicates that the influence of mass-media advertising has decreased dramatically.** Internet ad revenue in the United States totalled $21 billion in 2007, breaking records for a fourth consecutive year. What implications could this have for mass media in the future? If you are the marketing manager of Star Television, what strategies would you develop and implement in order for your company to compete in this environment?

Discussion could revolve around Star Television entering the Internet TV industry like http://www.worldtypepc.com. A focused study on segmentation in order to find out which segments are attracted to Internet TV, then focusing their resources on segments that are not migrating to internet TV. Closer working relationships with media and advertising agencies such as Ogilvy, Leo Burnett, Satchi & Satchi.

5. **Nike is moving away from direct competition with other companies in the athletic shoe market. It is positioning its shoes as cutting-edge fashion. Is this a wise move?** What kinds of problems will it face in this repositioning effort?

Nike has a strong name and brand in the athletic shoe market, moving into a cutting-edge fashion brand can be a risky strategy since it could dilute this strong brand image and name. Given that Reebok has experienced success in moving towards a fashion brand using artists like 50 Cent in their campaign, Nike could learn from their case.

**INTEGRATED LEARNING EXERCISES**

1. **Ron Jon's Surf shop is probably the best known retail store brand for ocean gear in Florida. In Hawaii, the most dominant name is Hilo Hattie. Go to the Hilo Hattie Web site at: www.hilohattie.com. Compare it to the Ron Jon’s site**
at: www.ronjons.com. Do the two sites have relatively common themes? Which is the most attractive site? Why?

Both sites stress fun and relaxation. Hilo Hattie is more oriented to combining that idea with a Hawaiian theme. Student opinions about the most attractive site will vary.

2. Look up each of the following companies on the Internet. For each company, discuss how effective their Web site is in communicating an overall message. Also, discuss how well they integrated the material on the Web site. How well are they doing at integrating their advertising and other marketing communications with their Web site?
   a. Revlon (www.revlon.com)
   b. J.B. Hunt (www.jbhunt.com)
   c. United Airlines (www.ual.com)
   d. Steamboat Resorts (www.steamboatresorts.com)

Answers will vary depending on what is on each Web site at the time students access them.

3. Information is one key to developing a successful integrated marketing communications program. Access each of the following Web sites and examine the types of information and news that are available on each site. How would this information help in developing an integrated marketing campaign?
   a. Brandweek (www.brandweek.com)
   b. Adweek (www.adweek.com)
   c. Mediaweek (www.mediaweek.com)
   d. Branding Asia (www.brandingasia.com)

Student answers will vary based on the site and its current information.

**Student Project: Creative Corner**

This is an analysis for advertising the product Febreze, which "refreshes" clothes without washing them.

1. Identify alternative media you would use to reach 18 to 22-year-old college students.

   Options include lifestyle marketing, buzz marketing, guerilla marketing, social networks, product placements, and blogs.

2. Design an advertisement for Febreze aimed at the college demographic. Where would you place your ad? Why?
Student answers will vary. Choices include both traditional and alternative media.

CASES

Case 1  A New Salsa Sensation

(1) Can you think of a brand name that could be used not only for salsa, but for any other product related to salsa that Hector's company might sell?

Student answers will vary, but are likely to contain the word "Mexican."

(2) How can Hector's company compete with Pace and Old El Paso? Is there a market niche the company can locate?

Student answers may vary. The goal is to get them thinking about how to respond to brand parity.

(3) What kinds of advertising and promotions tactics should the company use? Will the tactics be the same in 5 years?

Students will not yet be exposed to many of the tactics available, such as coupons, free samples, cross-ruff offers, and others. They might be led to mention lifestyle events or buzz marketing, if they have sufficient information about them.

Case 2  Tata’s Nano

(1) What image or theme should Nano portray to its segment?

The car is designed with a family in mind and can comfortably seat four passengers. The Nano's greatest selling point appears to be its price; the Nano is the world's cheapest car, selling between $2,400 and $2,700. Image – Value for money, more over its the world’s smallest car, ideal for Indian roads.

(2) What key highlights of the Nano would you use for its advertising campaign?

Price, Comfort to dispel any negative perceptions that it may be too small. The uniqueness that it is the first car available for such a price – the value-for-money proposition.

(3) What advice would you give to Tata marketing executives to enable the Nano to survive future competition?

Maintain their first move advantage and then consistently deliver on price and quality. With the invention of this car, they have created a “Unique Selling Proposition” (USP) hence they should maintain this. Of course they need to watch out closely for competitors who already
have plans to enter this market such as Bajaj Auto, Ford, Toyota and Honda.

**Bonus Case**

**MARKETING MINI-CDS**

Craft-tech Technologies was on the verge of a major expansion. The company’s management team invested heavily in compact disk technology and created what they believed was a viable product for the mini-CD marketplace. Company leaders were certain that mini-CDs soon would outsell the traditional-size version, giving them inroads into numerous markets, including the:

- Music industry
- Computer industry
- CD player market (both Walkman and larger versions for home use)

The company’s president, Merv Watson, contacted a full-service advertising agency. Merv asked the agency manager, Susan Ashbacher, to describe the meaning of full service. Susan responded, “We will take care of every aspect of your company’s integrated marketing communications program. We’ll either prepare the material ourselves, or outsource it and manage the process.”

Merv was still confused. “What exactly does that mean?” he asked.

Susan handed him a worksheet, which shows the following:

**Items to be included in an IMC program**
• Company logo
• Product brand name and company name
• Business cards
• Letterhead
• Carry home bags (paper or plastic)
• Wrapping paper
• Free samples
• Coupons
• Promotional giveaways such as coffee mugs, pens, pencils, or calendars
• Design of the booth for trade shows
• Advertisements, billboards, space on busses or cars, television, radio, magazines, newspapers, and specialty advertising
• Cooperative advertising with other businesses
• Personal selling pitches
• Characteristics of target market buyers
• Characteristics of business buyers
• Sales incentives provided to the sales force
• Internal messages within the marketing department
• Communications between departments
• Company magazines and newspapers for employees
• Speeches and presentations give by company leaders
• Statements to shareholders
• Public relations releases
• Altruistic programs
• Sponsorship programs
• Web site
• Toll-free telephone number
• Company database

She then said, “We will sit down with you and figure out your company’s primary message. Do you want to represent yourself as a high-quality leader in technology? Or is your focus more toward this particular product, and how you serve that niche better than anyone else? What we’ll ask you to do is define yourself, and then we’ll help you develop a marketing program to get that message out.”

Merv studied the worksheet. He was amazed to see all of the items listed. Noting his interest, Susan said, “Every single thing on that page should speak with the same voice.
Every one of your customers, from businesses to end users, should know your main message. Your customers should buy from you because they have confidence in your brand. We want to make sure you stand out. After all, it’s pretty crowded out there in the world of technology.”

Merv hired Susan, and the process began. The IMC program was to integrate a marketing plan to other businesses, individual users, and international markets.

(1) **What image or theme should Craft-tech Technologies portray?**

The company should decide what kind of company it wishes to portray itself as: high-quality, market leader, niche market, etc. For example, a student may answer, “The company should define itself as a high-quality producer. The company would then need to portray a product advantage with a measure of quality.”

(2) **Design an IMC approach and state how it will affect all of the items shown in Figure 1.8.**

The company should use the items shown in the handouts as part of an overall program, and the items should not conflict with each other. The various components should be integrated into an overall theme. The logos, letterhead, promotional tools, etc., should all be part of creating this overall image.

(3) **Choose another product or service. Consider every IMC aspect of that product or service as you read the following chapters.**

This is a discussion question. The company should follow the same guidelines as mentioned in Question 2.