



Because learning changes everything.®

Chapter Seven

Marketing, Advertising, and IMC Planning

M
start here.

Chapter Seven
How did Hyundai make sure Super Bowl viewers would remember the Sonata by spoofing an accent?

Chapter Twelve
How did Tim Sweeney use social media principles to make billions... by giving a game away for free?

Chapter Thirteen
How did ocean garbage help Corona create one of the best billboards in the world?

ADVERTISING

ARENS | WEIGOLD
4e

HOW DID MARS
MAKE FICTIONAL CANDY FIGURES SOME OF THE WORLD'S BEST KNOWN CELEBRITIES?
Chapter Eleven

McGraw Hill

M is Motivation. M is Momentum. M is Moving Forward. M is McGraw-Hill.

Learning Objectives

- 7-1** Describe the role and importance of a marketing plan.
- 7-2** Distinguish between objectives, strategies, and tactics in marketing and advertising plans.
- 7-3** Show what makes IMC planning different from traditional methods.
- 7-4** Explain how to establish specific, realistic, and measurable advertising objectives.
- 7-5** Review the pros and cons of the various approaches for determining advertising budgets.

The Marketing Plan ¹

The Importance of Marketing Planning

The **marketing plan** directs a company's marketing effort.

- Assembles relevant facts about the organization, its markets, products, services, customers, and competition.
- Forces all departments to focus on the customer.
- Lists goals and objectives for specific periods of time.
- Lays out precise strategies and tactics to achieve them.
- Length and complexity varies depending on the size of the company.
- Ongoing activity; plan changes with the facts.

The Marketing Plan ²

The Effect of the Marketing Plan on IMC

- Helps managers analyze and improve all company operations.
- Defines the role of advertising in the marketing mix.
- Enables better implementation, control, and continuity of advertising programs.
- Ensures efficient allocation of IMC dollars.

Exhibit 7-1 Traditional Top-Down Marketing Plan



Top-Down Marketing Plans ¹

Situation Analysis

- Factual statement of the organization's current situation and how it got there.
- Includes company history, growth, products and services, sales volume, share of market, competitive status, markets served, distribution systems, past IMC programs, marketing research studies, and more.
- **SWOT analysis:** uses the facts in the situation analysis to point out strengths, weaknesses, opportunities, and threats.

Top-Down Marketing Plans ²

Marketing Objectives

- Goals of the marketing effort expressed in terms of the needs of specific target markets and specific sales objectives.
- Derived from **corporate objectives**: goals of the company stated in terms of profit or return on investment.
- **Need satisfying objectives**: shift management's view of the organization from a producer of products or services to a satisfier of target market needs.
- **Sales target objectives**: objectives that relate to a company's sales and may be expressed in terms of total sales volume; sales by product, market segment, or customer type; market share; growth rate of sales volume; or gross profit.

Top-Down Marketing Plans ³

Marketing Strategy

Statement of how the company is going to achieve its marketing objectives.

Steps involved:

- Defining the target markets through market segmentation and market research.
- Determining the strategic **positioning**: association of a brand's features and benefits with a particular set of customer needs, clearly differentiating it from the competition.
- Developing the marketing mix for each target market.

Top-Down Marketing Plans ⁴

Approaches to Positioning

- Product attribute.
- Price/quality.
- Use/application.
- Product class.
- Product user.
- Product competitor.
- Cultural symbol.
- By category.

Top-Down Marketing Plans ⁵

Marketing Tactics (Action Programs)

Tactics are specific short-term actions that will be used to achieve marketing objectives.

- A singular competitive technique.
- Advertisers should find one tactic, not two or three.

Tactics are key to bottom-up marketing.

Advertisers focus on a tactic, and then develop it into a strategy.

Exhibit 7-2 Bottom-Up Marketing Plan



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The Importance of Relationship Marketing ¹

Relationship Marketing

- Creating, maintaining, and enhancing long-term relationships with customers and other stakeholders that results in exchanges of information and other things of mutual value.
- **Value:** ratio of perceived benefits to the price of the product.



The Importance of Relationship Marketing ²

The Importance of Relationships

Stakeholders: customers, employees, centers of influence, stockholders, the financial community, and the press.

Different stakeholders require different types of relationships.

Reasons to maintain relationships:

- Cost of lost customers.
- Cost of acquiring new customers.
- Value of loyal customers.

The Importance of Relationship Marketing ³

The Importance of Relationships continued

Lifetime customer value (LCV): total profit value of a customer to a marketer over the course of that customer's lifetime.

Focus on relationships has led to changes in marketing.

- From presale activities to postsale activities.
- Focus on increasing retention and optimizing lifetime customer value.

The Importance of Relationship Marketing ⁴

Levels of Relationships	Example
Basic transactional relationship. The company sells the product but does not follow up in any way.	Target
Reactive relationship. The company sells the product and encourages customers to call if they encounter any problems.	Men's Wearhouse
Accountable relationship. The company phones customers shortly after the sale to check whether the product meets expectations and asks for product improvement suggestions and any specific disappointments. This information helps the company to continuously improve its offering.	Acura dealership, local veterinarian
Proactive relationship. The company contacts customers from time to time with suggestions about improved product use or helpful new products.	Tupperware
Partnership. The company works continuously with customers (and other stakeholders) to discover ways to deliver better value.	Nordstrom's Personal Shopper, Amazon

Exhibit 7-3 Relationship Levels as Function of Profit Margin and Number of Customers

		Profit margins		
		High	Medium	Low
Number of customers	Many	Accountable	Reactive	Basic
	Medium	Proactive	Accountable	Basic
	Few	Partnership	Accountable	Reactive

[Access the text alternative for slide images.](#)

Using IMC to Make Relationships Work

Role of IMC

The growth of relationship marketing happened at the same time companies moved to **integrated marketing communications (IMC)**.

IMC is what makes relationship marketing work.

- Concept of integration is wholeness; achieving wholeness leads to synergy.

IMC: The Concept and the Process ¹

The Evolution of the IMC Concept

Developed as consequence of several important trends, including escalating media costs, splintering consumer markets, and skepticism about traditional mass media advertising.

- Focuses on building and reinforcing mutually profitable relationships with the stakeholders and the general public by developing and coordinating strategic communications programs that enable them to have constructive encounters with a brand through media.

Synergy: effect achieved when the sum of the parts is greater than that expected from adding together the individual components.

“Outside-in” perspective sees customers as partners in ongoing relationship.

IMC: The Concept and the Process ²

How the Customer Sees Marketing Communications

All communications or brand contacts create an integrated product in consumer's mind.

- Includes advertising, packaging, sponsored events, news reports, word of mouth, gossip, experts' opinions, financial reports, and even the CEO's personality.

The way messages are integrated determines consumer's perception of company.

IMC gives companies better opportunity to manage these perceptions.

IMC: The Concept and the Process ³

The Four Sources of Brand Messages

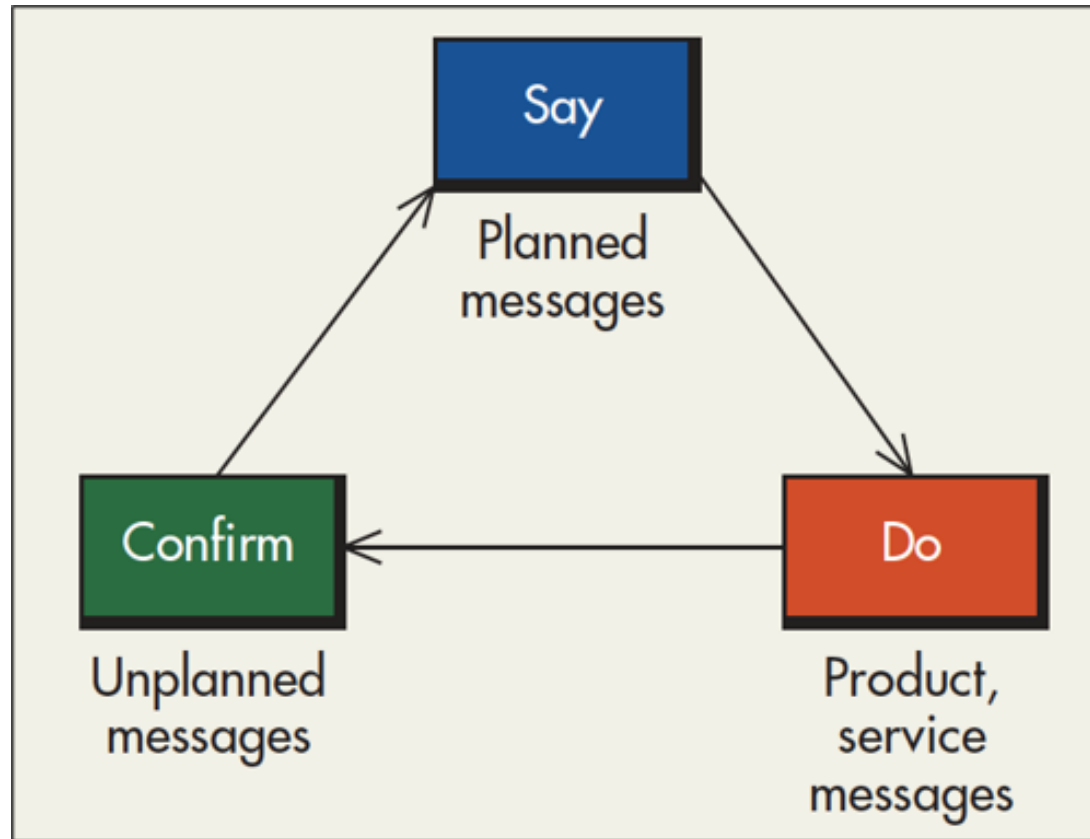
- **Planned messages:** traditional marketing messages including advertising, sales promotion, publicity, and personal selling; have the least impact because they are seen as self-serving.
- **Product messages:** messages communicated by a product, its packaging, price, or distribution elements; have a great impact.
- **Service messages:** messages resulting from employee interactions with customers; typically have a greater impact than planned messages.
- **Unplanned messages:** messages that emanate from gossip, unsought news stories, rumors, or major disasters; companies have little control, but the message can dramatically affect customers' attitudes.

The Brand Experience

IMC is about more than communicating with customers, it is about engaging them and building relationships. Apple pays careful attention to the beauty and functionality of the packaging it uses for its products. The company knows that packaging is part of the brand experience, and thus part of IMC.



Exhibit 7-4 The Integration Triangle



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The Dimensions of IMC

Three Dimensions

- Ensure consistent position.
- Facilitative interactions between company and customers or other stakeholders.
- Actively incorporate a socially responsible mission.

The IMC Approach to Marketing and Advertising Planning

Standard Approach for Many

Marketing and communications planning done together.

Outside-in process starts with customer, works back to the brand.

Uses new sources of customer information to learn about customer demographics, psychographics, purchase data, and attitudes.

- Scanner data, social media engagement, etc.

All forms of marketing are turned into communication, and all forms of communication into marketing.

The Advertising Plan ¹

Advertising Plan

- Directs the company's advertising effort; natural outgrowth of the marketing plan.
- Analyzes the situation, sets advertising objectives, and lays out a specific strategy from which ads and campaigns are created.
- Usually includes proposed budget and research plan.

The Advertising Plan ²

Reviewing the Marketing Plan

Information from the situation analysis should be organized into a SWOT analysis.

- Strengths, weaknesses, opportunities, threats.

Setting Advertising Objectives ¹

Understanding What Advertising Can Do

The tasks to be taken on by advertising must be determined.

Objectives should be specific, realistic, and measurable.

- Sales goals are marketing objectives, not advertising objectives.
- Objectives should be related to communication outcomes.

Exhibit 7-5 The Advertising Pyramid



The advertising pyramid depicts the progression of advertising effects on mass audiences—especially for new products.

Many Ways to Reach Customers



There are many ways to deliver a message besides using traditional media. In keeping with its theme of fun and adventure, hundreds throng Flatiron Plaza in New York to attend a branding event for Victoria Secret's brand Pink. The collection is sold in freestanding PINK stores and online. Customers are encouraged to join a members-only online community to receive offers and learn more about the brand. How does Pink use guidance from the advertising pyramid in this campaign?

Setting Advertising Objectives ²

The Old Model versus the New

Learn-feel-do model: advertising affects attitude, and attitude leads to behavior.

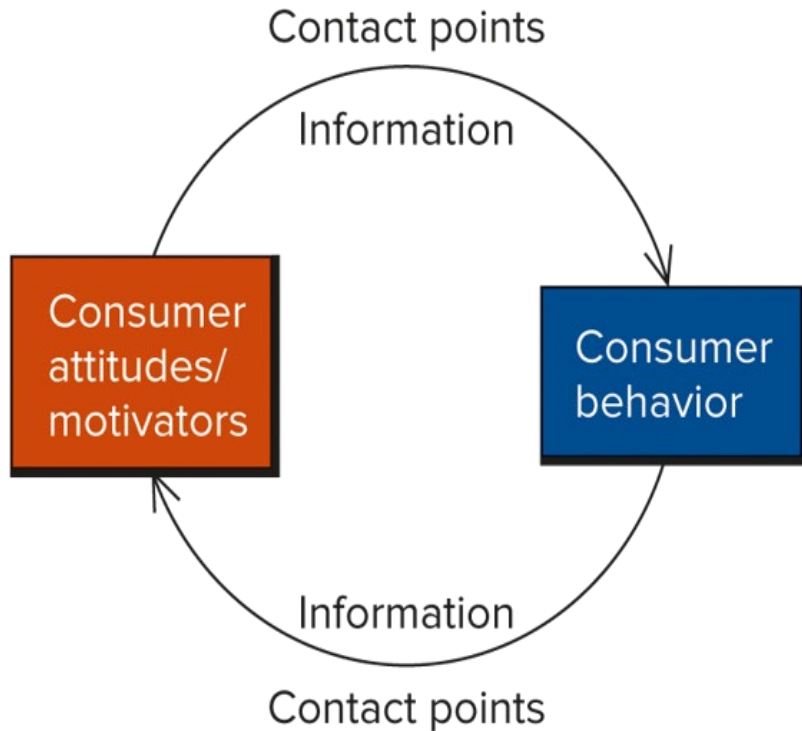
- Expensive, high-involvement products.
- Represented by advertising pyramid.
- Traditional view of advertising: advertiser talks and customer listens.

Do-feel-learn model: behavior leads to attitude which leads to knowledge.

- Impulse purchases.

By starting with the customer and then integrating all aspects of their marketing communications, companies can achieve lasting loyalty.

Exhibit 7-6 The IMC Model



Messages go to the customer through advertising and other communication channels. Messages come back via direct response, surveys, social media, and purchase behavior data. The marketer's message evolves based on this feedback.

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Determining the Advertising Strategy

Advertising Strategy

Describes how to accomplish the advertising objectives using two substrategies: the creative strategy and the media strategy.

- **Creative strategy:** serves as the creative team's guide for writing and producing an ad.
- **Media strategy:** helps media planners determine how messages will be delivered to consumers.

Allocating Funds for Advertising

Advertising is considered as a current business expense but is also a long-term investment.

The relationship of advertising to sales and profits:

- Increase in market share closely related to increases in marketing budget in consumer goods marketing.
- Sales increase with additional advertising but will flatten and decline at some point.
- Durability of advertising is brief; consistent investment is important.
- Advertising expenditures below a minimum level will have no effect on sales.
- There will be some sales even without advertising.
- Additional ad expenditures above saturation limits will do little to increase sales.

Methods of Allocating Funds ¹

Companies Use Several Methods

Percentage-of-sales method: based on a percentage of the previous year's sales, the anticipated sales for the next year, or a combination of the two.

- Simple to use but violates basic marketing principle.

Share-of-market/share-of-voice method: based on determining the firm's goals for a certain share of the market and then applying a slightly higher percentage of industry advertising dollars to the budget.

- Often used for new product introductions, but easy to oversimplify.

Methods of Allocating Funds ²

Companies Use Several Methods continued

Objective/task method: defines objectives and how advertising is to be used to accomplish them. Also known as budget-buildup method.

Three steps:

1. Defining the objectives.
2. Determining the strategy.
3. Estimating the cost.

Forces companies to focus on accomplishing goals but can be difficult to determine amount of money needed in advance.

Methods of Allocating Funds ₃

The Bottom Line

- Advertising's principal job is to influence perception by informing, persuading, and reminding.
- But only one of many influences.





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