Designing and Managing Integrated Marketing Communications

Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible. Companies must also communicate with their present and potential stakeholders and the general public. For most marketers, therefore, the question is not *whether* to communicate but rather *what* to say, *how* and *when* to say it, to *whom*, and *how often*. Consumers can turn to hundreds of cable and satellite TV channels, thousands of magazines and newspapers, and millions of Internet pages. They are taking a more active role in deciding what communications they want to receive as well as how they want to communicate to others about the products and services they use. To effectively reach and influence target markets, holistic marketers are creatively employing multiple forms of communications. Ocean Spray—an agricultural cooperative of cranberry growers—has used a variety of communication vehicles to turn its sales fortunes around.

 Facing stiff competition, a number of adverse consumer trends, and nearly a decade of declining sales, Ocean Spray COO Ken Romanzi and Arnold Worldwide decided to "reintroduce the cranberry to America" as the "surprisingly versatile little fruit that supplies modern-day benefits," through a true 360-degree campaign that used all facets of marketing communications to reach consumers in a variety of settings. The intent was to support the full range of products—cranberry sauce, fruit juices, and dried cranberries in different forms—and leverage the fact that the brand was born in the cranberry bogs and remained there still. The agency decided to tell an authentic, honest, and perhaps surprising story dubbed "Straight from the Bog." The campaign was designed to also reinforce two key brand bene-fits—that Ocean Spray products tasted good and were good for you. PR played a crucial role. Miniature bogs were brought to Manhattan and featured on an NBC Today morning segment. A "Bogs across America Tour" brought the experience to Los Angeles, Chicago, and even London. Television and print advertising featured two growers (depicted by actors) standing waist-deep in a bog and talking, often humorously, about what they did. The campaign also included a Web site, in-store displays, and events for consumers as well as for members of the growers' cooperative itself. Product inno-vation was crucial, too; new flavor blends were introduced, along with a line of 100 percent juice drinks, diet and light versions, and Craisins sweetened dried cranberries. The campaign hit the mark, lifting sales an average of 10 percent each year from 2005 to 2009 despite continued decline in the fruit juice category.[1]

Done right, marketing communications can have a huge payoff. This chapter describes how communications work and what marketing communications can do for a company. It also addresses how holistic marketers combine and integrate marketing communications. Chapter 18 examines mass (nonpersonal) communications (advertising, sales promotion, events and experiences, and public relations and publicity); Chapter 19 examines personal communications (direct and interactive marketing, word-of-mouth marketing, and personal selling).

The Role of Marketing Communications

Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell. In a sense, marketing communications represent the voice of the company and its brands; they are a means by which the firm can establish a dialogue and build relationships with consumers. By strengthening customer loyalty, marketing communications can contribute to customer equity.

Marketing communications also work for consumers when they show how and why a product is used, by whom, where, and when. Consumers can learn who makes the product and what the company and brand stand for, and they can get an incentive for trial or use. Marketing communications allow companies to link their brands to other people, places, events, brands, experiences, feelings, and things. They can contribute to brand equity—by establishing the brand in memory and creating a brand image—as well as drive sales and even affect shareholder value.[2]

The Changing Marketing Communications Environment

Technology and other factors have profoundly changed the way consumers process communications, and even whether they choose to process them at all. The rapid diffusion of multipurpose smart phones, broadband and wireless Internet connections, and ad-skipping digital video recorders (DVRs) have eroded the effectiveness of the mass media. In 1960, a company could reach 80 percent of U.S. women with one 30-second commercial aired simultaneously on three TV networks: ABC, CBS, and NBC. Today, the same ad would have to run on 100 channels or more to achieve this marketing feat. Consumers not only have more choices of media, they can also decide whether and how they want to receive commercial content. "Marketing Insight: Don't Touch That Remote" describes developments in television advertising.

Marketing Insight

Don't Touch That Remote

That consumers are more in charge in the marketplace is perhaps nowhere more evident than in television broadcasting, where DVRs allow consumers to skip past ads with a push of the fast-forward button. Estimates had DVRs in 34 percent of U.S. households at the end of 2009, and of viewers who use them, between 60 percent and 70 percent fast-forward through commercials (the others either like ads, don't mind them, or can't be bothered).

Is that all bad? Surprisingly, research shows that while focusing on an ad in order to fast-forward through it, consumers actually retain and recall a fair amount of information. The most successful ads in "fast-forward mode" were those consumers had already seen, that used familiar characters, and that didn't have lots of scenes. It also helped to have brand-related information in the center of the screen, where viewers' eyes focus while skipping through. Although consumers are still more likely to recall an ad the next day if they've watched it live, some brand recall occurs even after an ad was deliberately zapped.

Another challenge marketers have faced for a long time is viewers' tendency to switch channels during commercial breaks. Recently, however, Nielsen, which handles television program ratings, has begun to offer ratings for specific ads. Before, advertisers had to pay based on the rating of the program, even if as many as 5 percent to 15 percent of consumers temporarily tuned away. Now they can pay based on the actual commercial audience available when their ad is shown. To increase viewership during commercial breaks, the major broadcast and cable networks are shortening breaks and delaying them until viewers are more likely to be engaged in a program.

Sources: Andrew O'Connell, "Advertisers: Learn to Love the DVR," *Harvard Business Review*, April 2010, p. 22; Erik du Plesis, "Digital Video Recorders and Inadvertent Advertising Exposure," *Journal of Advertising Research* 49 (June 2009); S. Adam Brasel and James Gips, "Breaking Through Fast-Forwarding: Brand Information and Visual Attention," *Journal of Marketing* 72 (November 2008), pp. 31–48; "Watching the Watchers," *Economist*, November 15, 2008, p. 77; Stephanie Kang, "Why DVR Viewers Recall Some TV Spots," *Wall Street Journal*, February 26, 2008; Kenneth C. Wilbur, "How Digital Video Recorder Changes Traditional Television Advertising," *Journal of Advertising* 37 (Summer 2008), pp. 143–49; Burt Helm, "Cable Takes a Ratings Hit," *BusinessWeek*, September 24, 2007.

Ads are appearing everywhere—even on eggs for this popular CBS television show.

But as some marketers flee traditional media, they still encounter challenges. Commercial clutter is rampant. The average city dweller is exposed to an estimated 3,000 to 5,000 ad messages a day. Short-form video content and ads appear at gas stations, grocery stores, doctors' offices, and big-box retailers. Supermarket eggs have been stamped with the name of CBS programs; subway turnstiles carry GEICO's name; Chinese food cartons promote Continental Airlines; and US Airways has sold ads on its motion sickness bags. Dubai sold corporate branding rights to 23 of the 47 stops and two metro lines in its new mass transit rail system.[3]

Marketing communications in almost every medium and form have been on the rise, and some consumers feel they are increasingly invasive. Marketers must be creative in using technology but not intrude in consumers' lives. Consider what Motorola did to solve that problem.[4]

Motorola At Hong Kong International Airport, Motorola's special promotion enabled loved ones to "Say Goodbye" via photos and messages sent from their phones to digital billboards in the departure area. When they checked into the gate area, travelers saw photos of the friends and family who had just dropped them off as part of a digital billboard in the image of a giant Motorola mobile phone. The company also offered departing travelers special instructions for using their phones to send a Motorola-branded good-bye video to friends and families, featuring soccer star David Beckham and Asian pop star Jay Chou.

Motorola's high-tech promotion creatively allowed passengers and those left behind to say one last good-bye with digital billboards.

Marketing Communications, Brand Equity, and Sales

In this new communication environment, although advertising is often a central element of a marketing communications program, it is usually not the only one—or even the most important one—for sales and building brand and customer equity. Like many other firms, over a five-year period from 2004 to 2008, Kimberly-Clark cut the percentage of its marketing budget spent on TV from 60 percent to a little over 40 percent as it invested more heavily in Internet and experiential marketing.[5] Consider Gap's effort in launching a new line of jeans.[6]

Gap   **Gap** By 2009, with sales slumping, Gap decided to celebrate the 40th anniversary of the opening of its first Gap store by introducing the "Born to Fit" 1969 Premium Jeans line. For its launch, Gap moved away from its typical media-intensive ad campaign, as exemplified by its popular 1998 "Khakis Swing" holiday ads. The campaign featured newer communications elements such as a Facebook page, video clips, a realistic online fashion show on a virtual catwalk, and a StyleMixer iPhone app. The app enabled users to mix and match clothes and organize outfits, get feedback from Facebook friends, and receive discounts when near a Gap store. Simultaneous in-store acoustic shows across 700 locations and temporary pop-up denim stores in major urban locations added to the buzz.

MARKETING COMMUNICATIONS MIX The **marketing communications mix** consists of eight major modes of communication:[7]

1. *Advertising*—Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor via print media (newspapers and magazines), broadcast media (radio and television), network media (telephone, cable, satellite, wireless), electronic media (audiotape, videotape, videodisk, CD-ROM, Web page), and display media (billboards, signs, posters).
2. *Sales promotion*—A variety of short-term incentives to encourage trial or purchase of a product or service including consumer promotions (such as samples, coupons, and premiums), trade promotions (such as advertising and display allowances), and business and sales force promotions (contests for sales reps).
3. *Events and experiences*—Company-sponsored activities and programs designed to create daily or special brand-related interactions with consumers, including sports, arts, entertainment, and cause events as well as less formal activities.
4. *Public relations and publicity*—A variety of programs directed internally to employees of the company or externally to consumers, other firms, the government, and media to promote or protect a company's image or its individual product communications.
5. *Direct marketing*—Use of mail, telephone, fax, e-mail, or Internet to communicate directly with or solicit response or dialogue from specific customers and prospects.
6. *Interactive marketing*—Online activities and programs designed to engage customers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.
7. *Word-of-mouth marketing*—People-to-people oral, written, or electronic communications that relate to the merits or experiences of purchasing or using products or services.
8. *Personal selling*—Face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.

Table 17.1 lists numerous communication platforms. Company communication goes beyond these. The product's styling and price, the shape and color of the package, the salesperson's manner and dress, the store décor, the company's stationery—all communicate something to buyers. Every *brand contact* delivers an impression that can strengthen or weaken a customer's view of a company.[8]

Marketing communication activities contribute to brand equity and drive sales in many ways: by creating brand awareness, forging brand image in consumers' memories, eliciting positive brand judgments or feelings, and strengthening consumer loyalty.

TABLE 17.1	Common Communication Platforms					
Advertising	**Sales Promotion**	**Events and Experiences**	**Public Relations and Publicity**	**Direct and Interactive Marketing**	**Word-of-Mouth Marketing**	**Personal Selling**
Print and broadcast ads	Contests, games, sweepstakes, lotteries	Sports	Press kits	Catalogs	Person-to-person	Sales presentations
Packaging–outer	Premiums and gifts	Entertainment	Speeches	Mailings	Chat rooms	Sales meetings
Packaging inserts	Sampling	Festivals	Seminars	Telemarketing	Blogs	Incentive programs
Cinema	Fairs and trade shows	Arts	Annual reports	Electronic shopping		Samples
Brochures and booklets	Exhibits	Causes	Charitable donations	TV shopping		Fairs and trade shows
Posters and leaflets	Demonstrations	Factory tours	Publications	Fax		
Directories	Coupons	Company museums	Community relations	E-mail		
Reprints of ads	Rebates	Street activities	Lobbying	Voice mail		
Billboards	Low-interest financing		Identity media	Company blogs		
Display signs	Trade-in allowances		Company magazine	Web sites		
Point-of-purchase displays	Continuity programs					
DVDs	Tie-ins					

MARKETING COMMUNICATION EFFECTS The way brand associations are formed does not matter. In other words, whether a consumer has an equally strong, favorable, and unique brand association of Subaru with the concepts "outdoors," "active," and "rugged" because of exposure to a TV ad that shows the car driving over rugged terrain at different times of the year, or because Subaru sponsors ski, kayak, and mountain bike events, the impact in terms of Subaru's brand equity should be identical.

But these marketing communications activities must be integrated to deliver a consistent message and achieve the strategic positioning. The starting point in planning marketing communications is a *communication audit* that profiles all interactions customers in the target market may have with the company and all its products and services. For example, someone interested in purchasing a new laptop computer might talk to others, see television ads, read articles, look for information on the Internet, and look at laptops in a store.

To implement the right communications programs and allocate dollars efficiently, marketers need to assess which experiences and impressions will have the most influence at each stage of the buying process. Armed with these insights, they can judge marketing communications according to their ability to affect experiences and impressions, build customer loyalty and brand equity, and drive sales. For example, how well does a proposed ad campaign contribute to awareness or to creating, maintaining, or strengthening brand associations? Does a sponsorship improve consumers' brand judgments and feelings? Does a promotion encourage consumers to buy more of a product? At what price premium?

In building brand equity, marketers should be "media neutral" and evaluate *all* communication options on effectiveness (how well does it work?) and efficiency (how much does it cost?). Personal financial Web site Mint challenged market leader Intuit—and was eventually acquired by the company—on a marketing budget a fraction of what companies typically spend. A well-read blog, a popular Facebook page, and other social media—combined with extensive PR—helped attract the younger crowd the Mint brand was after.[9] Philips also took another tack in launching a new product.[10]

Philips *Carousel*   When Dutch electronics leader Philips wanted to demonstrate the quality of the "world's first cinema proportion" TV, it chose to create *Carousel*, an interactive, long-form Internet film. In this Cannes Grand Prix award-winning effort, online viewers could control the story of a botched robbery while seeing the benefits of the new $3,999 home cinema TV. The film showed an epic "frozen moment" cops and robbers shootout sequence that included clowns, explosions, a decimated hospital, and lots of broken glass, bullet casings, and money. By clicking hot spots in the video, viewers could toggle between the new set's 21:9 display proportion and a conventional flat screen's 16:9, as well as activate the set's signature Ambilight backlighting. The success of the campaign led Phillips to launch a "Parallel Lines" campaign with five short films from famed director Ridley Scott's shop, promoting its whole range of home cinema TVs.

The runaway success of the interactive, long-form Internet film *Carousel* for its new Home Cinema TV model led Philips to launch an even more extensive follow-up campaign.
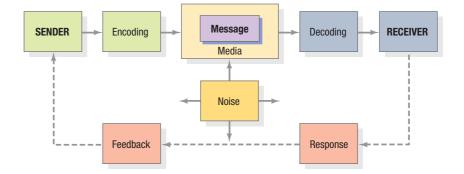
The Communications Process Models

Marketers should understand the fundamental elements of effective communications. Two models are useful: a macromodel and a micromodel.

MACROMODEL OF THE COMMUNICATIONS PROCESS △ Figure 17.1 shows a macromodel with nine key factors in effective communication. Two represent the major parties—*sender* and *receiver.* Two represent the major tools—*message* and *media.* Four represent major communication functions—*encoding, decoding, response,* and *feedback.* The last element in the system is *noise,* random and competing messages that may interfere with the intended communication.[11]

Senders must know what audiences they want to reach and what responses they want to get. They must encode their messages so the target audience can decode them. They must transmit the message through media that reach the target audience and develop feedback channels to monitor the responses. The more the sender's field of experience overlaps that of the receiver, the more effective the message is likely to be. Note that selective attention, distortion, and retention processes—concepts first introduced in Chapter 6—may be operating during communication.

MICROMODEL OF CONSUMER RESPONSES Micromodels of marketing communications concentrate on consumers' specific responses to communications. △ Figure 17.2 summarizes four classic *response hierarchy models.*

All these models assume the buyer passes through cognitive, affective, and behavioral stages, in that order. This "learn-feel-do" sequence is appropriate when the audience has high involvement with a product category perceived to have high differentiation, such as an automobile or house. An alternative sequence, "do-feel-learn," is relevant when the audience has high involvement but perceives little or no differentiation within the product category, such as an airline ticket or personal

|Fig. 17.1| △

Elements in the
Communications
Process

Models

Stages	AIDA Model[a]	Hierarchy-of-Effects Model[b]	Innovation-Adoption Model[c]	Communications Model[d]
Cognitive Stage	Attention	Awareness ↓ Knowledge	Awareness	Exposure ↓ Reception ↓ Cognitive response
Affective Stage	Interest ↓ Desire	Liking ↓ Preference ↓ Conviction	Interest ↓ Evaluation	Attitude ↓ Intention
Behavior Stage	Action	Purchase	Trial ↓ Adoption	Behavior

|Fig. 17.2| △

Response Hierarchy Models

Sources: [a]E. K. Strong, *The Psychology of Selling* (New York: McGraw-Hill, 1925), p. 9; [b]Robert J. Lavidge and Gary A. Steiner, "A Model for Predictive Measurements of Advertising Effectiveness," *Journal of Marketing* (October 1961), p. 61; [c]Everett M. Rogers, *Diffusion of Innovation* (New York: Free Press, 1962), pp. 79–86; [d]various sources.

computer. A third sequence, "learn-do-feel," is relevant when the audience has low involvement and perceives little differentiation, such as with salt or batteries. By choosing the right sequence, the marketer can do a better job of planning communications.[12]
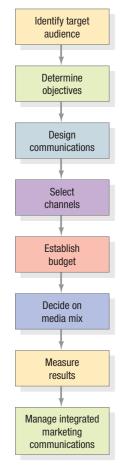
Let's assume the buyer has high involvement with the product category and perceives high differentiation within it. We will illustrate the *hierarchy-of-effects model* (the second column of Figure 17.2) in the context of a marketing communications campaign for a small Iowa college named Pottsville:

- *Awareness.* If most of the target audience is unaware of the object, the communicator's task is to build awareness. Suppose Pottsville seeks applicants from Nebraska but has no name recognition there, although 30,000 Nebraska high school juniors and seniors could be interested in it. The college might set the objective of making 70 percent of these students aware of its name within one year.
- *Knowledge.* The target audience might have brand awareness but not know much more. Pottsville may want its target audience to know it is a private four-year college with excellent programs in English, foreign languages, and history. It needs to learn how many people in the target audience have little, some, or much knowledge about Pottsville. If knowledge is weak, Pottsville may select brand knowledge as its communications objective.
- *Liking.* Given target members know the brand, how do they feel about it? If the audience looks unfavorably on Pottsville College, the communicator needs to find out why. In the case of real problems, Pottsville will need to fix these and then communicate its renewed quality. Good public relations calls for "good deeds followed by good words."
- *Preference.* The target audience might like the product but not prefer it to others. The communicator must then try to build consumer preference by comparing quality, value, performance, and other features to those of likely competitors.
- *Conviction.* A target audience might prefer a particular product but not develop a conviction about buying it. The communicator's job is to build conviction and intent to apply among students interested in Pottsville College.
- *Purchase.* Finally, some members of the target audience might have conviction but not quite get around to making the purchase. The communicator must lead these consumers to take the final step, perhaps by offering the product at a low price, offering a premium, or letting them try it out. Pottsville might invite selected high school students to visit the campus and attend some classes, or it might offer partial scholarships to deserving students.

To see how fragile the communication process is, assume the probability of *each* of the six steps being successfully accomplished is 50 percent. The laws of probability suggest that the likelihood of *all* six steps occurring successfully, assuming they are independent events, is $.5 \times .5 \times .5 \times .5 \times .5 \times .5$, which equals 1.5625 percent. If the probability of each step's occurring were, on average, a more moderate 10 percent, then the joint probability of all six events occurring is .0001 percent—or only 1 chance in 1,000,000!

To increase the odds for a successful marketing communications campaign, marketers must attempt to increase the likelihood that *each* step occurs. For example, the ideal ad campaign would ensure that:

1. The right consumer is exposed to the right message at the right place and at the right time.
2. The ad causes the consumer to pay attention but does not distract from the intended message.
3. The ad properly reflects the consumer's level of understanding of and behaviors with the product and the brand.
4. The ad correctly positions the brand in terms of desirable and deliverable points-of-difference and points-of-parity.
5. The ad motivates consumers to consider purchase of the brand.
6. The ad creates strong brand associations with all these stored communications effects so they can have an impact when consumers are considering making a purchase.

The challenges in achieving success with communications necessitates careful planning, a topic we turn to next.

Developing Effective Communications

△ Figure 17.3 shows the eight steps in developing effective communications. We begin with the basics: identifying the target audience, determining the objectives, designing the communications, selecting the channels, and establishing the budget.

Identify the Target Audience

The process must start with a clear target audience in mind: potential buyers of the company's products, current users, deciders, or influencers, and individuals, groups, particular publics, or the general public. The target audience is a critical influence on the communicator's decisions about what to say, how, when, where, and to whom.

Though we can profile the target audience in terms of any of the market segments identified in Chapter 8, it's often useful to do so in terms of usage and loyalty. Is the target new to the category or a current user? Is the target loyal to the brand, loyal to a competitor, or someone who switches between brands? If a brand user, is he or she a heavy or light user? Communication strategy will differ depending on the answers. We can also conduct *image analysis* by profiling the target audience in terms of brand knowledge.

Determine the Communications Objectives

As we showed with Pottsville College, marketers can set communications objectives at any level of the hierarchy-of-effects model. John R. Rossiter and Larry Percy identify four possible objectives, as follows:[13]

1. *Category Need*—Establishing a product or service category as necessary to remove or satisfy a perceived discrepancy between a current motivational state and a desired motivational state. A new-to-the-world product such as electric cars will always begin with a communications objective of establishing category need.
2. *Brand Awareness*—Fostering the consumer's ability to recognize or recall the brand within the category, in sufficient detail to make a purchase. Recognition is easier to achieve than recall—consumers asked to think of a brand of frozen entrées are more likely to recognize Stouffer's distinctive orange packages than to recall the brand. Brand recall is important outside the store; brand recognition is important inside the store. Brand awareness provides a foundation for brand equity.
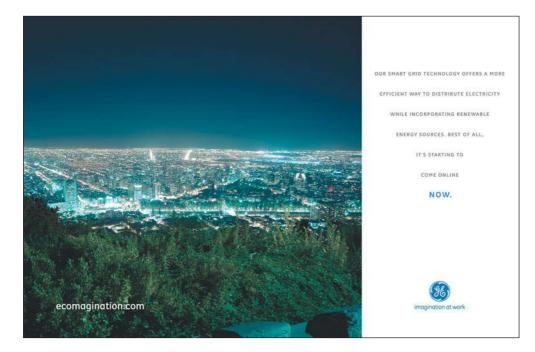
Identify target
audience

Determine
objectives

Design
communications

Select
channels

Establish
budget

Decide on
media mix

Measure
results

Manage integrated
marketing
communications

|Fig. 17.3| △

Steps in Developing
Effective
Communications

3. **Brand Attitude**—Helping consumers evaluate the brand's perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented (problem removal, problem avoidance, incomplete satisfaction, normal depletion) or positively oriented (sensory gratification, intellectual stimulation, or social approval). Household cleaning products often use problem solution; food products, on the other hand, often use sensory-oriented ads emphasizing appetite appeal.

4. **Brand Purchase Intention**—Moving consumers to decide to purchase the brand or take purchase-related action. Promotional offers like coupons or two-for-one deals encourage consumers to make a mental commitment to buy. But many consumers do not have an expressed category need and may not be in the market when exposed to an ad, so they are unlikely to form buy intentions. In any given week, only about 20 percent of adults may be planning to buy detergent, only 2 percent to buy a carpet cleaner, and only 0.25 percent to buy a car.

The most effective communications can achieve multiple objectives. To promote its Smart Grid technology program, GE pushed a number of buttons.[14]

GE Smart Grid The vision of GE's Smart Grid program is to fundamentally overhaul the United States' power grid, making it more efficient and sustainable and able also to deliver renewable-source energy such as wind and solar. An integrated campaign of print, TV, and online ads and an online augmented-reality demo was designed to increase understanding and support of the Smart Grid and GE's leadership in solving technological problems. GE and its agency partner BBDO chose to employ engaging creative and familiar cultural references to address the technical issues involved. In its 2009 Super Bowl launch TV spot, the famous scarecrow character from *The Wizard of Oz* was shown bouncing along the top of a transmission tower singing, "If I Only Had a Brain." A narrator voiced over the key communication message, "Smart Grid makes the way we distribute electricity more efficient simply by making it more intelligent." One online ad used a flock of birds on electrical wires chirping and flapping their wings in synchronized rhythm to Rossini's "Barber of Seville." Another showed power lines becoming banjo strings for electrical pylons to play "O Susanna." After drawing the audience in, the ads lay out the basic intent of the Smart Grid with links to more information. The augmented-reality GE microsite PlugIntoTheSmartGrid.com allowed users to create a digital hologram of Smart Grid technology using computer peripherals and 3D graphics. ▢

OUR SMART GRID TECHNOLOGY OFFERS A MORE

EFFICIENT WAY TO DISTRIBUTE ELECTRICITY

WHILE INCORPORATING RENEWABLE

ENERGY SOURCES. BEST OF ALL,

IT'S STARTING TO

COME ONLINE

NOW.

ecomagination.com

GE

imagination at work

GE's Smart Grid campaign has accomplished several different objectives for the GE brand, including strengthening the company's reputation as innovative.

Design the Communications

Formulating the communications to achieve the desired response requires solving three problems: what to say (message strategy), how to say it (creative strategy), and who should say it (message source).

MESSAGE STRATEGY In determining message strategy, management searches for appeals, themes, or ideas that will tie in to the brand positioning and help establish points-of-parity or points-of-difference. Some of these may be related directly to product or service performance (the quality, economy, or value of the brand), whereas others may relate to more extrinsic considerations (the brand as being contemporary, popular, or traditional).

Researcher John C. Maloney felt buyers expected one of four types of reward from a product: rational, sensory, social, or ego satisfaction.[15] Buyers might visualize these rewards from results-of-use experience, product-in-use experience, or incidental-to-use experience. Crossing the four types of rewards with the three types of experience generates 12 types of messages. For example, the appeal "gets clothes cleaner" is a rational-reward promise following results-of-use experience. The phrase "real beer taste in a great light beer" is a sensory-reward promise connected with product-in-use experience.

CREATIVE STRATEGY Communications effectiveness depends on how a message is being expressed, as well as on its content. If a communication is ineffective, it may mean the wrong message was used, or the right one was poorly expressed. *Creative strategies* are the way marketers translate their messages into a specific communication. We can broadly classify them as either **informational** or **transformational** appeals.[16]

Informational Appeals An *informational appeal* elaborates on product or service attributes or benefits. Examples in advertising are problem solution ads (Excedrin stops the toughest headache pain), product demonstration ads (Thompson Water Seal can withstand intense rain, snow, and heat), product comparison ads (DIRECTV offers better HD options than cable or other satellite operators), and testimonials from unknown or celebrity endorsers (NBA phenomenon LeBron James pitching Nike, Sprite, and McDonald's). Informational appeals assume strictly rational processing of the communication on the consumer's part. Logic and reason rule.

Carl Hovland's research at Yale has shed much light on informational appeals and their relationship to such issues as conclusion drawing, one-sided versus two-sided arguments, and order of argument presentation. Some early experiments supported stating conclusions for the audience. Subsequent research, however, indicates that the best ads ask questions and allow readers and viewers to form their own conclusions.[17] If Honda had hammered away that the Element was for young people, this strong definition might have blocked older drivers from buying it. Some stimulus ambiguity can lead to a broader market definition and more spontaneous purchases.

You might expect one-sided presentations that praise a product to be more effective than two-sided arguments that also mention shortcomings. Yet two-sided messages may be more appropriate, especially when negative associations must be overcome.[18] Two-sided messages are more effective with more educated audiences and those who are initially opposed.[19] Chapter 6 described how Domino's took the drastic step of admitting its pizza's taste problems to try to change the minds of consumers with negative perceptions.

Finally, the order in which arguments are presented is important.[20] In a one-sided message, presenting the strongest argument first arouses attention and interest, important in media where the audience often does not attend to the whole message. With a captive audience, a climactic presentation might be more effective. For a two-sided message, if the audience is initially opposed, the communicator might start with the other side's argument and conclude with his or her strongest argument.[21]

Transformational Appeals A *transformational appeal* elaborates on a nonproduct-related benefit or image. It might depict what kind of person uses a brand (VW advertised to active, youthful people with its famed "Drivers Wanted" campaign) or what kind of experience results from use (Pringles advertised "Once You Pop, the

Pringles capitalized on the popping sound that occurs when its package is opened to develop a highly successful ad campaign.

Fun Don't Stop" for years). Transformational appeals often attempt to stir up emotions that will motivate purchase.

Communicators use negative appeals such as fear, guilt, and shame to get people to do things (brush their teeth, have an annual health checkup) or stop doing things (smoking, abusing alcohol, overeating). Fear appeals work best when they are not too strong, when source credibility is high, and when the communication promises, in a believable and efficient way, to relieve the fear it arouses. Messages are most persuasive when moderately discrepant with audience beliefs. Stating only what the audience already believes at best just reinforces beliefs, and if the messages are too discrepant, audiences will counterargue and disbelieve them.[22]

Communicators also use positive emotional appeals such as humor, love, pride, and joy. Motivational or "borrowed interest" devices—such as the presence of cute babies, frisky puppies, popular music, or provocative sex appeals—are often employed to attract attention and raise involvement with an ad. These techniques are thought necessary in the tough new media environment characterized by low-involvement consumer processing and competing ad and programming clutter. Attention-getting tactics are often *too* effective. They may also detract from comprehension, wear out their welcome fast, and overshadow the product.[23] Thus, one challenge is figuring out how to "break through the clutter" *and* deliver the intended message.

Even highly entertaining and creative means of expression must still keep the appropriate consumer perspective. Toyota was sued in Los Angeles for a promotional campaign designed to create buzz for its youth-targeted Toyota Matrix. The online effort featured a series of e-mails to customers from a fictitious drunken British soccer hooligan, Sebastian Bowler. In his e-mails, he announced that he knew the recipient and was coming to stay with his pit bull, Trigger, to "avoid the cops." In her suit, the plaintiff said she was so convinced that "a disturbed and aggressive" stranger was headed to her house that she slept with a machete next to her in bed.[24]

The magic of advertising is to bring concepts on a piece of paper to life in the minds of the consumer target. In a print ad, the communicator must decide on headline, copy, illustration, and color.[25] For a radio message, the communicator must choose words, voice qualities, and vocalizations. The sound of an announcer promoting a used automobile should be different from one promoting a new Cadillac. If the message is to be carried on television or in person, all these elements plus body language must be planned. For the message to go online, layout, fonts, graphics, and other visual and verbal information must be laid out.

MESSAGE SOURCE   Messages delivered by attractive or popular sources can achieve higher attention and recall, which is why advertisers often use celebrities as spokespeople.

Celebrities are likely to be effective when they are credible or personify a key product attribute. Statesman-like Dennis Haysbert for State Farm insurance, rugged Brett Favre for Wrangler jeans, and one-time television sweetheart Valerie Bertinelli for Jenny Craig weight loss program have all been praised by consumers as good fits. Celine Dion, however, failed to add glamour—or sales—to Chrysler, and even though she was locked into a three-year, $14 million deal, she was let go. Ozzy Osbourne would seem an odd choice to advertise "I Can't Believe It's Not Butter" given his seemingly perpetual confusion.

What *is* important is the spokesperson's credibility. The three most often identified sources of credibility are expertise, trustworthiness, and likability.[26] *Expertise* is the specialized knowledge the communicator possesses to back the claim. *Trustworthiness* describes how objective and honest the source is perceived to be. Friends are trusted more than strangers or salespeople, and people who are not paid to endorse a product are viewed as more trustworthy than people who are paid.[27] *Likability* describes the source's attractiveness. Qualities such as candor, humor, and naturalness make a source more likable.

The most highly credible source would score high on all three dimensions—expertise, trustworthiness, and likability. Pharmaceutical companies want doctors to testify about product benefits because doctors have high credibility. Charles Schwab became the centerpiece of ads for his $4 billion-plus discount brokerage firm via the "Talk to Chuck" corporate advertising campaign. Another credible pitchman was boxer George Foreman and his multimillion-selling Lean, Mean, Fat-Reducing Grilling Machine. "Marketing Insight: Celebrity Endorsements as a Strategy" focuses on the use of testimonials.

If a person has a positive attitude toward a source and a message, or a negative attitude toward both, a state of *congruity* is said to exist. But what happens if a consumer hears a likable celebrity praise a brand she dislikes? Charles Osgood and Percy Tannenbaum believe *attitude change will take*

Marketing Insight

Celebrity Endorsements as a Strategy

A well-chosen celebrity can draw attention to a product or brand—as Priceline found when it picked *Star Trek* icon William Shatner to star in campy ads to reinforce its low-price image. The quirky campaigns have run over a decade, and Shatner's decision to receive compensation in the form of stock options reportedly allowed him to net over $600 million for his work. The right celebrity can also lend his or her image to a brand. To reinforce its high status and prestige image, American Express has used movie legends Robert De Niro and Martin Scorsese in ads.

The choice of celebrity is critical. The person should have high recognition, high positive affect, and high appropriateness or "fit" with the product. Paris Hilton, Howard Stern, and Donald Trump have high recognition but negative affect among many groups. Johnny Depp has high recognition and high positive affect but might not seem relevant, for example, for advertising a new financial service. Tom Hanks and Oprah Winfrey could successfully advertise a large number of products because they have extremely high ratings for familiarity and likability (known as the Q factor in the entertainment industry).

Celebrities can play a more fundamentally strategic role for their brands, not only endorsing a product but also helping to design, position, and sell merchandise and services. Believing elite athletes have unique insights into sports performance, Nike often brings its athletic endorsers in on product design. Tiger Woods, Paul Casey, and Stewart Cink have helped to design, prototype, and test new golf clubs and balls at Nike Golf's Research & Development facility dubbed "The Oven."

Some celebrities lend their talents to brands without directly using their fame. A host of movie and TV stars—including Kiefer Sutherland (Bank of America), Alec Baldwin (Blockbuster), Patrick Dempsey (State Farm), Lauren Graham (Special K), and Regina King (Always)—do uncredited commercial voice-overs. Although advertisers assume some viewers will recognize the voices, the basic rationale for uncredited celebrity voice-overs is the incomparable voice talents and skills they bring from their acting careers.

Using celebrities poses certain risks. The celebrity might hold out for a larger fee at contract renewal or withdraw. And just like movies and album releases, celebrity campaigns can be expensive flops. The celebrity might lose popularity or, even worse, get caught in a scandal or embarrassing situation, as did Tiger Woods in a heavily publicized 2009 episode. Besides carefully checking endorsers' backgrounds, some marketers are choosing to use more than one to lessen their brand's exposure to any single person's flaws.

Another solution is for marketers to create their own brand celebrities. Dos Equis beer, imported from Mexico, grew U.S. sales by over 20 percent during the recent recession by riding on the popularity of its "Most Interesting Man in the World" ad campaign. Suave, debonair, with an exotic accent and a silver beard, the character has hundreds of thousands of Facebook friends despite being, of course, completely fictitious. Videos of his exploits log millions of views on YouTube. He even served as the basis of *The Most Interesting Show in the World* tour of the brand's 14 biggest urban markets, which featured one-of-a-kind circus-type performers such as a flaming bowling-ball-juggling stunt comedian, a robot-inspired break dancer, and a contortionist who shoots arrows with her feet. Through a combination of advertising and media coverage, almost 100 million media impressions were achieved on the tour.

Sources: Scott Huver, "Here's the Pitch!," *TV Guide*, May 23, 2010; Linda Massarella, "Shatner's Singing a Happy Tune," *Toronto Sun*, May 2, 2010; "Nike Golf Celebrates Achievements and Successes of Past Year," www.worldgolf.com, January 2, 2009; Piet Levy, "Keeping It Interesting," *Marketing News*, October 30, 2009, p. 8; Keith Naughton, "The Soft Sell," *Newsweek,* February 2, 2004, pp. 46–47; Irving Rein, Philip Kotler, and Martin Scoller, *The Making and Marketing of Professionals into Celebrities* (Chicago: NTC Business Books, 1997).

place in the direction of increasing the amount of congruity between the two evaluations.[28] The consumer will end up respecting the celebrity somewhat less or the brand somewhat more. If she encounters the same celebrity praising other disliked brands, she will eventually develop a negative view of the celebrity and maintain negative attitudes toward the brands. The **principle of congruity** implies that communicators can use their good image to reduce some negative feelings toward a brand but in the process might lose some esteem with the audience.

Select the Communications Channels

Selecting an efficient means to carry the message becomes more difficult as channels of communication become more fragmented and cluttered. Communications channels may be personal and nonpersonal. Within each are many subchannels.

PERSONAL COMMUNICATIONS CHANNELS **Personal communications channels** let two or more persons communicate face-to-face or person-to-audience through a phone, surface

mail, or e-mail. They derive their effectiveness from individualized presentation and feedback and include direct and interactive marketing, word-of-mouth marketing, and personal selling.

We can draw a further distinction between advocate, expert, and social communications channels. *Advocate channels* consist of company salespeople contacting buyers in the target market. *Expert channels* consist of independent experts making statements to target buyers. *Social channels* consist of neighbors, friends, family members, and associates talking to target buyers.

A study by Burson-Marsteller and Roper Starch Worldwide found that one influential person's word of mouth tends to affect the buying attitudes of two other people, on average. That circle of influence, however, jumps to eight online. Word about good companies travels fast; word about bad companies travels even faster. Reaching the right people is key.

William Shatner has become the quirky but beloved spokesperson for Priceline in its advertising.

More advertisers now seek greater *earned media*—unsolicited professional commentary, personal blog entries, social network discussion—as a result of their paid media marketing efforts. Kimberly-Clark ran a 30-second TV spot prior to the Academy Awards in March 2010 for its Poise brand, which featured Whoopi Goldberg portraying famous women in history who may have suffered from incontinence. The goal was to get people talking, and talk they did! A social media avalanche followed, culminating in a *Saturday Night Live* spoof, which eventually added up to 200 million PR impressions in total.[29]

Personal influence carries especially great weight (1) when products are expensive, risky, or purchased infrequently, and (2) when products suggest something about the user's status or taste. People often ask others to recommend a doctor, plumber, hotel, lawyer, accountant, architect, insurance agent, interior decorator, or financial consultant. If we have confidence in the recommendation, we normally act on the referral. Service providers clearly have a strong interest in building referral sources.

Even business-to-business marketers can benefit from strong word of mouth. Here is how John Deere created anticipation and excitement when introducing its 764 High Speed Dozer, the category's first launch in 25 years.[30]

John Deere Leading up to the unveiling of its high-speed dozer at the industry's largest CONEXPO trade show, John Deere created an extensive PR campaign. First, e-mail announcements were sent to all trade show registrants with images of the dozer covered in a tarp and teasing headlines, such as "Just a Few Years Ahead of the Competition" and "The Shape of Things to Come." Editors received an invitation to attend a closed-door press conference where they were given a VIP pass and admittance to a special viewing area at the CONEXPO show. Finally, editors were told they could also register for a special, invitation-only press conference with John Deere senior executives, including its CEO. Approximately 2,000 people attended the trade show for a rock-star unveiling of the dozer, with about 80 editors present. Customers at the event who declared their desire for the machine helped Deere staff secure more leads. Press reaction was also extremely positive, including several trade magazine cover stories on the dozer and three segments on CNBC. The integrated effort on behalf of John Deere, which included print ads in trade publications, took home the Grand CEBA Award in American Business Media's annual awards competition.

NONPERSONAL (MASS) COMMUNICATIONS CHANNELS Nonpersonal channels are communications directed to more than one person and include advertising, sales promotions, events and experiences, and public relations. Much recent growth has taken place through events and experiences. Events marketers who once favored sports events are now using other venues such as art museums, zoos, and ice shows to entertain clients and employees. AT&T and IBM sponsor

Through its print ad and trade show efforts, John Deere created buzz and much word of mouth in anticipation of the launch of its new high-speed dozer.

symphony performances and art exhibits, Visa is an active sponsor of the Olympics, and Harley-Davidson sponsors annual motorcycle rallies.

Companies are searching for better ways to quantify the benefits of sponsorship and demanding greater accountability from event owners and organizers. They are also creating events designed to surprise the public and create a buzz. Many efforts amount to guerrilla marketing tactics. As part of a $100 million global advertising and marketing campaign for its line of televisions, LG Electronics developed an elaborate promotion for a fake new TV series, *Scarlet*, including a heavily promoted Hollywood world premiere. Inside, attendees found a new series of actual LG TVs with a red back panel. Teaser TV and online commercials and extensive PR backed the effort.[31]

Events can create attention, although whether they have a lasting effect on brand awareness, knowledge, or preference will vary considerably depending on the quality of the product, the event itself, and its execution.

INTEGRATION OF COMMUNICATIONS CHANNELS Although personal communication is often more effective than mass communication, mass media might be the major means of stimulating personal communication. Mass communications affect personal attitudes and behavior through a two-step process. Ideas often flow from radio, television, and print to opinion leaders, and from these to less media-involved population groups.

This two-step flow has several implications. First, the influence of mass media on public opinion is not as direct, powerful, and automatic as marketers have supposed. It is mediated by opinion leaders, people whose opinions others seek or who carry their opinions to others. Second, the two-step flow challenges the notion that consumption styles are primarily influenced by a "trickle-down" or "trickle-up" effect from mass media. People interact primarily within their own social groups and acquire ideas from opinion leaders in their groups. Third, two-step communication suggests that mass communicators should direct messages specifically to opinion leaders and let them carry the message to others.

Establish the Total Marketing Communications Budget

One of the most difficult marketing decisions is determining how much to spend on marketing communications. John Wanamaker, the department store magnate, once said, "I know that half of my advertising is wasted, but I don't know which half."

Industries and companies vary considerably in how much they spend on marketing communications. Expenditures might be 40 percent to 45 percent of sales in the cosmetics industry, but only

5 percent to 10 percent in the industrial-equipment industry. Within a given industry, there are low- and high-spending companies.

How do companies decide on the communication budget? We will describe four common methods: the affordable method, the percentage-of-sales method, the competitive-parity method, and the objective-and-task method.

AFFORDABLE METHOD Some companies set the communication budget at what they think the company can afford. The affordable method completely ignores the role of promotion as an investment and the immediate impact of promotion on sales volume. It leads to an uncertain annual budget, which makes long-range planning difficult.

PERCENTAGE-OF-SALES METHOD Some companies set communication expenditures at a specified percentage of current or anticipated sales or of the sales price. Automobile companies typically budget a fixed percentage based on the planned car price. Oil companies appropriate a fraction of a cent for each gallon of gasoline sold under their own label.

Supporters of the percentage-of-sales method see a number of advantages. First, communication expenditures will vary with what the company can afford. This satisfies financial managers, who believe expenses should be closely related to the movement of corporate sales over the business cycle. Second, it encourages management to think of the relationship among communication cost, selling price, and profit per unit. Third, it encourages stability when competing firms spend approximately the same percentage of their sales on communications.
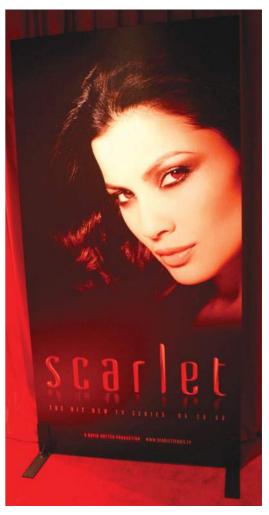
In spite of these advantages, the percentage-of-sales method has little to justify it. It views sales as the determiner of communications rather than as the result. It leads to a budget set by the availability of funds rather than by market opportunities. It discourages experimentation with countercyclical communication or aggressive spending. Dependence on year-to-year sales fluctuations interferes with long-range planning. There is no logical basis for choosing the specific percentage, except what has been done in the past or what competitors are doing. Finally, it does not encourage building the communication budget by determining what each product and territory deserves.

COMPETITIVE-PARITY METHOD Some companies set their communication budget to achieve share-of-voice parity with competitors. There are two supporting arguments: that competitors' expenditures represent the collective wisdom of the industry, and that maintaining competitive parity prevents communication wars. Neither argument is valid. There are no grounds for believing competitors know better. Company reputations, resources, opportunities, and objectives differ so much that communication budgets are hardly a guide. And there is no evidence that budgets based on competitive parity discourage communication wars.

OBJECTIVE-AND-TASK METHOD The objective-and-task method calls upon marketers to develop communication budgets by defining specific objectives, determining the tasks that must be performed to achieve these objectives, and estimating the costs of performing them. The sum of these costs is the proposed communication budget.

Suppose Dr. Pepper Snapple Group wants to introduce a new natural energy drink, called Sunburst, for the casual athlete.[32] Its objectives might be as follows:

1. ***Establish the market share goal.*** The company estimates 50 million potential users and sets a target of attracting 8 percent of the market—that is, 4 million users.
2. ***Determine the percentage of the market that should be reached by advertising.*** The advertiser hopes to reach 80 percent (40 million prospects) with its advertising message.
3. ***Determine the percentage of aware prospects that should be persuaded to try the brand.*** The advertiser would be pleased if 25 percent of aware prospects (10 million) tried Sunburst. It estimates that 40 percent of all triers, or 4 million people, will become loyal users. This is the market goal.

To promote its new line of televisions, LG pretended to launch a fake new TV series, even holding a heavily promoted premiere.

4. *Determine the number of advertising impressions per 1 percent trial rate.* The advertiser estimates that 40 advertising impressions (exposures) for every 1 percent of the population will bring about a 25 percent trial rate.

5. *Determine the number of gross rating points that would have to be purchased.* A gross rating point is one exposure to 1 percent of the target population. Because the company wants to achieve 40 exposures to 80 percent of the population, it will want to buy 3,200 gross rating points.

6. *Determine the necessary advertising budget on the basis of the average cost of buying a gross rating point.* To expose 1 percent of the target population to one impression costs an average of \$3,277. Therefore, 3,200 gross rating points will cost \$10,486,400 (= \$3,277 × 3,200) in the introductory year.

The objective-and-task method has the advantage of requiring management to spell out its assumptions about the relationship among dollars spent, exposure levels, trial rates, and regular usage.

COMMUNICATION BUDGET TRADE-OFFS A major question is how much weight marketing communications should receive in relationship to alternatives such as product improvement, lower prices, or better service. The answer depends on where the company's products are in their life cycles, whether they are commodities or highly differentiable products, whether they are routinely needed or must be "sold," and other considerations. Marketing communications budgets tend to be higher when there is low channel support, much change in the marketing program over time, many hard-to-reach customers, more complex customer decision making, differentiated products and nonhomogeneous customer needs, and frequent product purchases in small quantities.[33]

In theory, marketers should establish the total communications budget so the marginal profit from the last communication dollar just equals the marginal profit from the last dollar in the best noncommunication use. Implementing this principle, however, is not easy.

Deciding on the Marketing Communications Mix

Companies must allocate the marketing communications budget over the eight major modes of communication—advertising, sales promotion, public relations and publicity, events and experiences, direct marketing, interactive marketing, word-of-mouth marketing, and the sales force. Within the same industry, companies can differ considerably in their media and channel choices. Avon concentrates its promotional funds on personal selling, whereas Revlon spends heavily on advertising. Electrolux spent heavily on a door-to-door sales force for years, whereas Hoover has relied more on advertising. ▭ Table 17.2 breaks down spending on some major forms of communication.

Companies are always searching for ways to gain efficiency by substituting one communications tool for others. Many are replacing some field sales activity with ads, direct mail, and telemarketing. One auto dealer dismissed his five salespeople and cut prices, and sales exploded. The substitutability among communications tools explains why marketing functions need to be coordinated.

Characteristics of the Marketing Communications Mix

Each communication tool has its own unique characteristics and costs. We briefly review them here and discuss them in more detail in Chapters 18 and 19.

ADVERTISING Advertising reaches geographically dispersed buyers. It can build up a long-term image for a product (Coca-Cola ads) or trigger quick sales (a Macy's ad for a weekend sale). Certain forms of advertising such as TV can require a large budget, whereas other forms such as newspaper do not. The mere presence of advertising might have an effect on sales: Consumers might believe a heavily advertised brand must offer "good value."[34] Because of the many forms and uses of advertising, it's difficult to make generalizations about it.[35] Yet a few observations are worthwhile:

1. *Pervasiveness*—Advertising permits the seller to repeat a message many times. It also allows the buyer to receive and compare the messages of various competitors. Large-scale advertising says something positive about the seller's size, power, and success.

TABLE 17.2 Advertising and Digital Marketing Communications Forecast for 2010		
Global Advertising Spend Projections	**2009–2010 % Change**	**2010 $ (billions)**
Cinema	2.0%	2.23
Internet	12.0%	60.35
Magazines	−4.0%	43.10
Newspapers	−4.0%	97.85
Outdoor	2.0%	29.61
Radio	−2.0%	33.10
Television	2.0%	174.94
Total	0.9%	441.19
Source: *ZenithOptimedia, December 2009.*		
Digital Marketing Communications		
Display Advertising	7%	8.40
Email Marketing	8%	1.36
Mobile Marketing	44%	0.56
Search Marketing	15%	17.80
Social Media	31%	0.94
Total	13%	29.01
Source: Data from Figure 4 in *US Interactive Marketing Forecast 2009 to 2014*. Forester Reseach, Inc. July, 2009.		

Source: Table from Piet Levy, "The Oscar-Contending Drama: Finding the Right Marketing Mix," *Marketing News*, January 30, 2009, p. 15.

2. ***Amplified expressiveness***—Advertising provides opportunities for dramatizing the company and its brands and products through the artful use of print, sound, and color.
3. ***Control***—The advertiser can choose the aspects of the brand and product on which to focus communications.

SALES PROMOTION Companies use sales promotion tools—coupons, contests, premiums, and the like—to draw a stronger and quicker buyer response, including short-run effects such as highlighting product offers and boosting sagging sales. Sales promotion tools offer three distinctive benefits:

1. ***Ability to be attention-getting***—They draw attention and may lead the consumer to the product.
2. ***Incentive***—They incorporate some concession, inducement, or contribution that gives value to the consumer.
3. ***Invitation***—They include a distinct invitation to engage in the transaction now.

PUBLIC RELATIONS AND PUBLICITY Marketers tend to underuse public relations, yet a well-thought-out program coordinated with the other communications-mix elements can be extremely effective, especially if a company needs to challenge consumers' misconceptions. The appeal of public relations and publicity is based on three distinctive qualities:

1. ***High credibility***—News stories and features are more authentic and credible to readers than ads.
2. ***Ability to reach hard-to-find buyers***—Public relations can reach prospects who prefer to avoid mass media and targeted promotions.
3. ***Dramatization***—Public relations can tell the story behind a company, brand, or product.

EVENTS AND EXPERIENCES There are many advantages to events and experiences as long as they have the following characteristics:

1. *Relevant*—A well-chosen event or experience can be seen as highly relevant because the consumer is often personally invested in the outcome.
2. *Engaging*—Given their live, real-time quality, events and experiences are more actively engaging for consumers.
3. *Implicit*—Events are typically an indirect "soft sell."

DIRECT AND INTERACTIVE MARKETING Direct and interactive marketing messages take many forms—over the phone, online, or in person. They share three characteristics:

1. *Customized*—The message can be prepared to appeal to the addressed individual.
2. *Up-to-date*—A message can be prepared very quickly.
3. *Interactive*—The message can be changed depending on the person's response.

WORD-OF-MOUTH MARKETING Word of mouth also takes many forms both online or offline. Three noteworthy characteristics are:

1. *Influential*—Because people trust others they know and respect, word of mouth can be highly influential.
2. *Personal*—Word of mouth can be a very intimate dialogue that reflects personal facts, opinions, and experiences.
3. *Timely*—Word of mouth occurs when people want it to and are most interested, and it often follows noteworthy or meaningful events or experiences.

PERSONAL SELLING Personal selling is the most effective tool at later stages of the buying process, particularly in building up buyer preference, conviction, and action. Personal selling has three notable qualities:

1. *Personal interaction*—Personal selling creates an immediate and interactive episode between two or more persons. Each is able to observe the other's reactions.
2. *Cultivation*—Personal selling also permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship.
3. *Response*—The buyer is often given personal choices and encouraged to directly respond.

Factors in Setting the Marketing Communications Mix

Companies must consider several factors in developing their communications mix: type of product market, consumer readiness to make a purchase, and stage in the product life cycle.

TYPE OF PRODUCT MARKET Communications-mix allocations vary between consumer and business markets. Consumer marketers tend to spend comparatively more on sales promotion and advertising; business marketers tend to spend comparatively more on personal selling. In general, personal selling is used more with complex, expensive, and risky goods and in markets with fewer and larger sellers (hence, business markets).

Although marketers rely more on sales calls in business markets, advertising still plays a significant role:

- Advertising can provide an introduction to the company and its products.
- If the product has new features, advertising can explain them.
- Reminder advertising is more economical than sales calls.
- Advertisements offering brochures and carrying the company's phone number or Web address are an effective way to generate leads for sales representatives.
- Sales representatives can use copies of the company's ads to legitimize their company and products.
- Advertising can remind customers how to use the product and reassure them about their purchase.

Advertising combined with personal selling can increase sales over personal selling alone. Corporate advertising can improve a company's reputation and improve the sales force's chances of getting a favorable first hearing and early adoption of the product.[36] IBM's corporate marketing effort is a notable success in recent years.[37]

IBM Smarter Planet Working with long-time ad agency Ogilvy & Mather, IBM launched "Smarter Planet" in 2008 as a business strategy and multiplatform communications program to promote the way in which IBM technology and expertise helps industry, government, transportation, energy, education, health care, cities, and other businesses work better and "smarter." The point was that technology has evolved so far that many of the world's problems are now fixable. Emphasizing the United States, the United Kingdom, Germany, and China, the campaign began internally to inform and inspire IBM employees about how they could contribute to building a "Smarter Planet." An unconventional "Mandate for Change" series offered long-form, content-rich print ads in the business world's top newspapers outlining how IBM would address 25 key issues to make the world work better. Targeted TV ads and detailed online interactive ads provided more support and substance. A "Smarter Cities" tour hosted major events at which IBM and other experts discussed and debated challenges all cities face: transportation, energy, health care, education, and public safety. The success of the overall "Smarter Planet" campaign was evident in the significant improvements in IBM's image as a company "making the world better" and "known for solving its clients' most challenging problems." Despite a recession, significant increases occurred in new business opportunities and the number of companies interested in doing business with IBM.
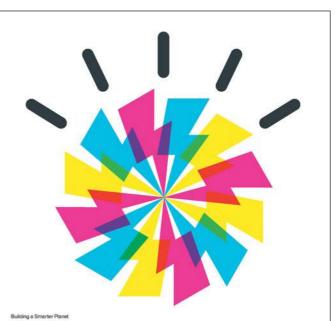
On the flip side, personal selling can also make a strong contribution in consumer-goods marketing. Some consumer marketers use the sales force mainly to collect weekly orders from dealers and to see that sufficient stock is on the shelf. Yet an effectively trained company sales force can make four important contributions:

1. *Increase stock position.* Sales reps can persuade dealers to take more stock and devote more shelf space to the company's brand.
2. *Build enthusiasm.* Sales reps can build dealer enthusiasm by dramatizing planned advertising and communications support for the company's brand.
3. *Conduct missionary selling.* Sales reps can sign up more dealers.
4. *Manage key accounts.* Sales reps can take responsibility for growing business with the most important accounts.

BUYER-READINESS STAGE Communication tools vary in cost-effectiveness at different stages of buyer readiness. △ Figure 17.4 shows the relative cost-effectiveness of three communication tools. Advertising and publicity play the most important roles in the awareness-building stage. Customer comprehension is primarily affected by advertising and personal selling. Customer conviction is influenced mostly by personal selling. Closing the sale is influenced mostly by personal selling and sales promotion. Reordering is also affected mostly by personal selling and sales promotion, and somewhat by reminder advertising.

PRODUCT LIFE-CYCLE STAGE In the introduction stage of the product life cycle, advertising, events and experiences, and publicity have the highest cost-effectiveness, followed by personal selling to gain distribution coverage and sales promotion and direct marketing to induce trial. In the growth stage, demand has its own momentum through word of mouth and interactive marketing. Advertising, events and experiences, and personal selling all become more important in the maturity stage. In the decline stage, sales promotion continues strong, other communication tools are reduced, and salespeople give the product only minimal attention.

Building a Smarter Planet

Smarter power for a smarter planet.

For most of the last century, our electrical grids were a symbol of progress. The inexpensive, abundant power they brought changed the way the world worked—filling homes, streets, businesses, towns and cities with energy.

But today's electrical grids reflect a time when energy was cheap, their impact on the natural environment wasn't a priority and consumers weren't even part of the equation. Back then, the power system could be centralized, closely managed and supplied by a relatively small number of large power plants. It was designed to distribute power in one direction only—not to manage a dynamic global network of energy supply and demand.

As a result of inefficiencies in this system, the world's creation and distribution of electric power is now incredibly wasteful. With little or no intelligence to balance loads or monitor power flows, enough electricity is lost annually to power India, Germany and Canada for an entire year. If the U.S. grid alone were just 5% more efficient, it would be like permanently eliminating the fuel and greenhouse gas emissions from 53 million cars. Billions of dollars are wasted generating energy that never reaches a single lightbulb.

Fortunately, our energy can be made smart. It can be managed like the complex global system it is.

We can now instrument everything from the meter in the home to the turbines in the plants to the network itself. In fact, the intelligent utility system actually looks a lot more like the Internet than like a traditional grid. It can be linked to thousands of power sources—including climate-friendly ones such as wind and solar. All of this instrumentation then generates new data, which advanced analytics can turn into insight, so that better decisions can be made in real time. Decisions by individuals and businesses on how they

can consume more efficiently. Decisions by utility companies on how they can better manage delivery and balance loads. Decisions by governments and societies on how to preserve our environment. The whole system can become more efficient, reliable, adaptive...smart.

Smart grid projects are already helping consumers save 10% on their bills and are reducing peak demand by 15%. Imagine the potential savings when this is scaled to include companies, government agencies and universities. And imagine the economic stimulus that an investment in smarter grids could provide in America's current crisis.

Actually, there's no need for imagination. The investment now being shaped in Washington could yield almost a quarter of a million jobs in digitizing the grid and in related industries such as alternative energy and automotive. It could enable new forms of industrial innovation by creating exportable skills, resources and technology.

IBM scientists and industry experts are working on smart energy solutions around the world. We're working with utility companies globally to accelerate the adoption of smart grids to help make them more reliable and give customers better usage information. We're working on seven of the world's ten largest automated meter management projects. We're even exploring how to harness intermittent wind power by turning millions of future electric vehicles into a distributed storage system.
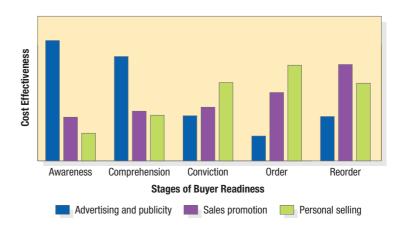
Our electrical grids can be a symbol of progress again—if we imbue the entire system with intelligence. And we can.

Let's build a smarter planet. Join us and see what others are doing at ibm.com/smarterplanet.

IBM's "Smarter Planet" corporate brand campaign, which has met with great success, sometimes breaks the rules, as with this text-heavy print ad.

|Fig. 17.4| △

Cost-Effectiveness of
Three Different
Communication Tools
at Different Buyer-
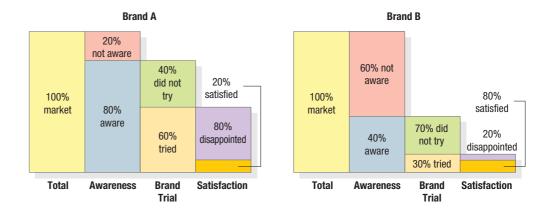Readiness Stages

Measuring Communication Results

Senior managers want to know the *outcomes* and *revenues* resulting from their communications invest-ments. Too often, however, their communications directors supply only *inputs* and *expenses:* press clip-ping counts, numbers of ads placed, media costs. In fairness, communications directors try to translate inputs into intermediate outputs such as reach and frequency (the percentage of target market exposed to a communication and the number of exposures), recall and recognition scores, persuasion changes, and cost-per-thousand calculations. Ultimately, behavior-change measures capture the real payoff.

After implementing the communications plan, the communications director must measure its impact. Members of the target audience are asked whether they recognize or recall the message, how many times they saw it, what points they recall, how they felt about the message, and what are their previous and current attitudes toward the product and the company. The communicator should also collect behavioral measures of audience response, such as how many people bought the product, liked it, and talked to others about it.

△ Figure 17.5 provides an example of good feedback measurement. We find 80 percent of the consumers in the total market are aware of brand A, 60 percent have tried it, and only 20 percent who tried it are satisfied. This indicates that the communications program is effective in creating awareness, but the product fails to meet consumer expectations. In contrast, 40 percent of the consumers in the total market are aware of brand B and only 30 percent have tried it, but 80 percent of them are satisfied. In this case, the communications program needs to be strengthened to take advantage of the brand's potential power.

Managing the Integrated Marketing Communications Process

Many companies still rely on only one or two communication tools. This practice persists in spite of the fragmenting of mass markets into a multitude of minimarkets, each requiring its own ap-proach; the proliferation of new types of media; and the growing sophistication of consumers. The

|Fig. 17.5| △

Current Consumer
States for Two Brands

wide range of communication tools, messages, and audiences makes it imperative that companies move toward integrated marketing communications. Companies must adopt a "360-degree view" of consumers to fully understand all the different ways that communications can affect consumer behavior in their daily lives.[38]

The American Marketing Association defines **integrated marketing communications (IMC)** as "a planning process designed to assure that all brand contacts received by a customer or prospect for a product, service, or organization are relevant to that person and consistent over time." This planning process evaluates the strategic roles of a variety of communications disciplines—for example, general advertising, direct response, sales promotion, and public relations—and skillfully combines these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of messages.

Media companies and ad agencies are expanding their capabilities to offer multiplatform deals for marketers. These expanded capabilities make it easier for marketers to assemble various media properties—as well as related marketing services—in an integrated communication program. Table 17.3 displays the different lines of businesses for marketing and advertising services giant WPP.

Coordinating Media

Media coordination can occur across and within media types, but marketers should combine personal and nonpersonal communications channels through *multiple-vehicle, multiple-stage campaigns* to achieve maximum impact and increase message reach and impact.

Promotions can be more effective when combined with advertising, for example.[39] The awareness and attitudes created by advertising campaigns can increase the success of more direct sales

TABLE 17.3	WPP's Lines of Businesses
Advertising
Global, national and specialist advertising services from a range of top international and specialist agencies, amongst them Grey, JWT, Ogilvy & Mather, United Network and Y&R
Media Investment Management
Above- and below-the-line media planning and buying and specialist sponsorship and branded entertainment services from GroupM companies MediaCom, Mediaedge:cia, Mindshare, Maxus and others
Consumer Insight
WPP's Kantar companies, including TNS, Millward Brown, The Futures Company and many other specialists in brand, consumer, media and marketplace insight, work with clients to generate and apply great insights
Public Relations & Public Affairs
Corporate, consumer, financial and brand-building services from PR and lobbying firms Burson-Marsteller, Cohn & Wolfe, Hill & Knowlton, Ogilvy Public Relations Worldwide and others
Branding & Identity
Consumer, corporate and employee branding and design services, covering identity, packaging, literature, events, training and architecture from Addison, The Brand Union, Fitch, Lambie-Nairn, Landor Associates, The Partners and others
Direct, Promotion & Relationship Marketing
The full range of general and specialist customer, channel, direct, field, retail, promotional and point-of-sale services from Bridge Worldwide, G2, OgilvyOne, OgilvyAction, RTC Relationship Marketing, VML, Wunderman and others.
Healthcare Communications
CommonHealth, GCI Health, ghg, Ogilvy Healthworld, Sudler & Hennessey and others provide integrated healthcare marketing solutions from advertising to medical education and online marketing
Specialist Communications
A comprehensive range of specialist services, from custom media and multicultural marketing to event, sports, youth and entertainment marketing; corporate and business-to-business; media, technology and production services
WPP Digital
Through WPP Digital, WPP companies and their clients have access to a portfolio of digital experts including 24/7 Real Media, Schematic and BLUE

Source: Adapted from WPP, "What We Do," www.wpp.com/wpp/about/whatwedo/ (as at 1 October 2010). Used with permission.

pitches. Advertising can convey the positioning of a brand and benefit from online display advertising or search engine marketing that offers a stronger call to action.[40]

Many companies are coordinating their online and offline communications activities. Web addresses in ads (especially print ads) and on packages allow people to more fully explore a company's products, find store locations, and get more product or service information. Even if consumers don't order online, marketers can use Web sites in ways that drive them into stores to buy.

Implementing IMC

In recent years, large ad agencies have substantially improved their integrated offerings. To facilitate one-stop shopping, these agencies have acquired promotion agencies, public relations firms, package-design consultancies, Web site developers, and direct-mail houses. They are redefining themselves as *communications companies* that assist clients to improve their overall communications effectiveness by offering strategic and practical advice on many forms of communication.[41] Many international clients such as IBM (Ogilvy), Colgate (Young & Rubicam), and GE (BBDO) have opted to put a substantial portion of their communications work through one full-service agency. The result is integrated and more effective marketing communications at a much lower total communications cost.

Integrated marketing communications can produce stronger message consistency and help build brand equity and create greater sales impact.[42] It forces management to think about every way the customer comes in contact with the company, how the company communicates its positioning, the relative importance of each vehicle, and timing issues. It gives someone the responsibility—where none existed before—to unify the company's brand images and messages as they come through thousands of company activities. IMC should improve the company's ability to reach the right customers with the right messages at the right time and in the right place.[43] "Marketing Memo: How Integrated Is Your IMC Program?" provides some guidelines.

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marketing Memo

How Integrated Is Your IMC Program?

In assessing the collective impact of an IMC program, the marketer's overriding goal is to create the most effective and efficient communications program possible. The following six criteria can help determine whether communications are truly integrated.

- *Coverage.* Coverage is the proportion of the audience reached by each communication option employed, as well as how much overlap exists among communication options. In other words, to what extent do different communication options reach the designated target market and the same or different consumers making up that market?

- *Contribution.* Contribution is the inherent ability of a marketing communication to create the desired response and communication effects from consumers in the absence of exposure to any other communication option. How much does a communication affect consumer processing and build awareness, enhance image, elicit responses, and induce sales?

- *Commonality.* Commonality is the extent to which *common* associations are reinforced across communication options; that is, the extent to which information conveyed by different communication options share meaning. The consistency and cohesiveness of the brand image is important because it determines how easily existing associations and responses can be recalled and how easily additional associations and responses can become linked to the brand in memory.

- *Complementarity.* Communication options are often more effective when used in tandem. Complementarity relates to the extent to which *different* associations and linkages are emphasized across communication options. Different brand associations may be most effectively established by capitalizing on those marketing communication options best suited to eliciting a particular consumer response or establishing a particular type of brand association. Many of the TV ads during the Super Bowl—America's biggest media event—are designed to create curiosity and interest so that consumers go online and engage in social media and word of mouth to experience and find more detailed information.[44] A 2010 Super Bowl spot for Snickers candy bar featuring legendary TV comedienne Betty White resulted in over 3.5 million visits to the brand's Web site after it was run.

- *Versatility.* In any integrated communication program, when consumers are exposed to a particular marketing communication, some will have already been exposed to other marketing communications for the brand, and some will not have had any prior exposure. Versatility refers to the extent to which a marketing communication option is robust and "works" for different groups of consumers. The ability of a marketing communication to work at two levels—effectively communicating to consumers who have or have *not* seen other communications—is critically important.

- *Cost.* Marketers must weigh evaluations of marketing communications on all these criteria against their cost to arrive at the most effective *and* efficient communications program.

Source: Adapted from Kevin Lane Keller, *Strategic Brand Management,* 3rd ed. (Upper Saddle River, NJ: Prentice Hall, 2008).

Summary

1. Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible to target customers. Companies must also communicate with present and potential stakeholders and with the general public.

2. The marketing communications mix consists of eight major modes of communication: advertising, sales promotion, public relations and publicity, events and experiences, direct marketing, interactive marketing, word-of-mouth marketing, and personal selling.

3. The communications process consists of nine elements: sender, receiver, message, media, encoding, decoding, response, feedback, and noise. To get their messages through, marketers must encode their messages in a way that takes into account how the target audience usually decodes messages. They must also transmit the message through efficient media that reach the target audience and develop feedback channels to monitor response to the message.

4. Developing effective communications requires eight steps: (1) Identify the target audience, (2) determine the communications objectives, (3) design the communications, (4) select the communications channels, (5) establish the total communications budget, (6) decide on the communications mix, (7) measure the communications results, and (8) manage the integrated marketing communications process.

5. In identifying the target audience, the marketer needs to close any gap that exists between current public perception and the image sought. Communications objectives can be to create category need, brand awareness, brand attitude, or brand purchase intention.

6. Designing the communication requires solving three problems: what to say (message strategy), how to say it (creative strategy), and who should say it (message source). Communications channels can be personal (advocate, expert, and social channels) or nonpersonal (media, atmospheres, and events).

7. Although other methods exist, the objective-and-task method of setting the communications budget, which calls upon marketers to develop their budgets by defining specific objectives, is typically most desirable.

8. In choosing the marketing communications mix, marketers must examine the distinct advantages and costs of each communication tool and the company's market rank. They must also consider the type of product market in which they are selling, how ready consumers are to make a purchase, and the product's stage in the company, brand, and product.

9. Measuring the effectiveness of the marketing communications mix requires asking members of the target audience whether they recognize or recall the communication, how many times they saw it, what points they recall, how they felt about the communication, and what are their previous and current attitudes toward the company, brand, and product.

10. Managing and coordinating the entire communications process calls for integrated marketing communications (IMC): marketing communications planning that recognizes the added value of a comprehensive plan to evaluate the strategic roles of a variety of communications disciplines, and that combines these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of discrete messages.

Applications

Marketing **Debate**
Has TV Advertising Lost Its Power?

Long deemed the most successful marketing medium, television advertising is increasingly criticized for being too expensive and, even worse, no longer as effective as it once was. Critics maintain that consumers tune out too many ads by zipping and zapping and that it is difficult to make a strong impression. The future, claim some, is with online advertising. Supporters of TV advertising disagree, contending that the multisensory impact of TV is unsurpassed and that no other media option offers the same potential impact.

Take a position: TV advertising has faded in importance *versus* TV advertising is still the most powerful advertising medium.

Marketing **Discussion**
Communications Audit

Pick a brand and go to its Web site. Locate as many forms of communication as you can find. Conduct an informal communications audit. What do you notice? How consistent are the different communications?

Marketing Excellence

>>Red Bull

Red Bull's integrated marketing communications mix has been so successful that the company has created an entirely new drink category—functional energy drinks—and has become a multibillion-dollar brand among competition from beverage kings like Coca-Cola and Pepsi. In less than 20 years, Red Bull has become the energy drink market leader by skillfully connecting with the global youth. Dietrich Mateschitz founded Red Bull in Austria and introduced the energy drink into Hungary, its first foreign market, in 1992. Today, Red Bull sells 4 billion cans of energy drinks each year in over 160 countries.

So how does Red Bull do it? The answer: differently than others. For years, Red Bull offered just one product, Red Bull Energy Drink, in one size—a slick silver 250 ml. (8.3 oz.) can with a European look and feel. Red Bull's ingredients—amino acid taurine, B-complex vitamins, caffeine, and carbohydrates—mean it's highly caffeinated and energizing, so fans have called it "liquid cocaine" and "speed in a can." Over the last decade, Red Bull has introduced three additional products: Red Bull Sugarfree, Red Bull Energy Shots, and Red Bull Cola—each slight variations of the original energy drink.

Since its beginning, Red Bull has used little traditional advertising and no print, billboards, banner ads, or Super Bowl spots. While the company runs minimal television commercials, the animated spots and tagline "Red Bull Gives You Wiiings" are meant to amuse its young audience and connect in a nontraditional, nonpushy manner.

Red Bull builds buzz about the product through grassroots, viral marketing tactics, starting with its "seeding program" that microtargets trendy shops, clubs, bars, and stores. As one Red Bull executive explained, "We go to on-premise accounts first, because the product gets a lot of visibility and attention. It goes faster to deal with individual accounts, not big chains and their authorization process." Red Bull is easily accepted at clubs because "in clubs, people are open to new things."

Once Red Bull has gained some momentum in the bars, it next moves into convenience stores located near colleges, gyms, health-food stores, and supermarkets, prime locations for its target audience of men and women aged 16 to 29. Red Bull has also been known to target college students directly by providing them with free cases of Red Bull and encouraging them to throw a party. Eventually, Red Bull moves into restaurants and finally, into supermarkets.

Red Bull's marketing efforts strive to build its brand image of authenticity, originality, and community in several ways. First, Red Bull targets opinion leaders by sampling its product, a lot. Free Red Bull energy drinks are available at sports competitions, in limos before award shows, and at exclusive after-parties. Free samples are passed out on college campuses and city streets, given to those who look like they need a lift.

Next, Red Bull aligns itself with a wide variety of extreme sports, athletes, teams, events, and artists (in music, dance, and film). From motor sports to mountain biking, snowboarding to surfing, dancing to extreme sailing, there is no limit to the craziness of a Red Bull event or sponsorship. A few have become notorious for taking originality and extreme sporting to the limit, including the annual Flugtag. At Flugtag, contestants build homemade flying machines that must weigh less than 450 pounds, including the pilot. Teams then launch their contraptions off a specially designed Red Bull branded ramp, 30 feet above a body of water. Crowds of up to 300,000 young consumers cheer on as the contestants and their "planes" stay true to the brand's slogan: "Red Bull gives you wings!"

Another annual event, the Red Bull Air Race, tests the limits of sanity. Twelve of the world's top aerobatic stunt pilots compete in a 3.5 mile course through a low-level aerial racetrack made up of air-filled Red Bull branded pylons 33 feet apart and reaching 65 feet in height. In other words, pilots fly planes with a 26-foot wingspan through a gap of 33 feet at 230 mph. These Red Bull–branded planes crash occasionally, but to date no fatalities have ever occurred.

Red Bull's Web site provides consumers with information about how to find Red Bull events, videos of and interviews with Red Bull–sponsored athletes, and clips of amazing feats that will be tested next. For example, Bull Stratos is a mission one man is undertaking to free-fall from 120,000 feet, or 23 miles high. The jump will be attempted from the edge of space and, if successful, it will mark the first time a human being has reached supersonic speeds in a free fall.

Red Bull buys traditional advertising once the market is mature and the company needs to reinforce

the brand to its consumers. As one Red Bull executive explained, "Media is not a tool that we use to establish the market. It is a critical part. It's just later in the development."

Red Bull's "anti-marketing" IMC strategy has been extremely successful connecting with its young consumers. It falls directly in line with the company's mission to be seen as unique, original, and rebellious—just as its Generation Y consumers want to be viewed.

Questions

1. What are Red Bull's greatest strengths and risks as more companies (like Coca-Cola, Pepsi, and Monster) enter the energy drink category and gain market share?

2. Should Red Bull do more traditional advertising? Why or why not?

3. Discuss the effectiveness of Red Bull's sponsorships, for example, Bull Stratos. Is this a good use of Red Bull's marketing budget? Where should the company draw the line?

Sources: Kevin Lane Keller, "Red Bull: Managing a High-Growth Brand," *Best Practice Cases in Branding*, 3rd ed. (Upper Saddle River, NJ: Prentice Hall, 2008); Peter Ha, "Red Bull Stratos: Man Will Freefall from Earth's Stratosphere," *Time,* January 22, 2010; Red Bull, www.redbull.com.

Marketing Excellence

>>Target

Like other discount retailers, Target sells a wide variety of products, including clothing, jewelry, sporting goods, household supplies, toys, electronics, and health and beauty products. However, since its founding in 1962, Target has focused on differentiating itself from the competition. This became evident in the mid-1980s when Kmart dominated the mass retail industry and Walmart was growing rapidly. Kmart and Walmart's marketing messages communicated their low price promise, but their merchandise was perceived as cheap and low-quality. Target sensed a gap in the market for "cheap chic" retail and set out to distinguish itself from the other big-box retailers.

Target planned to build an up-market cachet for its brand without losing its relevance for price-conscious consumers. It positioned itself as a high-fashion brand with trendy styles and quality merchandise at affordable low prices. To fulfill this brand promise, Target's teams of merchandisers travel the world looking for the next hot items. Next, Target brings these trends to the shelves faster than its competitors.

Many styles are sold exclusively at Target through partnerships with world-renowned designers, such as Mossimo Giannulli, Jean Paul Gaultier, and Liz Lange in clothes; Anya Hindmarch in handbags; Sigerson Morrison in shoes; Michael Graves in home goods; and Pixi by Petra Strand in beauty. They are either staples in Target stores or part of the Go International line, a special design collection available for only a few months. In 2006, Target introduced U.S. consumers to the concept of "fast fashion," already popular in Europe, to help keep the product selection fresh, which in turn led to more frequent shopper visits.

Target's designer line collections are just one unique part of its entire integrated marketing communications mix. The company uses a variety of tactics to communicate its "cheap chic" positioning, beginning with its slogan, "Expect More, Pay Less." In its stores, Target uses strategically placed low shelves, halogen and track lighting, cleaner fixtures, and wider aisles to avoid visual clutter. Signage features contemporary imagery but is printed on less expensive materials. Target even catches the eye of consumers in the air by painting its signature red bull's eye on the roof of stores located near busy airports.

Target uses a wide range of traditional advertising such as television ads, direct mailers, print ads, radio, and circulars. Its messages feature hip young customers, a variety of strong name-brand products, and a lighthearted tone—all which have helped make Target's bull's eye logo well recognized. Target also aligns itself with a variety of events, sports, athletes, and museums through corporate sponsorships. From Target Field, the home of the Minnesota Twins in Minneapolis, to Target NASCAR and Indy racing teams and contemporary athletes like Olympic snowboarder Shaun White, sponsorships help Target pinpoint specific consumers, interests, attitudes, and demographics. Target also advertises on and sponsors major awards shows such as the Oscars, Emmys, Grammys, and the Golden Globes.

Target has a strong online presence and uses Target.com as a critical component in its retail and

communications strategy. Target.com is able to gain insight into consumers' shopping preferences, which ultimately allows for more targeted direct marketing efforts. The site also features in-store items alongside Web-only items in hopes of driving traffic into the stores. On social Web sites such as Twitter and Facebook, Target builds loyalty and encourages young consumers to share their experiences, discounts, and great finds with each other.

Target reinforces its positive brand image by contributing significantly to surrounding communities. The company donates 5 percent of its annual income, or more than $3 million a week, to programs that focus on education, the arts, social service, and volunteerism. Target donated more than 16 million pounds of food in 2008 to Feed America, the nation's food bank network. Target also sponsors discounted or free days at art museums around the country, including the Museum of Modern Art in New York and the Museum of Contemporary Art in Chicago.

As a result of its integrated marketing plan, Target has attracted many shoppers who would not otherwise shop at a discount retailer. Its customers are younger, more affluent, and more educated than its competitors attract. The median age of Target shoppers is 41 and the median household income is $63,000. Three-quarters of Target consumers are female and 45 percent have children at home. In addition, 97 percent of U.S. consumers recognize the Target bull's eye logo.

While Target's marketing communication mix has effectively communicated its "cheap chic" message over the years, this strategy hurt sales during the recession in 2008–2009. During that time, consumers significantly cut their spending and shopped mostly for necessities at low-cost Walmart instead of for discretionary items, which make up about three-fifths of sales at Target.

As a result, Target tweaked its marketing message and merchandise profile. The company added perishables to its inventory—a necessity in slow economic times—and cut back on discretionary items such as clothing and home accessories. Target's marketing message remains focused on offering consumers high style and unique brand names but emphasizes value more, using phrases such as "fresh for less" and "new way to save."

Today, Target is the second-largest discount retailer in the United States, with $65.4 billion in sales in 2009, and ranks number 28 on the Fortune 500 list. Its successful integrated marketing mix has worked so well that consumers often jokingly pronounce the company's name as if it were an upscale boutique, "Tar-ZHAY."

Questions

1. What has Target done well over the years in terms of its integrated marketing communications strategy? What should it do going forward?

2. How does Target compete against mammoth Walmart? What are the distinct differences in their IMC strategies?

3. Did Target do the right thing by tweaking its message to focus more on value and less on trends? Why or why not?

Sources: "Value for Money Is Back—Target Does Marketing Right," *The Marketing Doctor*, October 2, 2006; Ben Steverman, "Target vs. Wal-Mart: The Next Phase," *BusinessWeek*, August 18, 2009; Ann Zimmerman, "Staying on Target," *Wall Street Journal*, May 7, 2007; Mya Frazier, "The Latest European Import: Fast Fashion," *Advertising Age*, January 9, 2006, p. 6; Julie Schlosser, "How Target Does It," *Fortune*, October 18, 2004, p. 100; Michelle Conlin, "Look Who's Stalking Wal-Mart," *BusinessWeek*, December 7, 2009, pp. 30–36; Wikinvest, www.wikinvest.com; Target, www.target.com.

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