Integrated Marketing Communications

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Chapter 17

Chapter Objectives

To define promotion planning, show its importance, and demonstrate the value of integrated marketing communications
To describe the general characteristics of advertising, public relations, personal selling, and sales promotion
To explain the channel of communication and how it functions
To examine the components of a promotion plan
To discuss the global promotion considerations, and the legal environment and criticisms and defenses of promotion

Planning the Promotion Effort

Promotion is any communication used to inform, persuade, and/or remind people about an organization’s or individual’s goods, services, image, ideas, community involvement, or impact on society.
Promotion planning is systematic decision making relating to all aspects of an organization’s or individual’s communication efforts.

Advertising
Public Relations
Sales Promotion
Personal Selling

Promotion Mix

Word-of-Mouth Communication

Firms must identify and appeal to opinion leaders—those who influence others’ decisions.
Word-of-mouth communication is the process by which people express opinions and product-related experiences to one another.
Firms strive for sustained, positive word-of-mouth communication to enhance popularity and success in their fields.

Integrated Marketing Communications (IMC)

As defined by the American Association of Advertising Agencies, Integrated Marketing Communications (IMC) recognizes the value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—advertising, public relations, personal selling, and sales promotion—and combines them to provide clarity, consistency, and maximum communication impact.

Benefits of an IMC Approach

It is synergistic, taking into account the multiple ways to reach potential consumers.
There is tactical consistency, whereby various promotion tools complement each other.
There is interactivity with consumers, with messages better tailored to specific market segments.
Every message positively influences the target audience.
Promotion themes and differential advantages are understood by all employees who interface with the targeted audience.
Advertising, public relations, sales, and sales promotion personnel cooperate with one another.
Detailed data bases are maintained.
Types of Promotion

Advertising

Public Relations

Sales Promotion

Personal Selling

Advertising is paid, nonpersonal communication regarding goods, services, organizations, people, places, and ideas that is transmitted through various media by business firms, government and other nonprofit organizations, and individuals who are identified in the advertising message as the sponsor. The message is generally controlled by the sponsor.

Public Relations

Public relations includes any communication to foster a favorable image for goods, services, organizations, people, places, and ideas among their publics. It may be nonpersonal, personal, paid or non-paid, and sponsor controlled or not controlled.

Publicity is the form of public relations that entails nonpersonal communication passed on via various media but not paid for by an identified sponsor.

Personal Selling

Personal selling involves oral communication with one or more prospective buyers by paid representatives for the purpose of making sales.

Sales Promotion

Sales promotion involves paid marketing communication activities (other than advertising, publicity, or personal selling) intended to stimulate purchases and dealer effectiveness. Included are trade shows, premiums, incentives, giveaways, demonstrations, and other efforts.

Communication Variables

- Source
- Encoding
- Message
- Medium
- Decoding
- Receiver
- Feedback
- Noise

Person, company
Conversion to message
Content & symbols
Personal or nonpersonal
Interpretation
Message recipient
Response/nonresponse
Distractions preventing message delivery
A Channel of Communication

Feedback

Source Encoding Message Medium Decoding Audience Noise

Massed Versus Distributed Promotion

Month
Jan Feb Mar April May June July Aug Sept Oct Nov Dec

Promotional Expenditures

$40,000
$10,000
$4,000

Massed promotion
Distributed promotion

With a total promotion budget of $120,000, a hosiery manufacturer employs distributed promotion and spends $10,000 each month of the year. With the same budget, a toy maker uses massed promotions and spends $80,000 from November 1 through December 31 (the remaining $40,000 is spent over the other 10 months). In both cases monthly promotion expenditures are linked to monthly sales.

Promotion Objectives

Promotion objectives can be divided into two main categories: stimulating demand and enhancing company image.

- Product advertising
- Institutional advertising

To achieve promotional goals

Promotion Goals and the Hierarchy-of-Effects Model (1)

1. Provide information
2. Develop positive attitudes and feelings
3. Stimulate purchase and retained desires

The hierarchy-of-effects model outlines sequential short-term, intermediate, & long-term promotional goals for a firm to pursue—and works in conjunction with the consumer’s decision process.

Promotion Goals and the Hierarchy-of-Effects Model (2)

Provide information—Obtain consumer product recognition, then gain consumer knowledge of product attributes.

By applying this model, a company can move from informing to persuading and then to reminding consumers about the firm’s offerings. At the early stages of the model, when a good service is little known, primary demand should be sought. Primary demand is for a product category.

1. Provide information

Promotion Goals and the Hierarchy-of-Effects Model (3)

2. Develop positive attitudes and feelings

Develop positive attitudes and feelings—Obtain favorable attitudes, then gain preference for the company’s brand(s) over those of the competition.

When preference is the goal, selective demand should be sought. This is consumer demand for a particular brand.
Promotion Goals and the Hierarchy-of-Effects Model (4)

3. Stimulate purchase and retain desires

Stimulate purchase and retain desires—Obtain strong consumer preference, gain purchase of good or service, encourage continued purchases, and achieve brand loyalty.

Sometimes, organizations may try to sustain or revitalize interest in mature products and revert to a primary demand orientation.

Promotion Budgeting Techniques

- **All-You-Can-Afford Method** — Firm first allocates funds for other elements of marketing; remaining marketing funds then go to the promotion budget.
- **Incremental Method** — A percentage is added to or subtracted from this year’s budget to determine next year’s.
- **Competitive Parity Method** — Promotion budget is raised or lowered according to competitors’ actions.
- **Percentage-of-Sales Method** — Promotion budget is tied to sales revenue.
- **Objective-and-Task Method** — Firm sets promotion goals, determines the activities needed to satisfy them, and then establishes the proper budget.

Contrasting Promotion Mixes

Advertising Dominates When

- The market is large and dispersed, and final consumers are involved.
- The budget is large enough to cover regular promotion in mass media.
- Products are simple and inexpensive, and differential advantages are clear.
- Competitors stress it in their promotion mixes.
- A wide range of media are available.
- Customers are satisfied with self-service in stores or shop through the mail.

Personal Selling Dominates When

- The market is small and concentrated, and organizational consumers are involved.
- The budget is limited or tailored to meet the needs of specific customers.
- Products are complex and expensive, and differential advantages are not obvious.
- Competitors stress it in their promotion mixes.
- Media are unavailable or inefficient.
- Customers expect sales assistance and service in stores.

The Promotion Mix Revisited

The promotion budget impacts on the promotion mix. A comprehensive plan that evaluates the strategic roles of a variety of communication disciplines will lead to a well-coordinated promotion mix. The firm is then undertaking Integrated Marketing Communications (IMC).

Legal Environment of Promotion

- Full disclosure requires that all data necessary for a consumer to make a safe and informed decision be provided in a message.
- Substantiation requires a firm to be able to prove all the claims it makes in messages.
- Under a cease-and-desist order, a firm must stop a practice that is deemed deceptive and modify a message accordingly.
- Corrective advertising requires a firm to run new ads to correct the false impressions left by previous ones.
- Fines are dollar penalties for deceptive promotions.

Criticisms and Defenses of Promotion

- Promotion is the most heavily criticized area of marketing.
- Industry trade groups have campaigned to improve the overall image of promotion.
Detractors Feel That Promotion

- Creates an obsession with material possessions
- Is basically dishonest
- Raises the prices of goods and services
- Overemphasizes symbolism and status
- Causes excessively high expectations

Marketing Professionals Answer That Promotion

- Responds to consumer desires for material possessions.
- In affluent societies, these items are paid for with discretionary earnings.
- Is basically honest. The great majority of companies abide by all laws and set strict self-regulation.
- Increased consumer demand builds markets and economies of scale.
- Keeps expectations high, thus sustaining consumer motivation and worker productivity.

Chapter Summary

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- It examines the components of a promotion plan.
- It discusses global promotion considerations, and the legal environment and criticisms and defenses of promotion.