Planning for Integrated Marketing Communications

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Learning Objectives

Upon completing this chapter the student will be able to:

- Identify the elements of the marketing communications mix.
- Describe and explain the key areas in the marcom plan
- Explain the four "ics" and how they're used within an integrated marketing communication plan.
- Summarize various budgeting methods for IMC.
- Explain the difference between IMC strategy and tactics.
- Identify methods of evaluation and control for the IMC plan.

Pre-Test

1. Which of the following is NOT a variable that makes up the marketing communications mix?
   a) Advertising
   b) Environmental scanning
   c) Direct marketing
   d) Branding
2. Which type of analysis does the marcom planner use to identify key factors, both external and internal, that are relevant to the IMC objectives?
   a) BDI analysis
   b) SWOT analysis
   c) SMART analysis
   d) CDI analysis
3. What are the four "ics" that a market uses to describe the target market?
   a) Demographics, logistics, geographics, and statistics
   b) Statistics, behavioristics, specifics, and logistics
   c) Psychographics, demographics, behavioristics, and geographics
   d) Specifics, emographics, logistics, and psychographics
4. The goal of moving a consumer from knowing about a product, to preferring that product, to finally purchasing the product is illustrated by the
   a) SWOT analysis.
   b) hierarchy of effects model.
   c) marketing communications objectives.
   d) SMART acronym.
5. Which of the following is NOT essential to include during the IMC strategy development process?
   a) Target positions and message
   b) The company's brand equity
   c) IMC expenditures
   d) Advertising jargon
6. What is one benefit of using an outside research organization to evaluate the IMC plan?
   a) Outside organizations can provide a more objective evaluation than the plan's creators can.
   b) Outside organizations are less expensive than in-house plan evaluators would be.
   c) Evaluation by an outside organization is usually required by a company's code of ethics.
   d) An IMC plan's creators usually want to make too many changes to it, and an outside organization is useful for keeping changes to a minimum.

Answers
1. b) Environmental scanning. The correct answer can be found in Section 3.1
2. b) SWOT analysis. The correct answer can be found in Section 3.2
3. c) Psychographics, demographics, behavioristics, and geographics. The correct answer can be found in Section 3.3
4. b) hierarchy of effects model. The correct answer can be found in Section 3.4
5. d) Advertising jargon. The correct answer can be found in Section 3.5
6. a) Outside organizations can provide a more objective evaluation than the plan's creators can. The correct answer can be found in Section 3.6

Introduction

Before going on a major trip, most people will perform several activities in preparation. You might buy books about the destination, ask other people about their experiences, and develop a day-by-day itinerary of activities. If it's a place that you have never been to, you will probably find a map of the area as well as determine the means of transportation. Can you imagine going on a major trip without preparing? Planning is an important activity for any business. Just as you plan for major and even minor occurrences in your life, companies plan for their marketing communications. These activities return value to a firm.

Companies invest a lot of time and money developing a positive image of their business. This image carries a certain value, called equity. **Equity** is the marketing and financial value resulting from a firm's marketing investments. An effective communications plan builds and enhances equity for the company. Marketers attempt to develop **name equity**—that is, the value of the organization's name. **Brand equity** refers to the consumer's perception of the level of quality for the company's product lines. Often consumers use brands as an indicator of the organization's overall quality. If the consumer has a positive perception of the brand, this often translates into positive perceptions of the company. **Customer equity** is the value of the revenue that customers generate in a firm (Dorsch and Carlson, 1996). Marcom managers must seamlessly build equity in all of the activities they perform.

In developing an IMC plan, marketing communications managers conceive of a plan and then implement it so that the consumer is exposed to the end result of this planning process. Essentially the same steps are taken in developing an IMC plan as in developing the marketing plan: creating objectives, strategies, and then, tactical executions. An execution refers to the way an IMC variable is carried out or presented. For example, an advertising execution may be an animation or testimonial.

During the process of creating the IMC plan it is important to review the organization's marketing plan. The review will provide an understanding of the overall strategy and direction the company wants to go with its communications strategy. Many of the data associated with the marcom plan will be useful in the development of the communications plan.

No perfect marcom plan exists that will fit the needs of all companies. Rather, marcom professionals need to tailor the plan to fit the needs of their organization. Although plans are developed for a specific period, flexibility is a key factor for success. The plan must be flexible to adjust for any unforeseen events. For example, a competitor may respond to a company's marketing efforts by disputing a claim in an advertisement. The company must adapt to the competitive threat and alter the IMC plan when needed.

Case in Point: General Motors Uses Brand Equity to Sell Accessories and Clothing

One example of a company that used its established image and brand equity is the General Motors Corporation (GM). GM has a branded store at the Detroit airport. The store sells a variety of merchandise such as clothing and die-cast toys, all featuring GM brands such as Chevrolet and Corvette (Geist, 2002). There is another GM Collection store at the Renaissance Center in Detroit. In 2011, GM entered into a licensing agreement with Cufflinks, Inc. The agreement allows Cufflinks, Inc. to create men's accessories with GM logos. The collaboration will allow Cufflinks, Inc. to offer products including cufflinks, tie bars, money clips, and other men's accessories (Cufflinks, Inc. Gears Up with General Motors, 2011). Today the products are available at many online retailers that sell quality cufflinks and accessories. To view a sample of the products, visit http://www.cufflinks.com/general-motors.html.

AP Photo/Carlos Osorio

Reflection Questions

1. Why do people buy products such as t-shirts, hats, and jewelry with logos on them?
2. What are the dangers of allowing a company to carry another company's brands on products?

Marcom managers also review the situation analysis and market opportunity analysis (MOA) to get an idea of what the marketplace looks like. By understanding the marketplace, managers can create a unique marcom plan that meets the organization's wants and needs. This chapter looks at the overall plan starting with the marketing communications mix and ending with evaluation of the plan. Subsequent chapters will deal with each of the variables in the communications mix.

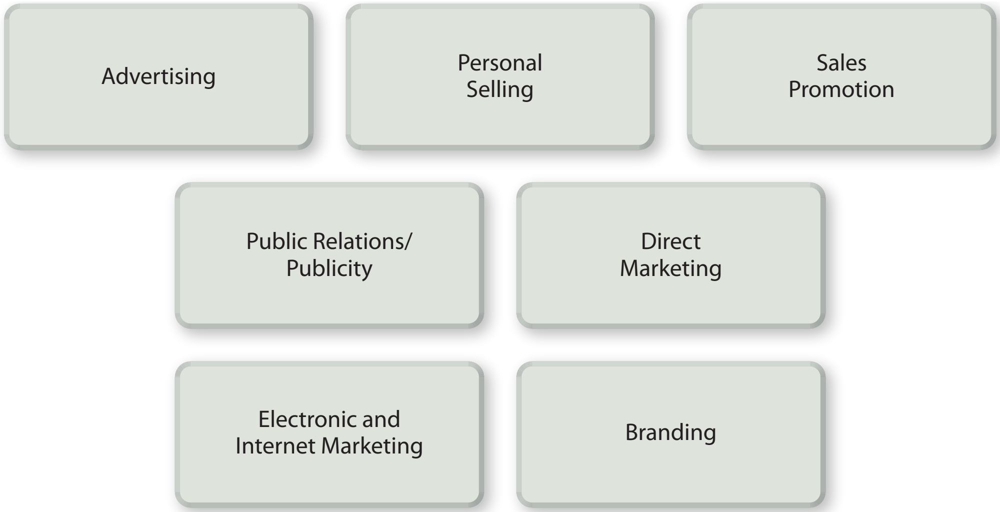
3.1 The Marketing Communications Mix

Each variable of the marketing communications mix is important to the overall execution of the plan. Because companies want to drive both reach and frequency at the lowest cost possible, managers want to make sure that all elements of the mix are understood and related, or integrated with each other. **Reach** is the number of different people (or households) exposed to a message at least once. **Frequency** is the average number of times an individual is exposed to a message. If a company mails out a postcard to inform people of an event, the reach is the number of households who received the postcard. If the company decides to send the postcard out to the same households three more times to remind people of the event, the frequency is four. The marketing communications mix is comprised of seven variables: advertising, personal selling, sales promotion, public relations/publicity, direct marketing, electronic and Internet marketing, and branding. These variables are depicted in Figure 3.1.

Advertising

Generally, advertising is the cornerstone of the IMC mix. Advertising refers to any message communicated to the target market via a nonpersonal medium. These communications may be informational, persuasive, or just a reminder about the company and its products and services. Advertising is paid for by a known sponsor, and the product or service is almost always identified.

Figure 3.1 The marketing communications mix



There are numerous media available through which to send a message. The media may include television, radio, newspapers, or magazines. The media may also include nontraditional vehicles such as billboards, trashcans, flyers, direct mail pieces, the Internet, or other electronic tools such as DVDs and videos. Because of the large size of the target market, and the need to reach this market, advertising is generally emphasized in marcom plans for consumer goods, products, and services.

Advertising is used to communicate with large audiences at the same time. Advertising is often used to create reach for a particular product, service, industry, or specific company. It is always useful to track the effectiveness of advertising. The concept of advertising is explored in detail in Chapter 4.

Advertising from Pepsi

This video is an example of an advertisement from Pepsi:

http://youtu.be/meQKpdVgEjo

Personal Selling

Personal selling is person-to-person communication with a prospect or customer (Manning, Ahearne, and Reece, 2012). Personal selling helps companies build relationships with customers and establish brand loyalty. The salesperson serves as a partner with the customer and helps to solve problems that customers have. Personal selling allows for immediate feedback from the buyer and it allows a company to use personal persuasion to help sell its products or services.

The personal selling component of the marcom mix is used in retail sales and for business-to-business (B2B) transactions. In a B2B environment, the target market is generally smaller and is more geographically specific in comparison with a consumer market.

Costs associated with personal selling (cost per contact) are high in comparison to other IMC variables. Additionally, it is very difficult to use personal selling to communicate with large numbers of buyers at the same time. We will take a closer look at personal selling in Chapter 5.

PRNewsFoto/Publishers Clearing House

▲ Publishers Clearing House uses sweepstakes to help motivate consumers to purchase its products.

Sales Promotion

Sales promotion describes incentive and interest-creating activities that are designed to get customers to buy immediately instead of waiting. Sales promotions are often separated into two distinct types: 1) consumer, and 2) trade (or B2B). There are many different types of sales promotions used by marcom managers to stimulate sales. Sales promotion vehicles include (but aren't limited to) coupons, contests, sweepstakes, rebates, product demonstrations, product/service sampling, BOGOs (buy one, get one), premiums (free items such as cups and pens), and "price-off" offers.

Because they can be delivered through many different types of media, sales promotions are tied into the overall IMC plan and provide additional incentives for customers in their purchase decisions. It is very important to make sure that the sales promotions are scheduled throughout the IMC plan in an integrated manner. The Publishers Clearing House is an example of a sales promotion. The company attempts to generate sales of magazines by generating interest in its sweepstakes. Sales promotions are discussed in detail in Chapter 6.

Public Relations and Publicity

Public relations (PR) is the process of communicating and developing relationships with an organization's various publics (customers, employees, suppliers, investors). **Publicity** is the uncontrolled portion of public relations that is communicated to the public about a company, products, or personnel. Often organizations attempt to control PR and publicity by generating buzz prior to product or service launches. The PR department is too often found in a department or unit other than the marcom unit. Because of this, IMC planners must be careful to make sure this important communications execution is integrated into the entire IMC plan. Generally, the PR department, or unit, manages communications efforts with publics that come in contact with the business or organization. They are often responsible for internal communication as well.

The main tool of the PR department is publicity. Publicity is not paid for in the traditional sense, thus many people consider it to be "free." In advertising, a company pays for a given medium such as radio spots, which gives the company control over the content of the advertisement. In contrast, with publicity the communicated message is not paid for, thus the marcom manager has little or no control over the message content and placement. It is important to direct where and when the publicity leaves the organization with the understanding that once the message is outside of the company, it cannot be controlled. PR managers must also manage unsolicited publicity, which may be positive or negative. For example, Lance Armstrong had many sponsors including Nike, Anheuser-Busch, and Oakley, who dropped him as a spokesperson once there was overwhelming evidence that Lance used performance-enhancing drugs during his cycling career. The sponsors did not want to be associated with the bad publicity surrounding Lance.

Managers must make sure that all PR efforts are coordinated with any other executions being utilized by the firm. It is important for the PR managers to be proactive rather than reactive in the use of this IMC execution. We will explore public relations and publicity in Chapter 7.

Case in Point: Bad Publicity Damages Beef Filler Company

Although the lean finely textured beef (LFTB) product had been used as filler in ground beef for years, very few people knew about it until bad publicity surfaced. The low-cost ingredient of ground beef is made from bits of leftover meat from other cuts. These bits are heated and the lean mix is exposed to ammonium hydroxide gas to kill bacteria. A federal microbiologist coined the phrase "pink slime" to describe the beef filler.

Hemera/Thinkstock

When ABC News did a story on pink slime, Houston resident Bettina Siegel started an online petition on Change.org to get the government to stop using pink slime in school lunches. There were 222,000 signatures on the petition by the next day. When Jamie Oliver, food activist, denounced the food additive on his show, "Food Revolution," the negative publicity intensified ("Pink slime" critics fight ammonia-treated meat (2012). Shortly thereafter, McDonald's® fast food chain announced the company would stop using the beef filler in its hamburgers. Beef Products Inc., the company that produces the product, had to suspend operations in three plants because many grocery stores made the decision to stop using the product. The company planned its own public relations campaign to educate consumers that its product is safe (Avila, 2012).

Reflection Questions:

1. How has social media changed the public relations efforts of companies?
2. Have you ever become involved with a cause and used social media to voice your opinion?

Direct Marketing

Direct marketing is an interactive method of delivering communications to a firm's customers. The Direct Marketing Association (DMA) (2013) defines direct marketing as an "interactive system of marketing which uses one or more advertising media to effect a measureable response and/or transaction at any location" (www.thedma.org). The idea of direct marketing is to get responses from the firm's customers that can be measured and tracked such as the number of responses, sales increase, or number of leads generated.

Direct marketing is often used in conjunction with the other tactical elements of the marcom plan and must be integrated and scheduled into the plan as is done with the other IMC variables. Forms of direct marketing include direct mail, direct selling, telemarketing, infomercials, email marketing, m-commerce, and database marketing. We will explore direct marketing further in Chapter 8.

Electronic and Internet Marketing

Electronic marketing is the use of digital technologies to sell goods and services. **Internet marketing** makes use of the Internet to market goods and services. The terms are interchangeable. Both are used to enhance traditional marketing tactics and can increase the reach and frequency of marcom programs. Electronic and Internet marketing are used in conjunction with other forms of communications tactics. The biggest advantage is the increased interactivity and personalization that electronic marketing can create for individual customers.

Types of electronic and Internet marketing include (but aren't limited to) etailing, CD-ROMs, email, blog development and execution, electronic data interface (EDI) and others. Electronic marketing reduces the reliance on physical paper and postage and can add more information to messages. It does not rely on traditional media to get the communication message out to the targeted audience or market. Electronic and Internet marketing are discussed in detail in Chapter 9.

Branding

Brands are tools that marketers use to identify their products and services and differentiate their products and services from those of competitors. Brands symbolize the promise that the company makes to its customers. **Branding** is the process of creating an image for an organization. In branding, companies create equity for a product and leverage that value to drive sales. As mentioned earlier, a brand helps buyers and sellers quickly identify a company or product. It creates value for the both the seller and buyer. Brands are often protected legally because of the high value associated with well-known brands.

Keep in mind that a product is made up of many different elements including packaging, labeling, branding, the physical good or service, needs and wants satisfiers for the target market as well as guarantees, warranties, and service. Branding is used to communicate the idea that a product is more than just the core product—it consists of all elements that make up the total product. Brands communicate levels of quality to the consumer and can be extremely valuable to marcom planners in that regard. We will discuss branding in more detail in Chapter 10.

Can You Identify These Well-Known Brands?

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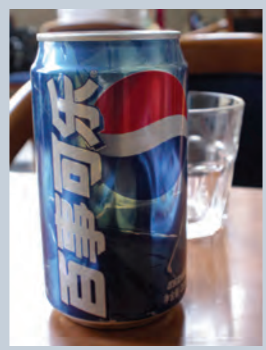
AP Photo/Paul Sakuma


Marka/SuperStock

Answers: McDonald's, Apple, Tesla, and Pepsi

Learning Check

Reflect on your learning by answering the following questions:

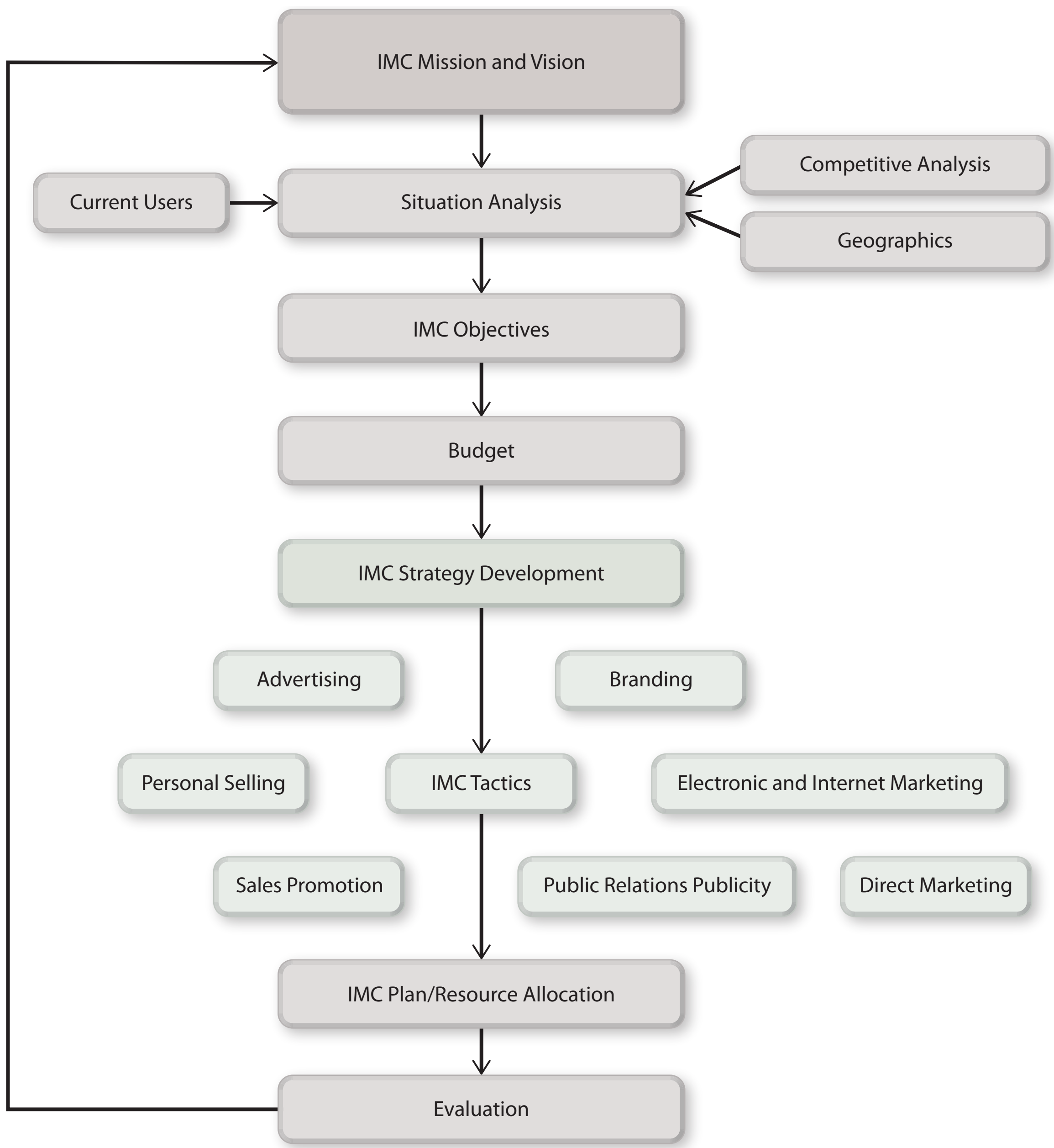
1. What are the components of the marketing communications mix?
2. How would you define each of the components of the marketing communications mix?
3. Why do you think branding is important to a company?
4. What do you think are attributes of the best brands?

3.2 The Marcom Plan

Just like the marketing plan, the marcom plan, short for marketing communication plan, has a series of steps that need to be followed in order to assure a seamless integration of all the concepts and tactics. Marcom managers must make sure that the plan is developed with the specific company or client in mind. Marcom professionals implement the communications the client or company has decided are essential in promoting their company.

Since the beginning of the chapter allowed us to familiarize ourselves with the components, or tools, of the marketing communications mix, we now use those tools to build the communications plan. Figure 3.2 depicts the integrated marketing communications (IMC) flow chart.

Figure 3.2: Integrated marketing communications flow chart



Review the Marketing Plan

Prior to assembling the entire IMC flow chart, the first task is to do a thorough analysis of the marketing plan. The marketing plan will lead the IMC planner in the initial steps of plan development. It is essential that the marketing plan's mission and vision, as well as the objectives, are understood. It would defeat the purpose of developing integration throughout the plan, if the IMC planner did not follow what the marketers envisioned. Additionally, the confusion would be apparent to consumers, and sales would sag as a result.

When the IMC planner understands what the marketers want, the process of developing the IMC plan can move forward.

The IMC Mission and Vision

Although the corporate mission and vision statements were covered briefly in Chapter 2, here we build on that information with a focus on integrated marketing communication efforts. A company's vision and mission are the lifeblood of the organization. The vision and mission statements provide clues as to what is to be communicated to the various publics. Just like the company mission and vision, the IMC mission and vision statements provide a picture of communication goals. For example, if the core of the business rests on dealing with B2B customers, the IMC planner would emphasize personal selling tactics over advertising tactics. The mission statement for Neiman Marcus is as follows:

> "Our goal at The Neiman Marcus Group is to excel in each aspect of our business—merchandise, customer service and marketing. We strive to be the best luxury and fashion retailer. We will continue to innovate, adapt and engage our customers so that they can shop with us anytime, anywhere and any place. In the minds of our customers, The Neiman Marcus Group is the destination for fashion, luxury and unprecedented service."
>
> (Careers at the Neiman Marcus Group. (n.d.). Retrieved from www.neimanmarcuscareers.com/story/mission.shtml. Reprinted with permission.)

As can be seen, one of the goals of the company is to excel in customer service and marketing. Karen Katz, president and chief executive of the Neiman Marcus Group, states that Neiman Marcus' IMC mix used to be focused in three areas—events (sales promotions), direct mail, and sales associate communication (personal selling). In recent years, the company has changed the IMC mix to what she calls an "omnichannel" approach. The goal is to integrate all the channels so that the stores, Internet, mobile applications, and social networks create an enhanced shopping experience (Sun, 2011). While we don't know Neiman Marcus' IMC mission and vision, we can infer what the IMC mission and vision would be from clues in the president's remarks. The IMC mission may be similar to "Our goal is to integrate our marketing communications across channels to create an enhanced shopping experience." The IMC vision might be inferred as "to provide high quality, integrated marketing communications which will help Neiman Marcus become the best luxury and fashion retailer."

Needless to say, IMC planners who don't understand the company or client will develop a plan that doesn't work.

Analysis of the Current Marcom Situation

It's important to use the marketing concept and extended marketing concept as a basis for IMC planning. This places a focus on customers' wants and needs. Fully understanding one's consumers helps guide the IMC developer in providing an effective and integrated marcom program. All tactical executions are aimed at consumers, thus it is essential to keep them in mind when planning.

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▲ A SWOT analysis helps in determining internal and external factors relevant to marcom efforts.

To begin a situational analysis, gather all of the marcom agency's history. The history should include all functions provided by the marcom agency and the overall environment in which the marcom activities will take place. A copy of the client's marketing plan is used to direct the marketing communication development. It can be helpful to create a SWOT analysis (strengths, weaknesses, opportunities, and threats) for the existing marketing communications. The SWOT analysis will identify key internal and external factors relevant to marcom objectives. Internal factors are strengths and weaknesses of the past and current marketing communication efforts. External factors are opportunities and threats to the company's marketing communication efforts. Usually the SWOT analysis is shown in a table or graph so that the entire analysis is easily seen.

In addition to the SWOT analysis, the marcom planner undertakes analyses of the client; the brand, product, and service; and current users.

Client and Company Analysis

It is important to gain an overall understanding of the client and the company that they represent. Begin by accessing information provided by numerous publications such as the *Encyclopedia of Advertising*, *The Standard Directory of Advertising Agencies*, and the *Standard Directory of Advertisers*. The Internet is also an excellent source of information. The idea is to learn about the types of advertising the client prefers. What have been some of the past campaigns? What is unique about those campaigns? What is the client's corporate culture like? Although not a comprehensive list, gathering the following data from the client will be useful in plan development:

- Sales figures
- Profit figures
- Sales trends
- Market share
- Willingness to take risks
- Availability of corporate resources
- Availability of technological support
- Mission and vision statements from competitors

Information about the environments that will affect the communications (social, legal, technological, cultural, geographic, natural, and political) is useful. Studying the industry and generating industry averages also helps with the development of an IMC plan. The analysis should be "in-depth," yet brief. The marcom manager needs a complete understanding of the company/client and industry, but when creating the IMC plan, only a summary or overview of the collected data is needed.

The Brand, Product, and Service

After analyzing the client, the marcom manager concentrates on developing an understanding of the products, brands, and services that the company offers. In other words, what do the customers want and need? Much of this information will be available from the client company itself, but often additional research is required to fill in "gaps" of information not provided by the client company. There needs to be an integration of the information and data that will allow for a thorough understanding of the client, the company, and product offerings. The following information is helpful in the development of the plan:

- The product's background
- Problems (both past and current) that may be affecting the product
- Current campaign information such as taglines, slogans, positioning, and copy position
- Media spending patterns
- Past campaign themes
- Current and former budgets

To adopt the marketing and extended marketing philosophies, marketers need to understand the product from both the company and the customer's points of view. If the consumer feels that it's an inferior product, it doesn't matter that the company thinks it's a great product. It simply won't sell the way it is. In order to further understanding of the client, company, and the products, the following questions should be asked and answered.

- What is the perceived product quality?
- Are these new products on the market?
- What is the total product concept including the physical goods, the branding, packaging, labeling, and needs that the product satisfies?
- What changes have been made to the product?
- What are typical product uses?
- How do the intermediaries feel about the product?
- Are there guarantees or warrantees associated with the product or service?
- Does the company have an understanding of customers' back-out behaviors for the product (i.e., why consumers decide not to buy after making the decision to purchase)?
- How is the product service?
- What return policies are in place?
- Are current users satisfied?
- Are there data that provide levels of customer usage (heavy, moderate, light usage by customers)?
- Which product features and benefits are unique?
- Are there new markets for the product?
- How well is the brand known?

In most cases the answers to these questions will point the marketer in the right direction, but keep in mind each IMC plan has unique and specific needs therefore, more (or less) data and information may be required. The data collected will be used to create a "brand personality" or "brand identity." It helps to discuss the products in terms of their attributes, functions, identity, and personality. The physical features of the brand are referred to as attributes whereas the psychological portion of the product is referred to as the personality and identity. Product functions are a combination of personality, identity, and attributes.

Analyzing the Competition

Great marketing communicators know that knowledge of the competition is essential when developing an IMC plan. Look for weaknesses and strengths in competitive products. Marcom managers have to conduct an honest comparison of the company's product to the competitors' products. The following areas should be analyzed in the quest for competitive intelligence:

- Direct and indirect competition
- The strengths and weaknesses of the company and the competitors
- A complete history of past IMC themes used by competitors
- Data on the effectiveness of current and past IMC campaigns used by competitors
- A history of competitive IMC expenditures; much of this will be available as public knowledge, but often data must be extrapolated based upon scientific "guess"
- Strengths and weaknesses of the competitors' products and services (which will help to develop a unique selling proposition later on in the plan)
- Indications of trade acceptance of competitive plans
- Specific media placements, and typical media practices of the main competitor(s)

The hardest part of developing the situational analysis is locating, reading, and using the data. More often than not, these data may be found among existing sources. If not, a "brand review" or a competitive analysis research project should be conducted. The following sources are important in a competitive analysis:

- The United States Bureau of the Census. (Check all census publications that may impact the plan such as the Census of Population, the Census of Retail Trade, the Census of Wholesale Trade (www.census.gov.)
- Directories. Numerous directories that provide data and useful information are currently published. Examples: *Encyclopedia of Associations* (http://www.gale.cengage.com/servlet/BrowseSeriesServlet?region=9&imprint=000&titleCode=EA1&edition), *The Thomas Register* (http://www.thomasnet.com/), and the *Million Dollar Directory: Leading Public and Private Companies* (http://www.loc.gov/rr/business/duns/duns12.html)

The Market Analysis

For marcom planners, it is essential that the marketplace is completely understood. In addition, it is important (for media buys, strategy development, etc.) to understand the key geographic areas which the marcom planner wishes to target. Each geographic market will have key problems associated with it. Geographic knowledge allows media planners and buyers to take advantage of each area's uniqueness, thus creating a more focused, integrated, and effective IMC campaign.

In order to facilitate media planning and media buys, marcom planners must know which communication markets they are buying. These markets are called Designated Market Areas (DMAs), Areas of Dominant Influence (ADIs), and Core-Based Statistical Areas (CBSAs). Data for each of these areas are available via a number of published sources including IRI's *InfoScan*, Nielsen's SCANTRACK, and to an extent, the Nielsen *Food and Drug Index*. Other sources are available.

Case in Point: Nike Shifts IMC Mix

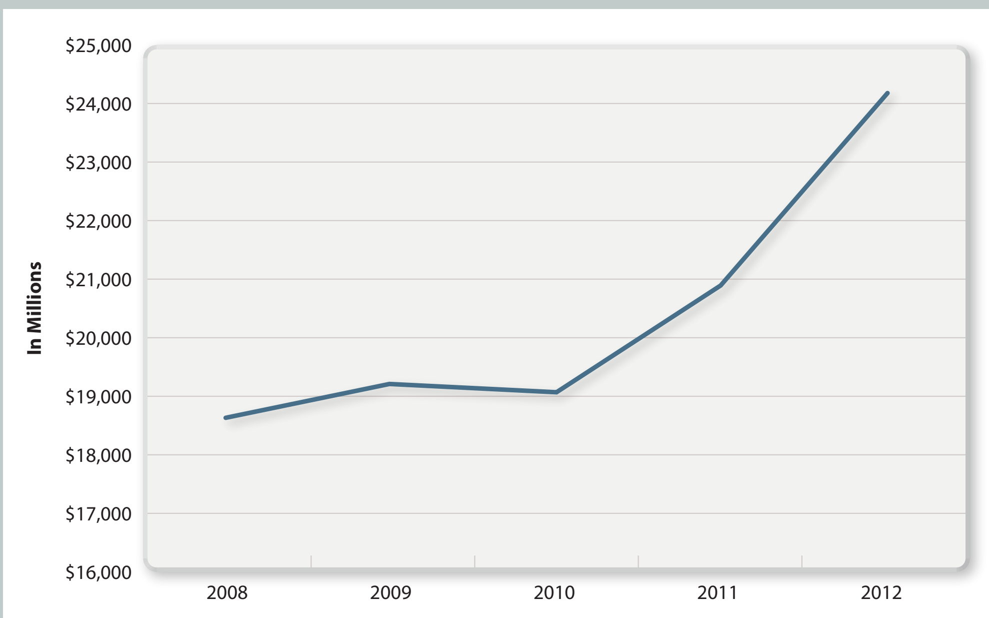
Nike is one of the most well-known brands in the world. In recent years, the company has shifted its IMC mix from TV and print to electronic and Internet marketing. The company dropped spending on TV and print by 40% while increasing its overall marketing budget to a record $2.4 billion in 2011 (Cendrowski, 2012).

Nike's target market is described as people 18–35 years old. A big portion of this market are teens who spend 20% more on shoes than adults and are active in online communities (Cendrowski, 2012).

In 2010, Nike launched a new division of the company called Nike Digital Sport. Instead of hiring an outside company to perform social marketing, this division takes social media marketing in house. Nike's internal social media teams will manage all online communications (Joseph, 2013). The charge is led by Musa Tariq, senior director for social media and community. Nike Digital Sport will also develop devices that allow users to track personal statistics in a variety of sports. Products include the Nike+ running sensor, a performance-tracking tool in which runners log onto a Nike website to check their performance. A wristband called FueldBand that tracks energy output has also been introduced. The products leverage technology to connect people to the Nike brand.

Nike Digital Sport is an effort by the company to better understand and connect to customers in an online world. Instead of using television to increase touch points, the company is turning to Twitter, Facebook, and YouTube. As companies become more comfortable with social media, the role of agencies is becoming less important. Companies such as Nike are developing their own technologies and strategies that enable them to connect with customers no matter where they are.

Figure 3.3 Nike, Inc. revenue performance between 2008 and 2012



Source: Data from Nike 2012 Annual Report

Reflection Questions:

1. Why is Nike performing its own social media marketing instead of hiring an agency? Do you agree with this decision?
2. What mistake can a company make with social media?

In order to assess the effectiveness of a brand or product in any specific geographic market, marcom planners often rely on two concepts. One is called **Brand Development Index (BDI)** and the other is called **Category Development Index (CDI)**. These two indexes use "100" as a base point or benchmark and provide data on how well a brand is doing in a particular market (BDI) or how well a product category is doing in a particular geographic market (CDI). A score in excess of 100 indicates above average performance. The higher the index, the better the brand or category is performing. Scores lower than 100 indicate below average brand or product category performance. The lower the score, the worse the brand or product category is performing. The following feature boxes show the methods used to calculate the BDI and CDI.

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▲ Columbus, OH, is a DMA that has 930,460 homes with televisions.

In addition to the above techniques, it is useful to generate buyer power guides for each of the geographical market areas. *Sales and Marketing Management*'s (SM&M) *Survey of Buying Power* will provide fairly accurate estimates of consumer buying power for the United States as a whole, for each state, and for many major cities within a state. SM&M also publishes the *Survey of Media Markets*, which provides information and data on various statistics on each of the geographical markets. The buying power index, generated by the staff of SM&M's *Survey of Buying Power*, provides an index that allows the IMC planner or researcher to identify the potential sales in a market based upon the consumer's ability to purchase.

The Simmons Market Research Bureau (SMRB, or simply the Simmons Report) along with GfK Mediamark Research & Intelligence, LLC (GfK MRI; www.gfkmri.com) provide extremely useful data on product usage for specific geographical markets.

How to Calculate the Brand Development Index

$$\text{BDI} = \frac{\text{\% of a Brands Total U.S. Sales in “Market X”}}{\text{\% of the Total U.S. Population in “Market X”}} \times 100$$

Example:

A&A Tools sells $40 million in tools every year. In the Columbus, OH, market the company sells $10 million/year. We know that the percentage of the U.S. population living in Columbus, OH, is .82.

Calculate the BDI.

Answer: .25/.82 = .305 × 100 = 30.5

This means that the brand is performing lower than average in the Columbus, OH, market.

How to Calculate a Category Development Index (CDI)

$$\text{CDI} = \frac{\text{\% of a Category's Total U.S. Sales in "Market X"}}{\text{\% of the Total U.S. Population in "Market X"}} \times 100$$

If A&A Tools sells 2% of the total category's sales in the Columbus market, what is the CDI?

Answer: 2/.82 × 100 = 243

The CDI is above 100. This means that the Tool category is doing very well in Columbus. For A&A tools this indicates that there is great potential to grow the brand since the brand is underperforming in the marketing but the category is doing very well. It may also be an indication that the market has many competitors.

Learning Check

Reflect on your learning by answering the following questions:

1. What type of information would you collect if you were conducting a brand, product, or service analysis?
2. What type of information would you collect for a competitive analysis on dress shoes?
3. What are brand development and category development indexes used for?

3.3 Current User Evaluation: The Four "ics"

Four variables, called the four "ics," help marketers describe their target market. They are geographics, psychographics, demographics, and behavioristics.

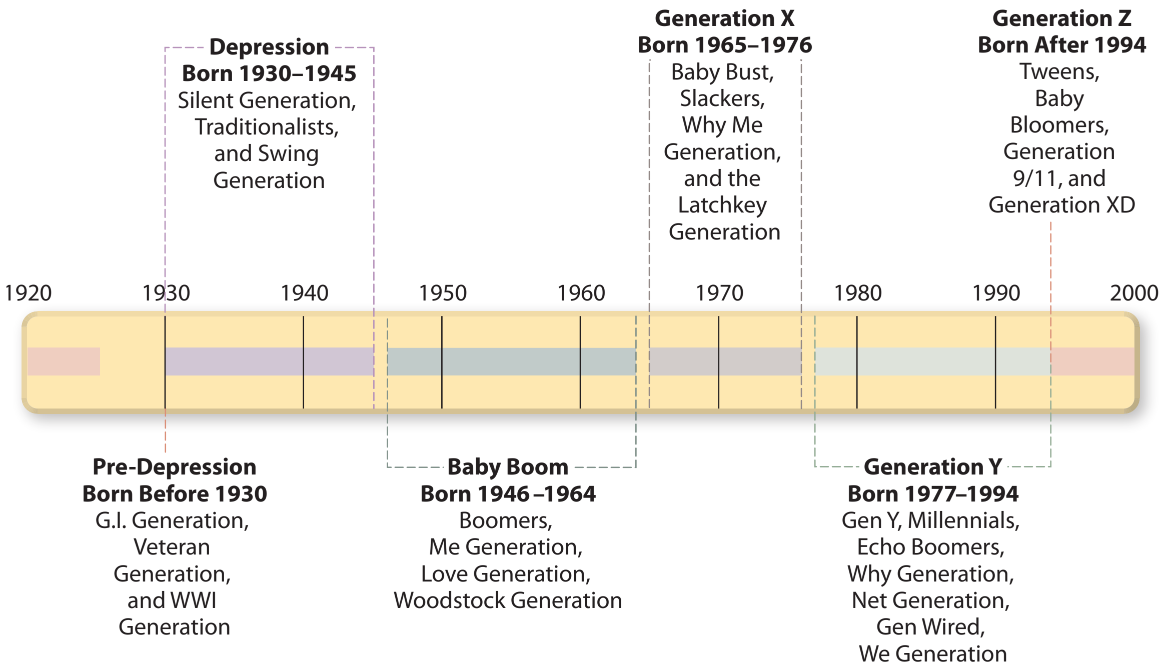
Demographics

Demographics are statistics about a given population. For companies, this population is their consumer base or potential consumer base. Many types of statistics are useful to companies for different decision-making situations. Consumer demographics may help the marketer better define the company's customer base. Useful demographics include age, gender, income level, education level, religious beliefs, and ethnicity. These demographics help to define the typical customer and are usually inserted into the typical customer profile. For example, a retailer of high-end sports equipment may describe its target market using demographics such as males between the ages of 25 and 55 years who earn $50,000–$75,000 per year.

The United States Census Bureau (www.census.gov) tracks changes in age groups to get a clear picture of social and economic change. According to the 2010 census, the proportion of older Americans grew, with many states reaching a median age over 40 years old (Howden and Meyer, 2011).

Marketers use data on age groupings to gain insight into their consumer markets. The data are so important that many for-profit research organizations such as Research and Markets, and Yankelovich gather, analyze, and report trends and consumer behavior statistics. Marketers and other businesspeople pay large sums for access to these reports. Researchers have determined some new and emerging consumer groups to watch during the next several years. These include the youth market, in particular children and teens, and the aging market, which is concerned with health (Kimmel, 2010). Although marketers have been following these markets for years, only recently have they been able to better quantify the data for each of these groups. Although generalizations are used to describe a particular group, individual members may vary considerably from the general descriptions. Figure 3.4 shows the main generation groups.

Figure 3.4 Generation groups



Source: Adapted from Williams, K. C., and Page, R. A. (2011). Marketing to the generations. *Journal of Behavioral Studies in Business*, 3, 1–17.

Marketers must convert demographic data into useful information. The better the data, the better the information. The better the information, the better the marketing and the marketing plan. The better the plan, the more sales and profits marketers can expect. We now turn to psychographic analysis—additional data that makes the typical consumer profile more meaningful.

Psychographics

Psychographics is the study and analysis of consumers in terms of psychological variables such as attitudes, values, goals, and personality (Sandy, Gosling, and Durant, 2013). Early on, psychographic segmentation relied heavily on personality profiling, but later this was replaced by the "lifestyle" approach, which examines how people spend their time and money (Riche, 1989; Vyncke, 2002). The two most widely accepted psychographic methods are AIO and values segmentation (Vyncke, 2002; Sandy, Gosling, and Durant, 2013). AIO stands for activities, interests, and opinions. Activities are actions people engage in such as shopping, playing sports, attending plays, etc. Interests are the degree of excitement a person has in relation to various topics such as fishing, entertainment, and reading. Opinions include any belief one holds about a particular topic such as opinions about the effectiveness of advertising, or whether social media is effective.

Psychographic studies are typically undertaken by firms that specialize in this type of study on behalf of specific clients. There are larger organizations and companies that collect general psychographic data that can be assessed by marketers and advertisers. Psychographics are used in the marcom plan, particularly in the identification of segments in the target market and in the creation of the typical customer profile. As with the other segmentation variables, psychographics help marketers understand consumer preferences and behavior.

Geographics

Geographics describes the physical location of a company's customers, and it allows marketers to determine where the customer makes purchases. Information on where the customer lives is used in the marcom plan, particularly in planning advertising and other integrated marketing communications programs. Additionally, marketers use geographic information to help them execute corporate and social responsibility (CSR) initiatives such as programs that help the community. Geographics can help marketers stock the most profitable products for their target markets. Adding sunglasses during the winter months to a product mix makes more sense for a retailer in Miami than in Seattle. In addition to being used to identify market segments, the data provide information that helps marketers to communicate to, identify, and understand their customers.

VALS™

A company that is a leader in consumer psychographic segmentation is Strategic Business Insights (SBI) (www.strategicbusinessinsights.com). Originally developed by SRI International, SBI operates a consumer psychographic segmentation system called VALS™, which measures psychological characteristics and key demographics that empirically correlate with consumer behavior. The current VALS questionnaire is the third version. The VALS survey is integrated into large national, or proprietary, consumer-behavior surveys to provide marketers with the ability to understand the drivers of consumer choice.

The VALS Framework is based on the premise that the combination of motivations and resources determines how individuals will express themselves as a consumer. The three primary motivations are ideals, achievement, and self-expression. An individual's resources include income, education, energy, intellectual ability, leadership ability, and innovativeness. The amount of resources enhances or inhibits a person's expression of his primary motivation. Based on primary motivations and resources, eight consumer groups were developed: Innovators, Thinkers, Believers, Achievers, Strivers, Experiencers, Makers, and Survivors. (U.S. Framework and VALS Types, 2013).

Figure 3.5 shows the VALS Framework. VALS can be used throughout the marketing process but marketers most often use this information to identify a target consumer group and profile the target reliably.

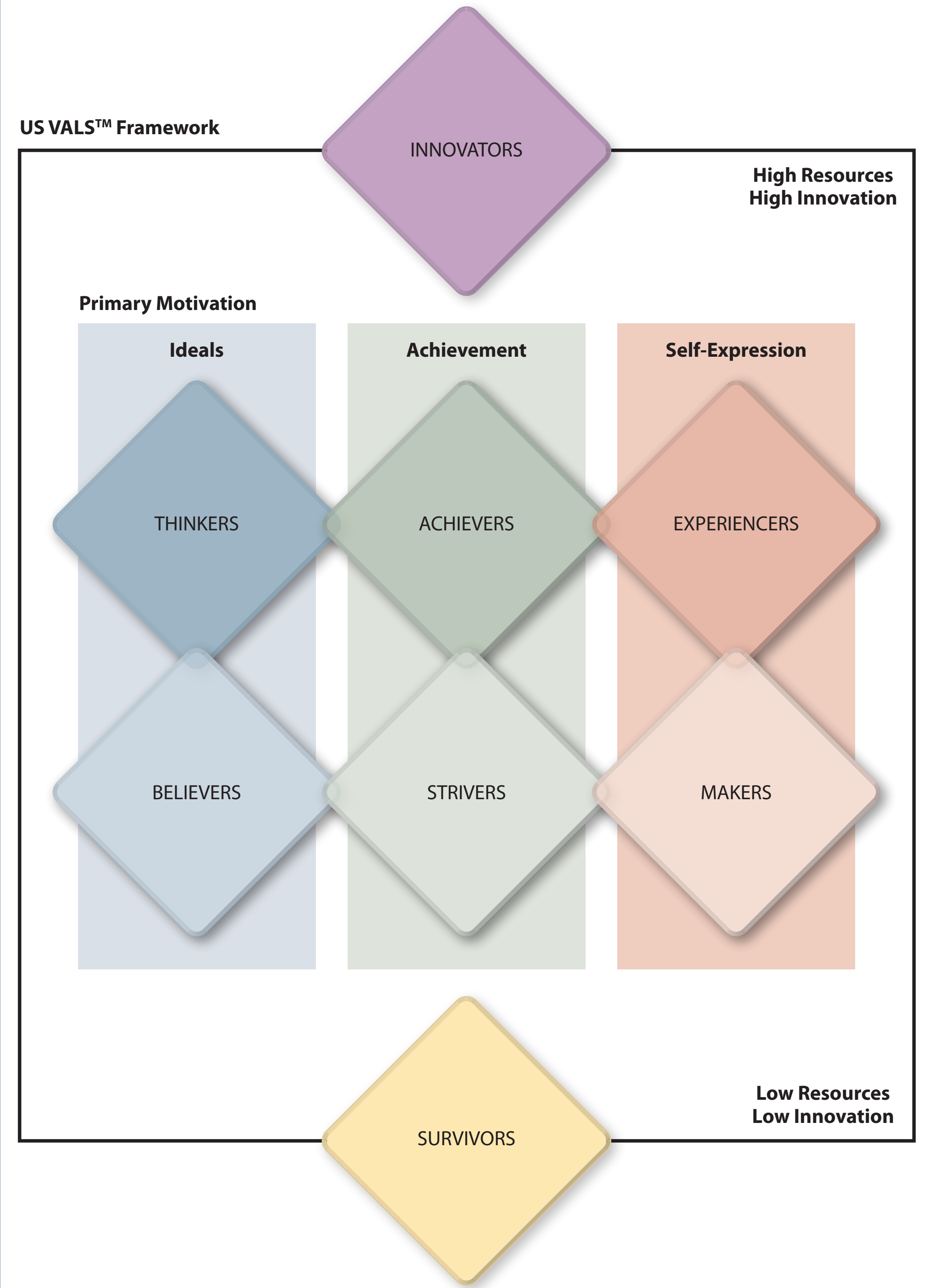
If you would like to take the VALS survey, go to: http://www.strategicbusinessinsights.com/vals/presurvey.shtml.

To receive an accurate VALS type:

By design, the questions are for use by people whose first language is American English. If you are not a citizen of the United States or Canada, residency should be for enough time to know the culture and its idioms. **If you do not meet these conditions, your VALS type will not be valid.**

(continued)

Figure 3.5 VALS Framework



Source: Strategic Business Insights (SBI); www.strategicbusinessinsights.com/VALS. Reprinted with permission.

Behavioristics

In addition to using geographics, demographics, and psychographics, marketers also are interested in how their customers behave when making purchases, which is called **behavioristics**. Managers using behavioristics examine product benefits sought by consumers, how decisions are made, the occasion for the purchase, the time of purchase, and place of purchase. Usage rate and whether a consumer is a light, medium, or heavy user of a firm's products are also important.

The more information a company can generate about consumers' buying behaviors, the better the managers will be able to create appropriate products, services, and shopping experiences.

Knowledge of the consumer decision-making process allows the marketer to tailor each marketing execution to the consumers during each step of the process. Here is a final note on the consumer decision-making process; many other variables than those we discussed may influence a consumer's decision to buy. Family, culture, reference groups, and opinions of influential people will have an impact.

Combining User Evaluation Categories

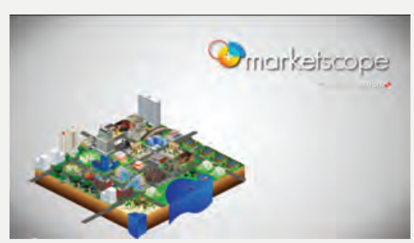
Keep in mind that companies often combine the user evaluation categories to describe their customer base. In recent years, demographics and geographics have been combined to create a category called geodemographics. **Geodemographics** uses geography and descriptive population statistics (demographics) to better understand the customer market. Demographics are added to geographical data (and maps) to create a clearer snapshot of the company's environment(s). Typically, geodemographic data are placed into some type of geographic information system (GIS) to assist in the development and execution of marcom plans. Large real estate site specialists use GIS to create planned shopping centers by identifying the customers from alternative market areas.

There are many providers of geodemographic data. Some of the major players in the market are Nielsen, CACI (United Kingdom), The Knowledge Factory, and the U.S. Census Bureau. The software developed by these entities helps marketers analyze and profile customers based on demographic and geographic data. Nielsen offers a product called PRIZM, which stands for Potential Rating Index by Zip Markets. PRIZM defines every U.S. household in terms of 66 demographically distinct segments. CACI offers ACORN, which stands for A Classification of Residential Neighborhoods. ACORN breaks down the UK's demographic data from small neighborhoods, postcodes, or households into 5 categories, 17 groups, and 56 types.

MarketScope, Powered by TomTom

This video shows a location-based marketing tool called MarketScope, powered by TomTom. The tool allows professionals the ability to compare and contrast company data on consumers, sales patterns, and customer trends with the latest census and demographic information such as Living Standards Measures (LSMs).

http://youtu.be/eEH9NVHWmkc



http://www.mapit.co.za/category.aspx?cat=Digital-Mapping&pid=307&page=Location-Intelligence-%28MarketScope%29. *Reprinted with permission.*

The U.S. Census bureau shares map and spatial data of the United States through TIGER (Topologically Integrated Geographic Encoding and Referencing). TIGER files do not contain the census demographic data, but the demographic data from the census or other data source can be used to merge census demographics with the TIGER files to create maps and conduct analysis. TIGER data are free and can be found at http://www.census.gov/geo/maps-data/data/tiger.html.

Geodemographics allow marketers to identify differences among cities, suburbs, and rural areas and monitor the growth of distinctive regional marketplaces. Marketers are then able to tailor messages to reach their markets, rather than engage in the mass marketing.

Google Analytics combined with demographic data

This video shows how Google uses Google Analytics to combine demographic data on customers:

http://www.youtube.com/watch?v=03rb0Wn8c58

Successfully Reaching Today's Customer

Targeted marketing communications drive customer visits and purchases. Numerous changes have been taking place in the marketplace. Because market conditions are dynamic, marketing communications must also change to reach consumers. With an increase in multichannel marketers, research-based marcom and IMC plans are developed to help marketers create operations that leverage changes. These plans are always developed with the customer's wants and needs in mind, which are tenets of the marketing and extended marketing concepts.

In addition to the increase in channels available to reach customers, there has been a movement from a mass marketing approach to a segmented approach. Segmentation is useful because it considers the differences in customers to provide a targeted message for various groups. The following are useful steps in the development of the market segments:

1. Identify and select the bases to be used in the segmentation process. Market segmentation bases are simply characteristics of potential and current consumers that are "best indicators" of how the customers will react to the marketing mix (or customer response elasticity). Generally, the four "ics" are used to segment a market.
2. Utilizing the bases, create the market segments and develop typical customer profiles for each of the segments.
3. Analyze the profitability of each segment to make sure that each of the segments is providing a return on investment (ROI) for the organization or corporation.
4. Analyze the segments against the organization's mission and vision. Check to see if they're in line with the corporate objectives.
5. Select the targeted market segments in which to compete.

There has also been a movement toward mass customization, defined as "effectively postponing the task of differentiating a product for a specific customer until the latest possible point in the supply network" (Chase, Jacobs, and Acquilano, 2006, p. 419). Thus, customers wanting customization can be targeted and a consumer can order a product such as a computer and choose the desired specification in the product. These products are manufactured by automated systems and offered for sale at a lower, mass-produced price (Bearden, Ingram, and LaForge, 2007).

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▲ Technology makes it easy for customers to connect with brands.

Because of the rise of the Internet, many marketers can customize their product planning and development, distribution channels and systems, and marketing communications (Bernhardt, Qihong, and Serfes, 2007). This is important because customers are playing a more active role in the customization process and this makes a marketer's job of reaching them much easier. Customers are helping to create product offerings by providing feedback and ideas. Consumers use the Internet to gather and share information, connect to marketers, companies, friends and relatives. They are also using it to help define what e-commerce and m-commerce represent. Marketers continue to undertake environmental scanning and watch for new media technologies to appear (Kimmel, 2010).

The ability to identify brand community members is a new tool for marketers. A **brand community** is a group of consumers with a product or brand attachment. Brand communities evolve, or exist, because a product's loyal customers desire some type of social interaction with each other. These communities almost always spontaneously evolve. Marketers recognize that these communities have the potential to develop a close personal relationship with their companies and brands. Some brand communities include Peeps (Just Born Company), Apple® Inc., Harley-Davidson, Barbie, and Lego®.

An offshoot of brand communities was the development of **web communities**, which are online websites that attract people with similar interests. Whether through blogs, Wikipedia, Facebook, or YouTube, many web communities are emerging that will have many differing implications for marketers who are trying to reach their markets in an effective and efficient manner.

› *Learning Check*

Reflect on your learning by answering the following questions:

1. Describe the four "ics."
2. How do customers play a role in product development?
3. What is a brand community?
4. What do you think are disadvantages to a brand community?

3.4 IMC Objectives and Budget

Just as objectives and a budget are developed for the overall marketing plan, the same process occurs with the IMC plan. In this section we look at the process more closely as it is applied to IMC.

Developing Objectives

The development of objectives helps everyone involved with IMC planning to "row the boat" in the same direction, keeping all from going in circles. General IMC objectives are developed to provide a basis for determining the extent of the IMC program's success. Like the objectives for other parts of the marketing plan, the company needs to have a good understanding of the target audience, when the objectives should be met, and specifically what the company wants to accomplish by undertaking specific tactics. The objectives can be either long term, short term, or a mix of both. The idea is to provide motivation and direction for the entire campaign.

The situational analysis, mission, vision, and target market data are used to create objectives. The IMC planner will refer back to any SWOT analyses to take advantage of market opportunities and weaknesses in competitors' plans. The planner will access the market for any threats that may have been forecast.

Planners keep the SMART acronym in mind—strong objectives are specific, measurable, attainable, relevant, and time-bound—and develop objectives that are in line with strengths.

In addition to the overall objectives, each section of the plan should also include subobjectives. There should be specific media objectives, specific sales objectives, and so forth. Table 3.1 shows some common marketing communication objectives.

Table 3.1 Types of marketing communication objectives

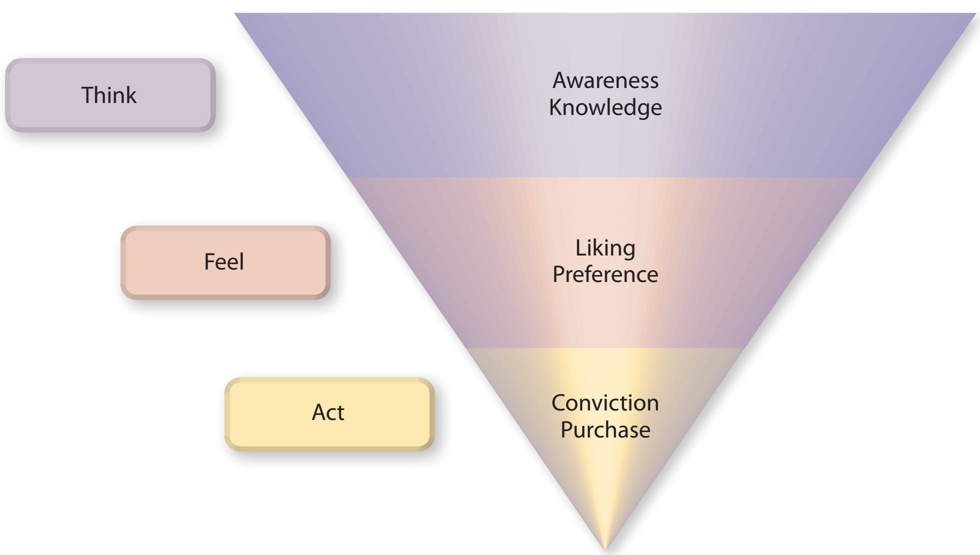
Type	Purpose	Example
Positioning Objectives	• Create an image in consumers' minds about the company, typically in relation to the competition • Help build the company's brand name (brand building) • Companies can also position by attributes, price, or quality	Our objective is to become the number one company in the children's shoe category, as measured by market share, within the greater Los Angeles, CA, area by the year 2016.
Increased Sales	Stimulate the sales of certain products (or all products) during a given time period	Our objective with this advertising campaign is to increase sales of women's apparel by 10% in one year.
Communications Objectives	• Usually deal with the influence of the company's communications on consumers over a period of time • Communications objectives tend to be both long and short term, to try to persuade consumers to do something (continue buying products from the company, educate the consumer that the company is open 24 hours a day, and so on)	To create awareness of the company's website such that at the end of three months, 20% or more of a random sample of 100 surveyed customers indicate knowledge of our website and 10% or more have accessed the website at least once during the three-month measurement period.
Traffic Objectives	Traffic objectives aim to draw increasing numbers of customers to the company's store or Internet site over time	The objective is to increase store traffic by 10% over a one-year period and to increase website traffic by 30% over the same period.
Image	Focus on developing the overall image of the company (as opposed to product or sales revenue objectives)	The long-term objective is to, within the next five years, change our image from the 'lousy customer service company' to the 'we respond quickly to customers' needs company,' as necessitated by customer image surveys.

Hierarchy of Effects Model

The hierarchy of effects model illustrates that for marketing communication to be effective it must move consumers through stages. The goal is to move the consumer from awareness and knowledge about a product to a preference for the product and finally to conviction and purchase. This movement takes the consumer from thinking to feeling and finally to action—buying the product. For example, when mp3 players first came on the market, consumers were unaware of the music compression technology, which meant they were less likely to purchase an mp3 player. Marcom managers must make people aware of products or the consumer will never move to the next step. Just because a person is aware of a product does not mean he or she will buy it. The marcom team must move the consumer toward the ultimate goal of purchasing the product. The best outcome is to entice the consumer to purchase again and to become loyal to the brand. Figure 3.6 depicts the hierarchy of marcom effects model.

The hierarchy of effects model is another tool to help marcom managers develop objectives. For example, an objective may be to build awareness of a product. Another objective for an established product may be to increase purchases. The goal is to move customers through the model to conviction and purchase.

Figure 3.6 Hierarchy of marcom effects



Creating the Budget

The importance of budgeting is often overlooked. Clients will want to see where expenditures are going (as will the boss). Spending patterns need to be estimated for each area of the IMC plan. Too much spending creates wasted dollars; not enough spending creates loss of market share, loss of sales, and often the loss of a client.

Budgets can be prepared for any length of time; the standard is yearly. Many firms, however, generate budgets each month, quarter, or season. The time period is left to the discretion of the company's financial analysts.

The beginning point for establishing a budget is to set responsibility: Who, specifically, will be responsible for the process? Many companies use budgeting committees or ask for input from several departments. Some companies use **bottom-up budgeting**. In this method, each department supplies data for the budget; these budgets are then scrutinized and passed to the next level, until the budget finally reaches the individual who is primarily responsible for the budgeting process. Other firms use **top-down budgeting**; upper management personnel prepare a budget and pass it down to the various departments. The departments are instructed to "stay within budget" when making buying decisions. It is possible to combine the bottom-up and top-down approaches to ensure adequate input from the company's employees, yet leave the final decision making to the financial expert(s).

Developing a budget can be a difficult process because decision makers often deal with competing pressures such as long-term objectives versus short-term needs, personal success versus company success, and risks versus rewards (Low and Mohr, 1999).

Although there are many different ways to calculate a budget, most companies and IMC professionals choose from among the percentage-of-sales method, the percentage-of-profit method, follow-the-leader budgeting, the all-you-can-afford method, the best-guess method, and the objective-and-task method. Table 3.2 summarizes these methods.

Table 3.2 Common methods to develop an IMC budget

Method	Description	Comments
Percentage-of-sales	• The company or IMC specialist allots a basic percentage amount for the store, and in some cases, for each of the store's brands or products (or product lines) that will be used in the marcom budget. • Often based on a past trends or a researched forecast for the company's sales; usually used in conjunction with one or two of the other budgeting methods.	• In a period of declining sales, one effective communication tactic is to expand rather than reduce the amount of communication or advertising. With this method, however, the company would budget *less* money for IMC when sales decreased. • When competitors increase their budgets, a company following the percentage-of-sales method may not follow suit and may face a loss of market share as a result.
Percentage-of-profit	• The basic percentage amount to be used for IMC is created based on the company's overall profits, rather than sales. • This method is usually used in conjunction with one or two of the other budgeting methods.	• The percentage-of-profit method of budgeting has the same disadvantages as the percentage-of-sales method. • If the company faces a loss, there is no money for IMC.
Follow-the-leader (also known as the *competitive match*)	• The company generates estimates of competitors' budgets using outside sources. Because most IMC data are proprietary, the company may have to make an educated guess as to the amount budgeted for IMC functions by competing companies. • The company can then either match the industry leader's IMC budget or budget higher or lower amounts, depending on the organization's overall needs.	• It is hard to generate accurate budget data for competitors. • This is a reactive rather than proactive stance in customer communications. • This method assumes all competitors have the same communications needs when in fact each company's needs are unique.

(continued)

Method	Description	Comments
All-you-can-afford	• The company allots all the money it can afford to IMC functions. • The company develops other department budgets and allots the leftover amounts to the IMC budget. • This is a common method in small to mid-size companies, conservative in their attempts to increase market share and company sales.	• Assumes IMC is the least relevant function in running a business when in fact IMC is critical to the success or failure of the organization. • Often companies don't devote any money to IMC because of declining profits and sales.
Best-guess	• Most often used by companies that have very little experience or training in budgeting. • In essence, the company has no idea of how much to allocate and therefore develops a subjective estimate ("guesstimate") as the budget figure.	Because this method is largely subjective, it is inefficient.
Objective-and-task	The company specifies the exact role the IMC program is to play in the overall operation and clearly defines the desired outcomes of the IMC plan. The company's budget is based on the stated outcomes. STEPS 1. The company specifies the objectives to be achieved (profit increases, heightened consumer awareness, increased sales, increased market share, and so on). 2. The company specifies which variables are required to achieve the stated objectives. 3. The company defines the role each IMC variable is to play in achieving the objectives (e.g., the company decides whether point-of-purchase advertising, print advertising, or more salespeople would be required). 4. The company specifies the levels of response required to achieve the overall goals. 5. The company assigns budgeted dollar amounts based on the first four steps and takes into account the time and costs associated with meeting the objectives.	• This is the best of the methods because it is based upon analyzing needs and outcomes and determining a budget from this analysis. • It is the most time consuming. • It requires experience to determine the roles and outcomes that IMC variables will take.

Resource Allocation

The biggest challenge for those involved in IMC tactical executions is to fully integrate them with one another, the overall IMC plan, and to make sure objectives are aligned with the mission, vision, and other functional areas (manufacturing, human resources).

The IMC manager is responsible for allocating both dollars and human resources to each tactical area. Effective plans facilitate the allocation process; those with the best rationales for their tactical executions generally get the lion's share of the resources.

› *Learning Check*

Reflect on your learning by answering the following questions:

1. What are the types of objectives that companies develop?
2. What are the budgeting methods employed to determine the IMC budget?
3. Which budgeting method do you think is best? Which is worst? Why?

3.5 IMC Strategy and Tactics

We have discussed preparing strategies and tactics for the marketing plan. In this section the strategies and tactics that pertain specifically to IMC planning are discussed. As mentioned previously, the process of developing objectives, strategies, and tactics keeps occurring but gets more specific to each area in the overall marketing plan.

Strategy

After completing a thorough analysis of the marketing and communication environments, it's time to generate an integrated marketing communications strategy. The strategy represents the "big picture" and direction that the entire IMC campaign will take in order to achieve the desired objectives of the campaign. It is necessary in the process of strategy development to pay particular attention to the IMC expenditures, message and target positions, the execution of the communication (message), and the company's brand equity. The strategy must remain customer focused and still provide direction for all individuals involved in the IMC creation and execution.

There are two main approaches used in strategy development. The first approach provides the base for the campaign and should address the following questions and issues:

- Make sure that the advertiser's main problem is identified and that a solution to that problem is provided.
- Identify the "creative strategy" that is required to show the solution. Include consumer perceptions, the competition, legal issues and requirements, and the product or service benefits (these benefits need to be written in consumer language, not in advertising jargon).

A second approach involves a more detailed method for the development of the strategy and includes the following steps:

1. Develop a customer focus. In other words, who are the customers? What do they enjoy? What specific items in regard to the four "ics" (i.e., geographics, psychographics, demographics, and behavioristics) should be used to better understand the consumer? Develop a typical customer profile in order to see a snap shot of the typical customer.
2. Does the product or service fit this typical customer?
3. Develop a comprehensive understanding of the competition.
4. List the unique selling proposition, or competitive advantage.
5. Create a list of product/service features and convert those features to customer benefits.
6. What are the main IMC action objectives? Is direct action required? Is indirect action required?

7. Be proactive. In other words, plan for tomorrow. What problems or issues does the research indicate may be in the future?

Utilizing the suggestions above will provide a great start to strategy development. The following items should be included and IMC planners should be able to answer all questions pertaining to why they have chosen a particular strategy.

1. Identify and list the "key fact." Why are customers buying these products and services? Write the "key fact" from a consumer point of view.
2. What is the key marketing problem? Utilize research to help list issues and problems that may arise in the development and execution of the marketing. This should be written from an IMC manager's point of view.
3. What are the key IMC objectives? Specifically, what do planners hope to accomplish from this campaign?
4. Include the creative strategy or creative platform (the message strategy). The creative strategy must contain the typical customer profile, the targeted market, the primary (and in some cases secondary) competition, reasons why consumers purchase the product or service and a promise made to the consumers (in other words, an answer and solution to the consumer's problem, or a major benefit of the product or service).
5. Include the "strategy essentials." Include creative, as well as "uncreative" material and information (legal requirements, continuing central characters, tag lines and slogans, logos, brands, and other useful information).

Strategic Communications Plan

In this video, Karla Jo Helms (JoTo PR company) speaks about what she does to help her clients develop communications plans:

http://www.youtube.com/watch?v=EHU3QiQIWTk

IMC Tactics

Once completed, the strategy is used to develop the overall IMC tactical executions. Tactical executions are also referred to as "tactics" or just plain "executions." The tactics are the "executionable" portions of the IMC campaign. Tactics are those areas that markets are exposed to and must be research based, creative, and have great media placement and selection. Each execution is derived from the overall strategy. Each element drives the campaign so that the objectives can be met. Any failure to do the above will result in mixed messages sent to audiences or consumers, confusing them,

◀ Companies that fail to develop IMC tactical executions derived from their overall strategy risk confusing their customers and jeopardizing the success of their campaigns.

and making the overall campaign less effective. As stated previously, the controllable tactics for IMC planners and professionals include advertising, personal selling, sales promotion, public relations/publicity, direct marketing, electronic and Internet marketing, and branding.

Learning Check

Reflect on your learning by answering the following questions:

1. What is the difference between strategy and tactics?
2. What is a unique selling proposition?
3. Which types of companies do you think best use a unique selling proposition?

3.6 The IMC Plan and Evaluation and Control

The IMC plan is the logical output of all the above sections. The plan must detail how integration is being accomplished; it must include the objectives, strategy, and tactics. Additionally, the overall IMC plan should have a section detailing resource allocation (i.e., a comprehensive budget). These aspects of the plan are not enough. Evaluation and control must occur to ensure that processes are continuously improved to meet the needs of the customer.

Evaluation and Control

There are no sure methods of IMC development. Changes in the IMC environments will have an impact on the effectiveness of the plan. It is essential that the IMC professional develop and implement methods of evaluation and control to measure effectiveness. The best way to begin measuring the effectiveness of the plan is to measure the outcome against the overall objectives. Were the objectives met? Why? Why not?

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▲ Consumer evaluations are one method used to determine effectiveness of a plan.

It is common practice to rely on outside research organizations to assist (or carry out) the evaluation function. Utilizing outside specialists reduces the amount of "myopia" that an advertising professional may have toward the campaign. The professional developed it and owns it, and may let biases cloud his or her ability to objectively evaluate the campaign. Costs of evaluation, and the costs associated with making changes in the plan should also be planned and included in this section.

Evaluation Techniques

The following techniques for IMC evaluation have become popular over the years and are suggested as beginning techniques for evaluation and assessment of the impact of the IMC plan:

1. Concept Tests. These are used to test IMC strategy as well as IMC outcomes. Concept tests are qualitative (as opposed to quantitative) so the data may not be generalizable to other situations. Concept tests are often performed through focus groups, although one-on-one interviewing, in-depth interviewing, and continuous diary-panels are also utilized.
2. Copy Tests. Copy testing is typically an exploratory research technique used to make sure that the copy in the executions is accurate, readable, and understandable by the consumers. The effectiveness of the copy for various geographic regions of the country (or world for that matter) can be tested, and changes included in the final executions.
3. Post testing. Post testing is accomplished after the IMC executions have been completed. Post testing allows the advertiser to see if the objectives have been met and to understand the varying aspects of the IMC campaign. IMC planners should note which of the tactics were the most effective and which were not. Methods of post testing include, but are not limited to: (1) sales effects, (2) recall of campaign specifics, (3) product/brand recall, (4) the recognition test, (5) attitude changes/development and (6) awareness and likeability.

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▲ Concept tests such as focus groups, are used to find out what consumers think about an idea.

The bottom line is that the IMC specialist, the advertiser, owners, and other stakeholders are looking for a return on their IMC investment. This return generally translates to sales or profits. The IMC specialist must be able to show his or her clients exactly what the campaign has accomplished (or will accomplish). The data requested often include sales, profits, communication effectiveness, additional idea generation, reduced costs, etc. Without a successful evaluation plan, there will be no successful, sustained IMC campaign.

You now have everything you need to begin planning your campaign. The following chapters of the book provide information and tools essential to develop your tactical executions.

Learning Check

Reflect on your learning by answering the following questions:

1. Why do companies use outside experts to conduct tests of marketing communications?
2. What are concept tests, copy tests, and post testing?
3. What type of tests would apply to brand new products?
4. Do you think that most large companies do a good job of evaluation and control? Why or why not?

Summary and Resources

The development of a good integrated marketing communications plan is time consuming and detail oriented. In this chapter we looked at the elements that make up the IMC mix: advertising, personal selling, sales promotion, public relations/publicity, direct marketing, electronic and Internet marketing, and branding. With an understanding of the IMC mix, the content of the chapter turned its focus to the development of an effective IMC plan. Each element of the plan was discussed including the importance of integration and consistency in all parts of the plan. Finally budgeting and how to evaluate and control the plan was discussed.

Post-Test

1. Which of the following is NOT a variable that makes up the marketing communications mix?
   a) Advertising
   b) Environmental scanning
   c) Direct marketing
   d) Branding
2. Which type of analysis does the marcom planner use to identify key factors, both external and internal, that are relevant to the IMC objectives?
   a) BDI analysis
   b) SWOT analysis
   c) SMART analysis
   d) CDI analysis
3. What are the four "ics" that a market uses to describe the target market?
   a) Demographics, logistics, geographics, and statistics
   b) Statistics, behavioristics, specifics, and logistics
   c) Psychographics, demographics, behavioristics, and geographics
   d) Specifics, emographics, logistics, and psychographics
4. The goal of moving a consumer from knowing about a product, to preferring that product, to finally purchasing the product is illustrated by the
   a) SWOT analysis.
   b) hierarchy of effects model.
   c) marketing communications objectives.
   d) SMART acronym.
5. Which of the following is NOT essential to include during the IMC strategy development process?
   a) Target positions and message
   b) The company's brand equity
   c) IMC expenditures
   d) Advertising jargon

6. What is one benefit of using an outside research organization to evaluate the IMC plan?
   a) Outside organizations can provide a more objective evaluation than the plan's creators can.
   b) Outside organizations are less expensive than in-house plan evaluators would be.
   c) Evaluation by an outside organization is usually required by a company's code of ethics.
   d) An IMC plan's creators usually want to make too many changes to it, and an outside organization is useful for keeping changes to a minimum.
7. ______________ refers to the number of individuals or households who are exposed to a marketing message at least once; ______________ is the number of times, on average, a person is exposed to the message.
   a) Frequency, reach
   b) Touch points, frequency
   c) Market segment, touch points
   d) Reach, frequency
8. What is the first step to creating the integrated marketing communication, or marcom plan?
   a) Assemble the IMC flow chart.
   b) Perform an analysis of the marketing plan.
   c) Allocate resources.
   d) Analyze the current marcom situation.
9. The analysis of data about what consumers do with their time and their interests, opinions, values, and lifestyles is called
   a) psychographics.
   b) behavioristics.
   c) demographics.
   d) statistics.
10. In a bottom-up approach to budgeting
    a) each department submits budget data, which is reviewed and passed on to the next level.
    b) each department has its own budget and maintains complete control over it.
    c) upper management prepares the budget and passes it down to the departments.
    d) budgets must be submitted not only yearly, but also quarterly.
11. IMC tactics or executions must be
    a) more focused on legal requirements than on media placement and selection.
    b) creative, based on research, and derived from the IMC strategy.
    c) unrelated to the overall IMC objectives so that there is no redundancy.
    d) intuitive and based on the marketer's instincts, rather than driven by marketing research.

12. Which type of IMC evaluation technique often uses focus groups to evaluate both strategy and outcomes?
    a) Concept tests
    b) Copy tests
    c) Post-testing
    d) Consumer testing

Answers

1. b) Environmental scanning. The correct answer can be found in Section 3.1.
2. b) SWOT analysis. The correct answer can be found in Section 3.2.
3. c) Psychographics, demographics, behavioristics, and geographics. The correct answer can be found in Section 3.3.
4. b) hierarchy of effects model. The correct answer can be found in Section 3.4.
5. d) Advertising jargon. The correct answer can be found in Section 3.5.
6. a) Outside organizations can provide a more objective evaluation than the plan's creators can. The correct answer can be found in Section 3.6.
7. d) Reach, frequency. The correct answer can be found in Section 3.1.
8. b) Performing an analysis of the marketing plan. The correct answer can be found in Section 3.2.
9. a) psychographics. The correct answer can be found in Section 3.3.
10. a) each department submits budget data, which is reviewed and passed on to the next level. The correct answer can be found in Section 3.4.
11. b) creative, based on research, and derived from the IMC strategy. The correct answer can be found in Section 3.5.
12. a) Concept tests. The correct answer can be found in Section 3.6.

Key Ideas

- Equity is the marketing and financial value resulting from a firm's marketing activities. It gives an indication of how well the firm is doing vis-à-vis marketing.
- Brand equity is the perceived level of quality for a company's product line.
- Reach is important because it indicates the number of people or households who have seen a marketing communication at least once. It's a good metric to use when assessing how effective an IMC plan is.
- Frequency is the average number of times an individual is exposed to an IMC communication. Because people need to hear a message a number of times before they actually remember it, frequency is one of the keys to assessing an effective IMC plan.
- The controllable variables that are used to communicate with customers are referred to as the IMC mix.
- The IMC mix is made up of advertising, public relations/publicity, sales promotion, personal selling, branding, Internet and electronic marketing, and direct marketing. These are the tools available to an IMC professional in order to reach the targeted audience.

- As with marketing planning, IMC planners use a flow chart to make sure all variables are integrated and seamless. The IMC flow chart serves as the basis for the development of the overall IMC plan.
- It's important to follow all of the steps in the IMC plan to allow for changes and management of the plan. The marketing plan should be reviewed prior to the development of the IMC plan to make sure all elements create synergy for the organization.
- It's essential to analyze the competition prior to the development of the IMC plan. A competitive analysis lets planners understand the environmental landscape in which they will be working.
- Because all markets are different, an intensive and comprehensive analysis of the market helps IMC planners make sure their plans are customized for each of the various audiences.
- In order to create an understanding of the landscape in which IMC planners operate, the four "ics" are used to create a profile of the market. The "ics" include behavioristics, psychographics, geographics, and demographics.

Key Terms

behavioristics The study of consumer behavior patterns.

bottom-up budgeting With this method of budgeting, each department supplies data for the budget; these budgets are then scrutinized and passed on to the next level, until the budget finally goes to the individual who is primarily responsible for the budgeting process.

brand A tool used by marketers to identify their product offerings and to differentiate their product offerings from those of the competition.

brand community A group of consumers with some type of product or brand attachment.

brand development index (BDI) An index that shows marketers how their brands are performing versus the competition in defined markets.

brand equity The value of a company's brand typically based upon consumers' perceptions about the brand's level of quality.

branding The process of placing identifiable symbols on a company's products and services; branding is used for differentiation and communication.

category development index (CDI) An index that allows marketers to see how well their products and services are performing in a particular product category.

customer equity The value of the resources customers are investing into a firm or organization.

demographics Statistics on a specific population; these data are especially useful when developing an integrated marketing communication plan.

direct marketing An integrated marketing communications tactic that utilizes a direct channel of distribution to communicate with a customer, typically asking the customer to take some type of immediate action.

electronic marketing The use of digital technologies to sell goods and services; Internet marketing makes use of the Internet to market goods and services.

Internet marketing Integrated marketing communication tactic that uses the Internet to communicate with various publics.

equity The total marketing and financial value of a firm's marketing and IMC efforts.

frequency The number of times an advertisement is shown.

geographics The use of geographical data to generate information about a market or consumer group.

geodemographics A segmentation variable that combines geography and descriptive population statistics (demographics) to better understand the customer market.

name equity The financial value of a company or organization's name.

personal selling Face-to-face communications with customers with the hope of closing a sale.

psychographics Data that report on consumer lifestyles.

public relations (PR) An integrated marketing communication tactic that focuses on developing relationships with the various publics of an organization or business.

publicity An integrated marketing communication tactic that attempts to manage the uncontrollable environments associated with public relations.

reach The number of people in a targeted market exposed to an advertisement or an advertising or IMC campaign.

sales promotion An integrated marketing communication execution that focuses on creating immediate sales or awareness of products, services, activities, and ideas; typically sales promotions are undertaken at the point-of-sale.

top-down budgeting An approach to budgeting where upper management personnel prepare a budget and pass it down to their various departments; the departments are instructed to stay within budget when making buying decisions.

web communities Communities that exist on the Internet.

Discussion Questions

1. Why is it necessary to create integration and consistency in communicating with current and potential customers?
2. Why is it important to develop an overall mission and vision for the IMC areas?
3. Which of the four "ics" does Abercrombie and Fitch use to describe its target market?
4. Do you feel that there is some overlap in each of the tactical IMC variables? Explain and cite examples.
5. How would you evaluate the success (or failure) of a new product introduction for a frozen breakfast food sold in grocery stores?

Critical Thinking Exercises

1. Choose three companies and use the four "ics" to describe their target market.
2. Apply the hierarchy of effects model to a recent purchase you've made.
3. A nonprofit organization with a small marketing communication budget seeks your advice on how to best spend money. Which of the IMC mix components would you recommend and why?
4. Examine the following websites and describe their target market and IMC mix:

   Nike: www.nike.com

   Glamour magazine: www.glamour.com

   Purina: www.purina.com

   Answer the following questions for the companies listed above.

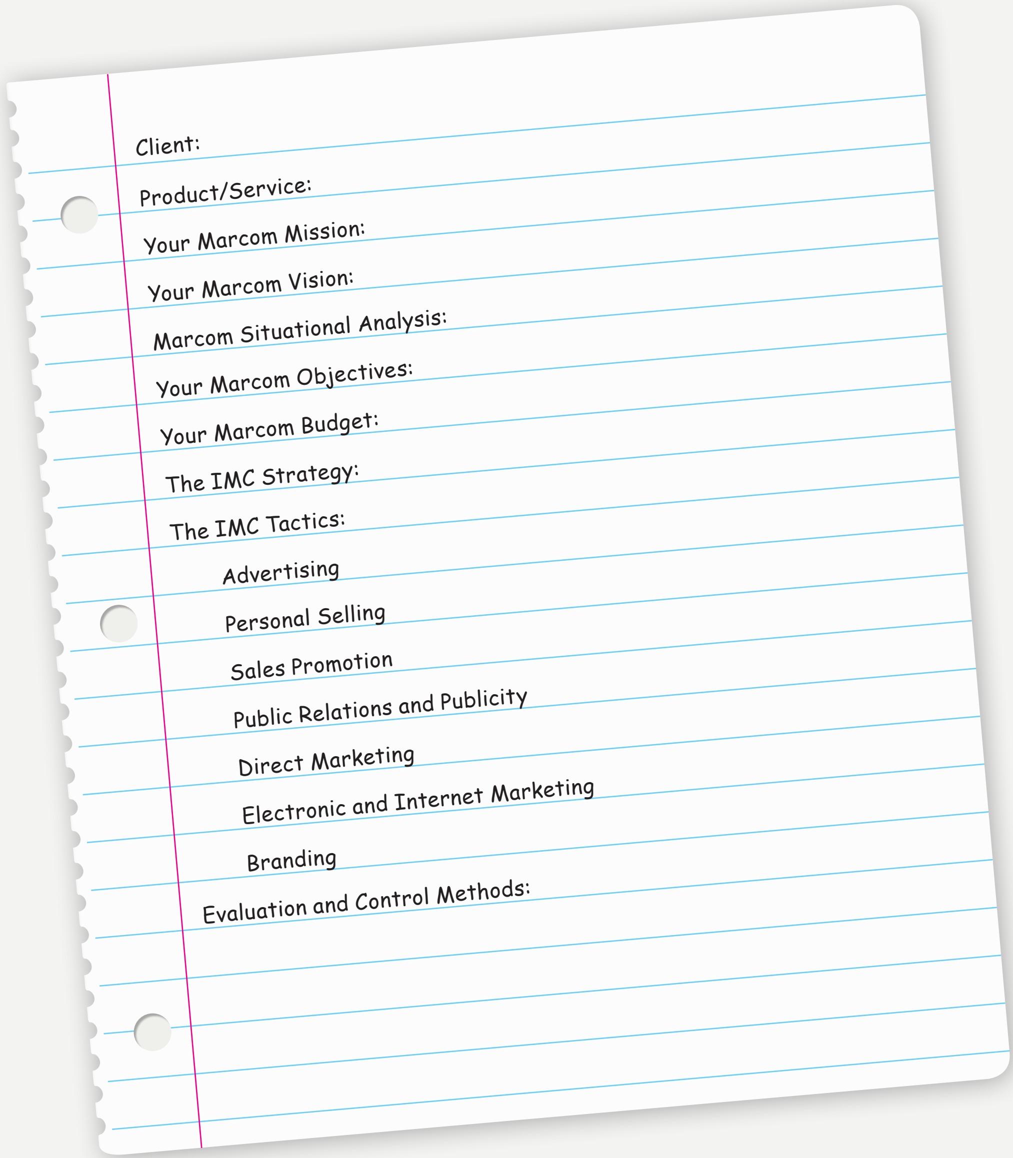
   a) How is the website used to promote each company? How effective is the site in promoting the firm?

   b) Is the IMC message clear?

   c) What changes, if any, would you recommend to enhance communications?

Continuing Project

You have the marketing plan from Chapter 2, now it's time to begin the creation of your IMC plan. As mentioned in this chapter, start by reviewing your marketing plan. Then you may start to insert the required information to develop your IMC plan. As you are just beginning the plan, initial information for the mission and vision is essential. In addition, the situational analysis may be taken from the marketing plan and then specific information in regard to marketing communications only should be inserted. Objectives should be created and entered into the plan at this time as well. Depending on the type of budgeting you're using, these data may need to be entered into the plan at a later time. An overall IMC strategy should be developed and inserted into the plan at this time as well. As each of the chapters dealing with the tactical executions is covered, those data should be entered into your IMC plan. At the completion of the entire project all data related to the development of the initial IMC plan should be in place. In each of the following areas, fill in the required information.



Additional Resources

Strategic Business Insights—marketing research company: http://www.strategicbusinessinsights.com

TIGER (Topologically Integrated Geographic Encoding and Referencing)—free maps and spatial data of the U.S.: http://www.census.gov/geo/maps-data/data/tiger.html

Direct Marketing Association—Their mission is to advance and protect the responsible use of data-driven marketing: http://www.thedma.org

Census Bureau—government office that collects information on U.S. people and businesses: http://www.census.gov

Association of Consumer Research—a trade organization which advances consumer research: http://www.acrweb.org

Case Study: Auntie Anne's Pretzels: From Farmer's Market Stand to Global Company

Anne Beiler, founder of Auntie Anne's, Inc., was raised in an Amish-Mennonite family in Lancaster, Pennsylvania. She married at age nineteen, in 1988. To raise money for a free family counseling service, she opened a pretzel stand at a farmer's market. In the beginning, Beiler bagged the pretzel mix in her garage. Since then the company has grown to 1,300 locations. The stores can be found in 46 states and 25 countries. Over the years the company has rolled out over 1.7 billion pretzels (Auntie Anne's, About Us, 2013).

Auntie Anne's is an example of a company that relies heavily on public relations in its IMC planning. The cornerstone of Auntie Anne's business is active involvement in the community. Beiler believed companies have a duty to give back to their communities, and as such, Auntie Anne's has partnered with several charities over the years. Today Auntie Anne's is owned by FOCUS brands but the company still has the same commitment to quality and community involvement as the founders did. The most recent partnership, started in 2011, is with Alex's Lemonade Stand Foundation, which raises money for childhood cancer prevention and treatment.

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One outcome of IMC is strong brand recognition. Auntie Anne's reputation for high-quality products, coupled with the company's community involvement, has made Auntie Anne's a strong global brand. The company did not intentionally focus on brand management in the early years. According to Sam Beiler, former president, the company owners, without realizing it, protected the brand through communications with customers and potential business partners. This helped establish its global presence, even after imitators came on the scene (Kessler, 2002).

Auntie Anne's illustrates how using public relations as the focal point of an IMC program can often lead to success. The company's efforts helped build a brand that is recognized and accepted around the world.

Critical Thinking Questions

1. How can community involvement enhance a company's brand?
2. How can Auntie Anne's respond to competitive threats?
3. What is the value of a brand to a company?
4. Are you more likely to buy from a company that donates to charities? Why or why not?
5. Why is consistent communication among the various franchises in the United States and other countries important?