An Introduction to Integrated Marketing Communication

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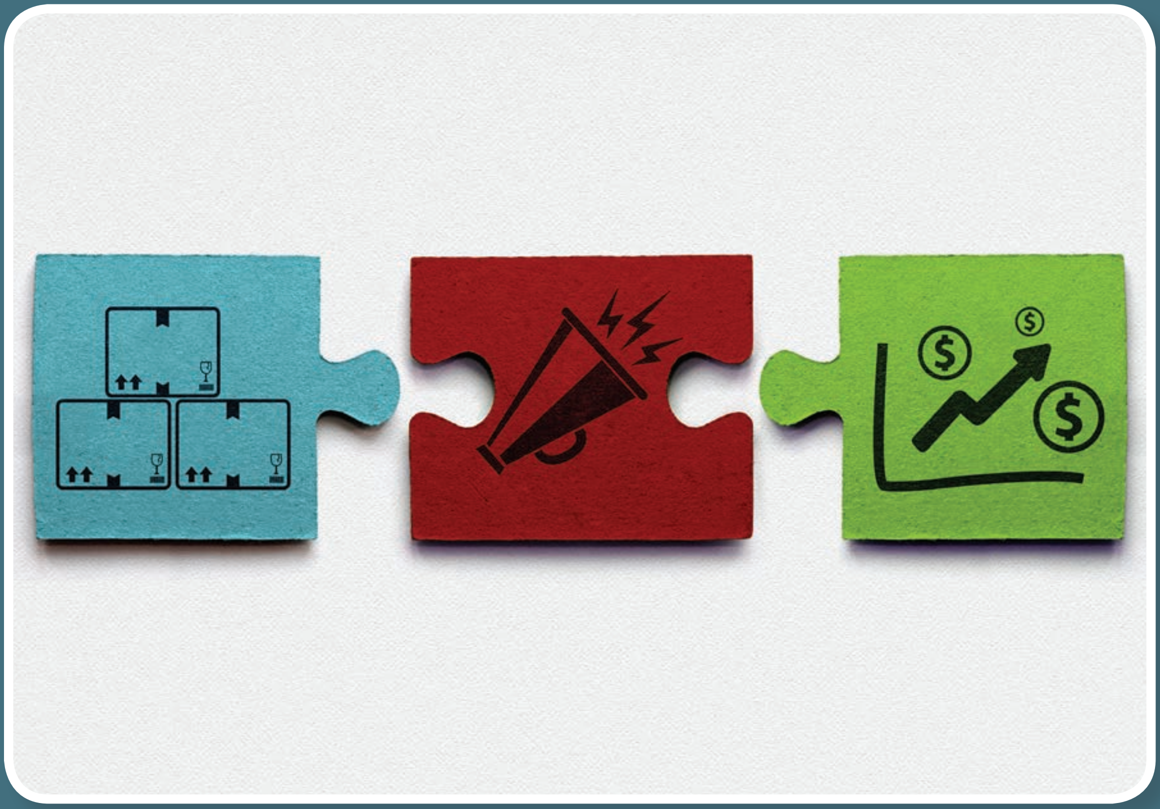

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Learning Objectives

Upon completing this chapter the student will be able to:

- Define integrated marketing communication and marcom management.
- List and describe the benefits and obstacles to achieving integrated marketing communication.
- Describe the development of the integrated marketing communication paradigm.
- Define the marketing concept and extended marketing concept and how they influence marketing.
- Understand the history of marketing and integrated marketing communication.
- Explain the differences between the distribution and communication functions of electronic marketing.

Pre-Test

1. ______________ is the process in which an organization combines its marketing tools into one coordinated program.
   a) Strategic communication
   b) Integrated marketing communication
   c) Seamless marketing strategy
   d) The basic communication model
2. ______________ occur(s) when a combination of communication tools achieves greater results than each individual tool would have achieved alone.
   a) Touch points
   b) Coherence
   c) Harmony
   d) Synergy
3. Changes in the marketing environment today are being driven by
   a) social media, advertising agencies, consumer distrust, and technological changes.
   b) transportation costs, integrated marketing communications, financial pressure, and domestic competition.
   c) financial pressure, social media, technological changes, and global competition.
   d) mobile devices, local business, social media, and financial pressure.
4. ______________ suggests that the way to generate sales and profits is to create happy customers by satisfying customer needs and wants.
   a) Synergy
   b) The marketing concept
   c) The extended marketing concept
   d) The Open Graph protocol
5. The extended marketing concept fits best into which marketing era?
   a) Production era
   b) Sales era
   c) Marketing department era
   d) Relationship marketing era
6. The term ______________ refers to leveraging consumers' new ability to interact with a company twenty-four hours a day, seven days a week using mobile devices.
   a) m-commerce
   b) smart-tailing
   c) smart commerce
   d) t-tailing

Answers

1. b) Integrated marketing communication. The correct answer can be found in Section 1.1
2. d) Synergy. The correct answer can be found in Section 1.2.
3. c) financial pressure, social media, technological changes, and global competition. The correct answer can be found in Section 1.3
4. b) The marketing concept. The correct answer can be found in Section 1.4.
5. d) Relationship marketing era. The correct answer can be found in Section 1.5
6. a) m-commerce. The correct answer can be found in Section 1.6

Introduction

Imagine the following scenario: You are a few years into your career and have just received a long-awaited bonus from your company. With the bonus and the money you have saved, you plan to build a house. You need to purchase the land you want to build on, as well as provide a down payment to the contractor that you plan to hire. You have a limited amount of money to spend and you need to budget carefully. Your overall mission is to construct a home for you and your family, but there is a time constraint because you're renting and don't want to pay rent plus a mortgage.

How does this scenario fit into marketing communications? What decisions must you make in order to make sure that you build within your budget, get the house you want, and avoid paying rent, all as soon as possible? What resources do you need to make sure this task gets accomplished on time? What outside influences may be present as you prepare to build?

Developing an **integrated marketing communications plan (IMC plan)** is much like building a house. An IMC plan is a document that results from a step-by-step process that considers the goals of your organization. It provides a guide on how your organization can pursue an integrated approach to communication. It must include all relevant data so that you can accomplish your communication plan's goals on time and on budget. The plan will allow you to be proactive and save time by planning for problems before they may occur. Finally, the plan lets you see the "big picture" of what you want to do, and how you want to get it done. It provides a starting point and an ending point, and allows you to evaluate how well things went. Just like there is no single plan for building a house that will meet every family's needs, there is no perfect marketing communications plan that fits every organization's needs. Therefore managers must be flexible in the creation of the plan and adapt to changes in the environment.

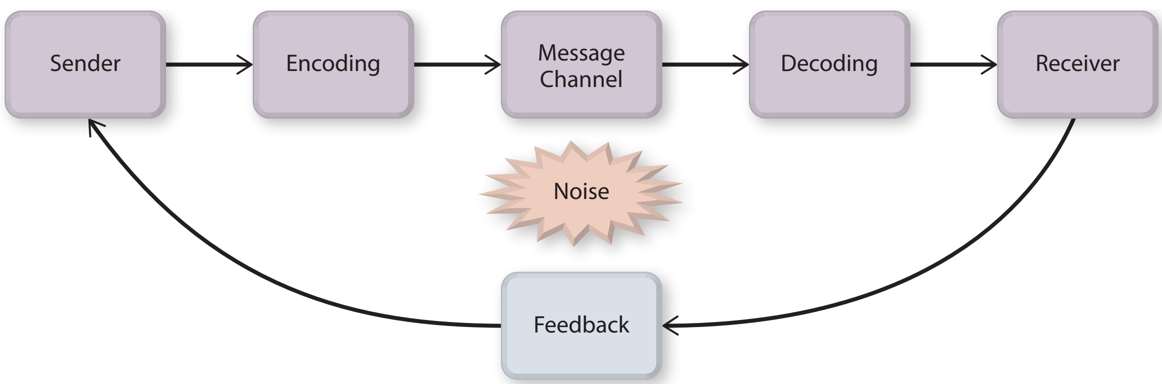
1.1 What Is Integrated Marketing Communication and Marcom Management?

Marketing is "an organizational function and a set of processes for creating, communicating, and delivering value to customers for managing customer relationships in ways that benefit the organization and its stakeholders" (American Marketing Association, 2004). A subset of marketing related to communications is **integrated marketing communication (IMC)** which is the process of coordinating and integrating all marketing communication tools into a seamless program to help the company achieve its objectives (Hutton, 1996). A company's marketing communications (often abbreviated as marcom) will often determine whether the company will succeed or fail (Schultz, 1993). All organizations, from retailers to nonprofit entities, use marketing communication to build relationships with potential customers or clients.

Central to IMC is communication. Managers devote time to thinking about the message and how to best deliver messages to consumers. The basic communication model (Figure 1.1) is the simplest communication model and illustrates that communication is a two-way process. Key elements in the model are as follows:

- *Sender*—Person or company that develops and sends the message
- *Receiver*—Person, group, or organization that is the intended recipient of the sender's message
- *Encoding*—Translation of thoughts or ideas so that a message can be understood by the receiver
- *Message Channel*—The method, or medium (such as telephone, email, or television), used for sending and receiving the message
- *Decoding*—Translation of the message by the receiver
- *Feedback*—Verification on whether the receiver got the message in the intended form
- *Noise*—Anything that interferes with sending or receiving the message

Figure 1.1 The basic communication model



The communication is complete when the sender gets feedback that the intended message was understood. The sender and receiver have a common understanding of the message. The receiver may not agree with the message, but when there is disagreement, it is helpful if both the sender and receiver understand the original message.

Marketing messages can be sent in the form of advertisements, brand messages, direct mail pieces, or even by a person dressed as a hotdog in order to attract attention to a restaurant. Encoding involves using language to deliver a marketing message. The message channel may be face-to-face communication, radio, Internet, or even skywriting. Decoding is an important part of the communication model. Often receivers don't understand what the sender is trying to communicate. For example, many of us enjoy humorous television ads but may not remember the company that sponsored the advertisement. Marketers determine whether the advertisement was understood when the receiver provides feedback. The company may conduct recall tests of the advertisement. The recall tests provide feedback on whether receivers understood the intent of the message. The organization can modify the message if necessary.

Noise can interfere with the entire communication process. Yankelovich, a market research firm, estimates that individuals see 5,000 ad messages a day (Story, 2007). This causes sensory overload and most of what is seen may be ignored. When a commercial comes on and the phone rings or a friend asks a question, it takes attention away from the commercial. This is considered noise because the sponsor of the commercial did not get the message to the viewer. Noise can include other companies' marcom messages that compete for a viewer's attention. Noise can also be culture-based such as misunderstanding the meaning of a word if it is not part of the audience's native language. In marketing, noise is often called *clutter*. The goals of IMC help to ensure that the intended audience understands the messages sent by an organization. The goal is to cut through the clutter and connect with the audience by providing messages that are consistent across channels and relevant to the audience.

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▲ Consumers are exposed to thousands of messages a day. In marketing, a competitor's messages are known as noise or clutter.

Strategy and Tactics

Companies face many challenges in responding to change in the advertising environment and must engage in planning that coordinates not only communication but also objectives, strategy and tactics. **Strategic planning** is a process designed to guide an organization to a desired future. It is an iterative process which means that it involves repeated cycles of planning, implementation, and control. The strategic planning process is carried out at the corporate level, business level, and product level. The objectives developed at the upper levels move down to lower levels where business level plans and marketing plans are developed.

Students often confuse strategy and tactics because the terms are sometimes used interchangeably. **Strategy** refers to a general plan of action that explains how a company will achieve objectives or goals, while **tactics** refer to the specific means utilized to carry out the strategy. Strategy answers the question "What are we trying to accomplish?" while tactics answer the question "How are we going to accomplish goals?" Table 1.1 highlights the difference between strategy and tactics.

Table 1.1 The difference between strategy and tactics

	Strategy	Tactics
Purpose	To identify broad direction for company growth and advancement *Answers the questions:* "What are we trying to accomplish?" "What will we do to achieve our goals?"	To identify specific resources and actions that support company objectives and strategy *Answers the questions:* "How will we accomplish the objectives and strategy? "Who will accomplish the objectives and strategy?"
Length	Long-term, infrequent changes	Short-term, frequent changes
Scope	Broad	Specific
Output	Produces organizational goals, plans, and performance measures	Produces clear executions using tools, people
Accountability	Upper management is held accountable for company strategy development	Middle and lower managers accountable for everyday operations

According to Michael Porter (1980), a leading business authority on competitive strategy, there are three generic strategies that act as starting points for strategy development. These three generic strategies are cost leadership, differentiation, and focus.

- *Cost Leadership*—Companies pursuing this strategy strive for the lowest possible costs associated with production and distribution. This allows a company to increase market share as it underprices its competition. The pitfall of this strategy is determining what the competition will do in response. If the competition lowers prices, a price war may ensue and companies will be forced to compete on price. Walmart has used this strategy effectively.
- *Differentiation*—An organization pursuing this strategy must concentrate on creating and achieving superior market performance in areas where customers see benefits. The market must value the differentiation in order for the company to capture additional market share. Apple® is a company that uses differentiation in quality effectively.
- *Focus*—Companies pursuing this strategy focus on narrow targets or target market segments. Using the focus strategy, a company uses differentiation or cost leadership to target a segment of the market. This eases the costs associated with executing strategies. Instead of trying to reach the entire market, the company focuses on a smaller segment or segments. An example of a company using this strategy is Southwest® Airlines.

Marketing Tactics and Executions

Although marketing communication activities typically fall under the marketing department of an organization, it is not the same as marketing. Marketing communications is one of the four controllable variables (tactics) that make up the marketing mix. Therefore, IMC is one element of marketing. The **marketing mix** is the combination of controllable elements used to develop an effective marketing strategy. Elements of the marketing mix include the following:

- **Product**—anything that is produced and sold
- **Price**—the amount of money set for a product
- **Channels of Distribution** (or place)—the network that directs the flow of products used to get the products and services from the point of production to the final consumer of the good or service.
- Integrated Marketing Communication (or promotion)—coordination of all communication efforts

You may remember the marketing mix being referred to as the Four Ps (product, price, place, promotion) from other marketing courses you have taken. In this text we use the term *channels of distribution* instead of *place* and *integrated marketing communication* instead of *promotion* because we feel these terms are more descriptive of their function.

Keep in mind that strategy and tactics are developed for each element of the marketing mix. Thus there are strategies and tactics in the areas of product, pricing, IMC, and channels of distribution.

The marketing mix elements are under the control of the managers of an organization. The elements or areas in the marketing mix are also called marketing tactics and the actions completed in each area are referred to as tactical executions. An **execution** refers to the way a marketing variable is carried out or presented. For example, a product execution may involve the development of an improved vacuum cleaner feature. A pricing execution may involve reducing the price of merchandise to encourage sales.

IMC executions refer to the different methods of presenting IMC variables. For example, an advertising execution may be an animation or testimonial. The promotion tactic of the marketing mix involves a business or organization communicating with its various publics (customers, employees, suppliers, investors). It contains elements that consumers see in their day-to-day lives. Advertising, brand names, public relations, cyber communications (i.e., the Internet) and sales promotion activities such as sweepstakes, contests, and point-of-purchase displays are often used to communicate company and product information to consumers. Thus, we call these marketing communications tactical executions, or IMC tactics.

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▲ Store signs and logos communicate to consumers. What makes the difference between an effective and ineffective sign?

In each case the marketing tactics communicate information about the organization, company, or product that organizations want consumers to know. Organizations may communicate price, store location, directions for product usage, or the fact that a new exciting product has been developed. Additionally, communication tactics can be used to "speak" with internal customers, or employees. Product changes, modifications, price changes, and other marketing-related information can be exchanged through these communications channels.

Learning Check

Reflect on your learning by answering the following questions:

1. How does IMC apply to the model of communication?
2. What is the difference between strategy and tactics?
3. What are marketing tactics and executions?
4. What types of ads break through the clutter for you? Why?
5. Which companies do a poor job of communicating? How could the company improve marketing communication?

1.2 IMC Benefits and Obstacles

Designing effective IMC is a challenging undertaking for any organization, yet the rewards can be great. In this section, we will investigate both the advantages and challenges managers face in developing IMC for their organizations.

IMC Benefits

IMC has many benefits including the creation of synergy and clear messages, guidance for employees, building relationships, and improving the company's financial standing. Ideally, an organization's communications should be consistent and coordinated with all elements in the organization. Marketing managers do not want customers (whether internal or external) confused by different thoughts, concepts, and ideas. One of the benefits of IMC is creating synergy. **Synergy** means that multiple communication methods in combination create better communication than individual methods do alone. A company that uses social media in conjunction with television advertising may achieve greater results compared to a company using only one of the tools. Synergy is created when the message used in social media and television is also used in packaging, sales promotion, and direct marketing. Thus IMC practitioners select communication tools that are appropriate for the objectives of the campaign or event. The goal is to increase **touch points** or contacts with potential and current customers. These touch points should represent the company, product, or brand in a positive manner.

Another benefit of IMC is creating messages that are clear, concise, and integrated. Everyone involved in the organization or company must tell the customers the same thing. To get to that point, everyone in the company or organization charged with communications must know what the message is. This is true if one is selling a product or a service. Salespeople, advertisers, public relations professionals, sales promotion specialists, branders, information technology employees, as well as direct marketers must provide a consistent and integrated message. When everyone delivers messages that are clear, concise, and integrated across different areas, the credibility of the organization is enhanced and the touch points increase as customers receive messages from different sources. When integration is achieved the message has elements of what Picton and Broderick (2005) call the Four Cs of IMC:

1. Coherence—Logically connected, firmly stuck together
2. Consistency—Achieving harmony and accord
3. Continuity—Connected and consistent over time
4. Complementary communication—Producing a balanced, whole and supportive communication

An IMC plan helps guide employees involved with the communications process. It enables them to create synergistic and integrated messages that drive sales and lead to personal career advancement.

Another benefit of effective IMC practices is building relationships between customers and the organization. For example, would you be more likely to buy from an organization that sends confusing, disjointed messages, or from a company that sends clear messages that are consistent across all communications? Most people choose to buy from a company that values the consumer's time and sends relevant, clear messages. In this way companies who adopt IMC practices build relationships with customers. Customers become loyal to the organization that respects them and places them at the center of decisions.

Finally, IMC practices help a company's financial situation. When messages are integrated, there is less duplication of effort because everyone within the organization uses the same message. Effective marcom professionals produce consistent and relevant messages that are used throughout an organization, which saves time and resources. With integration many companies save on fees paid to advertising agencies because one agency may be hired instead of several. Consistent messages build the customer base and may lead to increased sales and profits for an organization.

Think of the example provided at the beginning of this chapter. If you're in the process of building a house, you want to make sure that your contractor communicates with the various subcontractors. It wouldn't be your dream home if some of your wants and needs went unfulfilled, and the job went over budget. Perhaps you want a modern, high quality kitchen. Having a subcontractor put in subpar flooring, or cheap counters would lessen the value of the other upgrades such as placing expensive appliances in the kitchen. When inconsistencies in your home design are discovered, you may take out the subpar materials and replace them with those of better quality. This costs time and money and may result in frustration. This example applies to marketing communications. A company would not for example, sell a high-end product such as a Rolex watch at a discount store, like Target. This action would confuse the customer and tarnish the Rolex brand. Target customers might doubt that the watch was really a Rolex. Selling a Rolex watch in a Target store would be inconsistent with the marketing strategies and mission statements of Rolex and Target.

giovanni mereghetti/Marka/SuperStock

▲ Rolex sells watches in Rolex branded stores or other high-end retailers. How does this align with the company's mission statement?

Obstacles to Achieving IMC

Although IMC seems to make sense and many companies have embraced IMC practices, there are still obstacles to achieving integration. Obstacles include coordination difficulties, turf wars, and lack of experience. Coordination means that people from different departments, companies, and perspectives must come together and interact to develop effective communication. This becomes more difficult as the size of a company increases. Sales people are often traveling while the public relations personnel are working on seemingly unrelated projects. Often each department has separate budgets and managers, which makes coordination difficult. Managers may be resistant to sharing information and budgets, and some may compete for power within an organization.

Finally few managers have the skills necessary to plan and execute a program that integrates all areas of marketing communications. Although IMC agencies are becoming more prevalent it is often difficult to find an agency that fulfills all an organization's IMC demands. Despite the obstacles, many marcom managers realize that changes in the organizational culture and processes will help them reap the rewards of IMC. See Table 1.2 for a summary of the benefits and obstacles for achieving IMC.

Table 1.2 IMC benefits and obstacles

Benefits	Obstacles
creates synergy	coordination difficulties
provides clear messages	turf wars
guides employees	lack of experience with IMC
builds relationships	
improves a company's financial standing	

This book provides a paradigm and foundation for you to create an effective, integrated, synergistic marketing communications plan. The topic of IMC and its inclusion in the overall marketing plan is discussed in detail in the next chapter. Prior to this discussion, let's begin by looking at the current and past landscapes of the integrated marketing communication concept.

Learning Check

Reflect on your learning by answering the following questions:

1. What are the benefits of IMC?
2. What are the obstacles to implementing IMC?
3. How can you tell if a company is good at integrating its marketing communications?

1.3 The New Communications Paradigm

The world of advertising has changed significantly during the past twenty years. Marketers and advertisers are scrambling to find new, innovative, and effective ways to reach their customers. Customers are demanding new and exciting ways to get information from manufacturers and service providers that help them choose the correct products to satisfy their wants and needs. Advertisers have discovered they can no longer depend on the old models of advertising for communicating with their stakeholders. New communication methods are being developed and utilized every single day by businesses and consumers alike. We are no longer in the "Mad Men" era of advertising, where companies used communication tools in isolation. We've moved to the "Modern Family" era where companies have diverse choices available to them to create a seamless communications plan that speaks to their customer base.

According to the *Oxford English Dictionary*, a **paradigm** is simply an example, an exemplar, or pattern. IMC introduces a new communications paradigm. This is an exciting time to be studying IMC, and an exciting time to enter a field that demands knowledge of old techniques that must be matched to the new marketplace in order to effectively reach customers and drive business.

Changes in the Marketing Environment

In the past, the advertising pattern was fairly simple. A business that manufactured products or services would seek out an advertising agency that had expertise in the manufacturer's industry. The advertising agency would meet with the manufacturer (called a client) and develop, in cooperation with the client, a creative plan that would be given to the media in order to communicate with customers. The key to effective advertising was the creative element developed in the plan. Once the creative element was developed, the advertising agency would present the creative plan to the client, who would approve the plan or ask for modifications.

When the plan was approved by the client, the agency went to its media department to select the media that would best reach the targeted audience. The cost of the advertising was borne by the client, and the agency would receive an **agency commission** from the media (typically around 15%). An agency commission is money paid to the agency for performing advertising tasks.

This system gave advertising agencies motivation to use the media with higher costs (more revenue to the agency). Media buyers representing the agency would negotiate the costs of placing advertisements into the media and a purchase would be made. **Media buyers** are advertising or IMC specialists that negotiate and buy advertising space in the various available media. Typically, the media buyers make purchases based upon information and data from media planners. **Media planners** are in charge of planning all media buys for an agency (or company/organization). The ads would be shown, and the agency would collect revenue from the client and the media.

During this time, there were only three networks (ABC, CBS and NBC) and no cable channels. There were limited numbers of magazines, with *Life*, *The New York Times*, *The New Yorker®*, *Time™ Magazine*, *U.S. News and World Report* and assorted teen magazines leading the pack. There were limited radio stations and these were typically AM stations. Billboards were regulated and there was no way to create electronic billboards. There was no Internet. Phones were shared and they were on hard-wired lines. There was no wireless access for communication devices.

At work, people would gather around the water cooler during work breaks to discuss issues of the day, popular culture, and business and industry. They would discuss what they viewed on TV the evening before, and there was a lot of commonality between consumers of products and services. Today's marketing communication environment is different. There are more media and more media options for today's consumer. Media planners have to be consumer compliant when developing their media plans.

What's Driving Change?

There are numerous circumstances within the marketing environment that are driving change including the following:

- New technologies are changing the way companies interact with audiences.
- Financial pressures are placing high expectations on companies to do more with less.
- Increases in global competition are making IMC increasingly important.
- New social media are continuing to emerge.

Let's take a look at each.

Technological Changes

Perhaps the biggest change in the marketing environment is a result of advances in technology. During the early to mid-twentieth century, consumers used telephones with hard lines. Wireless devices and systems weren't invented. Operators had to physically plug wires into switchboards in order for people to speak with each other. Today, over 91% of adults own a cell phone, with over half of those using a smart phone. Of people under age 44, 97% own a cell phone (Mataconis, 2013). Smart phones allow consumers to speak to each other, text each other, research products and services, and make purchases from their phone. The Internet has become not only a communication device, but a channel of distribution as well. Companies have advanced technology to track not only purchases, but also buyer behavior. Business-to-business marketing has become easier with the development of software and other customer relationship tools which provide information at the touch of a button. Businesses can communicate with each other and facilitate transactions via electronic data exchanges. Yes, it's a changing world. In the world of marketing one thing we know to be true is "the only constant in the universe is change" (Ogden and Ogden, 2005).

An example of a company that has effectively used technology to grow is Amazon, the world's largest online retailer. Amazon started in 1995 as an online bookstore. It soon expanded into selling music, games, food, apparel, and even furniture. The website attracts over 88 million visitors per month (Site Analytics, 2012). Amazon's multileveled strategy allows almost anyone to sell products using its platform. This allows customers access to more products and services and increases Amazon's reach.

Financial Pressure

Financial pressures are nothing new to an organization. When the economy is good, companies often have more money to work with and the pressure is not as great as when the economy is down. Managing finances has led to increased accountability and methods for measuring results. Management wants to know the outcomes of an IMC program. If a company spends money to sponsor an event, the managers of the company want to know what the outcome of the sponsorship is. Does it result in higher sales? Increased brand awareness? Company managers do not want to spend money on communication unless there is a measurable outcome. Marcom managers who view IMC as an investment instead of an expense are more likely to manage the process with a long-term vision.

Financial pressures on consumers also influence marketers. Consider the marketing environment of the auto industry. There has been a transition in this industry, fueled in part by changes in the economy and increased financial pressures on consumers. Twenty years ago, the utilization of gasoline and other fossil fuels wasn't a big consumer issue. Today, with the reliance on foreign oil and the cost of natural fuels increasing, many consumers have changed the way they look at automobiles. In a recent study (Moses, 2013) the researcher found that attitudes of car ownership had changed. In the past, consumers looked toward larger, more value-expressive automobiles. The mileage didn't matter, just the look, brand, and size. Today, 53% of consumers say that a car is just a machine to get them from point A to point B. It doesn't have to be a luxury brand. It doesn't have to be large. It just needs to save the consumer money, be fuel efficient, and run. This phenomenon can be partially explained by the economy, but also by the increased environmental awareness of customers.

Global Competition

Changes in technology have also increased the ability to conduct business on a global scale, for which there are both advantages and disadvantages. The positive aspects include the ability to reach a worldwide audience, increase sales, and increase awareness of a company's brand and products. The negative aspect is that instead of the business competing on a local scale, the competition is now global. With global competition comes more demanding customers who are focused on the cost of products instead of value. Customers can use the Internet to compare price and decide from whom they want to buy based on price alone. An effective IMC communicates value and provides reasons why a potential or existing customer should trust an organization.

Emergence of Social Media

Another interesting change in consumer perception based upon the new marketing environment includes an increased use of social media. In the past five years, social media has transformed communication between companies and customers. In today's world 63% of adults use some form of social media. Forty percent buy groceries on line.

In 2010, according to International Data Corporation (IDC) research, smartphones outsold personal computers (Wollman, 2011). Marketers use social media and mobile media to engage and involve consumers. The corporation IBM released a study that showed consumers are willing to tell retailers about their media consumption, demographic information (race, income, age, gender), lifestyles, and even provide their name and address in exchange for a better, more personalized shopping experience. The study showed that consumers want to receive more communication from a retailer if it can be delivered in a relevant way through preferred media (Henschen, 2012). Companies can use this information to customize solutions in a multichannel environment. In an effort to better serve its customers, Guess®, the clothing retailer, launched an application that allows users to see their loyalty points, look up purchase history, see the latest products via a "Look Book," and share their Likes with friends in social media sites such as Facebook (Henschen, 2012).

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▲ Social media has drastically changed the way marketers reach target audiences. Today, many companies use social media to engage consumers. Do you follow the social media communications of any companies?

One of the technologies that has influenced marketing is the Open Graph protocol (http://opengraphprotocol.org/). This protocol allows people to indicate what web content they like or recommend, thus creating a search engine based on likes instead of links (Ingram, 2010). As web pages are Open Graph enabled, they will show up in web searches when a user wants them. Facebook developed the Open Graph web search feature as a way to compete with Google. Companies who adopt Open Graph use the new search feature to connect with their consumer groups as well as a way to research potential and current product offerings. The idea is to have the Open Graph feature serve as a conduit between search engines and social media. Open Graph assists in the charting of customer behaviors, preferences, and connections via social networks and the World Wide Web. Facebook suggests that the Open Graph feature will help make sense out of all the demographic and psychographic data currently available (The Facebook Fallacy: Open Graph = Google Killer, 2010). This helps firms in several areas of the IMC plan including evaluating and understanding customers.

Because of the changes in the marketing environment, marketers and marketing communicators have created new methods of researching and reaching today's consumers. The old marketing plan paradigms are giving way to new methods of generating valuable marketing. In Chapters 2 and 3, paradigms are presented that will be useful in the development (or understanding) of a marketing plan; and in the development of a comprehensive integrated marketing communication plan that encompasses the new marketing environment.

› *Learning Check*

Reflect on your learning by answering the following questions:

1. What is a paradigm?
2. What changes in the marketing environment are making companies consider IMC?
3. What can companies do to adapt to changes in the global economy?
4. Which technology advancement do you think has most helped marketing communicators reach customers? Why?

1.4 The Marketing and Extended Marketing Concepts

The function and operations of a marketing department have changed over the years. In an attempt to understand the scope of control that marketers have in any given business operation, marketers developed the marketing concept and the expanded marketing concept. The concept focuses on the customer and explains what marketing's role is within an organization.

The Marketing Concept

IMC places emphasis on the customer, which is the premise behind the **marketing concept**. According to the marketing concept, marketers should attempt to satisfy customer needs and wants at a profit. The philosophy places the customer in the center of marketing planning (Wright, N. D., Pearce, J. W., and Busbin, J. W. 1997). This concept suggests that a company or organization should use corporate resources in an effort to make sure its customer base is satisfied with the company and its offerings. By satisfying customer wants and needs the company creates happy customers. Happy customers mean repeat business for the company, and they generate revenues in the form of profit over a longer period of time. If happy customers translate into greater sales and profits, why is this concept so difficult for many businesses to comprehend? The marketing concept, on the surface, sounds like a good, commonsense approach to maintaining a viable business operation. However, there are many reasons why companies have not fully adopted the marketing concept.

First, many current managers were trained prior to the acceptance of the concept. In other words, the executives' managerial styles were based on producing products instead of serving customers.

Additionally, many businesses have false notions of what customers want and need. There's a saying in the marketing research industry that goes, "we have met the consumer and they aren't us." Often, although marketing managers think they know who the customer is, they don't. Another reason may be that businesses don't initiate continuous training in the area of customer service. As customers change, business may not adapt to the change. They don't teach current issues to the service providers which creates a chasm between the customer and the business.

Finally, many organizations don't use an integrated approach in communicating with the consumer. They apply various approaches that aren't integrated and lack synergy. Consumers receive messages they may not want to hear, or, they receive many different, conflicting messages, which create doubt and misunderstanding in the consumers' minds.

Broco-Man and Supervixen Explain the Marketing Concept

This video explains the marketing concept:

http://www.youtube.com/watch?v=KV-p1EOE4Jk

The Extended Marketing Concept

Recently, when a frequent flier was asked if she enjoyed her airplane trip, she replied, "It was satisfactory." She was asked to explain what she meant by "satisfactory." "Well," she said, "the plane didn't go down, and I didn't die." "So you would fly this airline again?" she was asked. "Yes, I'll fly any airline as long as I get to my destination in one piece." Has this airline accomplished the marketing concept by offering a flight where passengers didn't die? In this scenario the answer is "yes." Unfortunately many customers' expectations about airline travel are so low that it is not difficult to satisfy them. Is there something else the airline could do to convert the flier to a long-time, loyal customer? Of course. What if the airline had actually provided superior customer service to the passenger? What if she debarked from the plane and was so excited about her flying experience that she spoke of this event with her friends, colleagues, and family? This situation would result in additional business for the airline.

In the marketing concept definition the word *satisfy* doesn't generate enough excitement to create lifelong loyal customers for a company or organization. Although the marketing concept provides a good basis for developing marketing programs, many organizations have expanded the concept. In doing so, marketers do not stop at merely satisfying customers' needs and wants, rather, they take the concept one step further and "wow" or excite the customer base. Thus, the **extended marketing concept** says that marketers should strive to exceed the needs and wants of consumers while making a profit (Ogden and Ogden, 2009). Today's customers control how they research, shop, and select products and companies. Those companies that provide customers with a positive experience will be winners. Accordingly, marketers must make the shopping experience a memorable event (Pine and Gilmore, 1999) so that expectations are exceeded. Excited customers return for the experience and they also tell other people—creating "buzz" for the company, and increasing sales. Keep in mind that while increased levels of "excitement" increase the costs associated with great customer service, the return is many times over.

The philosophy of L.L. Bean, a popular retailer of outdoor apparel and equipment, typifies those companies that use the extended marketing concept. According to the company founder, "A customer is not an interruption of our work . . . he is the purpose of it. We are not doing a favor by serving him . . . he is doing us a favor by giving us the opportunity to do so" (L.L. Bean, What is a Customer?). L.L. Bean is well-known for providing outstanding customer service. It is one of a few companies that offer free shipping and a 100% satisfaction guarantee.

Stefan Auth/imagebroker.net/SuperStock

▲ L.L. Bean Inc. follows an extended marketing concept. What other retailers implement customer-centered marketing plans?

Customer-centered marketing plans are based on the extended marketing concept. To focus on the customer, marketing managers should conduct research to determine who their customers are, where they live, where they shop, their attitudes, how they shop, and what they purchase when they shop. The more data that can be converted to useful information the better the company can meet the needs of its target audience. Information about the consumer can be used to stock the right products and to create stores that interest and excite customers. The concept is to create an organization that benefits the merchant, the customer, and the suppliers.

Customers get the desired products and services, the company achieves greater profitability by selling more products and creating a desirable shopping experience, and suppliers see increased sales volume. When companies have strong reputations they attract customers who are not as concerned about price. Customers who focus only on price are not as valuable to companies compared to customers who are willing to spend more for customer service and merchant trust (Chandler and

Hyatt, 2003). Therefore, research provides information on a customer's overall value in addition to helping learn how, why, and where customers prefer to shop.

Companies and organizations should strive to develop and maintain an expanded marketing concept view. The question then becomes, how does an organization plan and execute tactics that increase the level of excitement in their customers? The answer: Build it into the overall marketing plan, and continue using the concept while developing the integrated marketing communication plan. The rest of the book is devoted to showing two templates for the successful implementation of the expanded marketing concept. First, an overall paradigm for the development of a marketing plan is presented. Following that, a template for the development of an integrated marcom plan is presented. The marketing plan shows the relationship between marketing and marcom, while the IMC plan gives a paradigm for communications planning based on the marketing plan.

The marketing plan and the integrated marcom plan each provide a solution to a separate problem, yet they are seamlessly integrated to maximize synergy. As stated earlier, marketing planning is like building a house. You must plan from start to finish. You need creative, yet integrated and research-based plans that allow you to easily execute the plans within an established budget.

Learning Check

Reflect on your learning by answering the following questions:

1. What is the marketing concept and why is it important in marketing?
2. What is the extended marketing concept and how does it apply to IMC?
3. Why do some companies have a hard time adopting the marketing concept?
4. What are two companies that exceed customer expectations on a consistent basis?

1.5 An Abridged History of Marketing and IMC

To understand how far marketing and IMC have come and where they might go, it helps to understand their evolution. It is often said that people who don't study history are doomed to repeat it. This holds true in business and marketing as well. Marketers should come to their jobs armed with information about their industry. While the history of marketing can fill a textbook, here we will summarize marketing eras and the key developments that have influenced marketing and IMC.

The Marketing Eras

The development and growth of marketing evolved over a series of eras, rather than a year-by-year progression (Keith, 1960). The first commonly recognized era is known as the simple trade era.

Simple Trade Era

In the past, marketing was a fairly simple task. Marketing had its beginnings when consumers of goods and services raised supplies for their own consumption. These farmers found that when they specialized in a good or service they could produce more for less. They also found that when they produced more products than they could consume, they could trade with neighbors and friends for goods and services they didn't produce. This process worked until the producers found that bargaining with friends and neighbors was a lengthy task, and that they weren't well-suited for bargaining. It was at this time that the market moved toward the **simple trade era**. The simple trade era focused on producers creating surplus supplies that could be sold to individuals and groups who would resell them to consumers that had a need for these products. The people involved in the distribution of these goods and services began to be known as distributors. The role of the **distributor** was to resell the goods and services purchased from the producers. Many developing nations are still in the simple trade era.

Production Era

The United States moved away from the simple trade era during the Industrial Revolution—a time of great economic change resulting from the introduction of new manufacturing processes. The use of machines helped move the function of marketing from a focus on simple trade to a production orientation. This era is known as the **production era**.

During the production era, businesses focused on the creation and production of a few specific products. These companies became specialists in the production of these goods. Much like the mantra in the movie *Field of Dreams*, the overriding principle during this era was "build it, and they will come." During the production era, businesses believed that if they made products, consumers would seek those products out for consumption. A key marketing advantage early in this era was that most people could not mass produce products and services. Thus, the products and services found in stores were minimal. Consumers had very little choice when making purchases. Henry Ford, in discussing the Model T cars his company produced in the 1900s, illustrated the production orientation well when he said, "Any customer can have a car painted any color he wants, so long as it's black."

During the 1930s, more companies found methods to mass produce goods and services. They copied products, producing items with the same functions and features as those already in the marketplace. These **me-too products** are created by manufacturers to resemble current market offerings that have been extremely successful. For example, when McDonalds® created the Big Mac®, Burger King® countered with the Whopper. The Whopper is known as a me-too product.

Ingram Publishing/Thinkstock

▲ Is this a Whopper or a Big Mac®? Me-too products resemble each other. *Answer: Big Mac*

With the market in full production, the problem became one of too many products entering the marketplace. Because of this, marketers' focus turned to competition. They asked, what would be the best way to beat the entrenched competition and those competitors entering the market late? They also focused on how to generate more customers.

Sales Era

One of the solutions to the problem of competition was finding people who would focus on sales. The role of salesman emerged and the sales profession gained momentum. Negative stereotypes of salesmen stem from this era because salesmen often used aggressive tactics to sell products. Today we use the gender-neutral term *salesperson*. Salespeople were in high demand during this time. Because marketing's emphasis changed from production to sales, this era is referred to as the **sales era**. Firms, during this time, would focus on sales in order to sell products and beat competitors.

While marketers focused on sales, they also undertook the task of product acquisition and distribution. Thus, distribution and sales were key elements of this era. As sales continued to grow rapidly, other problems began to emerge.

Marketing Department Era

One particular problem was the integration of all the areas marketing professionals were in charge of such as purchasing, shipping, sales, and research. For a time, production was integrated into the paradigm as well. During this time businesses decided to bring all the marketing functions together and place them in one department. This was the beginning of the marketing department and it ushered in the **marketing department era**.

During this era, short-term planning and execution was paramount. Policies and systems were developed to help with the integration of all the functions.

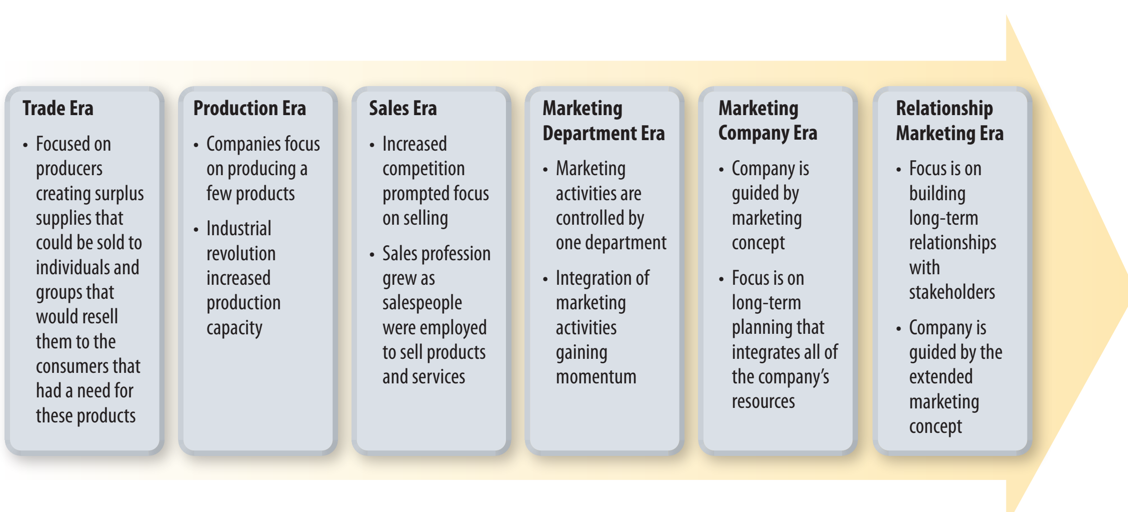
Marketing Company Era

The marketing department era lasted well into the 1960s. During the 60s, consumers had more choices for the goods and services they were purchasing. Lines began to blur in regard to tasks and functions within the company. Managers realized that they needed to focus the entire company on marketing in order to survive and beat the competition. So marketing moved from the marketing department era to the **marketing company era**. In the marketing company era the focus is not only on creating short-term plans, but creating long-term plans as well. Customers are key during this era, so long-term planning that integrated all the company's resources was needed. In the United States, most companies are embracing the marketing company era philosophy. With a marketing company philosophy and outlook, the marketing concept becomes the guiding principle. The focus is on customers.

Relationship Marketing Era

Relationship marketing is the process of building mutually satisfying long-term relationships with customers and other stakeholders (such as suppliers and distributors) in order to earn and retain their business (Gummesson, 2002). The **relationship marketing era** focuses on the extended marketing concept. Companies operating in this era focus on developing a network of relationships that work together to deliver superior customer service. Figure 1.2 provides an overview of the marketing eras.

Figure 1.2 Overview of marketing eras



Advertising and Promotion: The Precursor to IMC

As marketing evolved into what we have today, so too did advertising and integrated marketing communication. In reality, **advertising** (a paid form of sponsor-identified communication) and promotion (making people aware of your product) began thousands of years ago, probably before the first marketing attempts. At that time, few people could read. Merchants of goods and services, innkeepers, and tradespeople would hang or post signs on their places of business to advertise the services they performed or products they sold. For example, a dentist might hang a sign depicting a tooth or teeth to advertise his services. This was the state of advertising until the era of mass advertising.

Earliest Ads

One of the first known ads featured a reward for a stolen horse. Another early ad featured a ten dollar reward for the return of two apprentices who had run away from their master. He wanted them returned (with the clothes on their backs which he had given them) to him in North Carolina. In 1838, the Proctor & Gamble Company began to advertise in local newspapers. The Cincinnati Gazette printed many ads for the company beginning with ads for the sale of oil for use in lamps and machinery. Modern advertising growth came later. Marketing, as a business function, began in the 20th century and followed the country's economic and cultural growth.

Communicating to the Masses

People involved in the mass production of goods and services were looking for new customers to buy their wares. There are four core requirements for effective mass advertising. Without the ability to read, without the ability to purchase the products, without the ability to create large amounts of products in a short period, and without the ability to tell people you have those products, there would be no purpose for advertising. Thus it was mass education, mass distribution, mass production and mass communication that ignited mass advertising.

Pioneers in Advertising: Ben Franklin (1706–1790)

Benjamin Franklin was an inventor, statesman, and successful business man. He was one of the first advertisers and one of the first to accept advertising. During the 18th century, Dr. Franklin advertised in the *Pennsylvania Gazette* and *Poor Richard's Almanac* and accepted advertising for these publications. Franklin would typically advertise the arrival of new goods and services that were coming into Philadelphia, Pennsylvania.

The *Pennsylvania Gazette* was one of the most prominent newspapers in the United States from 1728–1800. Hugh Meredith and Benjamin Franklin bought the paper in 1729. The *Gazette* closed down in 1800, 10 years after Franklin's death.

Poor Richard's Almanac was started in 1733 by Benjamin Franklin using the name Richard Saunders. The publication was very popular and existed for 25 years. The book contained weather forecasts, household hints, puzzles, and witty sayings for which Franklin is known (100 Years Carnegie, 2008).

Reflection Questions

1. Look up *Poor Richard's Almanac* on the Internet. Why was this publication so popular?
2. Newspapers are no longer as prevalent as they were in the past. What has happened to make other media more popular?

Although the Industrial Revolution is credited as the impetus behind modern marketing and advertising, in reality it was probably mass education and a changing consumer culture that fueled the movement. As more people learned to read, more communication channels were developed, and more manufacturers and retailers began mass communication projects.

By the late 1880s, manufacturers were coming up with new methods of mass production. Typography was growing and a machine called a linotype was invented that allowed for faster production of newspapers and magazines. This invention significantly increased the flow of mass communication. More stores began carrying goods and services allowing for mass distribution. The country also embraced the concept of mass education creating more consumers who could read and write.

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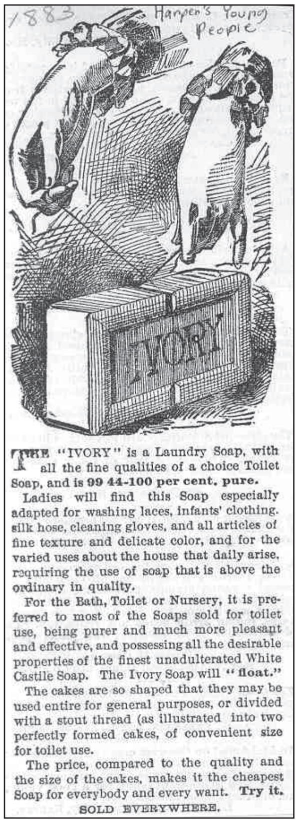
▲ The linotype machine (left) revolutionized the flow of mass communication. The modern printing house (right) is far more productive than early presses.

Growth Spurs Consumption

During the late 1800s into the early 1900s, the United States economy was booming. People were earning higher salaries and wages were good. Wealth grew at an unprecedented rate. Perhaps the biggest source of advertising growth was the American consumer. As wages and salaries increased, the American appetite for products grew. During this period many new products were invented, such as the electric light and the telephone. These inventions drove sales, and advertisers had to communicate with the public and let them know where to buy these new inventions.

It was around this time that additional inventions were being created to help with the manufacturing of food products as well as other goods and services. These inventions supported mass production, and the result was a significant increase in the number of goods and services being offered to the marketplace. Because consumers needed to know about these new products, advertising during this period grew as well. American households were evolving due to changes in the American economy and the advent of mass production. Fewer items were made at home; rather, homeowners would purchase products to save time and effort. Consumption of mass created products became common in American households. With so many products and services in the marketplace, manufacturers had to find a method to make sure consumers knew which products they made and which were made by their competitors. In response, manufacturers began to brand their products. In the late 1890s four brands began to advertise on an extremely large scale. These brands included Royal Baking Powder and three brands of soap: Sapolio, Pear's, and Ivory Soap (which was manufactured by Proctor & Gamble). Many companies joined this growing list of advertisers, among them Quaker Oats and the makers of Remington typewriters.



AP Photo/Procter & Gamble Co.

◀ The first ad for Ivory Soap (left) appeared in *Harper's Young People* magazine, dated 1882. In 2011, Ivory updated its packaging (right).

AP Photo/Tom Uhlman

False Advertising Spurs Government Involvement

In the early 1890s, most national advertising was being executed by large patent medicine and drug companies. Almost half of all advertising was generated from this group. In the early 1900s, consumers began to question the value of these medicines, and in 1904 the *Ladies Home Journal* published an article condemning patent medicine advertising as being fraudulent, and asserting that the products themselves were fraudulent. Due to the increasing interest in advertising practices, the U.S. Congress passed the 1906 Pure Food and Drug Act making deceptive advertising of drugs and patent medicines punishable (Harris-Wheeker, 1989). Most of the companies disappeared from the American business scene within twenty years.

In the 1880s, the concept of placing a price on every product was new. Typically, consumers would haggle and bargain. The practice of placing prices on products was started by the large department stores that were being constructed in the larger cities of America. Because they assigned prices to the goods and services they carried, department stores were able to begin advertising the price of items. Consumers responded very positively to this type of advertising and began to use the ads as a guide to shopping. Price comparison began.

Department stores began to carry widely available products. Wannamaker's, in Philadelphia, began to advertise brand name products. Because these products were available nationwide, other department stores, such as Macy's in New York City, also began to advertise brand name products that were available elsewhere. Retailers were the primary advertisers and drove the industry to new heights.

Newspaper publishers realized they could make more money from advertising than from selling single issues of the paper. Advertising revenue soon surpassed revenue from single-issue sales, and advertising began to make up about 70% of newspapers' revenues.

Magazines Become Popular

Newspapers would remain the largest outlet for advertising until changes occurred in the media environment. Magazines began to garner interest from the public. Consumers enjoyed looking through magazines and appreciated the higher quality print and pictures that accompanied this medium. Many magazines would not accept advertising because editors thought it made their publications look cheap. Others allowed advertising, but limited it to one or two pages or the back cover. The Great American Tea Company placed a back cover advertisement in a magazine and sales

Pioneers in Advertising: N.W. Ayer & Son

N.W. Ayer & Son was a Philadelphia company started in 1869 by 21-year-old Francis Wayland Ayer. The company was named after his father. The agency was one of the first, if not the first, advertising agencies in the United States. The company started the concept of creative teams composed of artists and writers. Although the company is no longer around, the agency developed some of the most recognized slogans in history. Can you identify the company of each N.W. Ayer and Son slogan shown below?

- When it rains it pours
- A diamond is forever
- Reach out and touch someone
- Be all you can be

Answers: Morton Salt, DeBeers, AT&T, U.S. Army

Because Wanamaker's in Philadelphia was well known and one of the first department stores to advertise, it's not surprising that N.W. Ayer & Son was located near the store. Ayer pioneered the placement of Wanamaker's ads in newspapers. Other businesses turned to Ayer, and the agency grew with a focus on newspaper advertising. Advertising for national brands surpassed local advertising for the first time.

Reflection Questions

1. Why is the development of creative teams important in advertising history?
2. What challenges do you think Ayer faced in the advertising industry?

Pioneers in Advertising: Cyrus H. K. Curtis (1850–1933)

Cyrus H. K. Curtis started Curtis Publishing Company (Philadelphia, PA). The company owned two leading magazines—*The Saturday Evening Post* and *Ladies' Home Journal*. At the time, his company received 40 cents of every dollar spent on magazine advertising in the country (Explore PA History, 2011). He established standards in magazine publishing, and under his leadership practices in advertising were developed that are still used today.

He led the industry to fight for ethical advertising practices by issuing the Curtis Advertising Code. The Code prohibited any ads that appeared to deceive people, did not allow medical, alcohol, or cigarette advertising and censored ads aimed at children.

He is known for championing the adoption of the commission system. Until then, advertising agencies sold large amounts of space they purchased in magazines to any company without considering content. This hurt the reputation of all involved. In 1901 Curtis Publishing Company signed a contract with an agency that paid a 10% commission on all space sold. The contract required the agency to charge their clients the full rate, which lessened competition for magazine space. Because of this the quality of the ads in magazines increased. This action helped build a positive reputation for agencies and magazine publishers (Advertising Age, 1999).

Reflection Questions

1. How different might the field of advertising be today if not for Cyrus Curtis?
2. Why are ethics important in advertising?
3. Would you buy products from a company with a negative reputation? Why or why not?

jumped. A young, energetic advertising man noted this growth and decided it was time to push magazine advertising. This man's name was J. Walter Thompson. Thus the J. Walter Thompson (JWT) agency was born. JWT contacted many magazines and formed exclusive agreements and contracts to have these publications run ads for JWT's clients. Early advertising agency efforts began with media selection and placement.

Marketing Research Enters Advertising

During the early 1900s, market research began to find its way into the advertising industry. Based upon research, advertisers could generate more information about their customers and determine which geographic areas provided the most return on the advertising investment. More information was garnered about customers and how customers make purchases. It was found that consumers preferred entertaining ads and favored an improvement in the physical appearance of the ads themselves. Creativity was creeping into the industry.

Non-Profit Advertising-Related Organizations Form

It was at the same time that advertisers, manufacturers, and media found themselves in partnerships. Because of these partnerships, nonprofit organizations of advertising professionals began to appear. People involved in the industry could meet and trade information and sometimes gather competitive intelligence on their clients or competitors. In 1914 the Association of National Advertisers (ANA) was formed (www.ana.net). A little later the American Association of Advertising Agencies (www.aaaa.org) was created (also called the 4As) A few years later the American Advertising Federation (AAF) was formed (www.aaf.org). Each of these groups continues to this day. The focus of the ANA is on advertisers, the 4As is on advertising agencies, and the AAF represents local ad clubs, colleges, and universities.

Moving toward the 1920s, manufacturers were beginning to offer many different and exciting products to the American consumer. Manufacturers invented new products and foods such as toothpastes and cereals. Additionally, manufacturers and advertisers were creating reasons for consumers to buy the new products. For example, Proctor & Gamble released an ad featuring a fellow who was ostracized because he had halitosis (another word for bad breath). During the 1920s advertisers began to focus on product benefits as opposed to just providing product information.

Multi-Brand Advertising Comes of Age

The General Motors Corporation decided that advertising the company wasn't enough. They wanted to bring attention to the numerous brands they offered for sale, thus the birth of multi-brand advertising came into play. With multiple brands to advertise, agencies put someone in charge of each of these mini-accounts and the account executive was born. The **account executive** serves as a liaison between the client and the advertising agency's creative team. The main function of the account executive is to ensure the client's needs are met. The entire advertising industry grew as agencies promoted multi-brand advertising.

© Uli Deck/dpa/Corbis

▲ General Motors pioneered multi-brand advertising. The logos of the current brands are shown here.

As advertising grew, the idea of third-party endorsers was used. Tobacco manufacturers found that having third-party endorsers of their cigarette brands would drive sales.

Lucky Strike hired a couple of opera stars to claim that smoking Lucky Brand cigarettes enhanced their singing skills.

In the 1930s, the economy stalled during the Great Depression. Advertising agencies changed tactics as the unemployment rate rose to 25%.

Consumerist Movement

As the economy improved, advertising picked up. However, consumers began questioning some of the advertising claims and product claims of the time, which led to the consumerist movement. Organizations such as *Consumer's Research* became popular, more power was granted to the Food and Drug Administration, and Congress passed more bills aimed at protecting the consumer. Two of the more notable laws were the Federal Trade Commission Act and the Wheeler-Lea Amendment. The Federal Trade Commission Act (1914) established a government agency designed to protect consumers and prevent anticompetitive business practices. The Wheeler-Lea Amendment, passed in 1938, prohibited unfair or deceptive acts or practices. Concern about war and the national war efforts of the United States during World War II caused the consumerist movement to fade.

Radio and Television Revolutionize Advertising

Radio gained momentum in the early 1920s and grew as an advertising medium during the 30s and 40s. Daytime radio shows and serials were very popular. It was around this time that a man named Frank Hummert began to air programs commonly called soap operas. He and his assistant felt that consumers would be attracted to the daily lives of individuals whom housewives could identify with. Soap manufacturers sponsored these shows, hence the name soap operas.

As the war ended, Americans increased consumption. Advertisers needed more services from their agencies. Media opportunities were growing, consumers were spending, and there was a pent up demand for products after the war.

Television Enters the Scene

In the 1950s, television became a popular medium. With the television revolution, the task of marketing became more difficult and marketing developed as an industry, science, and art. Marketing was concerned with branding and brand management, so the industries of marketing and advertising became very close. It was also at this time that more research was conducted about consumer motivation. New techniques of advertising and marketing grew from this body of research.

During the 50s and 60s, creativity became a more important element of advertising. In the early days of advertising the consumer was almost always portrayed as Caucasian. During the 60s advertising attempted to become more inclusive as advertisers considered the needs and purchasing patterns of all consumers. During the early 60s and into the 70s, truth-in-advertising became important and several groups were formed to help self-regulate the industry. Additionally local, regional, and federal legislation was passed that focused on the advertising industry. In 1971 the National Advertising Review Board (NARB) was formed as an off-shoot of the Better Business Bureau, to help ensure that the industry was operating in an ethical manner.

Segmentation and Positioning

In the 1970s, advertising paired with marketing to create research-based, focused advertisements. Marketers began to change their views of marketing and advertising and saw great potential in three main areas:

1. **Market Segmentation**—The process of breaking down larger customer groups into smaller subgroups, or segments; within segments customer behaviors are homogenous (similar), but between segments customer behaviors are heterogeneous (different)
2. **Positioning**—How customers think about products, brands or companies in a market with regards to the competition
3. **Marketing-based production**—Producing products based on customer demand

Marketing Plans: What Is Market Positioning?

In this video, marketing executive Peggy Collins discusses the importance of positioning:

http://www.youtube.com/watch?v=4VxI85DvQjM

Proctor & Gamble led the segmentation revolution by creating a different laundry detergent for each of their market segments: All Temperature Cheer (any water temperature worked); Hot Water Tide, and Cold Water All. These products were almost identical except for one ingredient. The idea worked and segmentation took hold. Product positioning was pioneered by Al Ries and Jack Trout, who wrote about competing for a position in the American mind. After viewing the success of product positioning and segmentation, manufacturers willingly created products that were based on customer feedback. This strategy had a positive effect on the manufacturers' sales.

Pioneers in Advertising: Albert Lasker 1880–1952

Albert Lasker is known as the founder of the modern advertising industry. After high school, his first job was with the *Galveston Morning News*. Albert's father, Morris, did not approve of journalism as a career and convinced Albert that advertising was a good choice. Albert joined the Lord and Thomas Agency in Chicago, Illinois and stayed with the company over 40 years (American National Business Hall of Fame, 1995). In conjunction with John E. Kennedy, a colleague, he developed innovative advertising principles. Kennedy believed that advertising was "salesmanship in print." Lasker took that idea and put it into action by developing memorable advertising that increased sales. Some of his ads included Goodyear (tires), Sunkist (oranges), and Sun-Maid (raisins). He is also credited with creating the first department of trained copywriters.

As he studied the advertising industry he found that most of the advertising was of the *hard sell* variety. That is advertisers would "push" their products on the public. Lasker thought this was a good idea, but he also thought there needed to be other methods of engaging customers. Lasker called the hard sell advertising **push advertising** as it would push products using promotion efforts focused on structured messages. Because the public was becoming more educated, Lasker thought that if he gave the public a reason to buy a product he may have more luck in engaging the customer. Based on this line of thinking Lasker began to utilize pull advertising. In **pull advertising** the marketers use softer selling methods. The idea is to use salesmanship to pull readers into the ad by using emotional appeals, creativity, pictures, illustrations, or some type of entertainment within the ad to gain the reader's interest, to show how the product is used, and then let the consumer make the decision to buy the product. Lasker used a combination of push/pull advertising with great success.

Reflection Questions
1. What are some instances when push advertising is effective?
2. What type of companies are more likely to use pull advertising?

As advertising began to merge with marketing, changes occurred within the industry. More and more channels of distribution were being created, more and more people were becoming consumers of mass-produced goods and services, and the marketplace began to change. The era of integrated marketing communication began to emerge.

Integration Becomes Important

During the early 1980s businesses began to realize that the efforts of marketers were also being undertaken by advertisers. They found that they had built barriers around the two areas of promotion and marketing. Although there were some differences between the two areas, businesses began to see that there were more similarities and that they could achieve certain economies of scale if they would merge the two areas to provide a better communications system. They also began to realize that in order to effectively communicate with their audiences, all the communication activities needed to send the same message to their publics. A consistent image and message was needed in order to better sell the brands. As professionals questioned the concept of creating the dominant form of communication within the advertising department, they learned it was better to utilize a different perspective of marketing and advertising and that all communication and promotion activities should be tied or integrated for better messaging and better results. This led to the movement toward and development of integrated marketing communications.

During the mid-to-late 1980s and into the 90s, IMC grew quickly. Promotional tools such as public relations, direct marketing, and sales promotion were added. Later personal selling was added to the IMC mix when sales personnel and marketing communications personnel found they were presenting different messages to their consumer bases. Advertising agencies responded quickly and acquired groups, such as public relations and sales promotion companies, and added those products to their core product of advertising.

Learning Check

Reflect on your learning by answering the following questions:

1. What are the eras in marketing?
2. How did advertising and promotion efforts evolve into IMC?
3. Which technologies or developments had the greatest impact on advertising?
4. Think of a company that uses segmentation. How would you describe the segment the company is pursuing?
5. How can large companies best integrate the content of marketing messages?

1.6 Electronic Marketing: Distribution versus Communication

Marketers are faced with issues relating to the use of the Internet and other forms of e-commerce. **E-commerce**, short for electric commerce, is the process of buying and selling via electronic systems such as the Internet. E-commerce activities include e-tailing, inventory management, automated data collection, and **electronic data interchange (EDI)**, which is the exchange of information between businesses using electronic means. **E-tailing** is short for electronic retailing and is defined as the process of selling to consumers over the Internet. E-tailing differs from e-commerce in that e-tailing is a subset of e-commerce that deals only with the online retail function.

In the broadest definition, e-commerce includes all activities involved in the selling, buying, communication, logistical operations, distribution, and other management or organizational activities performed in an electronic matter, generally over the World Wide Web. Although the Internet is the main focus of electronic commerce, other media vehicles are also used such as DVDs, television, the radio, and CDs.

A new classification of economic activity is called m-commerce. **M-commerce**, short for mobile commerce, includes smart phones and computer tablets that have Internet access and can be leveraged by companies to keep consumers connected to and interacting with a company 24 hours a day, seven days a week (Kotler and Keller, 2012).

The two major areas of interest to marketers are the communication and distribution functions of e-commerce. Because of this, IMC personnel distinguish the two uses. Typically, retail marketers utilize the Internet for both of these functions: distribution and communication. These two functions, however, are performed for and by two different businesses units: the channels of distribution professionals versus the marcom professionals.

Christin Gilbert/age fotostock/SuperStock

▲ Mobile commerce includes devices like this tablet, which enable consumers to access online stores on the go.

The businesses and organizations that direct the flow of goods and services to the ultimate end users are part of the **channel of distribution**. The tasks performed by professionals in the channels of distribution area focus on getting the products offered for sale via the Internet to the consumer. As such, logistics and supply chain management are integral parts of the equation. **Logistics** are the processes used as an interface between the producer, the marketplace, and the consumer (Christopher and Peck, 2003). Logistics systems ensure that products are available at the right place and time for buyers.

Consumers seeking convenience will use their computers, cell phones, or tablets to place orders for products. Firms will distribute the products to the consumers via a shipping method such as the U.S. Postal Service or United Parcel Service (UPS). Consumers may also pick up ordered products at a physical location such as a retail store if the service is available.

In marketing communications, organizations use the Internet and other forms of electronic marketing for communicating with various publics about products, brands, and company. The objectives, strategies, and tactics used in electronic marketing as a communications medium are much different than those used by logisticians and others involved in trying to create supply chains and deliver said supplies to customers. Marketers need to be aware how the Internet and other forms of e-commerce (as well as m-commerce) are utilized to communicate with an organization's stakeholders. There will be interaction with the personnel in distribution, but as Table 1.3 shows, the tasks are different.

Table 1.3 Differences between electronic marketing distribution and communication

	Distribution	Communication
Who performs	Channel of distribution and logistics professionals	Marcom professionals
Tasks	Move products that people purchase from the Internet through the channel to the consumer	Communicate to customers and potential customers about product, brand, and organization information

❯ *Learning Check*

Reflect on your learning by answering the following questions:

1. What is electronic marketing?
2. What is the difference between the distribution and communication processes involved in electronic marketing?
3. What are the distribution and communication aspects of e-marketing that you may encounter when ordering a product off the Internet?

Summary and Resources

This is an exciting time to be studying marketing communications management. The field of IMC is operating under a new marketing paradigm. Businesses and organizations are utilizing the marketing concept as a guide to the development of their marketing plans, which also assists the IMC planner in focusing communications efforts on the correct customers in order to generate in sales. The landscape of marketing and of advertising has changed greatly. No longer are advertisers the "Mad Men" of Madison Avenue, but rather communication specialists who must create new and exciting channels of communication to drive business.

The relationship between marketing and integrated marketing communications is becoming more integrated. New and exciting models of business have developed due to the relationship. The utilization of electronic marketing has opened up new areas of business such as e-commerce and m-commerce. Marketers are using the new technology to create multiple channels of distribution for their customers, which makes purchasing easier. Finally, electronic marketing has pushed advertisers to think ever more creatively and integrate other methods of promotion into their business plans, thus creating the industry and field of integrated marketing communications. The next step is to determine where these communications fit into the overall marketing plan. This step will be undertaken in Chapter 2.

Post-Test

1. ______________ is the process in which an organization combines its marketing tools into one coordinated program.
   a) Strategic communication
   b) Integrated marketing communication
   c) Seamless marketing strategy
   d) The basic communication model
2. ______________ occur(s) when a combination of communication tools achieves greater results than each individual tool would have achieved alone.
   a) Touch points
   b) Coherence
   c) Harmony
   d) Synergy
3. Changes in the marketing environment today are being driven by

a) social media, advertising agencies, consumer distrust, and technological changes.
b) transportation costs, integrated marketing communications, financial pressure, and domestic competition.
c) financial pressure, social media, technological changes, and global competition.
d) mobile devices, local business, social media, and financial pressure.

4. ______________ suggests that the way to generate sales and profits is to create happy customers by satisfying customer needs and wants.
   a) Synergy
   b) The marketing concept
   c) The extended marketing concept
   d) The Open Graph protocol
5. The extended marketing concept fits best into which marketing era?
   a) Production era
   b) Sales era
   c) Marketing department era
   d) Relationship marketing era
6. The term ______________ refers to leveraging consumers' new ability to interact with a company twenty-four hours a day, seven days a week using mobile devices.
   a) m-commerce
   b) smart-tailing
   c) smart commerce
   d) t-tailing
7. Which of the following is NOT true about the marketing mix?
   a) It is a term for the four variables used to develop an effective marketing strategy.
   b) Carrying out an action related to one of its elements is called an execution.
   c) An organization's managers have control over the variables of the marketing mix.
   d) It refers to the elements of product, price, strategy, and budget.
8. The "four Cs" that an integrated message achieves are
   a) Coherence, Consistency, Continuity, and Complementary communication.
   b) Consistency, Clarity, Continuity, and Complementary communication.
   c) Coherent communication, Collaboration, Clarity, and Continuity.
   d) Customer satisfaction, Consistency, Continuity, and Coherence.
9. An athletic wear company recently sponsored a marathon and now is working to determine what effect its sponsorship had on sales. This can best be described as an example of
   a) the emergence of social media.
   b) channels of distribution.
   c) changes in the marketing environment.
   d) accountability and measurable outcomes.

10. Which of the following is true of information marketers collect about their customers?
    a) It helps merchants and suppliers make a profit while offering little benefit to the consumer.
    b) It is used to determine the bare minimum that stores can offer before customers complain.
    c) It can be used to build stores that customers find exciting and to stock products customers want.
    d) It helps both the merchant and the customers profit at the expense of suppliers, who end up losing money.
11. What historical development probably fueled the modern advertising movement?
    a) Mass education meant that more and more people could read.
    b) Advertising prices dropped so more companies could afford ads.
    c) People had less money and were less likely to buy products.
    d) Benjamin Franklin convinced businesses that advertising was beneficial.
12. An online retailer maintains local warehouses throughout the country so that it can ship products ordered online to customers as fast as possible. This is an example of
    a) logistics.
    b) marcom.
    c) electronic data interchange.
    d) m-commerce.

Answers

1. b) Integrated marketing communication. The correct answer can be found in Section 1.1.
2. d) Synergy. The correct answer can be found in Section 1.2.
3. c) financial pressure, social media, technological changes, and global competition. The correct answer can be found in Section 1.3.
4. b) The marketing concept. The correct answer can be found in Section 1.4.
5. d) Relationship marketing era. The correct answer can be found in Section 1.5.
6. a) m-commerce. The correct answer can be found in Section 1.6.
7. d) It refers to the elements of product, price, strategy, and budget. The correct answer can be found in Section 1.1.
8. a) Coherence, Consistency, Continuity, and Complementary communication. The correct answer can be found in Section 1.2.
9. d) accountability and measurable outcomes. The correct answer can be found in Section 1.3.
10. c) It can be used to build stores that customers find exciting and to stock products customers want. The correct answer can be found in Section 1.4.
11. a) Mass education meant that more and more people could read. The correct answer can be found in Section 1.5.
12. a) logistics. The correct answer can be found in Section 1.6.

Key Ideas

- The management of integrated marketing communications, or IMC, is an overall planning process. Many areas must be researched and integrated in order to effectively speak to a target market or target audience.
- IMC (or marcom) is an essential function of marketing. Marcom is used for a business or organization's communication to all of their stakeholders.
- IMC is one of the four elements of the marketing mix, and is a subfunction of marketing.
- Marketing communications follow a basic communication model that involves a sender creating a message, encoding it and sending it (the message) through a communications medium, such as television, where receivers decode the message and learn about new products and services offered to the marketplace.
- The marketing mix includes the product, channels of distribution, price, and integrated marketing communications. As such, IMC is a subset of the marketing mix.
- A strategy is the broad direction a company or organization takes in order to create growth and advancement in the marketplace.
- A tactic explains the specific resources necessary to achieve a strategy and identifies actions necessary to reach specific objectives.
- An execution is the process taken to initiate the tactic. This is often referred to as tactical executions.
- Both synergy and a seamless integration are necessary to create effective communications. Consumers should not be aware of the different tactics used to reach and communicate with them, thus the campaigns must be seamless.
- The marketing and expanded marketing concepts indicate that marketers and IMC professionals must focus on the customer and meet or exceed their (the customers) wants and needs at a profit.
- It's important to study and understand the history of advertising in order to generate better and more focused communications for current audiences.

Key Terms

account executive A person that serves as a liaison between the client and the advertising agency's creative team.

advertising A paid form of sponsor-identified communication with large numbers of consumers through non-personal media.

agency commission Money paid to the agency for performing advertising tasks.

channel of distribution The businesses and organizations that direct the flow of goods and services to the ultimate end users.

channels of distribution (place) The network that directs the flow of products used to get the products and services from the point of production to the final consumer of the good or service.

distributor An organization that resells the goods and services purchased from the producers.

e-commerce (electric commerce) The process of buying and selling over electronic systems such as the Internet; E-commerce activities include e-tailing, inventory management, and automated data collection.

electronic data interchange (EDI) The exchange of information between businesses using electronic means.

e-tailing (electronic retailing) The process of selling to consumers over the Internet.

execution The way a marketing variable is carried out or presented.

extended marketing concept A philosophy that states that marketers should strive to exceed the needs and wants of consumers while making a profit.

IMC executions (IMC tactics) The different methods of presenting the IMC variables.

integrated marketing communication (IMC) The process of coordinating and integrating all marketing communication tools into a seamless program which helps the company achieve their objectives.

integrated marketing communications (IMC plan) A document that is the result of step-by-step process that considers the goals of the organization to provide a guide on how to pursue an integrated approach to an organization's communication.

logistics The processes used as an interface between the producer, the marketplace, and the consumer.

market segmentation The process of breaking down larger customer group into smaller subgroups, or segments; within segments customer behaviors are homogenous (similar), between segments customer behaviors are heterogeneous (different).

marketing An organizational function and a set of processes for creating, communicating and delivering value to customers for managing customer relationships in ways that benefit the organization and its stakeholders.

marketing-based production Producing products based on customer demand.

marketing company era An era in marketing evolution that focused on customers and the creation of both short and long-term plans.

marketing concept A philosophy which states that marketers should attempt to satisfy customer needs and wants at a profit.

marketing department era An era in marketing evolution when businesses decided to bring all of the marketing functions together and place them in one department.

marketing mix The combination of controllable elements used to develop an effective marketing strategy. Elements of the mix include product, price, place (also known as channels of distribution), and promotion (also known as integrated marketing communications).

m-commerce (mobile commerce) Technologies that include smartphones and computer tablets that have Internet access and can be leveraged by companies to keep consumers connected.

media buyers Advertising or IMC specialists that negotiate and buy advertising space in the various available media.

media planners Advertising specialists in charge of planning all media buys for an agency (or company/organization).

me-too products Products created by manufacturers to resemble current market offerings that have been extremely successful.

paradigm An example, an exemplar, or pattern.

positioning How customers think about products, brands, or companies in a market with regard to the competition.

price The amount of money set for a product.

product Anything that is produced and sold.

production era An era in the evolution of marketing where businesses focused on the creation and production of a few, specific products.

pull advertising Using soft methods of selling to pull readers into the ad by using emotional appeals, creativity, pictures, illustrations, or some type of entertainment within the ad.

push advertising A form of advertising that uses hard selling techniques to push products.

relationship marketing era An era in marketing evolution that focuses on the extended marketing concept. Companies operating in this era focus on developing a network of relationships that work together to deliver superior customer service.

sales era An era in marketing evolution when the emphasis of marketing was on selling.

simple trade era An era in the evolution of marketing when businesses focused on producers creating surplus supplies that could be sold to individuals and groups that would resell them to the consumers that had a need for these products.

strategic planning An iterative process designed to lead an organization to a desired future.

strategy A general plan of action of how a company will achieve objectives or goals.

synergy Multiple communication methods in combination create better communication than the individual methods.

tactics Specific means taken to carry out the strategy.

touch points Contacts with potential and current customers through marketing communications.

Discussion Questions

1. Although you've read reasons for the movement from advertising to integrated marketing communication, why do you think this movement is occurring?
2. Why is integration of the communications function of a business so important?
3. It appears that marketing has had its greatest growth during the 20th century. Do you agree or disagree with this statement? Why? Why not?
4. What do you see as the biggest difference between marketing and marketing communication? How has this changed over the past twenty years?

Critical Thinking Exercises

1. Select a company and analyze its website by applying the basic communication model found in Figure 1.1.
2. List as many methods of electronic marketing you can think of. For each of those methods indicate the ones that would be best for marketers with large budgets. Why? Indicate the methods that would be useful for marketers with small budgets. Why do you feel these methods will work?
3. Select one large manufacturer. Trace the history of their advertising. What has changed? Is this company effectively using IMC? Why or why not?

Continuing Project

At the end of each chapter in this text there will be a continuing exercise. The exercise will focus on the development of an IMC plan. This exercise may be used as a stand-alone project, a semester project, or as a template to ease the development and execution of an integrated marketing communication plan. At the end of each chapter a template will be provided that will allow you, the reader, to fill in the blanks. As you complete the template after each chapter, you will be able to keep up with chapter content as well as the IMC plan development. The exercise will continue in Chapter 2 with the development of a short marketing plan to be used in the development of the larger IMC plan.

The first step is to select a company or organization for which you will be developing the IMC plan. This may be an actual business, a business idea, or an imaginary organization. By using a real company however, you will be able to find more data and information to fill in the plan. Additionally, you may be able to access its mission and vision. If this is part of a class project or assignment, please make sure you get an approval from your professor prior to beginning the project.

Let's begin:

In Chapter 2, you will use this information to begin the development of your marketing plan. In Chapter 3 the marketing plan information will be transferred to the IMC plan.

Additional Resources

American Advertising Federation – the nation's oldest advertising trade association: http://www.aaf.org

American Association of Advertising Agencies—(The Four As) foster professional development and ethical business practices in advertising: http://www.aaaa.org

Association of National Advertisers – represents the interests of businesses that advertise regionally and nationally: http://www.ana.net/

Advertising Research Foundation – non-profit association that conducts objectives and impartial research: http://www.thearf.org

Case Study: H&M

With the surge in technology applications many companies are having a difficult time keeping up with the technology. While the advertising paradigm is changing, companies are looking for ways to connect and communicate with their audiences. One of the more popular online retailers is H&M. Hennes & Mauritz AB (operating as H&M), is a Swedish multinational retailer with 2,800 stores in 48 markets (www.hm.com).

View Pictures Ltd/SuperStock

H&M maintains a big presence on social media sites such as Facebook, Twitter, Instagram, Google+ and YouTube as well as the Chinese social networks Youku and Sina Weibo. Customers share their favorite products on Pinterest, a content sharing site that allows members to pin images to a pinboard for others to view. People can also "like" images. H&M's products have been pinned and re-pinned thousands of times.

Unfortunately, many of H&M's most popular pinned images lead to dead links. This is a growing problem for marketers, marketing communicators, and retailers (Peterson, 2013). When consumers try the Click now! button on Pinterest, a message returns saying the item is no longer in stock. In some cases the item is in stock but the incorrect message appears. One of the problems may be an integration issue. Often in e-commerce and m-commerce, the social media experts and the marketers don't speak to each other, and it is unclear who is to make sure the links are working. This is currently a problem for retailers, it may become a problem for social media sites as well.

Critical Thinking Questions

1. How would you solve this problem?
2. Why are social media sites like Pinterest so popular?
3. How is this case related to IMC?
4. What metrics should retailers use in order to gauge the effectiveness of their social media initiatives?
5. How much money do you think retailers (and social networks) are losing because of the problem of dead links?