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Advertising and Promotion

An Integrated Marketing Communications Perspective



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twelfth edition

George E. Belch | Michael A. Belch

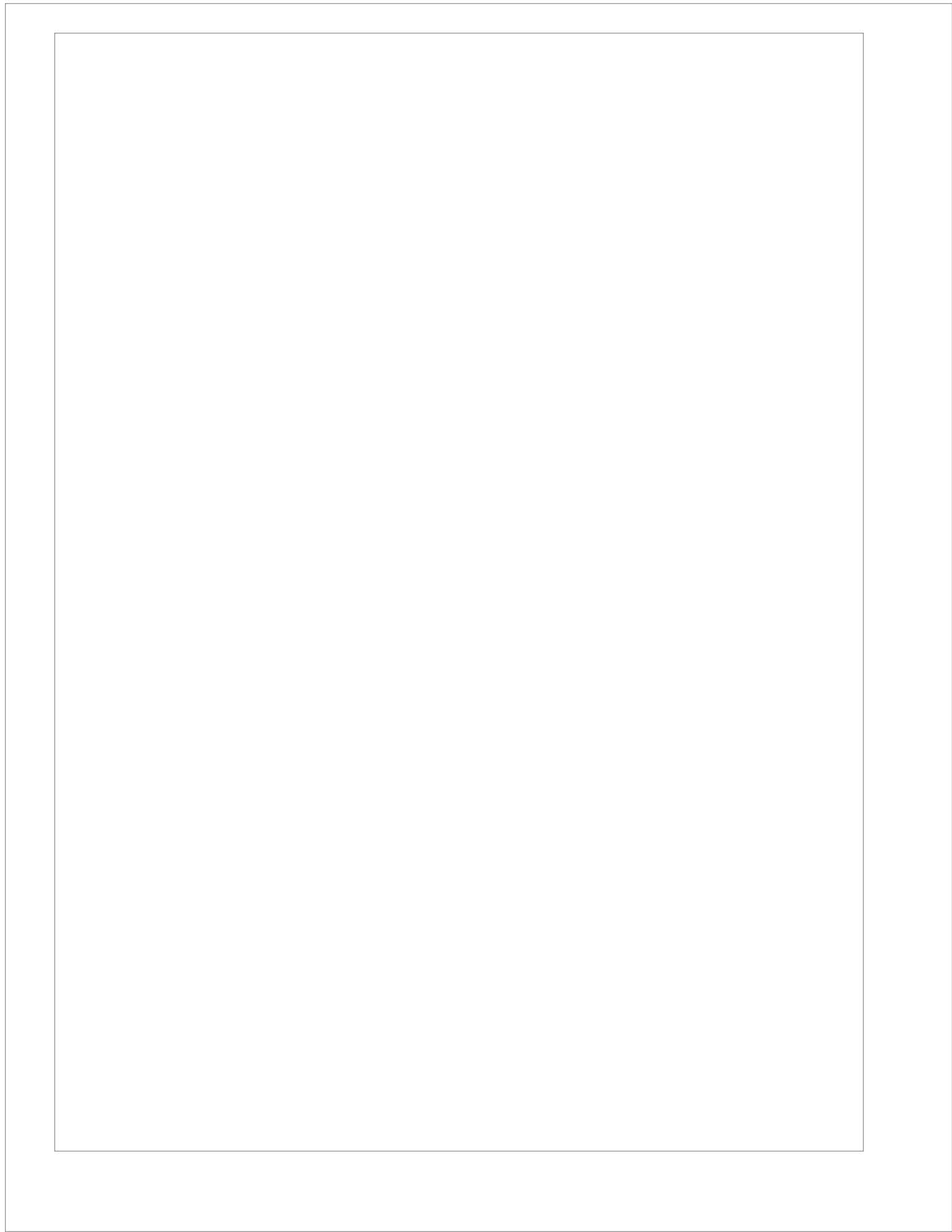




ADVERTISING AND PROMOTION

AN INTEGRATED MARKETING COMMUNICATIONS PERSPECTIVE







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AN INTEGRATED MARKETING COMMUNICATIONS PERSPECTIVE 12e

George E. Belch & Michael A. Belch
Both of San Diego State University

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ADVERTISING AND PROMOTION: AN INTEGRATED MARKETING COMMUNICATIONS
PERSPECTIVE, TWELFTH EDITION

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To my brothers. (MAB)

Ditto and to the lovable little clowns, Preston and Aiden. (GEB)



About the Authors



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Dr. Belch's research interests are in the area of consumer processing of advertising information as well as managerial aspects of integrated marketing communications. He has authored or coauthored more than 40 articles in leading academic journals and proceedings, including the *Journal of Marketing Research*, *Journal of Consumer Research*, *International Journal of Advertising*, *Journal of Promotion Management*, *Journal of Advertising*, and *Journal of Business Research*. He also serves on the editorial review boards of the *Journal of Advertising Research* and the *Journal of Marketing Education*. In 2000, he was selected as Marketing Educator of the Year by the Marketing Educators' Association for his career achievements in teaching and research. He also received the Distinguished Faculty Member Award for the College of Business Administration at San Diego State University in 1994 and 2003.

Dr. Belch has taught in executive education and development programs for various universities around the world. He has also conducted seminars on integrated marketing communications as well as marketing planning and strategy for a number of multinational companies, including Sprint, Microsoft, Qualcomm, Arbitron, Square D Corporation, Armstrong World Industries, and Texas Industries.



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Preface

THE CHANGING WORLD OF ADVERTISING AND PROMOTION

Nearly everyone is influenced to some degree by advertising and other forms of promotion. Organizations in both the private and public sectors have learned that the ability to communicate effectively and efficiently with their target audiences is critical to their success. Advertising and other types of promotional messages are used to sell products and services as well as to promote causes, market political candidates, and deal with societal problems such as alcohol and drug abuse. Consumers are finding it increasingly difficult to avoid the efforts of marketers, who are constantly searching for new ways to communicate with them.

Most of the people involved in advertising and promotion will tell you that there is no more dynamic and fascinating field to either practice or study. However, they will also tell you that the field is undergoing dramatic transformations that are changing the ways marketers communicate with consumers forever. We are experiencing perhaps the most dynamic and revolutionary changes of any era in the history of marketing, as well as advertising and promotion. These changes are being driven by advances in technology and developments that have led to the rapid growth of communications through digital and social media, with much of this taking place on mobile devices such as smartphones and tablets. The rapid growth of smartphones has given rise to an entirely new type of marketing, known as *mobile marketing*, which involves promotional activities designed for delivery to these devices. The average consumer spends nearly five hours online each day, and marketers are allocating more of their promotional budgets to digital media. Advertising spending on digital media has surpassed traditional media, including television, print, radio, and outdoor in the United States as well as globally. However, while a myriad of companies have been involved in the digital revolution, digital marketing and advertising is being dominated by three major technology companies: Google, Facebook, and Amazon.

While digital technology has dramatically changed the world of advertising, changes are occurring in a number of other areas. Consumers are less responsive to advertising, and many are looking for ways to avoid advertising messages from both traditional as well as digital media. Social media platforms such as Facebook, Instagram, Twitter, and Snapchat have become just as powerful, if not more so, as traditional media, as have the influencers who promote products and brands on them. Marketers are demanding better results from the monies they spend on advertising and promotion and are using a variety of analytics to track performance and

measure outcomes, particularly for digital ads. Changes are also occurring among the companies that create and disseminate advertising and other forms of marketing communication as traditional full-service advertising agencies must now compete with digital agencies as well as global accounting and consulting firms that have opened digital divisions and offer a vast array of strategic and data analytic solutions to marketers. The traditional full-service agency model is also being challenged as more marketers bring their advertising in-house and use agency services on a limited basis. Many advertising agencies have acquired, started, or become affiliated with direct-marketing, digital, sales promotion, public relations agencies, and analytics companies to better serve clients who have become “media-neutral” and are looking for whatever form of marketing communication works best to reach their target audiences.

In addition to redefining the role and nature of their advertising agencies, marketers are changing the way they communicate with their target audiences. They recognize they are operating in an environment where consumers get much of their news, information, and entertainment online and are cutting the cord from cable in favor of streaming shows on Netflix, Amazon Prime, Apple TV+, Hulu, and Disney+. New-age advertisers are redefining the notion of what an ad is and where it runs. Companies are using branded entertainment as a way of reaching consumers by creating short films that can be viewed online, arranging product placements, and integrating their brands into movies and television shows to promote their products and services. Marketers are also spending more of their monies in other ways such as event and experiential marketing, sponsorships, cause-related promotions and viral campaigns.

A number of other factors are affecting the way marketers communicate with consumers in this new environment. Advertising and promotional efforts have become more targeted and are often delivered to target audiences through media that have been purchased programmatically using software that automates the buying, placement, and optimization of media through a bidding system rather than through traditional media analysis and purchasing. The growth of e-commerce is changing the retail industry as traditional brick-and-mortar retailers struggle to compete against Amazon and other online platforms. Many will not survive, while those that remain have become larger and more powerful, forcing marketers to shift money from advertising budgets to sales promotion. Both retailers and marketers often expect their promotional dollars to generate immediate sales and will quickly change the allocation of their budgets if they fail to do so. The digital revolution is in full force, and new ways to communicate with consumers

are constantly being developed. Marketers have little choice but to embrace these changes and view them as an opportunity rather than a threat.

This text introduces students to this fast-changing field of marketing communications. While advertising is its primary focus, it is more than just an introductory advertising text because there is more to most organizations' promotional programs than just advertising. The changes discussed here have led marketers and their agencies to approach advertising and promotion from an integrated marketing communications (IMC) perspective, which calls for a "big picture" approach to planning marketing and promotion programs and coordinating the various communication functions. To understand the role of advertising and promotion in today's business world, one must recognize how a firm can use all of the available promotional tools to communicate with its customers. The twelfth edition of this text addresses the many changes taking place in the world of advertising and promotion and continues to do so by taking this IMC perspective. This new edition also places a heavy emphasis on digital and social media by integrating discussion of these topics throughout the text.

ORGANIZATION OF THIS TEXT

This book is divided into seven major parts. In Part One we examine the role of advertising and promotion in marketing and introduce the concept of integrated marketing communications. Chapter 1 provides an overview of advertising and promotion and its role in modern marketing. The concept of IMC and the factors that have led to its growth are discussed. Each of the promotional-mix elements is defined, and an IMC planning model shows the various steps in the promotional planning process. This model provides a framework for developing the integrated marketing communications program and is followed throughout the text. Chapter 2 examines the role of advertising and promotion in the overall marketing program, with attention to the various elements of the marketing mix and how they interact with advertising and promotional strategy. We have also included coverage of market segmentation, target marketing, and positioning in this chapter so that students can understand how these concepts fit into the overall marketing programs as well as their role in the development of an advertising and promotional program.

In Part Two we cover the promotional program situation analysis. Chapter 3 describes how firms organize for advertising and promotion and examines the role of ad agencies and other firms that provide marketing and promotional services. We discuss how ad agencies are selected, evaluated, and compensated as well as the changes occurring in the agency business. Attention is also given to other types of marketing communication organizations such as direct marketing, sales promotion, and digital interactive agencies as well as public relations

firms. We also consider whether responsibility for integrating the various communication functions lies with the client or the agency. Chapter 4 covers consumer behavior and examines the stages of the consumer decision-making process and both the internal psychological factors and the external factors that influence consumer behavior. The focus of this chapter is on how advertisers can use an understanding of buyer behavior to develop effective advertising and other forms of promotion.

Part Three analyzes the communication process. Chapter 5 examines various communication theories and models of how consumers respond to advertising messages and other forms of marketing communications. This chapter also covers word-of-mouth communication and its role in the viral marketing process. Chapter 6 provides a detailed discussion of source, message, and channel factors.

In Part Four we consider how firms develop goals and objectives for their integrated marketing communications programs and determine how much money to spend and where to spend it in trying to achieve them. Chapter 7 stresses the importance of knowing what to expect from advertising and promotion, the differences between marketing and communication objectives, characteristics of good objectives, and problems in setting objectives. Various methods for determining and allocating the promotional budget are also discussed in this chapter. These first four sections of the text provide students with a solid background in the areas of marketing, consumer behavior, communications, planning, objective setting, and budgeting. This background lays the foundation for the next section, where we discuss the development of the integrated marketing communications program.

Part Five examines the various promotional-mix elements that form the basis of the integrated marketing communications program. Chapter 8 discusses advertising creativity and focuses on the creative process and the planning and development of the creative strategy. In Chapter 9 we turn our attention to ways to execute the creative strategy and discuss various options for execution of the message as well as creative tactics for print, television, and digital advertising. We also discuss criteria for evaluating creative work. Chapters 10 through 13 cover media strategy and planning and the various advertising media. Chapter 10 introduces the key principles of media planning and strategy and examines how a media plan is developed. Chapter 11 discusses the advantages and disadvantages of the television and radio as media vehicles as well as issues regarding the purchase of radio and TV time and audience measurement. Chapter 12 considers the same issues for the print media (magazines and newspapers). Chapter 13 examines the role of traditional support media such as outdoor and transit advertising, advertising in movie theaters, as well as the tremendous increase in the use of nontraditional branded entertainment strategies such as product placements, product integration, and in-game advertising.

In Chapters 14 through 17 we continue the IMC emphasis by examining other promotional tools that are used in the integrated marketing communications process. Chapter 14 explores the role of direct marketing and examines the ways companies communicate directly with target customers through various media, including direct mail, infomercials, direct-response TV commercials, and digital media. Chapter 15 provides a detailed discussion of marketers' use of the Internet and digital and social media. We examine the increasing use of display ads, blogs, mobile, paid search, and social media. We also give more attention to how the Internet is used to implement various IMC activities as well as mobile marketing. Chapter 16 examines the area of sales promotion, including both consumer-oriented promotions and programs targeted to the trade (retailers, wholesalers, and other intermediaries). Chapter 17 covers the role of publicity and public relations in IMC as well as corporate advertising sponsorships and cause-related marketing.

Part Six of the text consists of Chapter 18, where we discuss ways to measure the effectiveness of various elements of the integrated marketing communications program, including methods for pretesting and post-testing advertising messages and campaigns, in both traditional and new media. In Part Seven we turn our attention to special markets, topics, and perspectives that are becoming increasingly important in contemporary marketing. In Chapter 19 we examine the global marketplace and the role of advertising and other promotional-mix variables such as sales promotion, public relations, and the Internet in international marketing.

The text concludes with a discussion of the regulatory, social, and economic environments in which advertising and promotion operate. Chapter 20 examines industry self-regulation and regulation of advertising by governmental agencies such as the Federal Trade Commission, as well as rules and regulations governing sales promotion, direct marketing, and marketing on the Internet. Because advertising's role in society is constantly changing, our discussion would not be complete without a look at the criticisms frequently levied, so in Chapter 21 we consider the social, ethical, and economic aspects of advertising and promotion. Personal selling and its role in the IMC process is discussed in Chapter 22, which is available online only via the eBook.

CHAPTER FEATURES

The following features in each chapter enhance students' understanding of the material as well as their reading enjoyment.

Chapter-Opening Vignettes

Each chapter begins with a vignette that shows the effective use of integrated marketing communications by a company or ad agency or discusses an interesting

issue that is relevant to the chapter. These vignettes engage students by presenting an interesting example, development, or issue that relates to the material covered in the chapter.

IMC Perspectives

These features offer in-depth discussions of interesting issues related to the chapter material and the practical application of integrated marketing communications. Each chapter contains several of these insights into the world of integrated marketing communications.

Global Perspectives

These features provide information similar to that in the IMC Perspectives, with a focus on international aspects of advertising and promotion.

Ethical Perspectives

These features discuss the moral and/or ethical issues regarding practices engaged in by marketers and are also tied to the material presented in the particular chapter.

Digital and Social Media Perspectives

These features provide a detailed discussion of how changes and advances in digital and social media are impacting the practice of integrated marketing communications.

Changes in the Twelfth Edition

Our goal in writing the twelfth edition was to continue to provide you with the most comprehensive and current text on the market for teaching advertising and promotion from an IMC perspective. We have made a number of changes in this edition to continue to make it as relevant and current as possible, as well as interesting to students. This new edition focuses on the many changes that are occurring in various areas of marketing communications and how they influence advertising and promotional strategies and tactics. We have updated and made changes to every chapter with a particular focus on digital and social media and how they are being used by marketers. This edition also includes all new chapter-opening vignettes that were chosen for their currency and relevancy to IMC. All of the features—including the IMC Perspectives, Digital and Social Media Perspectives, Global Perspectives, and Ethical Perspectives—are also new or have been updated. The chapter-opening vignettes and in-text features provide current examples of how marketers are using various IMC tools as well as insights into many of the current trends and developments taking place in the world of advertising and promotion. The new edition also includes contemporary examples and ads throughout the text as well as updated figures, statistics, and other relevant information.

Chapter-by-Chapter Changes

Chapter 1: A new chapter opener, “Nike Just Keeps Doing It, But in Different Ways,” focuses on how the company has shifted its advertising and promotion from traditional to digital media over the past decade or so. The chapter opener also discusses the “Dream Crazy” campaign created to celebrate the 30th anniversary of Nike’s “Just Do It” slogan that included the controversial ad featuring former NFL quarterback Colin Kaepernick and led to Nike being named the “Marketer of the Year” for 2018 by *Advertising Age* based on the company’s willingness to take risks and find new ways to connect with consumers.

- New Ethical Perspective, “Marketers Focus on Sustainability,” discusses how companies are integrating sustainability into their business strategy and marketing as consumers factor social and environmental actions of consumers into their evaluations of companies and decision processes.
- New Digital and Social Media Perspective, “Google, Facebook, and Amazon Reshape the Advertising World,” focuses on the three technology companies and how they have come to dominate the world of digital marketing and advertising.
- Updated overview of the promotional mix and the various IMC tools, including advertising, direct marketing, digital/Internet marketing, sales promotion, and publicity/public relations. Major focus on the growth of digital and social media and how they have surpassed traditional media in terms of media spending and use by marketers.

Chapter 2: A new chapter opener discusses the growth of online dating and how it has led to the development of market segmentation and target marketing in the industry. An examination of a few of the target markets being addressed and the various positioning strategies employed by the dating sites to reach these markets is also discussed.

- Updated IMC Perspective on Buick’s success in repositioning itself as a car for younger consumers and how it continues to be successful. The opening vignette from the last edition has been updated to reflect the progress of a highly successful campaign, with new sales figures and an update on Buick’s current advertising campaign.
- New IMC Perspective, “Millennials to Generation Z.” For years marketers have focused their attention on attempting to understand millennials. Now that they are feeling more comfortable in developing marketing strategies for this age cohort, along comes gen Z. The perspective examines the characteristics of each cohort as well as the differences between them and the implications for marketers.

Chapter 3: A new chapter opener, “The Math Men Are Overtaking the Mad Men,” focuses on the disruptions

taking place in the advertising industry as a result of the rapid growth of digital media and other emerging technologies marketers are using to communicate with their target audiences. The opener discusses the impact this is having on traditional advertising agencies and how they are responding.

- New IMC Perspective, “Wieden + Kennedy Uses Its Independence to Become a Creative Powerhouse,” discusses W+K, which is one of the few remaining major independent advertising agencies and known for its outstanding creative work for clients such as Nike, KFC, Bud Light, Turbo Tax, and many other brands. W+K has been named agency of the year numerous times in recent years by *Advertising Age* and *Adweek*.
- New Digital and Social Media Perspective, “Consultancies Shake Up the Ad Industry,” focuses on how accounting and management consulting firms such as Accenture, PwC, Deloitte, and IBM have opened divisions that use their digital and analytic capabilities to compete with traditional advertising agencies.
- Discussion throughout the chapter on changes occurring in the advertising industry and how they are affecting the role of traditional advertising and media agencies.

Chapter 4: In the new chapter opener, “The Yankees (among Others) Have a Story to Tell,” marketers are constantly exploring new research methods in their efforts to better understand consumers and market to them more effectively. The latest trend involves the use of storytelling to gain deeper insights into consumers’ motivations. The perspective describes this research method and how a number of companies—including the New York Yankees baseball team, Spotify, and Huggies—have used it to develop marketing campaigns.

- New Digital and Social Media Perspective, “A World without Digital Advertising,” explores the impact on consumers if advertising in digital media were no longer possible. As consumers take effort to avoid ads and/or block them, the perspective cautions readers to be careful what they wish for as the elimination of advertising on digital media could have negative consequences.
- Updated Digital and Social Media Perspective on the investigation of how appealing to emotions, use of colors, and emojis in marketing affect consumers’ motivations. The perspective also discusses how successful companies like Pepsi and Coke, as well as Facebook, have successfully employed emojis to market their products.

Chapter 5: A new chapter opener, “Influencer Marketer Explodes,” discusses the rapid growth in the use of influencers by marketers to promote their companies and brands. Reasons underlying the use of influencers are discussed along with factors marketers consider when deciding to use both macro and micro influencers.

- New Digital and Social Media Perspective, “Logos in the Digital Age,” discusses the importance of logos and how the way marketers think about them has changed, particularly for digital technology companies whose services are accessed primarily through apps and mobile devices.
- New Digital and Social Media Perspective, “Charmin: The Sassiest Brand on Social Media,” discusses how a low-involvement brand such as toilet tissue uses social media as an integral part of its IMC program. A video case study on Charmin is also available and includes assignable content for students in Connect.
- This chapter has been updated to include expanded coverage of word-of-mouth communication and viral marketing. The section on response hierarchy models has also been rewritten to streamline the discussion and coverage of the various communication models.

Chapter 6: A new chapter opener, “Tiger and Maria Rebuild Their Images,” focuses on the issues marketers face when a high-profile athlete or celebrity engages in behaviors that result in controversy and negative publicity. Tiger Woods and Maria Sharapova were two of the most highly paid endorsers in the sports world, but both ran into problems that led some companies to drop them while Nike and others stayed with the star athletes. Both Woods and Sharapova have recovered some of their endorsement deals.

- Updated Digital and Social Media Perspective, “YouTubers—New Celebrities to Gen Z and Millennials,” discusses how YouTube personalities such as Dude Perfect, PewDiePie, and Smosh have become more popular and influential than traditional celebrities to gen Z and many millennials.
- New IMC Perspective, “The Beer Wars: Bud Light and MillerCoors Battle over Corn Syrup,” discusses the comparative advertising battle involving Anheuser Busch’s Bud Light brand and MillerCoors’ two light beer brands, Miller Lite and Coors Light.
- A video case study on Under Armour is available for use with this chapter and includes assignable content for students in Connect.

Chapter 7: A new chapter opener discusses the problems now facing corporations such as Kraft Heinz, K-Mart, Sears, and others. These once highly successful companies are finding it difficult to compete in today’s marketplace due in large part to changing market conditions, including the purchasing behaviors of millennials and gen Z. However, some experts wonder if their downward spiral might also be due to their own marketing mistakes.

- Revised Digital and Social Media Perspective, “As Digital Gains in Popularity, Budget Allocations Change,” updates figures from the last edition regarding how companies are moving their monies from traditional media to digital, including companies such

as Hershey. It also explores some of the long-term implications of the shift to digital media for traditional media such as television and newspapers.

- Updated Digital and Social Media Perspective exploring the use of consumer decision making funnels. As expenditures in digital media grow, so too does the belief that traditional consumer funnels are outdated. However, the use of these funnels has continued and adapted to the new digital environment, and show little sign of going away.

Chapter 8: A new chapter opener, “The Best Geico Advertising of the Past 25 Years,” discusses the various campaigns for the company, which use a variety of creative strategies and tactics. The opener includes a discussion of how Geico ran a “Best of Geico Sweepstakes” that allowed consumers to vote for their favorite commercial from the insurance company over the past two decades, with the winner having the opportunity to appear in a Geico commercial.

- A new Digital and Social Media Perspective, “The Need for Pretesting of Online Advertising,” discusses the importance of pretesting advertising messages as well as the reasons many marketers are less likely to pretest digital advertising versus a TV commercial or print message.
- An updated IMC Perspective, “TurboTax Shows Consumers a Better Way to Do Their Taxes,” focuses on the IMC program used by Intuit’s TurboTax tax preparation software and creative advertising developed for the brand. A video case study on TurboTax is available and includes assignable content for students in Connect.

Chapter 9: A new chapter opener, “Creating Advertising Personality Symbols: Flo, The Colonel, and the Most Interesting Man in the World,” discusses how Progressive Insurance, KFC, and Dos Equis have created popular personality symbol characters to promote their companies and brands. The focus is on the strategy behind the development of the personality symbols and why they have been so effective.

- A new IMC Perspective, “How the ‘Love’ Campaign Turned around Subaru,” discusses how Carmichael Lynch, the ad agency for Subaru of America, developed an emotion-based advertising campaign that has become among the most recognizable, enduring, and effective in the automotive industry. The “Love” campaign has resulted in record-breaking sales increases for the company for 10 consecutive years and is an excellent example of creative advertising that has struck a responsive chord among consumers.
- An updated IMC Perspective, “DASANI: Designed to Make a Difference,” focuses on the Coca-Cola Company’s DASANI brand of bottled water and how creative advertising helped the brand become the market leader in the category and led to several new line extensions. A video case study on DASANI is available and includes assignable content for students in Connect.

Chapter 10: A new chapter opener, “How Much Is Too Much? When Have We Seen Enough of a Commercial?” Everyone watching television or spending time online has seen many commercials numerous times. While advertisers are aware of the excessive exposure, they struggle to determine how many times an ad is seen and at what point people become tired of seeing it. The most cited research is from 1977, but numerous other studies have been conducted over the years in an attempt to examine this issue. This lead-in examines a very important issue to marketers—determining how many exposures are effective given today’s media environment.

- Updated Digital and Social Media Perspective on the use of programmatic buying of media. Now that media buyers have used programmatic for a number of years, they are learning more about it, as well as the problems and pitfalls associated with its usage. Nevertheless, the use of programmatic buying is now commonplace and continues to increase in spite of its problems.
- New IMC Perspective, “*Adweek’s Best Media Plans*,” discusses the best media plans in various categories and spending levels as selected by industry trade magazine *Adweek*. The perspective discusses the award winning plans for the Google Home Assistant, IHOP’s “Flipping Burgers,” Chiquita’s “Banana Sun,” and New York City’s Animal Care Center effort to encourage people to adopt a pet campaigns.

Chapter 11: A new chapter opener, “Tough Times for Television,” discusses the many changes taking place in the world of television and how they are affecting its use as an advertising media vehicle. Developments such as declining viewership of TV, cord-cutting, and the rapid growth of streaming services are discussed.

- A new IMC Perspective, “Television Networks Vow to Reduce the Number of Commercials,” discusses how the television networks are responding to the dramatic declines in TV viewership resulting from cord-cutting and the rise in streaming services competition from ad-free viewing options, including social media. The major TV networks have announced plans to reduce commercial clutter by cutting back on the number of commercials and using new pod formats to provide a more positive viewing experience for TV viewers.
- A new Digital and Social Media Perspective, “Marketers Battle for the Screen in Your Car,” discusses how the dashboard displays being put in vehicles today are loaded with technology that includes high-definition (HD) radio receivers that can deliver visual as well as audio messages to dashboard displays, which will change the way marketers use radio advertising. Automakers are also installing apps in vehicles as well as other technology that can use artificial intelligence to deliver marketing messages to drivers.

Chapter 12: A new chapter opener, “Print Is Dead—Or Is It?” discusses the challenges facing the magazine industry as more people go online to get their news, information, and entertainment. The impact of these changes on iconic magazines such as *Time*, *Fortune*, and *Sports Illustrated* are discussed along with changes magazines are making to survive and compete against digital competitors.

- A new Digital and Social Media Perspective, “Magazines Shutter Print Editions and Go Digital,” discusses how many magazines are moving to a digital-first or -only strategy and reducing the number of print issues they publish or shuttering their print editions altogether in favor of digital-only editions.
- A new Digital and Social Media Perspective, “The News Media Alliance Promotes the Value of Newspapers,” discusses the challenge facing newspapers, which have seen their advertising revenue decline dramatically in recent years. Factors affecting the newspaper industry are discussed along with efforts by the industry’s trade association, the News Media Alliance, to promote the importance of newspapers, a valuable medium for advertisers.

Chapter 13: A new chapter opener, “Value Your Privacy? Don’t Go Down the Cooler Aisle,” discusses the many new ways marketers are invading consumers’ privacy without them being aware of it. While this is nothing new, the ways they are doing so certainly are. For example, cameras in the cooler aisles of grocery stores read facial expressions and try to determine shoppers’ age and gender, as well as their mood, then use this information to sell products or send ads or promotions by posting them on the cooler window.

- A new Digital and Social Media Perspective, “This Isn’t Your Grandma’s Billboard!” discusses how traditional billboards are being transformed through the use of digital technology, augmented reality, and other techniques that have been successful in keeping the industry not only holding ground against digital media, but thriving.
- An update on the use of branded entertainment, including product placements, product integrations, and video.

Chapter 14: A new chapter opener details the sophistication and adaptability of direct marketing and discusses how legacy companies are now engaging in direct-to-consumer marketing. P&G, Nike, Under Armour, and PetSmart are among the major companies that have now increased their use of direct marketing. In addition, the strategies behind successful new brands such as Allbirds and Harry’s Shave Club are discussed.

- An updated IMC Perspective on who watches commercials and why and the strategies of successful informational advertisers.
- All figures updated to be as current as possible.

Chapter 15: A major updating and revision of the chapter from the last edition. A new chapter opener discusses the constantly changing world of social media as well as some of the things that have remained the same. As difficult as it is to keep up with the rapidly evolving social media world, some characteristics and trends are beginning to emerge. Growth in new members of Facebook has slowed and is now strongest among older age segments. Privacy issues remain and may even be increasing. The chapter opener examines these developments and other aspects of social media while providing some suggestions from experts as to how to adapt to them.

- Updated Digital and Social Media Perspective, “Mad Rush to Digital,” discusses whether the shift to digital media is the right strategy or needs to be reevaluated. All figures updated to most current numbers.
- Addition of a new framework for digital marketing.
- Addition of a new information showing the various ways marketers use the Internet.
- Updated Ethical Perspective, “Native Advertising: Still Growing, Still Interesting, Still Deceptive?” examines the continued use of native advertising as well as examining its effectiveness and the controversy surrounding its use.
- An update on the status of social media with examples of how companies are using various platforms for a variety of marketing activities.
- Expanded and updated discussion of measuring effectiveness for both traditional and digital media.

Chapter 16: A new chapter opener, “Burger King Gets People to Take a Whopper Detour,” discusses a promotion the fast-food chain developed to challenge McDonald’s and encourage consumers to switch to a BK Whopper instead of going to the Golden Arches. The “Whopper Detour” was a very creative and technologically challenging promotion that involved geofencing nearly every McDonald’s restaurant in the country and offering consumers with the BK smartphone app the opportunity to order a Whopper for one cent if they placed an order on the app, which would direct them to the nearest Burger King to redeem the offer.

- An updated IMC Perspective, “Marketers Fall into the Discounting Trap: And There May Be No Way Out,” discusses how marketers began using discounts and promotions during the recession as well as the recovery period and how it has become very difficult to wean consumers off them. Companies whose efforts to cut back on the use of coupons and promotions have failed are discussed, including Macy’s and JCPenney. The impact of the promotions and discounting on retailers is also discussed.
- A new IMC Perspective, “Life Cereal Brings Back Mikey,” discusses how Quaker Foods North America developed a promotion that attempted to bring back

the magic from the famous “Mikey Likes It!” commercial created for its Life cereal brand nearly 50 years ago. The company launched a nationwide contest to find the next cute child to be the face of an advertising campaign for the brand.

Chapter 17: A new chapter opener, “How Much Does Negative Publicity Hurt?” examines the impact of negative publicity on companies. Controversies involving Fox News as well as Wells Fargo are discussed.

- Updated Ethical Perspective, “Marketers Around the World Come Together for Water,” discusses how a number of companies from around the globe support Water Day and Earth Day as philanthropic efforts. The opener discusses how companies often are on the wrong end of negative publicity, but many are quietly doing good things around the globe, often with little awareness from the public.
- An updated IMC Perspective, “What Happened to My Reputation?” discusses how easy it is for companies to lose a good reputation and how it can often be very difficult to get it back. Wells Fargo and others that have had suffered damage to their reputations and brand image are discussed.
- New section on how companies are using a “digital consumer funnel” to assist them in measuring the effectiveness of digital public relations activities.

Chapter 18: A new chapter opener discusses the latest Ogilvy Awards winners. This award is given to companies and their agencies for the best use of research in the development and/or measurement of advertising campaigns and is given in a number of categories. The perspective describes the award-winning campaigns for Mr. Clean, Farmers’ Insurance, Rice Krispy Treats, and the anti-smoking/anti-tobacco campaign “truth.”

- An updated Digital and Social Media Perspective discusses how the lack of trust in effectiveness measures limits their use by marketers. The perspective discusses how there are few measures that are agreed upon by marketers and how, as a result, there is little confidence placed in those often used, particularly for digital media. It also indicates that some are losing faith in traditional media measures used in television due to the evolution of this medium.
- Updated Digital and Social Media Perspective, “Academics and Practitioners Agree That Physiological Measures of Effectiveness Work.” While commonly debated in reference to their effectiveness in measuring advertising effects, a number of recent studies have added credibility as to the validity of physiological measures. The increased use of eye tracking as one of the more useful measures is also discussed.

Chapter 19: A new chapter opener, “China Shows Marketers the Future—And It’s Digital,” discusses the

opportunities available in the world's largest market as well as the challenges marketers face in trying to compete there. China has moved away from traditional media and has become a "mobile first" market as digital advertising accounts for nearly 80 percent of the total advertising spending in the country. Many feel that the developments occurring in China will soon happen in other countries as the world moves to a digital- and mobile-first mindset.

- An updated Global Perspective, "Qatar Is Ready to Deliver Amazing as Host of the 2022 FIFA World Cup," discusses the IMC strategy used by the country of Qatar's to help the Middle East country win the rights to host the 2022 soccer tournament. Two video cases on Qatar's IMC campaign are available and include assignable content for students in Connect.
- An updated Global Perspective, "Coca-Cola Wants Everybody to 'Taste the Feeling,'" discusses the global advertising campaign developed by the Coca-Cola Company as part of its new "one brand" strategy that unites various soft-drink brands marketed by the company under one personality. "Taste the Feeling" is a global advertising campaign that is used in more than 200 countries and is designed to address the challenges the company is facing in the global market amid growing health concerns and a shift to healthier lifestyles.

Chapter 20: A new chapter opener, "Privacy Regulations Will Change Digital Marketing," discusses how privacy has become a major concern as the growth of digital advertising and marketing overtakes the use of traditional media by marketers. Companies such as Google, Facebook, and many others have a tremendous amount of data about consumers who use their platforms, and many critics, as well as government regulators, are very concerned over how this information will be used. The European Union enacted its General Data Protection Regulation (GDPR) in 2018, and similar regulations will soon be enacted in California and other states.

- A new IMC Perspective, "Advertising Cannabis Is Difficult, Even Where It Is Legal," discusses the regulations affecting the marketing and advertising of cannabis or marijuana. Cannabis has been approved for medical use in 33 states and for recreation use in 10. Each state has its own regulations regarding the marketing and advertising of marijuana, while the product is regulated at the federal level by the Food and Drug Administration (FDA), which still classifies pot as a Schedule I dangerous drug.
- An updated Digital and Social Media Perspective, "The FTC Tightens the Rules for Online Endorsers," discusses how the Federal Trade Commission has revised its rules and regulations regarding the use of

endorsements and testimonials several times in recent years. The FTC revisions apply to the use of endorsements and testimonials made online—particularly through social media platforms such as Facebook, Twitter, and Instagram—and require influencers to disclose any material connection they might have with a company or brand they promote or endorse.

Chapter 21: A new chapter opener, "Was the Beginning of #MeToo the End of Sexy Advertising?" discusses how the changing emphasis on women's rights—among other factors—has contributed to less use of sex in advertising. The opener discusses how some women see a difference between sexy ads and sexist ads, having less of a problem with the former. It also explains how companies that formerly used sex in ads in the past have now changed their appeals.

- A new Ethical Perspective, "Promoting a Belief Can Be a Risky Strategy," discusses companies' decisions to stand behind a controversial cause and/or person can lead to significant risks. In some cases, the position can benefit the company in the long run, though initial backlash may continue for others.
- Updated Ethical Perspective on ads featuring interracial participants, citing new examples and reactions to the use of interracial couples in advertising.

Chapter 22 (Online Only): A new chapter opener discusses the increased importance of customer relations management (CRM) in marketing and how marketing communications practices have adapted to this increased emphasis.

- Updated IMC Perspective on how companies have realized the importance of marketing and sales working together. Discusses how the two departments often have different objectives and sometimes work against either to achieve them.
- Updated Digital and Social Media Perspective on how the Internet has changed personal selling. Discusses new techniques and programs available on the web that has made personal selling more efficient and effective, while changing sales roles in the process.

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While this twelfth edition represents a tremendous amount of work on our part, it would not have become a reality without the assistance and support of many other people. Authors tend to think they have the best ideas, approach, examples, and organization for writing a great book. But we quickly learned that there is always room for our ideas to be improved on by others. A number of colleagues provided detailed, thoughtful reviews that were immensely helpful in making this a better book. We are very grateful to the following individuals who worked with us on earlier editions. They include

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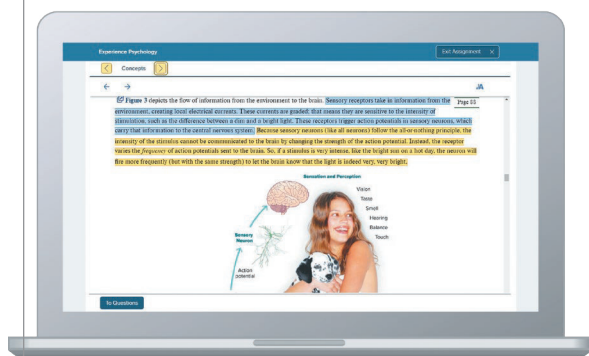
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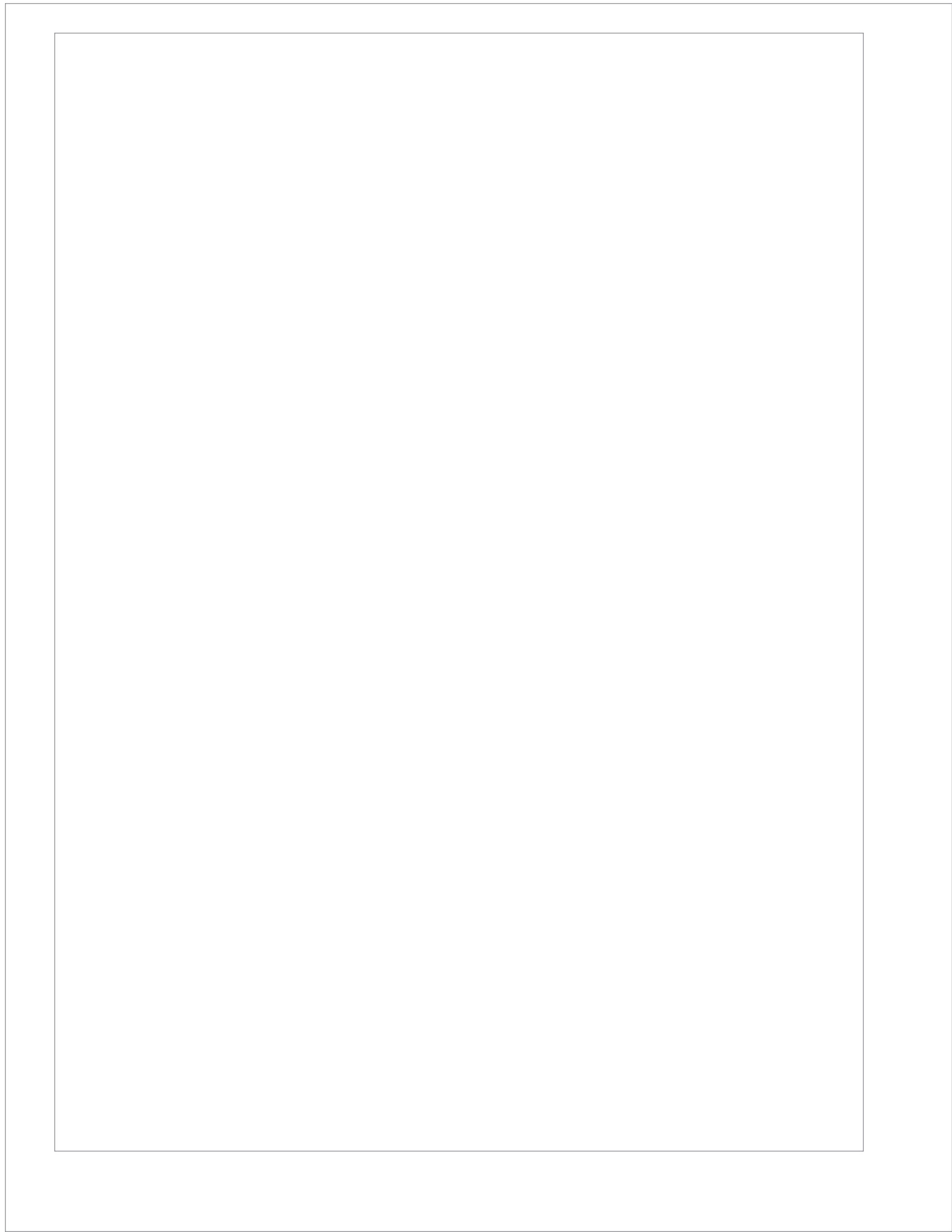
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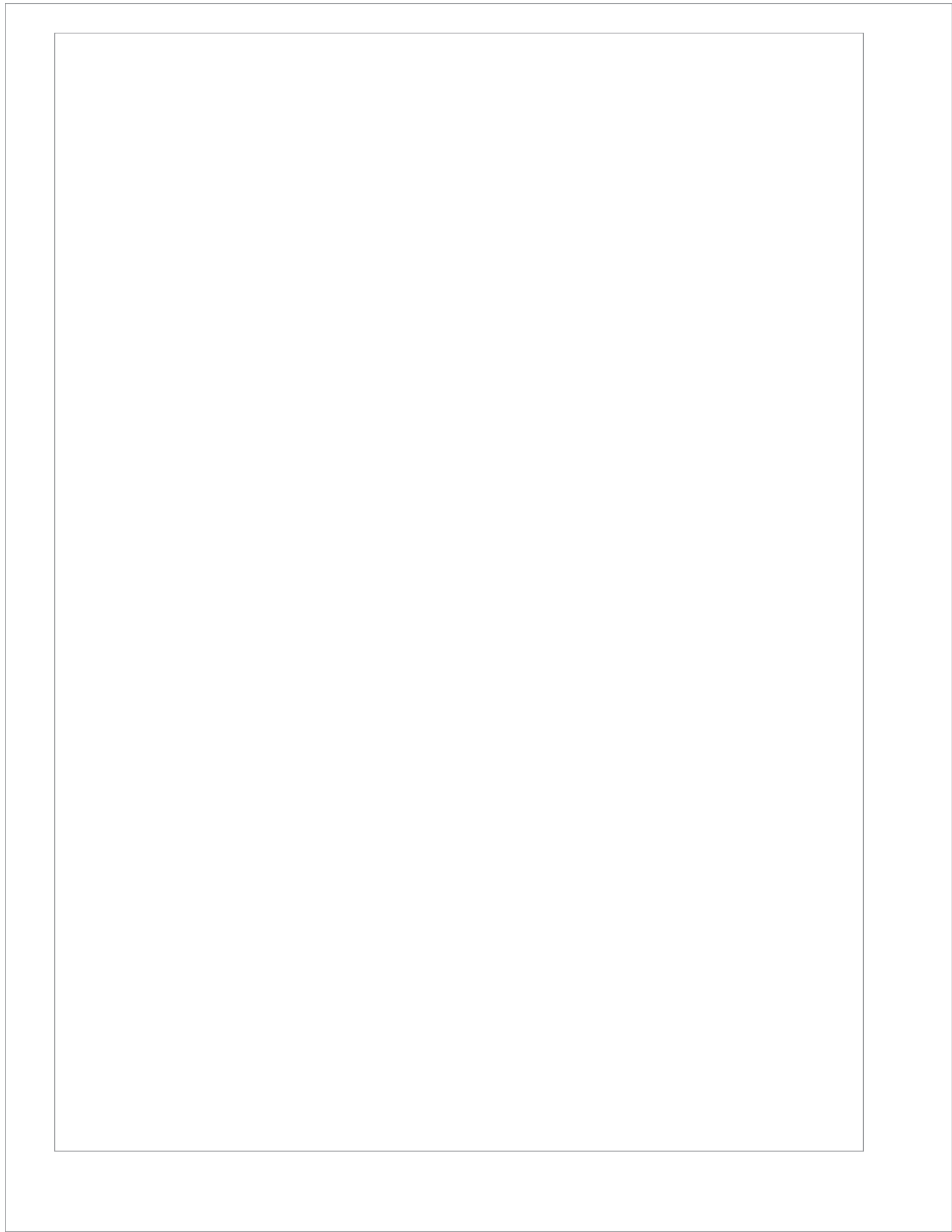
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ADVERTISING AND PROMOTION

AN INTEGRATED MARKETING COMMUNICATIONS PERSPECTIVE

1

An Introduction to Integrated Marketing Communications



Source: Nike, Inc.

Learning Objectives

- LO1-1 | Describe the role of advertising and other promotional elements in marketing.
- LO1-2 | Discuss the evolution of the integrated marketing communications (IMC) concept.
- LO1-3 | Explain the increasing value of the IMC perspective in advertising and promotional programs.
- LO1-4 | Identify the elements of the promotional mix.
- LO1-5 | Identify the contact points between marketers and their target audiences.
- LO1-6 | Describe the steps in the IMC planning process.

Nike Just Keeps Doing It—But in Different Ways

If you were to ask most consumers around the world to name a brand from the sports world, chances are most of them would answer Nike, and for good reason. Over the past several decades, Nike has run past all of its competitors to become the largest seller of athletic shoes and apparel and one of the world's most valuable brands. The company's revenue has more than tripled since the beginning of the new millennium, going from \$8.9 billion in 2000 to \$36.4 billion in 2018, and the goal is to reach \$50 billion in sales by 2022. Nike was number 17 in the annual Interbrand ranking of the world's best brands, with an estimated brand value of \$30 billion. The only other sports brand ranked in the top 100 is Adidas, which is more than 30 spots below Nike.

The Nike ethos of pure, brash performance and bringing inspiration and innovation to every athlete in the world is captured in the "Just Do It" slogan, which was adopted in 1988 and has become a catch phrase for the sports world. During the 1980s and 1990s and into the new millennium, Nike grew its sales and spread its brand message around the globe with advertising featuring top athletes such as Michael Jordan, Tiger Woods, Roger Federer, Maria Sharapova, Serena Williams, Cristiano Ronaldo, LeBron James, and many others. Nike ads would be run on television during sporting events and in sports magazines such as *Sports Illustrated* or *ESPN The Magazine* as well as on billboards. However, you might stop reading for a moment and try to recall the last time you saw a Nike commercial on television or in a magazine. Don't be surprised if you can't remember, because Nike's spending on television and print advertising has dropped dramatically over the past 10 years, even though its marketing budget has increased by more than 50 percent and is closing in on \$4 billion per year.

So you might ask a simple question: If Nike's marketing spending keeps increasing but you are seeing less and less of its advertising, where is the money going? Nike refers to its marketing budget as demand creation expenses, which include television, print, outdoor, and digital advertising, as well as brand events and retail brand presentation. And the demand creation tool that now accounts for most of Nike's budget is digital marketing and advertising. The reason for the shift is simple. Nike is going where its customers are, and its core target market

of teens and young adults is not watching television and reading magazines but rather is spending most of their time online and on social media. Nike feels that digital media allows the company to connect and interact more closely with consumers than it can through traditional media. Nike CEO Mark Parker explained Nike's rationale for the change as follows: "Connecting used to be, Here's some product and here's some advertising. We hope you like it.' Connecting today is a dialogue."

Nike's shift from traditional to digital media involves more than just running ads online or in social media. The company is building and engaging with consumers through brand communities such as its NikePlus Membership program, which now has 100 million users and includes the Nike+ Run Club and Training Club apps for mobile devices, as well as SNKRS, the world's leading footwear shopping app. Nike has also increased its direct-to-consumer sales efforts: it now sells its shoe and apparel through the Nike.com website and in 2017 entered into an agreement with Amazon to sell its products on the leading e-commerce site. Direct-to-consumer sales have become increasingly important as major sporting goods retailers such as Sports Authority and Sport Mart have gone bankrupt, and 20 percent of sporting goods sales are now online. Nike has also opened more than 1,000 of its own retail stores, including a futuristic store on Fifth Avenue in New York City, which covers 68,000 square feet over six levels.

While Nike has shifted much of its marketing communications to digital media, the company recently demonstrated that it still knows how to use traditional media and is willing to take a risk with its advertising. In fall 2018, Nike began running a two-minute-long ad called "Dream Crazy." It featured Colin Kaepernick, who was the star quarterback of the San Francisco 49ers pro football team for five years but has not played in the National Football League (NFL) since 2016 when he ignited a controversy by kneeling during the national anthem prior to the start of a game. Kaepernick refused to stand to protest police shootings of African American men and what he considered other social injustices against minorities in the United States, and his actions led to a movement whereby other NFL players began kneeling during the anthem as well. The "Dream Crazy"

continued

ad was created to celebrate the 30th anniversary of Nike's "Just Do It" slogan and featured other sports stars such as LeBron James and Serena Williams. Kaepernick narrates the commercial, which features inspirational stories and clips of athletes who have overcome challenging obstacles, such as Shaquem Griffin, who made it to the NFL despite having the lower portion of his arm amputated as a child, and a ten-year-old wrestler who was born without legs. The campaign also included print ads and billboards with a picture of Kaepernick's and copy reading: "Believe in something. Even if it means sacrificing everything."

Nike clearly took a risk with its decision to make Kaepernick the face of the anniversary campaign because many people viewed his actions as unpatriotic and threatened to boycott the company. President Donald Trump said that Nike was sending a terrible message by partnering with the controversial former quarterback but also acknowledged that the company's freedom to do so "is what this country is all about." Reactions to the ads were mixed, with some viewing Nike as a crusader for social justice while critics argued that the company was making a hero out of a social agitator. However, Nike ended up in the middle of a debate that drew a great deal of attention and admiration from its core target market of millennials and gen Zers, particularly in urban areas. CEO Mark Parker noted that the company saw record engagement with the brand through digital and social media. Nike added nearly 170,000 Instagram followers after the release of the campaign, and mentions of Nike on various social media channels such as Twitter and Facebook soared, with many celebrities and big-name athletes chiming in, many in favor of the ad. Nike's online sales surged in the days following the release of the campaign, and its stock price reached an all-time high less than two

weeks after viewers first saw Kaepernick in the ad. The video of the commercial has also become the second-most-liked post ever on Nike's Instagram account.

Many experts note that the "Dream Crazy" campaign was very important to Nike because the company had been losing some momentum to competitors such as Under Armour, Adidas, and Lululemon. The bold move helped Nike strengthen its position against those competitors as well as against startups such as Allbirds. One brand strategist summarized it quite well, noting that "We look to iconic brands to remain relevant by capturing the cultural moment and taking a stand and Nike did it brilliantly. It demonstrated support for its athletes as people, not just performers on and off the field of play." Nike had signed Kaepernick to an endorsement contract in 2011 and continued to pay him, even though he was no longer playing in the NFL.

Nike's willingness to take risks and find creative ways to connect with consumers, both online and offline, are major reasons for the tremendous success of the company. The company also continues to be recognized as one of the world's best marketers as *Advertising Age*, the leading publication of the advertising and marketing industry, named the company "Marketer of the Year" for 2018. Nike continues to "Just Do It" very successfully.

Sources: Adrienne Pasquarelli, "Marketer of the Year," *Advertising Age*, December 3, 2018, pp. 16–17; John Cassillo and Jason Damata, "How Nike's Advertising Just 'Does' It," *TVREV*, September 13, 2018, <https://tvrev.com/how-nikes-advertising-just-does-it-colin-kaepernick/>; Laura Stevens and Sara Germano, "Nike Thought It Didn't Need Amazon—Then the Ground Shifted," *The Wall Street Journal*, June 28, 2017, pp. B1, 2; Scott Cendrowski, "Nike's New Marketing Mojo," *Fortune*, February 13, 2012, <http://fortune.com/2012/02/13/nikes-new-marketing-mojo/>.

The opening vignette illustrates how Nike has adapted its marketing strategy to respond to changes taking place in the way the company communicates with consumers. It provides an excellent example of how the roles of advertising and other forms of marketing communication are changing in the modern world of marketing. In the past, advertising was a relatively simple process as most companies relied primarily on ads run in the mass media to deliver their marketing messages to large numbers of consumers who watched television, listened to radio, and read magazines and newspapers. However, today's marketers recognize that the rapidly changing media environment is making it increasingly difficult to reach their target audiences and communicate effectively with them. The mass media are losing their viewers, listeners, and readers to the highly fragmented but more narrowly targeted digital media that allow consumers to be more actively engaged in the communication process. Consumers are no longer passive message recipients who will sit back and receive unfiltered advertising messages dictated by marketers. They want to be in more control of the content they receive from the media, and they are seeking out information, as well as entertainment, from myriad sources.

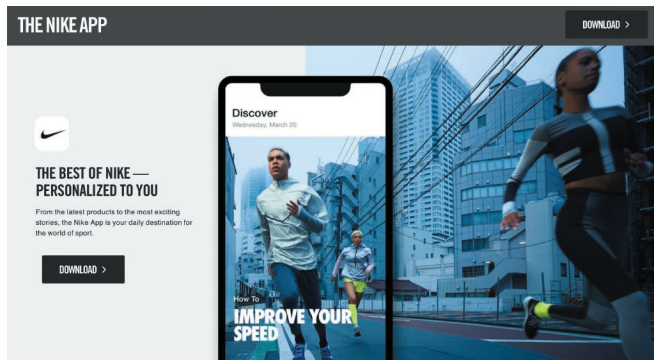


EXHIBIT 1-1

Mobile marketing is an important part of Nike's integrated marketing communications program.

Source: Nike, Inc.

The various marketing communication tools used by Nike show how companies are using *integrated marketing communications* (IMC) to reach their target audiences and engage them. Nike still uses traditional mass media advertising through TV, magazines, and newspapers as well as out-of-home media such as billboards to build awareness, communicate information, and maintain its strong brand identity. Nike uses traditional media along with various forms of digital advertising to influence online behavior by driving consumers to its website as well as mobile apps and retail stores. The company also promotes its athletic shoes and apparel through various social media platforms, which have become an impor-

tant part of the digital marketing efforts of nearly every company today. Consumers are encouraged to connect with Nike through Facebook, Instagram, and Twitter, while commercials and other inspirational videos for the brand are available on YouTube. Nike is one of the most popular brands on Instagram, with over 85 million followers, and its content follows the same theme as its advertising, which is designed to inspire athletes to believe in themselves and work hard to meet their full potential. It includes posts such as short films, documentaries, and inspirational videos and photos. Nike also uses Facebook, Twitter, and Instagram to update its followers with news about the sports world, which shows that the company understands its target audience's interests and desires. Many consumers connect with Nike on social media through their smartphones and use the popular Nike apps to track their training and fitness efforts as well as to shop for Nike shoes and apparel (Exhibit 1-1).

Public relations (PR) is also an important part of Nike's marketing communications program. As one of the world's most popular brands, with very high profile advertising such as the "Dream Crazy" campaign, Nike receives a tremendous amount of publicity and media attention. However, Nike uses PR to address important social issues that are related to its business and to deliver information to consumers and other stakeholders regarding its corporate social responsibility and citizenship. Promotional efforts for Nike are extended to retail stores where point-of-purchase displays, special offers and discounts, and other tactics are used to encourage stores such as Footlocker and Dick's Sporting Goods to stock and promote its products. Nike also spends several billion dollars each year on sponsorship of collegiate and professional teams, leagues such as the NFL and NBA, and sporting events.

Nike, along with thousands of other companies, recognizes that the way it communicates to and connects with consumers to promote its products continues to change, and it must keep pace by integrating a variety of communication tools into its marketing programs. The fragmentation of markets, the decline of traditional media such as magazines and newspapers, the growth of the Internet and new forms of digital and social media, the emergence of global markets, economic uncertainties, and changing lifestyles and media usage patterns of consumers are all changing the ways companies market their products and services and communicate with current and prospective customers.¹ Developing marketing communications programs that are responsive to these changes is critical to the success of nearly every company that competes in the marketplace.

THE GROWTH OF ADVERTISING AND PROMOTION

LO 1-1

Advertising and promotion are an integral part of our social and economic systems. In our complex society, advertising has evolved into a vital communications system for both consumers and businesses. The ability of advertising and other promotional methods to deliver carefully prepared messages to target audiences has given them a major role in the marketing programs of most organizations. Companies ranging from large multinational corporations to small retailers increasingly rely on advertising and

promotion to help them market products and services. In market-based economies, consumers have learned to rely on advertising and other forms of promotion for information they can use in making purchasing decisions.

In 1980, advertising and sales promotion were the dominant forms of marketing communication used by most companies, and total expenditures in the United States across the two were just over \$100 billion. Media advertising accounted for \$53 billion, while \$49 billion was spent on sales promotion techniques such as product samples, coupons, contests, sweepstakes, premiums, and rebates as well as trade allowances and discounts to retailers. By 1990, \$130 billion was being spent on advertising, while sales promotion expenditures increased to \$140 billion. By the start of the new millennium, nearly \$156 billion was spent on local and national advertising, while spending on sales promotion programs targeted toward consumers and retailers increased to more than \$250 billion.² This growth has continued over the past two decades as an estimated \$240 billion was spent on advertising in 2019, with \$110 billion being spent on traditional media advertising (television, radio, magazines, newspaper, out-of-home, and cinema) and \$130 billion going to digital/online advertising. In addition to media advertising, nearly \$50 billion was spent on direct mail and other forms of direct marketing such as e-mail marketing, \$25 billion was spent on sponsorships and event marketing, and more than \$300 billion on consumer and trade promotion.³

It is particularly interesting to note the shift in advertising spending from traditional media such as television, radio, and print to digital formats, including online search, display and video ads, as well as advertising on social media. In 2019, spending on digital advertising in the United States surpassed that spent on traditional media advertising (54 percent vs. 46 percent) for the first time, and by 2023, digital ads are forecast to capture more than two-thirds of all advertising spending. The increase in digital advertising is coming from declines in spending in print versions of magazines and newspapers as well as directories such as the Yellow Pages.⁴ The largest category of digital advertising is paid search on search engines such as Google, Yahoo!, and Bing, which account for nearly half of all online ad expenditures. Online display advertising follows close behind and is being driven by the growth in video ads being shown online. Spending on social media platforms such as Facebook, Twitter, Instagram, and Snapchat has been the fastest growing digital channel over the past several years. Much of the growth in digital advertising is being driven by mobile marketing whereby ads, text messages, and promotional offers are sent directly to mobile devices such as smartphones and tablets. Digital advertising on mobile devices accounts for nearly two-thirds of all digital ad spending and continues to grow. The shift to mobile marketing is occurring as consumers spend more time on their mobile devices and less time with traditional media such as newspapers, magazines, and television. It is estimated that adults in the United States spend an average of three and a half hours per day on mobile devices, with two-thirds of that time spent on smartphones.⁵

Advertising and promotion have grown globally as well over the past 40 years. Advertising spending outside the United States increased from \$55 billion in 1980 to nearly \$214 billion by 2002 and by 2019 had grown to \$394 billion.⁶ While the United States still accounts for nearly a third of the world's advertising expenditures, nearly half of global advertising spending is in Western Europe and the Asia/Pacific region. After the United States, the top countries in advertising spending are China, Japan, the United Kingdom, and Brazil. Marketers also spend billions more on sales promotion, direct marketing, event sponsorships, and public relations. As is the case in the United States, digital advertising is growing rapidly in countries around the world and is expected to increase its share of total advertising spending to nearly 50 percent by 2020.⁷

Spending on advertising and other forms of promotion will continue to increase as companies around the world strive to market their products and services to their customers, including both consumers and businesses. Integrated marketing communications plays an important role in the marketing programs of consumer product and service companies as well as business-to-business marketers in their efforts to communicate with their current and prospective customers. To understand the role IMC plays in the marketing process, let us first examine the marketing function.

THE ROLE OF MARKETING

Marketing has never been more important or more pervasive than it is today. Organizations ranging from large multinational corporations to small entrepreneurial companies and local businesses recognize that marketing is an important business function and plays a critical role in their ability to compete in the marketplace. For nearly two decades, the American Marketing Association (AMA), the organization that represents marketing professionals in the United States and Canada, defined marketing as *the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives*.⁸ This definition of marketing focused on **exchange** as a central concept in marketing and the use of the basic marketing activities to create and sustain relationships with customers.⁹ For exchange to occur there must be two or more parties with something of value to one another, a desire and ability to give up that something to the other party, and a way to communicate with each other. Advertising and promotion play an important role in the exchange process by informing customers of an organization's product or service and convincing them of its ability to satisfy their needs or wants.

Not all marketing transactions involve the exchange of money for a product or service. Nonprofit organizations such as various causes, charities, religious groups, the arts, and colleges and universities (probably including the one you are attending) receive millions of dollars in donations every year. Many nonprofit organizations use ads to solicit contributions from the public such as the one shown in Exhibit 1–2 for the American Red Cross, which responds to approximately 70,000 disasters in the United States every year including floods, fires, tornadoes, hurricanes, and earthquakes that affect tens of thousands. Donors generally do not receive any material benefits for their contributions; they donate in exchange for intangible social and psychological satisfactions such as feelings of goodwill and altruism.

While many still view exchange as the core phenomenon or domain for study in marketing, there is also agreement among most academicians and practitioners that the discipline is rapidly changing. To reflect these changes, the AMA adopted a revised definition of **marketing** in 2007, which is as follows:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large.¹⁰

EXHIBIT 1–2

Nonprofit organizations use advertising to solicit contributions and support.

Source: American National Red Cross



Every nine minutes, volunteers help the American Red Cross bring help and hope to people in need. Join us and make a difference in your community.

Be a hero. Volunteer today.



Sign up at redcross.org
#BeAHero

This revised definition is viewed as being more reflective of the role of nonmarketers to the marketing process. It also recognizes the important role marketing plays in the process of creating, communicating, and delivering value to customers, as well as society at large. Today, most markets are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining *relationships* with their customers. Successful companies recognize that creating, communicating, and delivering *value* to their customers is extremely important. **Value** is the customer's perception of all the benefits of a product or service weighed against all the costs of acquiring and consuming it.¹¹ Benefits can be functional (the performance of the product), experiential (what it feels like to use the product), and/or psychological (feelings such as self-esteem or status that result from owning a particular brand). Costs include the money paid for the product or service as well as other factors such as acquiring information about the product/service, making the purchase, learning how to use it, maintaining the product, and disposing of it.

The Marketing Mix

Marketing facilitates the exchange process and the development of relationships by carefully examining the needs and wants of consumers, developing a product or service that satisfies these needs, offering it at a certain price, making it available through a particular place or channel of distribution, and developing a program of promotion or communication to create awareness and interest. These four Ps—product, price, place (distribution), and promotion—are elements of the **marketing mix**. The basic task of marketing is combining these four elements into a marketing program to facilitate the potential for exchange with consumers in the marketplace.

The proper marketing mix does not just happen. Marketers must be knowledgeable about the issues and options involved in each element of the mix. They must also be aware of how these elements can be combined to form an effective marketing program that delivers value to consumers. The market must be analyzed through consumer research, and the resulting information must be used to develop an overall marketing strategy and mix.

The primary focus of this book is on one element of the marketing mix: the promotional variable. However, the promotional program must be part of a viable marketing strategy and be coordinated with other marketing activities. A firm can spend large sums on advertising, sales promotion, or other forms of marketing communication, but it stands little chance of success if the product is of poor quality, is priced improperly, or does not have adequate distribution to consumers. Marketers have long recognized the importance of combining the elements of the marketing mix into a cohesive marketing strategy. Many companies also recognize the need to integrate their various marketing communications efforts, such as traditional media advertising, direct marketing, sales promotion, Internet marketing, social media, event sponsorships, and public relations, to achieve more effective marketing communications.

INTEGRATED MARKETING COMMUNICATIONS

LO 1-2

For many years, the promotional function in most companies was dominated by mass-media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Most marketers did use additional promotional and marketing communication tools, but sales promotion and direct-marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organization's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communications process.

Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market, and different goals and objectives. These companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets.

The Evolution of IMC

During the 1980s, many companies began taking a broader perspective of marketing communication and recognizing the need for a more strategic integration of their promotional tools. The decade was characterized by the rapid development of areas such as sales promotion, direct marketing, and public relations, which began challenging advertising's role as the dominant form of marketing communication. These firms began moving toward the process of **integrated marketing communications (IMC)**, which involves coordinating the various promotional elements and other marketing

activities that communicate with a firm's customers.¹² As marketers embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop and implement various components of their promotional plans.

Many large agencies responded to the call for synergy among the promotional tools by acquiring PR, sales promotion, and direct-marketing companies and touting themselves as IMC agencies that offer one-stop shopping for all their clients' promotional needs.¹³ Some agencies became involved in these nonadvertising areas to gain control over their clients' promotional programs and budgets and struggled to offer any real value beyond creating advertising. However, the advertising industry soon recognized that IMC was more than just a fad. Terms such as *new advertising*, *orchestration*, and *seamless communication* were used to describe the concept of integration.¹⁴ A task force from the American Association of Advertising Agencies (the "4As") developed one of the first definitions of integrated marketing communications:

a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.¹⁵

The 4As' definition focused on the process of using all forms of promotion to achieve maximum communication impact. However, advocates of the IMC concept argued for an even broader perspective that considers *all sources of brand or company contact* that a customer or prospect has with a product or service.¹⁶ They noted that the process of integrated marketing communications calls for a "big-picture" approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop a total marketing communications strategy that recognizes how all of a firm's marketing activities, not just promotion, communicate with its customers.

Consumers' perceptions of a company and/or its various brands are a synthesis of the bundle of messages they receive or contacts they have, such as media advertisements, price, package design, direct-marketing efforts, publicity, sales promotions, websites, point-of-purchase displays, and even the type of store where a product or service is sold. The integrated marketing communications approach seeks to have all of a company's marketing and promotional activities project a consistent, unified image to the marketplace. It recognizes that every customer interaction with a company or brand across a host of contact points represents an opportunity to deliver on the brand promise, strengthen customer relationships, and deepen loyalty. It calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning. For example, Montblanc uses classic design and a distinctive brand name as well as high price to position its watches as high-quality, high-status products. This upscale image is enhanced by the company's strategy of distributing its products only through boutiques, jewelry stores, and other exclusive shops, including its own stores.

An example of how Montblanc uses IMC is a global campaign the Swiss company has been running called "The Spirit of Mountain Exploration" to promote its 1858 Geosphere watch collection, which is inspired by chronographs and pocket watches created for military use and mountain exploration in the 1920s and 1930s. The professional-grade, innovative timepiece pays tribute to the heroes of mountain climbing and those dedicated to the Seven Summits Challenge—reaching the peak of the highest mountain on each continent, which is considered the holy grail of climbers. Montblanc is using the campaign to engage with a younger generation of consumers who value excellence and exploration.¹⁷ The integrated campaign uses print, digital and social media such as Twitter, Facebook, and Instagram and features renowned mountaineers as well as actor Hugh Jackman, who is a brand ambassador for the company (Exhibit 1-3).



EXHIBIT 1-3

Montblanc is using the “Spirit of Mountain Exploration” campaign to engage younger consumers who value excellence and exploration.

Source: Montblanc

Many companies have adopted this broader perspective of IMC. They see it as a way to coordinate and manage their marketing communication programs to ensure that they send customers a consistent message about the company and/or its brands. For these companies, integration represents an improvement over the traditional method of treating the various marketing and promotion elements as virtually separate activities. However, this perspective of IMC has been challenged on the basis that it focuses primarily on the tactical coordination of various communication tools with the goal of making them look and sound alike.¹⁸ It has been criticized as an “inside-out marketing” approach that is a relatively simple matter of bundling promotional-mix elements together so they have one look and speak with one voice.¹⁹ As IMC continued to evolve, academicians as well as practitioners recognized that a broader perspective was needed that would view the discipline from a more strategic perspective.

A Contemporary Perspective of IMC

As marketers become more sophisticated and develop a better understanding of IMC, they are recognizing that it involves more than just coordinating the various elements of their marketing and communications programs into a “one look, one voice” approach. IMC is now recognized as a business process that helps companies identify the most appropriate and effective methods for communicating and building relationships with customers and other stakeholders. Don Schultz of Northwestern University has developed what many think is a more appropriate definition of IMC:

Integrated marketing communication is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, persuasive brand communications programs over time with consumers, customers, prospects, employees, associates and other targeted relevant external and internal audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value.²⁰

There are several important aspects of this definition of IMC. First, it views IMC as an ongoing strategic business process rather than just tactical integration of various communication activities. It also recognizes that there are a number of relevant audiences that are an important part of the process. Externally these include customers, prospects, suppliers, investors, interest groups, and the general public. It also views internal audiences such as employees as an important part of the IMC process. This definition also reflects the increasing emphasis that is being placed on the demand for accountability and measurement of the *outcomes* of marketing communication programs as well as marketing in general.

Today, most companies recognize that communicating effectively with current and prospective customers involves more than just the tactical use of traditional marketing communication tools. These firms, along with most advertising agencies, are embracing IMC and incorporating it into their marketing programs and business practices. Integrated marketing communications has been widely adopted and is proving to of significant value to companies in the rapidly changing marketing environment they are now facing. IMC has been described as one of the “new generation” marketing approaches used by companies to better focus their efforts in acquiring, retaining, and developing relationships with customers and other stakeholders.²¹

Reasons for the Growing Importance of IMC

The IMC approach to marketing communications planning and strategy is being adopted by companies both large and small and has become popular among firms marketing consumer products and services as well as business-to-business marketers. There are a number of reasons why marketers are adopting the IMC approach. A fundamental reason is that they understand the value of strategically integrating the various communications functions rather than having them operate autonomously. By coordinating their marketing communication efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communication programs. Advocates of IMC argue that it is one of the easiest ways for a company to maximize the return on its investment in marketing and promotion.²²

The move to integrated marketing also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media consumption behavior. For decades, reaching consumers was relatively easy, as marketers could run their ads in mass media (so named because they reach mass audiences) such as television, radio, magazines, and newspapers. The formula was really very simple, as the mass media had a symbiotic relationship with mass marketers such as automotive firms, consumer packaged-goods companies, and many others. The media companies would develop and deliver expensive but high-quality content that would in turn attract large audiences. The marketers would pay large amounts of money to the television and radio networks and stations and/or magazine and newspaper publishers for access to the mass audiences who would receive the advertising messages that encouraged them to purchase the marketers' products and services. The advertising revenue that the media companies received would be used to produce the high-quality content, which in turn would allow the media to continue to deliver the viewers, listeners, and readers that the marketers coveted.

Over the past decade, however, there have been major changes in the media landscape that are impacting the traditional mass media and the economic model that has supported them. There has been an evolution to *micromarketing* as the mass audiences assembled by the major television networks and augmented by other mass media such as magazines and newspapers are fragmenting at an accelerating rate.²³ For example, television viewing audiences are moving from the traditional broadcast networks (ABC, CBS, NBC, and Fox) to more narrowly targeted programming on cable networks such as ESPN, HGTV, CNN, and MTV. More and more households are "cutting the cord" from traditional cable services in favor of video streaming alternatives such as Netflix, Hulu, Amazon Prime, Sling TV, ESPN+, and YouTube TV. Faster Internet connections and an abundance of video streaming devices such as Apple TV, Roku, Amazon Fire, and Google Chromecast are contributing to the decline of subscribers to cable and satellite services such as DirecTV and Dish. Many younger consumers spend more time watching videos on YouTube or Instagram than watching television. The Internet has become the leading advertising medium, with online versions of nearly every magazine, newspaper, and television and radio station, as well as millions of websites that cater to very specific interests of consumers. The crude banner and pop-up ads that

were used in the early days of the Internet have given way to more refined formats such as paid search, which is the most widely used form of online advertising, as well as videos and mobile marketing techniques.

Advertisers can use the Internet in a more targeted way than they can use traditional media. They can run their ads on websites or social media sites that are narrowly targeted to consumer interests or have their ads appear on search engines such as Google, Yahoo!, and Bing, which are seen when people are seeking information about a product or service. For example, Google dominates as the online search advertising marketer with its keyword-targeted advertising program called Google Ads (Exhibit 1-4). Social

EXHIBIT 1-4

What makes Google Ads the most popular platform for online search advertising?

Source: Google Inc.

How businesses use Google ads

All kinds of businesses rely on Google AdWords to improve online sales, generate new leads or keep customers coming back for more.

Start now

Free phone support: 1-800-677-0881



“AdWords has been my most effective means of advertising since the beginning—which is why it gets 90 percent of my advertising budget.”

Lee Rhodes, glassofsky

Founded in 2001, glassofsky sells unique, handblown glass vases in over four hundred colors. Their business products are available over the internet and at a few select retail locations in Seattle and San Francisco. The company considers online advertising an important piece of their web growth, and plans to keep investing in AdWords.

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Agree and Install for Safari

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EXHIBIT 1-5

The use of Adblock Plus on computers and mobile devices is increasing.

Source: *eyeo GmbH*

networking sites such as Facebook, Snapchat, Twitter, LinkedIn, Instagram, and YouTube have become pervasive on the Internet and make it possible for people to share content, opinions, insights, and experiences as well as educate one another about companies, brands, and various issues.²⁴

In addition to the proliferation of media options and fragmentation of audiences, marketers are also facing the challenge of consumers being less responsive to and finding ways to avoid their advertising messages. Many consum-

ers are turned off by advertising and other forms of marketing communication because they are tired of being bombarded with sales messages. Younger consumers in the millennial and gen Z age cohorts (which include most college students) are particularly skeptical of advertising. Having grown up in an even more media-saturated and brand-conscious world than their parents did, they respond differently to advertising, and simply pushing messages at them does not work very well.²⁵ Nearly all of the millennials and gen Zers have smartphones and are spending less time with traditional media. However, like other age cohorts, they are actively seeking ways to avoid advertising messages, not only on television but online as well. They are installing ad blockers on their computers, tablets, and smartphones and skipping out of online ads as quickly as possible (Exhibit 1-5). Recent studies have shown that while about a quarter of Internet users in the United States deploy ad blockers, more than a third of millennials and over half of gen Zers have installed them on their computers and mobile devices to avoid receiving ads.²⁶

The advertising industry, as well as online publishers such as newspapers, magazines, blogs, and the myriad websites available on the Internet are very concerned over the impact ad blockers are having on their digital advertising business.²⁷ Companies that sell advertising space on their websites, apps, and social media sites are paid based on the number of people who see, watch, or click on the ads, so the use of ad blockers has the potential to undermine their basic business model. For example, Spotify, which is one of the most popular music streaming subscription services, changed its terms of service in early 2019 to include a ban on ad blockers and notified users that it has the right to suspend any accounts that use them.²⁸

The integrated marketing communications movement is also being driven by fundamental changes in the way companies market their products and services and an ongoing marketing revolution that is changing the rules of marketing.²⁹ These changes and developments are affecting everyone involved in the marketing and promotional process. Marketers can no longer be tied to a specific communication tool (such as media advertising); rather, they should use whatever contact methods offer the best way of delivering the message to their target audiences. Ad agencies continue to reposition themselves as offering more than just advertising expertise; they strive to convince their clients that they can manage all or any part of clients' integrated marketing communications needs. Most agencies recognize that their future success depends on their ability to understand how to develop and place advertising messages not just for traditional media but also for the rapidly evolving areas of digital marketing, including social media and mobile.

The Role of IMC in Branding

One of the major reasons for the growing importance of integrated marketing communications over the past decade is that it plays a major role in the process of developing and sustaining brand identity and equity. As branding expert Kevin Keller notes, "Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets."³⁰ With more and more products and services competing for consideration by customers who have less and less time

to make choices, well-known brands have a major competitive advantage in today's marketplace. Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer.³¹ Companies recognize that brand equity is as important an asset as factories, patents, and cash because strong brands have the power to command a premium price from consumers as well as investors. While competitors may be able to duplicate their product designs and manufacturing processes, it is very difficult to duplicate the beliefs, images, and impressions that are ingrained in the mind of consumers as well as the emotions brands evoke. Figure 1–1 shows the world's most valuable brands, as measured by Interbrand, a leading brand consultancy company.

Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging, and performance of a product or service as well as the image or type of associations that come to mind when consumers think about a brand. It encompasses the entire spectrum of consumers' awareness, knowledge, and image of the brand as well as the company behind it. It is the sum of all points of encounter or contact that consumers have with the brand, and it extends beyond the experience or outcome of using it. These contacts can also result from various forms of integrated marketing communications activities used by a company, including mass-media advertising, sales promotion offers, sponsorship activities at sporting or entertainment events, websites, social media, and e-mail messages. Consumers can also have contact with or receive information about a brand in stores at the point of sale; through articles or stories they see, hear, or read in the media; or through interactions with a company representative, such as a salesperson. For many companies, mass-media advertising has long been the cornerstone of their brand-building efforts. However, astute marketers recognize that the way consumers relate to brands is changing and they can no longer build and maintain brand equity merely by spending large sums of money on media advertising and other forms of marketing communication. Brands are becoming less about the actual product or service and more about how people relate to them. Consumers today demand more than just product/service quality or performance, as many view brands as a form of self-expression. It is also widely recognized that marketing is now in the relationship era and companies must connect with consumers based on trust, transparency, engagement, and authenticity. As one chief marketing officer notes: "the future of marketing isn't about getting people to buy your brand, but to buy *into* your brand."³²

FIGURE 1–1
Best Global Brands 2019

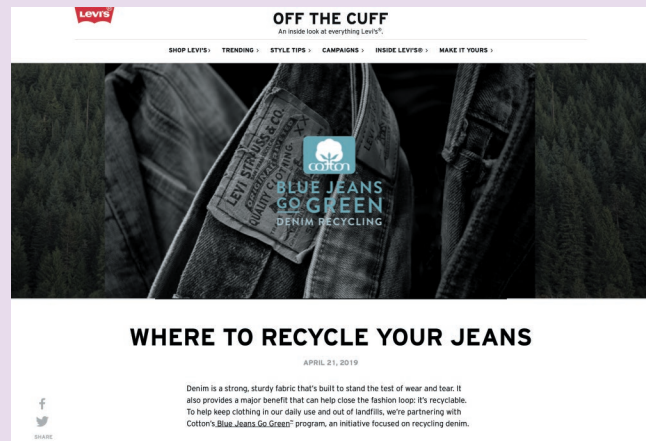
Rank	Brand	Brand Value (billions)
1	Apple	\$234,231
2	Google	167,713
3	Amazon	125,263
4	Microsoft	108,847
5	Coca-Cola	63,365
6	Samsung	61,098
7	Toyota	56,246
8	Mercedes-Benz	50,832
9	McDonald's	45,362
10	Disney	44,352

Source: "Interbrand's Best Global Brands 2019" is a look at financial performance of the brand, role of brand in the purchase decision process, and the brand strength. For more information go to: <https://www.interbrand.com/best-brands/best-global-brands/2019/ranking/>.

Marketers Focus on Sustainability

Sustainability is becoming increasingly important as more companies consider the impact their business practices have on the environment as well as on society. A growing number of organizations are integrating sustainability into their business strategy as they realize they can do well by doing good. Sustainability as a business practice is nothing new; companies such as Patagonia, Eileen Fisher, and Levi Strauss have incorporated environmentally friendly initiatives into their operations for decades. Patagonia has made sustainability a core part of its operations and marketing messaging since its founding in 1973, while Levi Strauss established “terms of engagement” that laid out the company’s global code of conduct throughout its supply chain in 1991. Sustainability became the focus of many companies’ marketing strategy in the 1990s as the concept of *green marketing*, which refers to the process of selling products and services based on their environmental benefits, gained in popularity.

Over the past decade, more and more companies have been focusing on sustainability and making it an integral part of their marketing strategy, and for good reason. Numerous studies have shown that consumers in many countries purchase products and services from companies they believe are doing good for society or the environment. Surveys have found that younger generations of consumers such as gen Z and millennials are adjusting their spending to benefit the environment and choosing brands based on their sustainability practices. One area where marketers are using sustainability to connect with consumers is the apparel industry. Levi Strauss has been building sustainability into everything it does, from the sourcing of raw materials to its retail stores and its products. For example, five years ago the company launched the Levis® Waste<Less collection of products, 20 percent of which are made from recycled plastic bottles. Levi Strauss encourages consumers to stop thinking about clothes as disposable, which means keeping a pair of jeans



Source: Levi Strauss & Co.

longer, and to consider the end of life of the apparel products they purchase.

Other fashion-focused companies are also focusing on sustainability. J. Crew's Madewell brand urges consumers find new homes for their old jeans through its denim recycling program, while Banana Republic promotes its vegan suede jackets. Fast fashion retailers such as H&M, Zara, and Uniqlo, which have been criticized for shortening fashion cycles and encouraging consumers to expand their wardrobes and update them quickly, are putting more emphasis on sustainability by touting organic collections or recycling initiatives. Some of these changes have been brought about by social campaigns such as Slow Fashion and Fashion Revolution, which have become movements that encourage consumers to look into how their clothes are sourced, produced, and consumed and helped spread the call for more transparency.

Marketers are also recognizing that they need to do more than pay lip service to sustainability and be careful about

The relationship between brands and their customers has become much more complex. One reason for this is that today's consumer knows much more about brands and the companies that make them than ever before. The value chain of companies has become increasingly visible, and consumers often select brands based on the social, economic, and environmental records and policies of the companies that make them. **Sustainability**, which refers to development that meets the needs of the current generation without compromising the ability of future generations to meet their needs, has become a very important issue for both consumers and corporations.³³ Companies are addressing sustainability by carefully examining the social and environmental impacts of their marketing strategies. This means reevaluating their product and service portfolios, as well as the way these products and services are created, produced, and marketed. A company that is a leader in sustainability is the outdoor apparel company Patagonia, which was founded on the principles of sustainability and transparency and has a 40-year history of environmental conservation and activism. Protecting and preserving the environment is a core business tenet of the company, which is reflected

making claims they cannot support, because it has become much easier for consumers use to determine how sustainable they really are in their operations. For example, Good On You is a mobile app that consumers use to learn how sustainable companies or brands are incorporating their supply chain and certifications such as Fair Trade, organic, and vegan into one universal rating system. Consumers have also become very sensitive to overexaggerated claims or marketing publicity stunts with regard to sustainability. Watchdog groups and activists are monitoring every move made by companies, and one misstep can quickly spread across social media and lead to a boycott of a brand. Brands are in a fishbowl like they have never been before as they are being constantly watched to see if they are behaving appropriately with regard to sustainability. For example, the high-end fashion company Burberry incurred the wrath of many consumers in 2018 when it was revealed that the company had burned \$38 million worth of clothing and beauty products to maintain the exclusivity of its brand. Disposal is a common practice among luxury brands to prevent unwanted items from being sold at a discount, which can erode the high prices they can charge in retail stores. The British company received a great deal of criticism from the media and across social media, as well as consumer boycotts of its products, and announced that it would stop destroying unsold merchandise. Burberry's chief executive issued a statement noting that "modern luxury means being socially and environmentally responsible."

Luxury and fashion brands are not the only companies focusing on sustainability. For example, Johnson & Johnson's Earthwards® program is dedicated to more sustainable product innovation in its consumer products, medical devices, and pharmaceuticals. In order to earn a stamp of approval by the program, a product must show at least three sustainability improvements across seven impact areas, including materials, waste reduction, packaging, energy and water use, innovation, and social impact. J&J plans to have 20 percent of its revenue come from Earthward products by 2020.

Procter & Gamble has been involved with social responsibility initiatives for many years, often working with Global Citizen, an advocacy group dedicated to ending extreme

poverty by 2030. In 2019, the consumer packaged goods giant sponsored the "Activate" documentary series from National Geographic that explores issues of extreme poverty, inequality, and sustainable development. The documentaries and broader content sponsorship covers 172 countries and 43 languages and features appearances from high-profile celebrities such as Hugh Jackman, Usher, Pharrell Williams, and Rachael Brosnahan. A number of P&G brands are integrated into the series, such as efforts by its Always feminine hygiene products to help end period poverty (lack of access to sanitary products), which can keep girls from school during their menstrual cycles. Episodes focusing on disaster relief will weave in the company's Tide laundry detergent brand and its Tide Loads of Hope program that sends mobile laundry units to natural disaster sites such as floods, tornadoes, and hurricanes. The integrated marketing efforts for the Activate series included a 12-page spread in *National Geographic* magazine as well as content in digital and social media. National Geographic has nearly 100 million Instagram followers and has led all brands in social media engagement over the past four years.

Sustainability is becoming more important for companies across all industries. Marketers are recognizing that the majority of consumers have a more positive image of companies and brands that support social and environmental causes and are factoring this into their purchase decisions. Moreover, consumers are raising their expectations with regard to sustainability, and transparency is becoming more prevalent. Thus it is very important for companies to realize that not only can they do well by doing good, they must do well if they want to remain competitive.

Sources: Adrienne Pasquarelli, "Shades of Green," *Advertising Age*, March 4, 2019, pp. 18–20; Jack Neff, "P&G Joins National Geographic in Star-Studded Docu-Series on Poverty, Inequality and Sustainability," *Advertising Age*, February 8, 2019, <https://adage.com/article/cmo-strategy/p-g-joins-national-geographic-docu-series-poverty/316587/>; Elizabeth Paton, "Burberry to Stop Burning Clothing and Other Goods It Can't Sell," *The New York Times*, September 6, 2018, <https://www.nytimes.com/2018/09/06/business/burberry-burning-unsold-stock.html>; Elizabeth Segran, "Levi's Is Radically Redefining Sustainability," *Fast Company*, February 9, 2017, <https://www.fastcompany.com/3067895/levis-is-radically-redefining-sustainability>.

in its mission to "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."³⁴ Each year the company contributes 1 percent of its annual net revenue to nonprofit charitable organizations that promote environmental conservation and sustainability. Patagonia publishes an Environmental + Social Initiatives report each year that discusses its sustainability efforts and achievements. (Exhibit 1–6). Ethical Perspective 1–1 discusses how other companies in the apparel, as well as other industries, are making sustainability an integral part of their business strategy.

Cynicism about corporations remains high following the Great Recession, and many companies must continue to work hard to gain consumer trust and confidence. Companies are also finding it more difficult to control their brand image because the Internet provides consumers with a wealth of information about their products and services that can be easily accessed and shared. They can use the Internet to make price and quality comparisons or to learn what others think about various brands as well as learn about their experiences or satisfaction with them. The pervasiveness of social media

EXHIBIT 1-6

Patagonia is a leader in sustainability.

Source: Patagonia, Inc



has transformed traditional word-of-mouth into viral “word-of-mouth” messages that fly around Facebook, Twitter, YouTube, or Yelp at the speed of send. Consumers’ passion for brands shows no sign of waning and in fact may be getting stronger. However, the ways that companies connect consumers to their companies and brands are changing.

Marketers recognize that in the modern world of marketing, there are many different opportunities and methods for *contacting* current and prospective customers to provide them with information about a company and/or brands. The challenge is to understand how to use the various IMC tools to make such contacts and deliver the branding message effectively and efficiently. A successful IMC program requires that marketers find the right combination of communication tools and techniques, define their role and the extent to which they can or should be used, and coordinate their use. To accomplish this, the persons responsible for the company’s communication efforts must have an understanding of the IMC tools that are available and the ways they can be used.

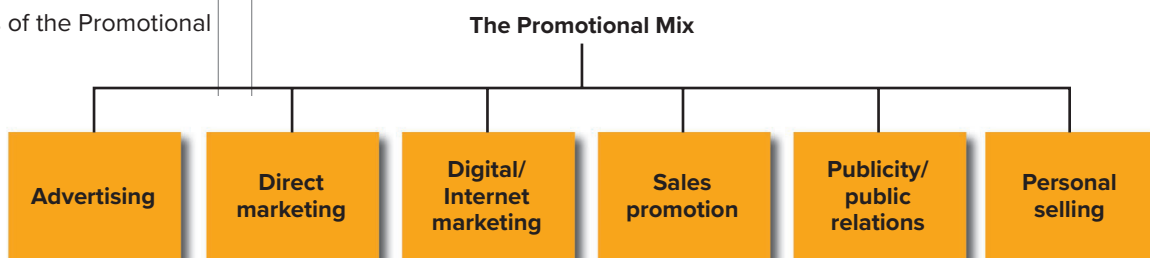
THE PROMOTIONAL MIX: THE TOOLS FOR IMC

LO 1-4

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea.³⁵ While implicit communication occurs through the various elements of the marketing mix, most of an organization’s communications with the marketplace take place as part of a carefully planned and controlled promotional program. The basic tools used to accomplish an organization’s communication objectives are often referred to as the **promotional mix** (Figure 1-2).

FIGURE 1-2

Elements of the Promotional Mix



Traditionally the promotional mix has included four elements: advertising, sales promotion, publicity/public relations, and personal selling. However, in this text we view direct marketing as well as digital/Internet marketing that takes place online as major promotional-mix elements that marketers use to communicate with their target markets. Each element of the promotional mix is viewed as an integrated marketing communications tool that plays a distinctive role in an IMC program. Each may take on a variety of forms. And each has certain advantages.

Advertising

Advertising is defined as any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.³⁶ The *paid* aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), whose advertising space or time is donated by the media, usually to a nonprofit organization or cause.

The *nonpersonal* component means that advertising involves mass media (e.g., TV, radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The nonpersonal nature of advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it.

Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particularly for companies whose products and services are targeted at mass consumer markets, such as automobile manufacturers and packaged-goods and drug companies. Nearly 200 companies spend over \$200 million each on advertising in the United States each year, including spending in measured media (television, radio, newspapers, magazines, outdoor, and Internet display advertising) as well as unmeasured media (direct marketing, promotion, online search, social media, and other forms). Figure 1–3 shows the advertising and promotion expenditures of the 25 leading national advertisers.

There are several reasons why advertising is such an important part of many marketers' IMC programs. First, media advertising is still the most cost-effective way to reach large numbers of consumers with an advertising message. Television in particular is an excellent way for marketers to reach mass markets. The average television program on the four major television networks during prime time (8:00 p.m. to 11:00 p.m.) reaches nearly 6 million viewers. The cost per thousand households reached on network TV during prime time is generally around \$25.³⁷ Popular shows such as *NCIS*, *Sunday Night Football*, and *The Voice* can reach between 15 million and 20 million viewers each week. And while the viewing audiences for cable networks such as ESPN, CNN, and MTV are smaller than those for the major networks, their programming appeals to more specific audiences that many marketers are trying to reach. Magazines such as *Time*, *Sports Illustrated*, and *People* have weekly circulations of more than 3 million and can reach more than 10 million people since there are multiple readers of each issue. Thus, for marketers who want to build or maintain brand awareness and reach mass markets with their advertising messages, media advertising remains an excellent way to do so.³⁸

Advertising is also a valuable tool for building company or brand equity because it is a powerful way to provide consumers with information as well as to influence their perceptions. Advertising can be used to create favorable and unique images and associations for a brand, which can be very important for companies selling products or services that are difficult to differentiate on the basis of functional attributes. Brand image plays an important role in the purchase of many products and services, and advertising is still recognized as one of the best ways to build a brand. Exhibit 1–7 shows an ad from a campaign run by the American Advertising Federation promoting the value of advertising.

The nature and purpose of advertising differ from one industry to another and/or across situations. Companies selling products and services to the consumer market generally

FIGURE 1–3

25 Leading Advertisers in
the United States, 2018

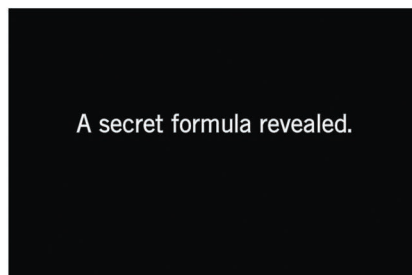
Rank	Advertiser	Ad Spending (Millions)
1	Comcast Corp.	\$6,122
2	AT&T	5,362
3	Amazon	4,470
4	Procter & Gamble Co.	4,305
5	General Motors Co.	3,139
6	Walt Disney Co.	3,132
7	Charter Communications	3,042
8	Alphabet (Google)	2,960
9	American Express Co.	2,798
10	Verizon Communications	2,682
11	Walmart	2,604
12	JP Morgan Chase & Co.	2,513
13	Ford Motor Co.	2,331
14	Pfizer	2,282
15	Nestle	2,202
16	Samsung Electronics Co.	2,152
17	Berkshire Hathaway	2,141
18	L'Oreal	2,137
19	Fiat Chrysler Automobiles	2,129
20	Capital One Financial Corp.	2,065
21	Expedia Group	1,953
22	Johnson & Johnson	1,765
23	Deutsche Telecom (T-Mobile US)	1,700
24	LVMH Moët Hennessy Louis Vuitton	1,560
25	McDonald's	1,541

Source: "Leading National Advertisers Fact Pack," *Advertising Age*, June 24, 2019.

EXHIBIT 1–7

The American Advertising
Federation promotes the value
of advertising.

Source: Courtesy of American
Advertising Federation



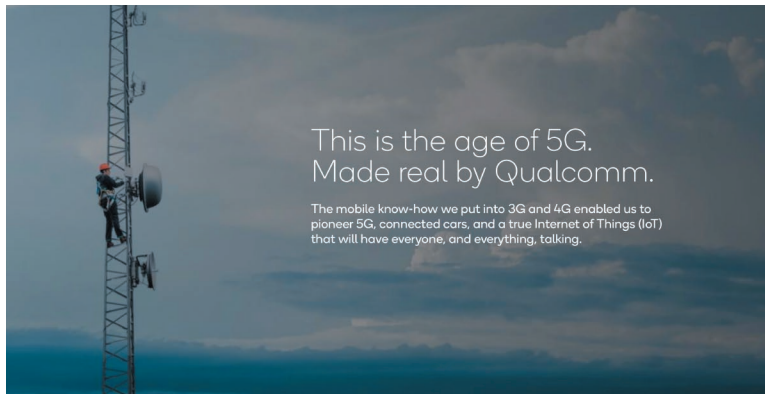


EXHIBIT 1-8

Qualcomm promotes the power of 5G wireless technology.

Source: Qualcomm

rely heavily on advertising to communicate with their target audiences, as do retailers and other local merchants. However, advertising can also be done by an industry to stimulate demand for a product category such as beef or milk. Advertising is also used extensively by companies who compete in the business and professional markets to reach current and potential customers. For example, business-to-business (B2B) marketers use advertising to perform important functions such as building awareness of the company and its products, generating leads for the sales force, reassuring customers about the purchase they have made, or helping create a favorable image of the company. B2B marketers generally target their advertising to reach key decision makers in other companies and often run their ads in business publications such as magazines and newspapers, although television and the Internet are the largest categories for B2B ad spending. Many products such as personal computers, tablets, smartphones, and printers along with services such as finance and banking, telecommunications, and insurance are marketed to both business customers and consumers. Thus, marketers sometimes develop ad campaigns that serve both markets.³⁹ The leading B2B advertisers include major corporations such as Intel, Microsoft, AT&T, IBM, and General Electric.⁴⁰ Exhibit 1-8 shows an ad from Qualcomm, which designs and markets products and services for the wireless telecommunications industry. The company is leading the way in fifth-generation (5G) wireless technology that is being used in smartphones, tablets, and many other devices. Qualcomm runs advertising in a variety of media—including print, television, and digital—showing how 5G will help empower the next generation of technological progress and usher in a new era that Qualcomm calls the Invention Age. The company's IMC targets other businesses as well as consumers who are users of wireless devices. Figure 1-4 describes the most common types of advertising.

Direct Marketing

One of the fastest-growing sectors of the U.S. economy is **direct marketing**, in which organizations communicate directly with target customers to generate a response and/or a transaction. Traditionally, direct marketing has not been considered an element of the promotional mix. However, because it has become such an integral part of the IMC program of many organizations and often involves separate objectives, budgets, and strategies, we view direct marketing as a component of the promotional mix.

Direct marketing is much more than direct mail and mail-order catalogs. It involves a variety of activities, including database management, direct selling, telemarketing, and direct-response advertising through direct mail, online, and various broadcast and print media. Some companies, such as Tupperware, Avon, Mary Kay, Herbalife, and Amway, do not use any other distribution channels, relying on independent contractors to sell their products directly to consumers. Companies such as L.L.Bean, Lands' End, and J.Crew have been very successful in using direct marketing to sell their clothing products. The FTD Companies has a diversified portfolio of brands sold primarily through direct marketing including ProFlowers, Personal Creations, Flying Flowers, Shari's Berries, and Gifts.com.

One of the major tools of direct marketing is **direct-response advertising**, whereby a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer. Traditionally, direct mail has been the primary medium for direct-response advertising, although television and the Internet have become increasingly important media. Direct-response advertising and other forms of direct marketing have become very popular over the past two decades, owing primarily to changing lifestyles, particularly the increase in two-income households. This has meant more discretionary income but less time for in-store shopping. The availability of credit cards and toll-free phone numbers has also facilitated the purchase of products

FIGURE 1-4

Classifications of Advertising

ADVERTISING TO CONSUMER MARKETS

National Advertising

Advertising done by large companies on a nationwide basis or in most regions of the country. Most of the ads for well-known companies and brands that are seen on prime-time TV or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand and its features, benefits, advantages, or uses and to create or reinforce its image so that consumers will be predisposed to purchase it.

Retail/Local Advertising

Advertising done by retailers or local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment. Retail or local advertising tends to emphasize specific patronage motives such as price, hours of operation, service, atmosphere, image, or merchandise assortment. Retailers are concerned with building store traffic, so their promotions often take the form of direct-action advertising designed to produce immediate store traffic and sales.

Primary- versus Selective-Demand Advertising

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasizes reasons for purchasing a particular brand.

An advertiser might concentrate on stimulating primary demand when, for example, its brand dominates a market and will benefit the most from overall market growth. Primary-demand advertising is often used as part of a promotional strategy to help a new product gain market acceptance, since the challenge is to sell customers on the product concept as much as to sell a particular brand. Industry trade associations also try to stimulate primary demand for their members' products, among them cotton, milk, orange juice, pork, and beef.

ADVERTISING TO BUSINESS AND PROFESSIONAL MARKETS

Business-to-Business Advertising

Advertising targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. Industrial goods are products that either become a physical part of another product (raw material or component parts), are used in manufacturing other goods (machinery), or are used to help a company conduct its business (e.g., office supplies, computers). Business services such as insurance, travel services, and health care are also included in this category.

Professional Advertising

Advertising targeted to professionals such as doctors, lawyers, dentists, engineers, or professors to encourage them to use a company's product in their business operations. It might also be used to encourage professionals to recommend or specify the use of a company's product by end-users.

Trade Advertising

Advertising targeted to marketing channel members such as wholesalers, distributors, and retailers. The goal is to encourage channel members to stock, promote, and resell the manufacturer's branded products to their customers.

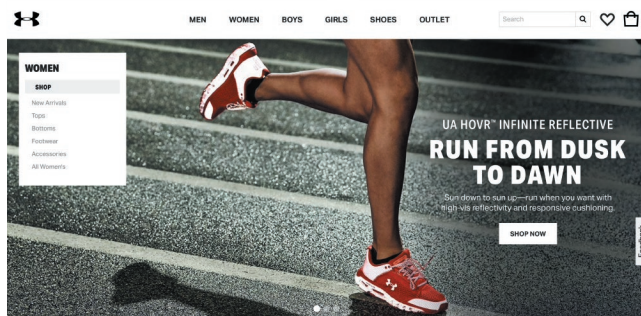


EXHIBIT 1-9

Under Armour is an example of a company that successfully sells its products online as well as through retail channels.

Source: Under Armour, Inc.

from direct-response ads. More recently, the rapid growth of mobile devices to access the Internet is fueling the growth of direct marketing. Many consumers go straight to their smartphones or tablets to search for information about a product or service, and they are very comfortable with making purchases through a mobile device. The convenience of shopping through catalogs or on a company's website and placing orders online has become very appealing to many consumers, and marketers recognize that this can be an effective way to augment their sales through traditional retail channels. For example, athletic shoe and apparel companies such as Nike, Adidas, and Under Armour now generate a significant portion of their sales revenue through their e-commerce websites, in addition to selling their products through sports retail stores and their company-owned stores (Exhibit 1-9).

Direct-marketing tools and techniques are also being used by companies that distribute their products through traditional distribution channels or have their own sales force. One of the major trends in marketing that has emerged over the past decade is that of **omnichannel retailing**, whereby companies sell their products through multiple distribution channels including retail stores, online, catalogs, and mobile apps. However, it is about more than just offering a product or service through multiple channels. An omnichannel strategy involves using a combination of physical or offline channels as well as digital or online channels to influence a customer's shopping experience including research before a purchase and service after a sale.⁴¹ Direct marketing plays a big role in the integrated marketing communications programs of consumer-product companies and business-to-business marketers. They use telemarketing to call customers directly and attempt to sell them products and services or qualify them as sales leads. Marketers also send out e-mails, direct-mail pieces ranging from simple letters and flyers to detailed brochures, catalogs, and other promotional materials to give potential customers information about their products or services. Direct-marketing techniques are also used to distribute product samples.

Many companies now have extensive databases containing customer names; mail and e-mail addresses; geographic, demographic, and psychographic profiles; purchase patterns, media preferences, credit, and other financial information; and other relevant customer characteristics. Marketers use this information to target their current and prospective customers through a variety of direct-marketing methods such as direct mail, e-mail marketing, telemarketing, and others. These databases are an integral part of companies' customer relationship management (CRM) programs, which involve the systematic tracking of customer preferences and behaviors and modifying a product or service to meet individual needs and wants.⁴²

Digital/Internet Marketing

Over the past decade or so we have been experiencing perhaps the most dynamic and revolutionary changes of an era in the history of marketing and integrated marketing communications in particular. These changes are being driven by advances in technology and developments that have led to the dramatic growth of communication through interactive, digital media via the Internet. **Interactive media** allow for a two-way flow of communication whereby users can participate in and modify the form and content of the information they receive in real time. Unlike other forms of marketing communication—such as traditional media advertising—that are one-way in nature, the digital media allow users to perform a variety of activities such as receive, alter, and share information and images; make inquiries; respond to questions; and make purchases online. The rapid growth of the Internet and, more recently, social media has forever changed the nature of how companies do business and the ways they communicate and interact with consumers. Every day more consumers around the world are gaining access to the Internet's World Wide Web of information available to users. There are now more than 4.5 billion Internet users around

the world, including 293 million in the United States, where more than 90 percent of the adult population has access to the Web.⁴³ Nearly all marketers are making the Internet an integral part of their marketing communications, as well as overall business strategy.

The Internet is actually a multifaceted marketing communication tool. On one hand, it is an advertising medium as many marketers pay to run display and video ads promoting their products and services on the websites of other companies, organizations, and web publishers. Advertisers also pay Internet search engines such as Google, Bing, and Yahoo! to place ads in or near relevant search results based on keywords. Paid search has become the most widely used form of Internet advertising. The Internet can also be used as a marketing communication tool in its own right because it is a medium that can be used to execute all of the elements of the promotional mix. In addition to advertising on the Web, marketers offer sales promotion incentives such as coupons, contests, and sweepstakes online, and they use the Internet to conduct direct marketing, personal selling, and public relations activities more effectively and efficiently.

We are well into the second phase of the Internet revolution (often referred to as “Web 2.0,” where the focus is on collaboration and sharing among Internet users. This has given rise to the development and growth of **social media**, which refers to online means of communication and interactions among people that are used to create, share, and exchange content such as information, insights, experiences, perspectives, and even media themselves. It is estimated that nearly three-quarters of Americans have a social network profile and are using one or more social media platforms such as Facebook, Twitter, LinkedIn, Instagram, YouTube, Snapchat, and Pinterest. Usage of social media among teens and young adults (18 to 29) is particularly high, with 90 percent of this age group using social networking sites.⁴⁴ Social media have revolutionized how companies communicate with, listen to, and learn from their customers and have become a major marketing tool for most companies. Companies and organizations are using social media as well by creating Facebook and Instagram pages, YouTube channels or Twitter accounts, or by posting advertisements and videos on YouTube, Vimeo, Metacafe, and other sites.⁴⁵

For many years consumers accessed the Internet and social media primarily through their personal computers (PCs) including desktops and laptops. However, with the growth of smartphones and tablets there has been a dramatic shift in the way people go online; the majority of those who own these mobile devices prefer to access the Internet on them. The growing popularity of smartphones and tablets has opened up a new way for marketers to connect with consumers. Advertising is already pervasive on the first two screens in most consumers’ lives—televisions and personal computers—and more and more ads and promotional messages are appearing on the “third screen” of mobile phones and tablets. This has led to the explosive growth of **mobile marketing**, which is promotional activity designed for delivery to cell phones, smartphones, tablets, and other handheld devices including apps, messaging, commerce, and customer relationship management. Mobile advertising has grown tremendously over the past several years, to an estimated \$87 billion in 2019, and now accounts for more than two-thirds of digital advertising spending and nearly a third of all ad spending in the United States.⁴⁶

Marketers are extremely interested in mobile marketing since messages can be delivered that are specific to a consumer’s location or consumption situation.⁴⁷ One of the major factors driving the growth of this medium is the development of mobile shopping services and apps that consumers can use to make shopping more economical, efficient, productive, and fun. Services are now available that provide consumers with mobile coupons sent directly to their cell phones that can be redeemed at the point of purchase. Other mobile apps that are now available include price comparison apps such as ShopSavvy, Purchx, or RedLaser that allow consumers to scan a barcode and compare prices at a given location against nearby competitors, or online retailers and social sourcing apps such as Bazaarvoice that provide consumers with outside opinions and feedback on their mobile devices while making a purchase (Exhibit 1-10). Marketers are finding a number of creative ways to connect with consumers through