SECTION IV

The IMC plan

Up to this point we have dealt with various aspects of IMC. The role of IMC in building brands and its contribution to corporate communication goals has been considered. The distinction between traditional advertising and promotion has been discussed, along with various ways of delivering IMC messages. How messages are process was introduced to gain a better idea of what is required of an IMC message if it is to be successful, and how to execute the message in order to increase the likelihood it will be processed and lead to a positive decision for the brand. Now, it is time to put it all together.

In this section we address the IMC plan and its implementation. There are a number of key considerations a manager must take into account as the planning process begins, and these are dealt with in Chapter 10. To develop an effective IMC plan, the manager must have a good appreciation of the strengths and weaknesses of advertising-like messages versus promotion-like messages, and how they may be best used together in meeting the overall marketing communication objectives for a brand. Each has particular strengths in terms of specific communication objectives, and these must be considered. Additionally, various conditions in the market will inform the mix of advertising and promotion in the plan.

The specific steps involved in the planning process are addressed in Chapter 11. This process begins with a review of the marketing plan because that will provide an overview of the brand and its marketing objectives. This is an essential foundation, because IMC must support the marketing plan. With the review completed, the manager's first tasks is to identify the target audience and gain an understanding of how they go about making purchase decisions in the category. This is often overlooked, but is critical because it will identify where in that process marketing communication is likely to have a positive effect upon brand choice.

With this established, is time to consider the message itself. The key consideration here is how the brand should be positioned within the message, and selection of the benefit to be used as the basis for the benefit claim in the message. Additionally, the communication objectives must be set. While brand awareness and brand attitude are always objectives, the manager must decide if category need should also be addressed, and if short-term brand purchase intention may also be needed. With the communication objectives set, one can then put together a set of media options that are compatible with those objectives.

Once the planning process is complete, the manager has all of the information needed to finalize and implement an IMC plan. Chapter 12 deals with how this information is used to make the decisions required in finalizing the IMC plan, and the steps necessary to implement it. Finalizing a plan requires coordinating marketing communication efforts aimed at identifying a number of touch points in the decision process. By its very nature, this almost always means there are a number of communication tasks involved. The planning process will have identified many potential opportunities for positively affecting the brand purchase decision. Because budgets rarely are large enough to afford addressing all of the opportunities, deciding what will be essential to accomplish, and then how to make the best use of the remaining budget, is the most important aspect of finalizing the IMC plan. The finalized plan will include various media options that are appropriate for the communication tasks that are to be addressed.

To implement the plan, the manager must decide how to allocate the available budget in terms of media selection. Specifically, decisions must be made about what should be the primary versus secondary media used for each communication task, and a media plan developed. And of course, the marketing communication itself, the creative executions, must be produced. This follows directly from a creative brief that distills the essence of the IMC plan, and serves as a guide to those creating the executions. This is what ensures that the actual executions reflect the IMC plan.

CHAPTER 10

Planning considerations

In this chapter we shall be looking at some of the considerations a manager must take into account before beginning to develop an integrated marketing communication (IMC) plan. Key to this is an understanding of the role of advertising-like messages and promotion-like messages in the mix. Communication objectives are important here (beyond the obvious reason) because the appropriateness of using advertising or promotion in the IMC plan will be a function of the communication objectives selected; and the role advertising versus promotion will play in the mix will be a function of not only the communication objectives involved, but also various market conditions.

Communication objectives

Much goes into creating a successful IMC plan, as we shall see in the next chapter. But, perhaps the most important consideration is the communication objective. Communication objectives follow from the specific communication *effects* the manager is looking for as a result of the brand's marketing communication. All aspects of IMC work on the same basic communication effects: category need, brand awareness, brand attitude, and brand purchase intention (see Figure 10.1).

Category need	Target audience perception that a product or service is required to satisfy a need
Brand awareness	Target audience ability to recognize or recall the brand and associate it with the need
Brand attitude	Target audience overall evaluation of a brand, providing a reason for choice consistent with the underlying purchase motive
Brand purchase intention	Target audience's instruction to themselves to immediately respond to the message

Figure 10.1 The four basic communication effects

It should be noted that while we use the term 'brand' in describing some of these communication effects, we are using the word in its broadest possible sense to include products, services, corporate identity – in short, whatever might be the beneficiary of marketing communication. Each of the four basic communication effects are briefly outlined below. This review will provide a foundation for the discussion that follows of where and how advertising and promotion should be used in IMC.

Category need is the target audience's perception that they require a product or service to satisfy a need, and associating that need with a brand. In other words, they must 'be in the market' for the brand.

Brand awareness is the target audience's ability to recognize or recall the brand. As we saw in Chapter 4, in the case of recognition brand awareness, the potential consumer need only recognize the brand at the point-of-purchase; with recall brand awareness, they must recall or remember the brand name when the need for the product or service occurs.

Brand attitude refers to the target audience's overall evaluation of the product or service being offered in relation to its perceived ability to satisfy the reason they want it (the relevant motivation). It is important to remember that reasons for purchase or usage can differ at various times, even for the same individual. That is why it is important to always think about brand attitude in terms of the motivations that are likely to be driving behaviour when the target audience is 'in the market'.

Brand purchase intention is the target audience's instruction to themselves to purchase or use the brand. In other words, it is a commitment to take action, but it does *not* necessarily insure actual purchase or use of the brand.

As one might gather, even from these brief descriptions, there is a lot involved with communication effects that must be considered in IMC planning. It is not enough to simply say you want people to like the brand; or want people to use it more often. The manager must look carefully at what it will take to accomplish those ends, and what type of marketing communication will best do the job.

It will be from this set of four marketing communication effects that the manager will select the appropriate communication objectives. But often in marketing, there are particular problems that must be addressed that lie outside the main thrust of its marketing communication. For example, a company may introduce a new product and find it so successful that sales outstripped production. This is a problem any company might like to have, but if one is not careful, it could become a serious problem. Potential customers, disappointed at not being able to find the product, might form negative attitudes, or almost certainly look for an alternative. With a seldom-purchased product this could take a lot of people out of the market.

A brand may occasionally need to go outside of the basic set of communication effects in choosing a specific communication objective in order to deal with a particular circumstance unique to the market at that time. This is something Rossiter and Percy (1997) talked about as purchase facilitation. In the above example, the manager may feel that a message is needed to alert the target market that because of demand for the new product they are having a hard time meeting it, but that the problem has been solved and more product will be available within a few weeks. Nevertheless, even in a case like this where a special circumstance must be addressed, brand awareness and brand attitude will be communication objectives because they are *always* communication objectives.

■ Relative advertising versus promotion strengths

Generally speaking, traditional advertising makes its strongest contribution to brand awareness and brand attitude. Traditional promotion makes its strongest contribution to brand purchase intention. Nevertheless, promotion-like messages must still contribute to both brand awareness and brand attitude. Even though brand attitude is not a particular strength of promotion, the best promotion offers will be those that have a positive effect upon brand attitude. This was recognized many years ago by Prentice (1977), a marketing practitioner, who called them *consumer franchise building* promotion offers. In other words, the promotion works well beyond its short-term tactical goal of immediate purchase, also helping contribute to positive brand attitude and building strong brand equity.

One should also bear in mind that promotion alone, as well as advertising, can actually create all of the communication effects. Store brands and so-called 'price brands' are marketed successfully without advertising by using point-of-purchase promotion. Although there is now a trend toward advertising private label and store brands, even when store brands are only promoted at the point-of-purchase, promotion must stimulate awareness and build at least a tentatively positive attitude for the product.

Promotion-like messages, just like advertising-like messages, work through successful message processing and either can satisfy all the communication objectives. But as we have seen, the whole idea of IMC is to approach one's marketing communication tasks with an open mind, and to explore all marketing communication options in order to maximize the brand message to the target audience. The relative strengths of advertising and promotion (Figure 10.2) are discussed next for each of the four communication effects.

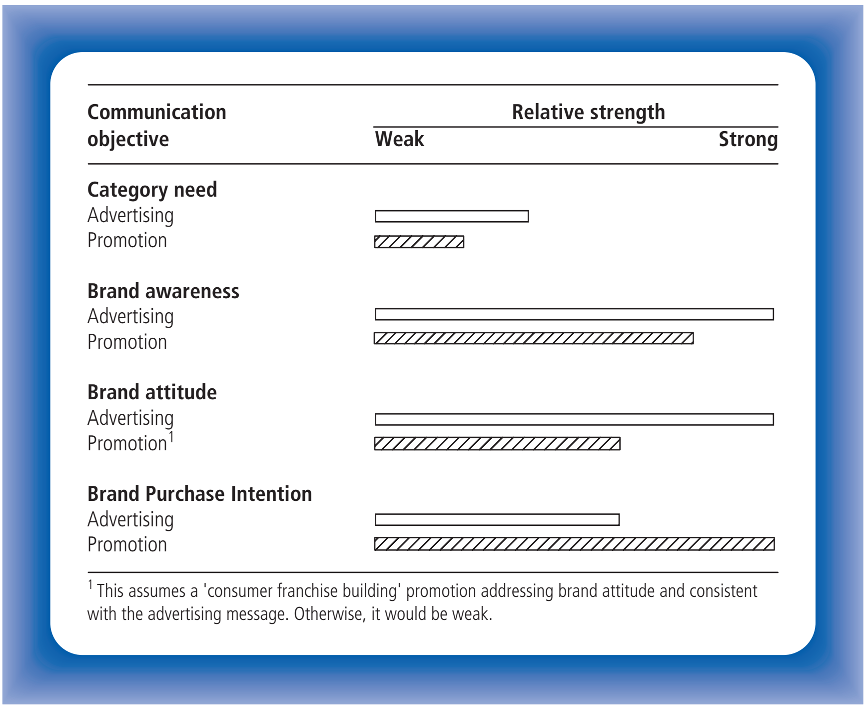

Figure 10.2 Relative strengths of advertising and promotion

Category need

Category need, for most product categories, originates mainly from market changes (for new categories) and arises from a person's overall or temporary circumstances (for new and existing categories). Traditional advertising can have some effect on category need by stimulating a perceived need. However, this is more a matter of suggesting the category need. If there is not an underlying motive to be tapped, 'selling' this need will be all but impossible. For example, the successful introduction of passenger mini-vans by Chrysler (now Daimler-Chrysler) would not have been possible if there was not an already reasonably strong motivation for such a practical vehicle. Only rarely can advertising create a motivation as such. Rather, it positions the category as a better way of meeting an existing motivation. In the case of mini-vans, it was the motivation of incomplete satisfaction with alternatives for family transportation.

Various forms of promotion can help accelerate category need, making it occur earlier, although usually only to a fairly minor degree. This is one of the reasons couponing and other price promotions are almost always a part of new consumer product introductions, and why direct marketing as a means of delivering a very targeted promotion can play such an important role in the introduction of an innovative service or product for a business. *Accelerate* is the key term here. None of this really sells the category need so much as it attempts to speed it up.

Overall, both the advertising and promotion components of IMC have, in general, only a relatively minor influence on category need (as we see in Figure 10.2). Again, this is only a general effect, for one may certainly find specific instances of successfully selling or accelerating category need with either advertising-like or promotional-like messages.

Brand awareness

Brand awareness is one of the strengths of traditional advertising. However, almost any form of marketing communication can and should contribute to brand awareness, at least to some extent. New product introductions, for example when brand awareness is a major objective, typically utilizes several marketing communication options.

Promotion offers help prospective buyers to consider new brands and to reconsider existing brands. Promotion offers can achieve this by drawing reflexive attention to the brand (e.g. a point-of-purchase display or a sample pack) and also by producing selective attention (e.g. price-off or coupons promising extra value). Various promotions and most messages (whether promotion-like or advertising-like) delivered through direct marketing are primarily useful for increasing brand recognition (or initial cognition for previously unfamiliar brands) at the point-of-purchase or at the point-of-decision rather than stimulating brand recall prior to purchase (although this is possible). As a result, promotion and direct marketing are less often an option when brand recall is involved.

Brand attitude

Building brand attitude has historically been the province of advertising. However, as already pointed out, all marketing communication should help build positive brand attitude. In the case of promotion, because it is aimed primarily at causing a short-term increase in sales, for competitive or inventory moving reasons, without regard to brand attitude, their execution is often weak in this regard. But the ideal communication should always help create longer-term communications effects, and this is especially true for promotion where it is important to seat this long-term effect in order to maximize full value purchases when the promotion is withdrawn.

Consumer Franchise Building promotions as described by Prentice (1977), or as we shall consider them, any promotion that pays attention to consistently reinforcing a brand's equity, will contribute to inducing full price purchases by working, like advertising, on brand attitude (e.g. free samples). Promotion too often does not help build brand attitude, concentrating only on brand purchase intention. This is a mistake. There should always be some reinforcement of brand attitude, consistent with the overall brand attitude communication strategy.

Chuck Mittelstadt (1993), a long time consultant to the Interpublic Group of Companies (the group that owns McCann and other major advertising agencies and media companies), has offered an interesting observation on this subject. He points out that years ago image-building promotions were the norm. Among others, there were such classic promotions as the Pillsbury bake-off and the launch of White Rain hair-care products, which date back to well over 50 years ago. The Pillsbury bake-off he sees as a classic example of IMC. Advertising in many media linked to the promotion, in-store merchandising, events, and sponsorship were all involved. Women were encouraged to contribute recipes and baked goods, all made with Pillsbury flour. The bake-off created an image of well-crafted quality products and constant innovation. As a result, this promotion was a major contributor to the Pillsbury brand image.

For the introduction of White Rain, a young lady (consistent with the demographics of the target audience) dressed in a white raincoat and white boots and holding a white umbrella was used as the most prominent element on the package. Models dressed in the same fashion were used to dispense free samples. They used white raincoats and umbrellas as premiums and as point-of-purchase displays. The advertising spokeswoman was dressed the same, and the copy stressed the widely accepted folklore on the softness of rainwater. Here we have a very good example of a consistent IMC program.

The launch of Elizabeth Arden's Curious brand perfume in Sweden offers an excellent recent example of a consistent message using both advertising and promotion together in an effective IMC program. The benefit claim for the new perfume was: 'Curious – do you dare?' This is an emotionally charged line, exactly what is needed for transformational marketing communication. This was enhanced by linking the brand with

Britney Spears, providing a strong source with whom the young women making up the target audience could identify. Note too that she reflects the appropriate source characteristics needed for transformational executions: both the likability and similarity components of attractiveness.

Complementing the introductory advertising, 'do you dare' promotions were run in *Elle* and *Cosmopolitan*, live competitions on radio to 'sing like Britney' were conducted, and samples of the product were offered at outdoor sites (see Figure 10.3). Here we have an IMC campaign where the promotions are directly linked to the overall benefit, and consistent with the advertising in look and feel. The results of the launch significantly exceeded sales targets.

Unfortunately, too often today many package goods brand managers lean too heavily upon short-term price promotions to help reach sales objectives without attention to brand attitude, and are injuring long-term brand equity. The proof of this may be seen in the overwhelming allotment of promotion dollars given to the trade, where half the money is kept by the trade and the rest usually passed along to consumers by way of price-off 'specials'. As Mittelstadt (1993) put it, somewhere along the line marketers took a short-cut into price promotions as a way of life, and a lot of brands are now paying dearly for it.

Brand purchase intention

Brand purchase intention has historically been the communication strength of the promotion component of IMC. With the exception of retail advertising and other direct response advertising, most traditional advertising does not deal directly with brand purchase intention. However, all promotion, and most messages delivered through direct marketing and channels marketing, are aimed at moving sales forward immediately (too often, as noted above, regardless of their longer-term consequences), and they achieve this by stimulating immediate brand purchase intentions. More particularly, promotions stimulate intentions to buy now, or to buy more than usual. Additionally, there are the many purchase related intentions for consumer durables and industrial products such as intention to visit showrooms, call for a sales demonstration, and so forth.

■ Market characteristics that influence IMC effectiveness

In a very interesting study, senior marketing executives from large companies that manufacture nondurable consumer goods were interviewed (Strang, 1980) . Among other things, they were asked whether they felt different market scenarios would be likely to increase the importance of either advertising over promotion, promotion over advertising, or have no effect. While we must bear in mind that these are basically packaged

Figure 10.3
An excellent example of using advertising and promotion together to deliver a consistent message. *Courtesy*: OMD and Elizabeth Arden

goods marketers, the results nevertheless provide valuable insight into how marketers actually allocate their marketing budget in communication planning.

The product lifecycle is an idea introduced many years ago by Dean (1950). One of the points made by the Strang study is that marketers feel advertising and promotion have different strengths relative to a brand's position in the product lifecycle: introduction, growth, maturity, or decline. For example, advertising is more important than promotion earlier in a product's life cycle (especially in the 'growth' stage), and that promotion is more important late in the product's life (especially in the decline stage). While this reflects a relative use of advertising-like and promotion-like messages in IMC during the product lifecycle, there are absolute cost considerations here as well (Farris and Buzzell, 1979).

This, of course, fits nicely with our understanding of the overall strength of advertising versus promotion just discussed. It is essential to build and nurture brand equity as a product grows, and this is what brand attitude, advertising's strength, is all about. A product in decline is often being phased out, and while managers want product to move through the pipeline, they are not interested in any real investment in the brand. The tactical strength of promotion to stimulate brand purchase intention fits this need well.

There are a number of other market characteristics that seem to call for different advertising versus promotion strategies, and four key areas are discussed next.

Product differentiation

If a product or service is truly different from competition in the mind of the target audience, and (importantly) that difference is seen as meaningful, there is a strong reason to advertise that difference. On the other hand, if the target audience perceives all brands in the category as more or less the same, then at least in the short-term promotion will make more sense than advertising. Why do we emphasize the short-term? Because in the long-term one would hope to create at least a meaningful perceptual if not actual difference for the brand with advertising. In fact, it must be remembered that when we talk about differentiated brands, we are talking about *perceived* differences. Whether or not the difference is 'real' is beside the point if the target audience believes it is real.

Two general characteristics that should be considered are price and quality. In both cases, when consumers perceive a difference, it calls for attention to how one uses advertising and promotion. If a brand is seen as significantly higher in price than other major competitors, advertising is *more* important than promotion. At first this may seem counter-intuitive, but upon reflection you will see that it really isn't. Yes, a price promotion will make a higher-priced brand *temporarily* more price-competitive, but it does nothing to justify its regular price in the long-term. Advertising, via brand attitude, can build brand equity and provide a reason why a higher price is justified.

Once again one must be alert to perceptions. For example, consumers say they 'know' some brands of frozen prepared foods are *much* more expensive than others. But how much, and is the difference really that significant? Interestingly, the actual price of more expensive brands is often not that much higher (no more than a few pence more), but the *perception* is that 'quality' brands are much higher priced. Under such circumstances if you are the manager of one of the 'quality' brands seen as more expensive it makes no sense to decry this misconception of a significantly higher price, and to try and convince people that for only a little more you get a much better product. Consumers already believe it is better. Advertising must reinforce this perception, along the lines of 'naturally it costs more – good quality is expensive'. If a brand is seen as being of higher quality than its major competitor, it makes sense to advertise and reinforce the perception. If a brand is in fact of lower quality than its major competitors (not too low, of course), promotion will often help overcome a reluctance on the part of the target audience to 'trade down'.

In general, one can say that when a brand is perceived to be positioned differently from major competitors, advertising is more important than promotion in IMC planning.

Market position

If a product or service is frequently purchased or used, advertising is more important in the IMC mix than promotion. There are many reasons for this, but again they centre around the need to continually reinforce a positive brand attitude under circumstances where the opportunity for brand switching is high. Promotions of course may be used tactically, but without a strong brand equity all promotions really do is 'steal' usage. This is a problem underscored by the on-going 'cola wars'. Both Coke and Pepsi seem to have turned more and more to price promotion. As a result, it is not unusual for the leading brand in a market at any one time to be the one with the best price promotion. If taken to an extreme, this can lead to brand suicide because in effect it is telling consumers not to pay attention to the brand's advertising, but to make their brand choice based only upon price.

It also makes more sense to advertise than use extensive promotion when a brand has a clear market share advantage. Once again, it is the brand attitude strength of advertising that nurtures the brand equity sustaining market share advantage.

Overall then, with a strong market position through either frequent purchase or high market share advantage, advertising will be more important than promotion in IMC planning.

Poor performance

When a brand finds itself struggling, promotion becomes more important than advertising. When what is needed is help *now*, the more immediate sales results from promotion make sense. This flows naturally from promotion's strength, brand purchase intention. While this is unlikely to provide a long-term solution to the problem, it is definitely a way to accelerate sales in the short run. This in turn should help increase cash flow and enable a return to the marketing plan. A corollary to this is when a brand is in danger of losing distribution (which can be a natural consequence of disappointing sales performance) or having trouble building distribution. This is a perfect time to use trade promotion.

When brand performance, either at the store or trade level, is faltering or not up to expectation, promotion will assume more importance than advertising in IMC planning.

Competitive activity

Not surprisingly, when competitors cut advertising and increase promotion, most brands will follow suit for fear of losing sales. And if competitors increase spending on advertising while cutting back on promotion, again most brands will do the same. While this may make sense as a short-term tactical move, the actions of competitors should not necessarily guide one's own marketing communication strategy. Each brand must take a careful look at its own situation, and respond in its own best interest.

As noted above, a high priced brand may indeed increase its advertising expenditures (correctly) to help nurture a strong positive attitude toward the brand in the face of aggressive pricing strategies by competitors. But a 'price' brand should probably not increase its advertising expenditure, and may wish to counter with even deeper short-run price promotions. The point here is that each situation must be looked at within the context of a brand's marketing objectives and its position in relationship to major competitors.

In recent years, at least for consumer packaged goods, there has been a strong increase in market share for private label product. Private label remains a small proportion of any market, but its share can certainly rival the share of many individual brands in a category. Where private label is a significant factor, it makes sense to increase *advertising* activity, *not* try to compete on price with promotion. More often than not this will take the form of stressing 'quality' or some other aspect of brand equity. Unfortunately, as scanning data continue to show, as shares increase for private label brands too often companies turn to price promotion rather than attempting to reinforce the equity value in their brand.

What we are talking about here are traditional private label brands. We do not mean 'branded' private label products. These better quality private label products (in fact often of comparable quality with national brands) must be considered like any other lower priced competitor. The actual price differences are generally not that great, and they are being marketed much like any other widely distributed brand, including the use of advertising.

How should competitive activity be treated in IMC planning? Managers must look at each situation and respond with increased advertising or promotion in the best interest of their brand regardless of what major competitors may be doing. This usually means a short-term tactical response, increasing advertising or promotion when competitors increase theirs, but this need not be a blind response. Also, when private label is a serious competitor, increased emphasis on advertising is usually called for.

Overall, we have seen that various market conditions will direct the strategic and tactical use of advertising and promotion. Managers cannot afford to think of advertising or promotion as independent means of marketing communication. Each has particular strengths, and within each there are particular types of advertising or promotion that may be used singly or in combination to address various situations in the market. It is not a question of 'should we use advertising or promotion,' but rather 'should we *emphasize* advertising or promotion' in IMC planning. The market considerations discussed and their impact upon IMC planning are summarized in Figure 10.4.

Market characteristic	IMC planning emphasis
Product differentiation	Advertising
Market position	
High brand share	Advertising
Frequently purchased product	Advertising
Poor brand performance	
Slow sales	Promotion
Distribution problems	Promotion to trade
Competitive activity	
Increase in spending by competition	Analyze situation carefully and respond accordingly
Strong private lable	Advertising

Figure 10.4 Market characteristic impact upon advertising versus promotion emphasis in IMC

Advantages of using advertising and promotion together

We have noted that more and more money is spent today in marketing communication areas outside of traditional advertising. In fact, about three to one. However, for most marketing communication problems, advertising-like messages will almost always be central to a brand's marketing communications planning, even if not in the form of traditional advertising (i.e. delivered via traditional media).

What is it about using advertising and promotion together that offers advantages relative to using only advertising or promotion alone? We have already discussed the fact that advertising and promotion have different strengths in relation to communication objectives. But the critical communication objective with regard to the joint effectiveness of advertising and promotion is advertising's *prior* establishment of a strong brand attitude, which is the main link to brand equity.

Schultz (1995), while perhaps not going quite so far as this, has talked about the role traditional advertising has to play in IMC, stating that 'image advertising is a critical ingredient in any marketing and communications program.' He goes on to talk about the need to 'protect or build the perceptual value of the brand.' To our way of thinking, this is just another way of talking about brand equity, and the communication strength of advertising, brand attitude. People may approach the matter somewhat differently, and use different words, but there is no doubt that advertising-like messages must almost always play a crucial role in IMC planning.

The key to this importance lies in the fact that when advertising has been effective in generating a strong brand attitude that has led to a strong brand equity, all of a brand's promotional efforts will be that much more effective. There are two fundamental reasons for this:

- First of all, when the target audience holds strong favourable attitudes toward a brand, it means that when the brand does use promotions the target audience will see them as a much better value, and
- When the target audience holds strong favourable attitudes toward a brand, when competitors offer promotions the target audience will be less likely to respond to them.

If one thinks about it, this makes sense. The more someone likes a product or service, the less likely they will be to switch because of a promotion; and when the brand offers its own promotion, they will think that much better of it, *and* it will tend to reinforce their already positive brand attitude.

Before leaving the impression that advertising, in creating a favourable brand attitude, may be all that is really needed, there is something else to consider. No matter how favourable brand attitude may be, it is unlikely that everyone in the market buys or uses that brand exclusively. It is unlikely that any core market is ever dominated by totally brand loyal customers. What brand attitude is working on is maintaining a dominant share of favourable brand switchers. Of course, it also holds brand loyal customers, but in today's markets consumers switch among various competitive alternatives. Unfortunately, this phenomenon of declining loyalty is being accelerated by an over-reliance upon promotion, especially price promotion, to attract switchers. We have already referred to the cola wars. In fact, in one major supermarket chain, over 80% of all Coke and Pepsi sales were price-off deals. The leading brand was simply the brand on special that day.

This does not change anything we have just discussed about the critical importance of advertising. It only underscores the fact that it is advertising and promotion working together that will create the most effective IMC programs. Without effective advertising, it is unlikely that a brand will maintain its equity over time. But, this must be coupled with appropriate tactical use of promotion. One of the best ways to understand how this strategy of combining advertising and promotion optimizes IMC planning is by looking at something Moran (1978) has called the 'ratchet effect'.

The advertising and promotion 'ratchet effect'

The notion of a 'ratchet effect' rests upon the idea that when advertising is used in combination with promotion, it increases the value of a brand's promotion while minimizing the effect of competitor promotions. As mentioned earlier, promotions tend to 'steal' sales, especially from existing customers. The promotion more often than not will merely accelerate an already planned purchase by customers, or attract a switcher to the brand for this purchase only. The hope, of course, is that the promotion will increase the number of purchases of the brand by switchers. In other words, encourage them to 'switch-to-us' more often. If someone is using (for example) coupons as the key to switching, *without* a coupon or other price promotion, it is unlikely they will 'switch' to a brand. The price promotion will attract a switcher, but without advertising support, what reason would there be to continue buying at the regular price? There would be nothing to nurture a positive brand attitude.

When running a promotion, it should generate higher than normal levels of sales. But with promotion alone, without adequate prior and on-going advertising, once the promotion is over sales levels will dip below average levels until the product purchased on promotion has been exhausted, and customers are 'back' in the market. Switchers are back on their normal switching pattern and loyal customers have used up the product they stocked-up on while it was on promotion. This effect is illustrated in Figure 10.5.

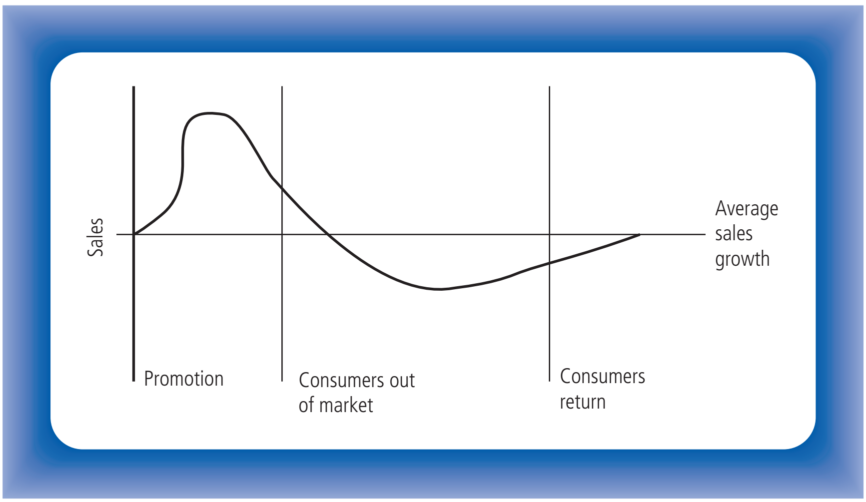

Figure 10.5
Effect of promotion alone without advertising

However, when advertising and promotion are used effectively together, the effect of promotion on top of prior advertising is to *increase* the rate of growth stimulated by advertising alone. Remember, of course, that this rate of growth may be flat or even declining. There is no guarantee that advertising alone will stimulate sales growth. The point is that the *combination* of advertising and promotion should improve overall market performance when it is part of a good IMC program.

This is what Moran (1978) has described as the *ratchet effect*. Because of prior advertising, there is a positive brand attitude. When the brand is promoted, loyal customers' favourable brand attitude is reinforced. Switchers, attracted by the promotion will be more likely to continue purchasing or using the brand on a more regular basis after the promotion is withdrawn *because* of the advertising's positive brand attitude effect. This means the regular customer base grows, and the average sales level 'ratchets' up. This 'ratchet effect' is illustrated in Figure 10.6.

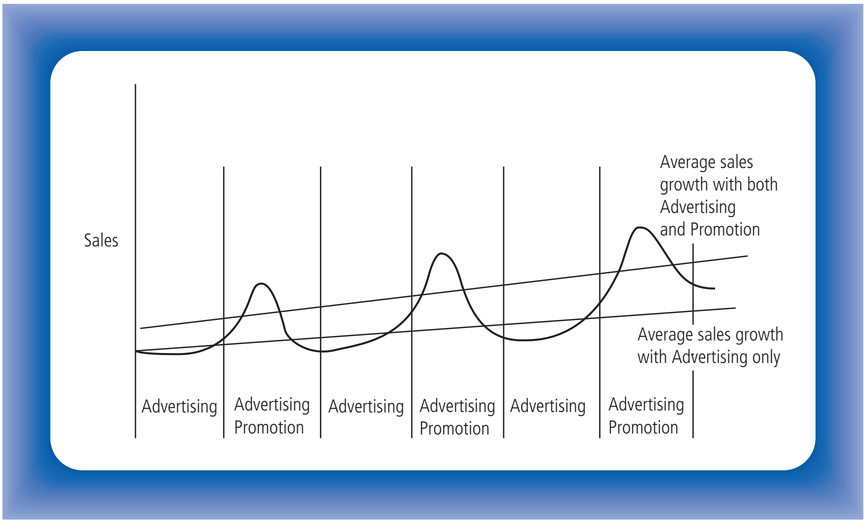

Figure 10.6 Moran's ratchet effect: advertising with promotion

All of this assumes, of course, that the combination of advertising and promotion is cost effective and the IMC campaign has been well conceived and truly *integrated*. One must be alert to the fact that price promotion has the potential of actually increasing prices at the consumer level. There are major costs tied to promotions, beyond the obvious. Uneven production runs and distribution adds cost. Carrying extra inventory costs the trade money. Tracking promotions can absorb a great deal of brand marketing overhead. In-store pricing and re-pricing adds costs. Without careful planning, all of this could lead eventually to significant price differentials.

The impact of demand elasticity

At the heart of consumer response to the interaction between advertising and promotion is the economist's notion of demand elasticity. Again, this is a point made by Moran (1978). Understanding the relationship between a brand's and its competitor brand's demand elasticities is an important part of IMC planning. Specifically, in Moran's terms, one needs to be concerned with 'upside' and 'downside' elasticities. We especially like his ideas here because they focus the manager's thinking on the relationship between advertising and promotion in effecting sales, not simply the overall price elasticity of a brand.

Upside elasticity refers to the sales increases resulting from a price cut or promotion; downside elasticity to the sales decline resulting from a price increase. While these definitions reflect a brand's action with regard to pricing strategy, it is important to understand that a brand's *competitors'* pricing strategy will directly effect the demand elasticity of the brand – both upside and downside. Competitors' price increases in effect cut the price of those brands that do not raise their price. Aggressive price-cutting or promotion by competitors in effect raises the price of brands that do not.

The on-going market dynamic, especially in a time of heavy price oriented promotion, underscores the need for effective advertising in most IMC programs. Our discussion of positive brand attitude and brand equity illustrates how effective prior advertising creates a more fertile ground for long-term sales benefit from promotion. We also discussed how effective prior advertising helps lessen the impact of competitor promotion. In other words, relative to competitors, effective advertising will generate *high* upside elasticity and *low* downside elasticity.

A brand's upside and downside elasticities will depend to a great deal on its current brand equity (unfortunately, an elusive concept to measure). As a result, to the extent that a brand's promotional activities contribute to brand attitude, and reinforce brand equity, they will make advertising's job easier. Brand equity oriented promotions act just like advertising, increasing upside demand elasticity and reducing downside demand elasticity. As a result, with the exception of short-term tactical promotion, all IMC should aim for positive demand elasticity.

We are not suggesting that a firmly calibrated calculation of demand elasticities must be a part of IMC planning, only that it is important to *think* about it. We know, for example, that frequent or heavy price promotion on its own can negatively affect brand attitude. Managers must think about where their brands stand in terms of target audience brand attitude versus attitude toward major competitors, the brand's pricing strategy versus competition, and how one is allocating marketing monies versus competitors. This, along with what we have been discussing, should greatly help understanding of the interdependence of advertising and promotion in successful IMC planning.

Summary

There are two fundamental areas the manager must consider at the beginning of the IMC planning process. The first is potential communication objectives. Communication objectives are at the heart of the process, reflecting what will be needed to positively influence the target audience's brand choice, and to inform the basic roles of advertising and promotion within the IMC campaign. Reviewing, category need becomes an objective when the target audience must be reminded of the need for the product itself; brand awareness is always an objective in order to enable the target audience to identify the brand and associate it with the need for the product; brand attitude, also always an objective, provides the target audience with a motivating reason to purchase; and brand purchase intention becomes an objective when immediate action on the part of the target audience is desired.

While both advertising and promotion may be used for any communication objective, owing to the nature of their particular strengths and weaknesses, depending upon the communication objective one or the other will be more appropriate. Marketing communication can only contribute partially to category need. Advertising can help stimulate the need, and promotion can help accelerate the need, but more will be needed through such things as public relations and word-of-mouth. Brand awareness is a traditional strength of advertising, but promotion should also make a contribution. Brand attitude is the primary job of advertising, although all promotion should help reinforce the benefit claim. The real strength of promotion is brand purchase intention.

In addition to consideration of the communication objectives, certain characteristics of the market at any particular time will inform whether advertising or promotion should be emphasized. If the brand is really different from competitors in terms of a meaningful benefit, advertising should be emphasized. Frequently purchase brands and brands with a high market share calls for an advertising emphasis, while poor performance calls for promotion as a tactic in the short-term. When competitors increase their marketing communication, the manager should carefully access the situation and respond with advertising or promotion accordingly. If there is a strong private label presence in the market, use advertising and do not try to compete on price with promotion.

The manager should look at both advertising and promotion, and how they can be used together to optimize the overall effectiveness of the IMC plan. As Moran (1978) described it, the optimum use of advertising and promotion together will create a 'ratchet effect' where the short-term gain from promotion is more likely to be held and built upon by the long-term effects of advertising. This means that a good IMC plan optimally utilizing advertising and promotion together where appropriate will be more effective than using only advertising; and certainly more effective than only using promotion.

Review questions

1. Discuss why communication effects are the source for communication objectives.
2. Why are brand awareness and brand attitude always communication objectives for all marketing communication?

3 When does a manager need to consider a communication objective outside of the set of four communication effects?
4 What are the traditional strengths of advertising versus promotion, and why?
5 What is meant by a 'consumer franchise building' promotion, and why is this important?
6 Find examples of promotions that are well integrated with the brand's advertising.
7 How can certain characteristics of a brand's market influence how advertising and promotion should be used in an IMC program?
8 Why should an advertised brand not try to compete with price brands or store brands?
9 What is the advantage of using advertising and promotion together in IMC?
10 Discuss demand elasticity and what it means to IMC planning.

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