

INTEGRATED MARKETING COMMUNICATIONS

LECTURE 1

CHAPTER 1 – AN INTRODUCTION TO INTEGRATED MARKETING COMMUNICATIONS

WHAT IS MARKETING?

- **Marketing** → a set of activities whereby businesses and other organisations create transfers of value (exchanges) between themselves and their customers

WHAT IS COMMUNICATIONS?

- **Communications** → the process whereby commonness of thought is established and meaning is shared between individuals or between organisations and individuals
- Not really communicating if you just state something → the meaning needs to be understood by the intended target audience
eg. **Dove** – soap vs. bird etc. – many different meanings

WHAT IS MARKETING COMMUNICATIONS?

- **Marketing Communications** → represents the collection of all elements in an organisation's marketing mix that facilitate exchanges by establishing shared meaning with the organisation's customers / clients
- Not just the promotional aspects → where the product is sold can communicate something to the customer
eg. **Bonds** – available at both K-mart and David Jones → first product encounter will affect perception of the product

THE MARKETING MANAGEMENT PROCESS

1. Situation analysis
2. Objectives
3. Select the target market
4. Develop the marketing mix
5. Implement, evaluate and control

PROMOTIONAL MIX

ADVERTISING

- **Advertising** → any paid form of non-personal communication about an organisation, product, service or idea by an identified sponsor

SALES PROMOTION

- **Sales Promotion** → those marketing activities that provide extra value or incentives to the salesforce, distributors, or the ultimate consumer and can stimulate immediate sales
 - Customer oriented → discounts, point of purchase materials
 - Trade oriented → sales contestants, price deals

PERSONAL SELLING

- **Personal Selling** → person-to-person communication in which a seller attempts to assist and / or persuade prospective buyers to purchase the company's product or service or to act on an idea

PUBLIC RELATIONS

- **Public Relations** → encompasses a wide variety of communication efforts to foster goodwill and gain public understanding of an organisation and its products
 - Used to build rapport with the various people a company or individual may have
 - **Definition (page 26 of textbook)**
- **Publicity** → non-personal communications regarding and organisation, product, service or idea not directly paid for or run under identified sponsorship eg. news story, editorial
 - A tool of public relations

DIRECT MARKETING

- **Direct Marketing** → a system of marketing by which organisations communicate directly with target customers to generate a response and / or a transaction eg. telemarketing, direct selling

POSITIONING

- **Positioning** → the art and science of fitting the product or service to one or more segments of the broad market in such a way to set it meaningfully apart from the competition
- Approaches to positioning
 - o By product attribute / benefit
 - o By price / quality
 - o By use or application
 - o By product class
 - o By product user
 - o By competitor
 - o By cultural symbols
 - o Repositioning
- After exploring the alternative positioning strategies → companies must develop a position

MARKETING PLANNING PROGRAM DEVELOPMENT

- **Marketing Planning Program Development** → involve combining the various elements of the marketing mix into a cohesive and effective marketing program
- All marketing mix elements must be consistent with one another and must contribute to the overall IMC program

PRODUCT DECISIONS

- Design, quality, service, warranties, brand name, package design
- Brand name decisions → important from a promotional perspective – brand names communicate attributes and meaning
- Advertising → helps create and maintain brand equity
- **Brand Equity** → an intangible asset of added value or goodwill resulting from the favourable image, impressions of differentiation and / or the strength of consumer attachment to a company name, brand name or trademark eg. **Twix vs. Divas** (Woolies Brand) – association with brand names and packaging – intangible asset
- Packaging
 - o Role of packaging has changed → self-service emphasis of many stores, two-thirds of all purchases made in the supermarket are unplanned and based on packaging
 - o Consumer's first exposure to the product – must make a favourable impression
 - o Creates distinctive brand image and identity
 - o Global marketing → some aspects of your product will be recognisable if you keep your packaging similar eg. different **Coca-Cola** cans over the world

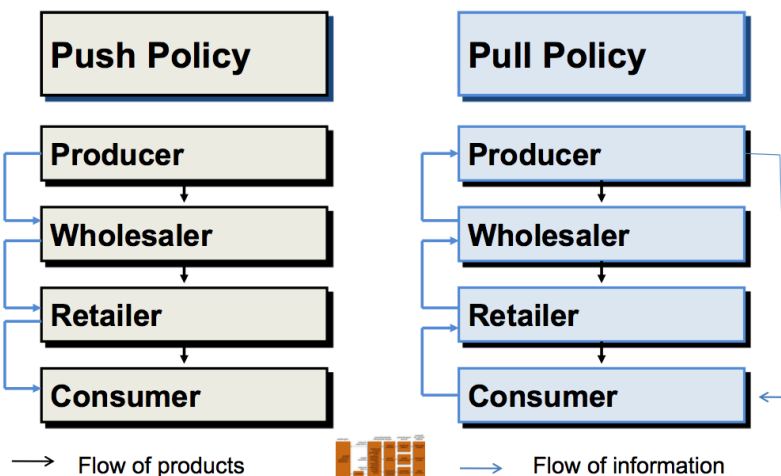
PRICING DECISIONS / CONSIDERATIONS

- Must be consistent with the perceptions of the product
- Higher prices → communicate higher product quality
- Lower prices → reflect bargain or “value” perceptions
- Price, advertising and distribution can be unified in identifying product position
- A product positioned as high quality while carrying a lower price than competitors will confuse customers

PLACE DECISIONS

- Distribution channel decisions involving selecting, managing and motivating intermediaries (aka resellers) so that a product is available for use or consumption by customers
- Choosing a location or place inconsistent with that price and product decisions → communicate something that is not desirable
- Distribution channel → form of reminder advertising when the consumer sees the brand name and recalls the ad

PROMOTIONAL DECISIONS



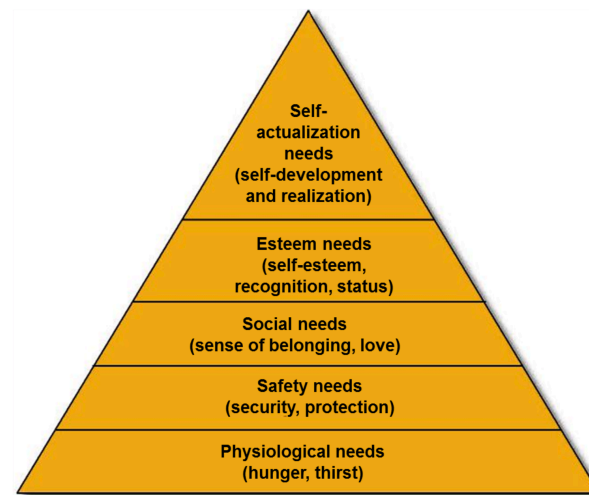
- Push the product onto the customer eg. **Aldi chocolate**
- Pull policy → Advertise to the end user and let them draw the product out of the distribution channel

PROMOTION TO TRADE AND TARGET MARKET (ULTIMATE CONSUMER)

- The Marketing and Promotions Process Model → ends with promotion to
 - o Target market → end or ultimate consumer – consumers and business
 - o Trade → resellers / channel members

IMPLICATIONS OF MASLOW'S HIERARCHY OF NEEDS FOR MARKETING COMMUNICATIONS

- In developed countries, marketers sell products that fill basic psychological needs via ad execution addressing their higher level needs
 - o Eg. **Beer** → thirst quencher but it is sold via social appeal
- People with different lifestyles have different needs – should segment the market according to their needs
 - o Eg. **Cars** → social approval for singles vs. safety for family



TYPICAL EMOTIONS THAT MAY BE USED TO PORTRAY EACH MOTIVATION

- Emotions play a large role in decision making

INFORMATION OR NEGATIVE MOTIVATIONS

- Problem removal – anger → relief
- Problem avoidance – fear → relaxation
- Incomplete satisfaction – disappointment → optimism
- Mixed approach avoidance – guilt → peace of mind
- Normal depletion – mild annoyance → convenience

TRANSFORMATIONAL OR POSITIVE MOTIVATIONS

- Sensory gratification – dull → elated
- Intellectual stimulation – bored → excited
- Social approval – apprehensive → flattered

PSYCHOLOGICAL PROCESSES – PERCEPTION

PERCEPTION

- **Perception**
 - o The process through which we notice, attend to and interpret the objects, messages and events (the stimuli) that we encounter in the world around us
 - o The process by which an individual receives, selects, organises and interprets information to create a meaningful picture of the world

SELECTIVE PERCEPTION

- **Selective Perception** → a filtering or screening occurs throughout the perceptual process because internal and external factors influence what is received and how it is processed
- **Selective Exposure** → consumers choose whether or not to make themselves available to information
- **Selective Attention** → consumers chose to focus on certain stimuli while excluding others
- **Selective Interpretation / Comprehension** → consumers interpret information on the basis of their own attitudes, beliefs, motives and experience
- **Selective Retention** → consumers do not remember all information they see, hear or read

IMPLICATIONS OF SELECTIVE PERCEPTION FOR MARKETING COMMUNICATIONS

- Selective exposure
 - o Use multiple channels – hopefully, consumer will be exposed to your message in one of them
- Selective attention
 - o Use arresting / strong creative to stand out among the creative / competitive clutter
- Selective interpretation / comprehension
 - o Attitudes are not easily changed but they might be via ad repetition over an extended period of time
 - o Use of credible sources of information, availability of opportunities for the consumer to experience the brand via sales promotion techniques like sampling
- Selective retention
 - o Use mnemonics eg. catchy jingle, rhymes, slogans, telephone numbers that spell out a name etc.

PSYCHOLOGICAL PROCESSES – ATTITUDES

- Attitudes → learned predispositions to respond in a consistently favourable or unfavourable manner with respect to an object
 - o A summary construct that represents an individual's enduring evaluation of, feelings about, and behavioural tendencies toward on object or idea
- Object → a brand, company, another person, retail store, ad etc.

EXTERNAL INFLUENCES ON CONSUMER BEHAVIOUR

- **Culture** → complexity of learned meanings, values, norms and customs shared by members of society eg. raw fish with sushi
- **Subculture** → smaller segments within a culture, whose beliefs, values, norms, and patterns of behaviour set them apart from the larger cultural mainstream eg. millennials
- **Social class** → homogeneous divisions in a society into which people sharing similar lifestyles, values, norms, interests and behaviours can be grouped
 - Subjective / objective → not just about economic capital
- **Reference groups** → group whose presumed perspectives or values are being used by an individual as the basis for his or her judgements, opinions, and actions
- **Situational determinants** → specific situation in which consumers plan to use the product or brand directly affects their perceptions, preferences and purchase behaviours
 - Types → usage, purchase, communications situation

TARGET MARKETING PROCESS

1. Identifying markets with unfulfilled needs
2. Determining market segmentation
3. Selecting a market to target
4. Positioning through marketing strategies

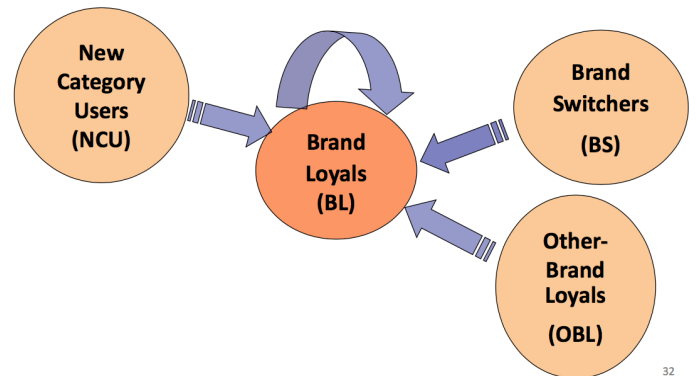
BASIS FOR SEGMENTATION

- Consumer
 - Geographic
 - Demographic
 - Psychographic
 - Behaviouristic
- Business
 - Geographic
 - Product type

BEHAVIOURISTIC SEGMENTATION (SEGMENTATION BY BUYING GROUP)

NON-CATEGORY USERS (NCU)

- **Non-Category Users (NCU)** → non-users of the product category
- May enter the category by buying your brand
- Eg. single, Gen Y consumers are NCU of life insurance, Baby Boomers are NCU of energy drinks



BRAND LOYALS (BL)

- **Brand Loyals (BL)** → loyal to one brand
 - Single Brand Loyals (SBLs) → monogamous
 - Multi-Brand Loyals (MBLs) → polygamous
- Attitudinally committed to the brand(s) and are not swayed by price or other promotions
- Eg. some frequent flyers may be brand loyals

BRAND SWITCHERS (BS)

- **Brand Switchers (BS)** → not loyal to any brand and, unlike MBLs who are attitudinally committed to the brands, brand switchers are not
- Fickle, not loyal and sometimes called promiscuous consumers
- Not attitudinally committed to a brand and are easily swayed by price or other promotions
- Eg. many cold beverage drinkers

OTHER BRAND LOYALS (OBL)

- **Other Brand Loyals (OBL)** → loyal to a competitor brand and hence are more difficult to convert to your brand
- More difficult to convert if your brand has been in the marketplace for a long time – by this time they would typically know what your brand can or cannot offer them
- Eg. Coke drinkers are typically not Pepsi drinkers – Pepsi would view Coke drinkers as OBLs

WHICH GROUP TO TARGET – RULE OF THUMB BASED ON THE STAGES OF THE PRODUCT LIFE CYCLE

INTRODUCTION / GROWTH STAGE OR MARKETS

- NCU → maybe your brand can offer something to them, enters the category by buying your brand
- BLs → you want to create this rapidly
- BSs → you want to focus on them, and get them to be brand loyal because they are typically experimental and not routinised brand switchers in the early stages of the product life cycle
- OBLs → can focus on them but if they have tried your brand and have become OBLs, they offer less sales potential

BUDGETING APPROACHES

BOTTOM-UP BUDGETING

- Specifically for marketing
- Work out spending based on what they'll expect to sell
- Promotion objectives are set
- Activities needed to achieve objectives are planned
- Costs of promotion activities are budgeted
- Total promotion budget is approved by top management

TOP-DOWN BUDGETING

- More traditional approach
- Top management sets the spending limit
- Promotion budget set to stay within spending limit
- Come up with dreamboat figures then expect the company to magically stick to them

THE OBJECTIVE AND TASK METHOD

1. Establish objectives → create awareness of new product among 20% of target market
2. Determine specific tasks → advertise on market area television and radio stations and in major newspapers
3. Estimate costs associated with tasks → television advertising \$575,000; radio advertising \$225,000; newspaper advertising \$175,000

FACTORS INFLUENCING AUSTRALIAN PROMOTIONAL BUDGETS

- Change of strategy
- New product launch
- No change
- Increased cost efficiency
- Special event
- Changes in economic conditions
- Company growth / merger
- Inflation
- GST
- Benchmarking against targets
- Cost control / revenue fall

LECTURE 6

LECTURE 5 RECAP

- Competing in multiple markets → use partitioning to identify those markets
 - If its broader → lower market share objective
 - If more narrow → higher market share objective

JOHNNIE WALKER SCOTCH WHISKEY – NEW LOOK, IMPROVED COLA, SAME FAMOUS WHISKEY

BRAND AWARENESS

- Packaging prominent
- Recognition or recall? → both for Johnnie Walker
 - recognition is dominant
 - Recognition → usually at point of purchase
 - easier than recall
 - Dominant packaging shot
 - Recall → if thinking about buying it beforehand
 - If they mention the brand name over and over again

BRAND ATTITUDE

- New look and improved cola
- Low involvement, transformational brand attitude
- Sensory gratification – type of transformational → appealing to the taste “improved cola”
- Also can be informational – incomplete satisfaction → not a fan of the old cola so they changed it
 - Incomplete satisfaction → usually for new and improved products
- **Be careful because he doesn't always buy this justification**

ANDY BY HAMISH

- “New and exclusive”
- Purchase facilitation → exclusively available at Chemist Warehouse
- New product → trying to create awareness
 - Relying on awareness of the presenters – leaning more towards recall because the presenters are quite prominent
 - Brand packaging not as dominant but still kind of recognition
- Brand attitude – no clues → must now infer it based on the product
- Fragrances → informational or transformational
 - Sensory gratification – transformational
 - Connection for the target audience if you like the presenters
- Brand purchase intention → 50% off, buy one get one free – trying to stimulate purchase
- Category need → few products focus on this – only for brand new products
 - Used if they are not selling the need but are reminding consumers of the need for the category eg. anti-fungal cream

FREQUENCY

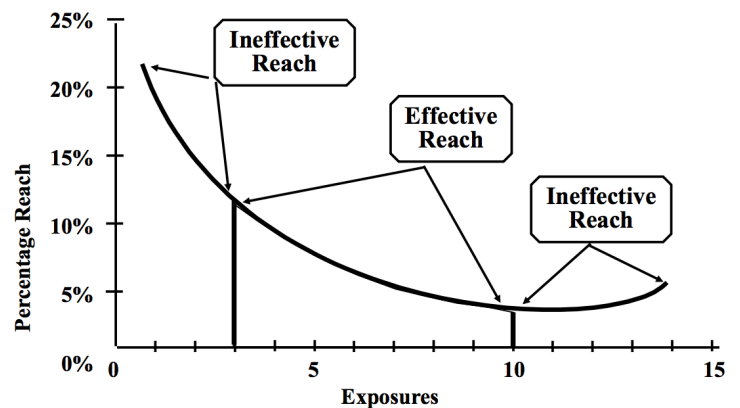
- **Frequency** → the number of times the receiver is exposed to the media vehicle in a specified period (**Belch and Belch**)
- **Frequency** → the total number of ad exposure in a purchase cycle divided by the number of people reached (according to others – not Rossiter and Percy)
 - o Belch and Belch suggest that this is average frequency – which it is

MINIMUM EFFECTIVE FREQUENCY (MEF)

- **Minimum effective frequency** → the minimum number of ad exposures that will maximise the likelihood of the average target audience member purchasing the brand
- “Purchasing the brand” can be substituted with other goals of the advertiser eg. becoming aware of the brand, developing a favourable brand attitude
- Frequency = ads, reach = people
- Target audience needs to see an ad a certain number of times before they become aware / develop a favourable attitude towards the brand
- Rule of thumb → three exposures are needed – changes depending on other factors

EFFECTIVE REACH

- **Effective reach** → the number of target audience individuals exposed to the ad at a minimum effective frequency (MEF) or higher is the effective reach of the media plan per purchase cycle – reach at MEF level or higher
- Count the people who have seen the ad three times (MEF), not the ones who have seen it once or twice
- Must keep the unitive analysis straight
- Reach = people
- Example
 - o Rule of thumb for this → 3 – 10 exposures
 - o Beyond 10 → wasted exposure



MEDIA PLAN EXAMPLE

- Xs → when the individual saw the ad
- Purchase cycle → three cycles – short for a low involvement type of product

Below is an example of a media plan for a target audience of 10 people. It is based on a 3-week purchase cycle. An ad exposure is indicated by an x.

INDIVIDUAL	PURCHASE CYCLE ONE			PURCHASE CYCLE TWO			PURCHASE CYCLE THREE		
	Week	Week	Week	Week	Week	Week	Week	Week	Week
1			x	x	x				x
2									
3	x						x	x	x
4				x	x			x	
5									
6	x	x	x	x					
7					x	x	x	x	x
8			x	x	x	x			
9	x	x							
10		x	x				x		x

What is the REACH of this plan according to Rossiter and Percy?

- PC 1 = 6 people
- PC 2 = 5 people
- PC 3 = 5 people
- Add each purchase cycle phases – 6 + 5 + 5 = 16
- Just because you’ve exposed the ad to people in the first purchase cycle, doesn’t mean you should exclude them from the other purchase cycles
- Need to reinforce your message to brand loyals because of competitors
- Don’t ignore existing customers

What is the REACH of this plan according to others?

- 8 people
- Keep in mind the unitive analysis → counting people, not the Xs (which represent ads)
- This is the one used in practice → focus is on reaching DIFFERENT people

What is FREQUENCY

according to others, not R&P?

- PC 1 → $10 / 6 = 1.66$
- PC 2 → $10 / 5 = 2$
- PC 3 → $10 / 5 = 2$

IF MEF = 2 exposures per purchase cycle, calculate EFFECTIVE REACH for each purchase cycle

- PC 1 = 3
- PC 2 = 4
- PC 3 = 3
- Reach = people
- Count the people who have seen the ad a minimum of two times

METHODS OF MEASURING THE EFFECTIVENESS OF PR

- Media content analysis → shares, likes, retweets, mentions
- Survey research
- Marketing-mix modelling

PUBLICITY

- **Publicity** → non-personal communications regarding an organisation, product, service or idea that is not directly paid for or run under identified sponsorship
- Differs from public relations
 - o A short-term strategy
 - o Not always positive eg. "Mitre 10 accused of hacking rival's website"
 - o Not always controlled or paid by the organisation

ADVANTAGES

- Substantial credibility
- News value
- Significant word-of-mouth
- Perception of endorsement by media

DISADVANTAGES

- Lack of control eg. Heart disease / stroke newspaper article naming salty foods
- Timing
- Inaccuracy, omission or distortion may result

CHAPTER 20 – PERSONAL SELLING

PERSONAL SELLING

- **Personal selling** → a form of person-to-person communication in which a seller attempts to assist and / or persuade prospective buyers to purchase the company's product / service or act on an idea
- Component of direct marketing

RESPONSIBILITIES

- Locating prospective customers
- Determining customers' needs and wants
- Recommending a way to satisfy them
- Demonstrating capabilities of the product
- Closing the sale
- Following up and servicing the account

THE NATURE OF PERSONAL SELLING

- **Relationship marketing** → organisation's efforts to develop a long-term, cost-effective link with individual customers for mutual benefit
 - o Nurturing your brand loyal customers and making sure that some of them become advocates for your brand
- **Customer relationship management (CRM)** → support targeting, acquiring, retaining, understanding and collaborating with customers

LADDER OF LOYALTY

- Steps
 - o Advocate → recommends your product to other customers
 - o Client → repeat purchase
 - o Customer → buys your product
 - o Prospect
 - o Suspect → potential customers
- Bottom of ladder → broader audience
- Top of ladder → smaller audience
- Desired relationship → advocates bringing in new customers eg. WOM, social media



ADVANTAGES OF PERSONAL SELLING

- Two-way interaction with prospect
- Message can be tailored to recipient
- Prospect isn't likely to be distracted
- Seller involved in purchase decision
- Source of research information

DISADVANTAGES OF PERSONAL SELLING

- Messages may be inconsistent → marketing towards different target markets
- Possible management-sales force conflict
- Cost is often extremely high
- The reach may be very limited

FOSTERING ETHICAL MARKETING COMMUNICATIONS

- Foster ethical marketing communications behaviour by
 - o Act in a way that you would want others to act toward you → Golden Rule test
 - o Take only actions that would be viewed as proper by professional colleagues → Professional ethics test
 - o “Would I feel comfortable explaining this action on TV to the general public” → TV test
- David Ogilvy’s Golden Rule → never write an advertisement that you wouldn’t want your own family to read

ECONOMIC EFFECTS OF ADVERTISING

- Makes consumers aware of products and services
- Provides consumers with information to make purchase decisions
- Encourages consumption and fosters economic growth
- Facilitates entry of new products or brands into the market
- Leads to economies of scale and lower prices

LECTURE 12

FINAL EXAM

- Closed book – 2 hours + 10 minutes reading time (40 marks)
- 20 marks → 40 MC questions
 - o Based on all chapters
- 20 marks → 1 case study question
 - o Based on Week 7 onwards (Chapter 10 onwards)
 - o Still need to make connections with what we’ve learnt prior to Week 7

MULTIPLE CHOICE

- NOT asked
 - o Opening vignettes – examples provided at the start of each chapter of the textbook eg. Charmin, page 3
 - o US facts / statistics eg. textbook page 81 – 40% of US agency business is handled by New York-based agencies
 - o IMC perspective eg. textbook page 48 – Reaching Millennials – a true marketing challenge

PRACTICE ESSAY QUESTION

- Situation
 - o Blackmores is planning to launch a new kind of shampoo in Australia that will change the view of a shampoo as being a product only for the hair to a product for the hair and mind. This is because of an herbal ingredient in the shampoo called Brahmi (*Bacopa monniera*).
 - o Brahmi is not only useful for minimising hair loss, preventing dandruff, and dry hair but also for improving mental function and concentration. Besides improving learning ability and clarity of thought, it also reduces stress and anxiety.
 - o Results do not appear overnight but they will appear after using it once a day for 5 days at least. However, they will disappear if the shampoo is not used at least once a week. Using other hair products or shampoo brands will not diminish the effect of this shampoo.
 - o The shampoo is available in a box containing 26 sachets and can be purchased from pharmacies and health-food stores as well as online chemists. Each sachet contains the required amount/dose of Brahmi (18 gms), and each box of 26 sachets retails for \$26.
- For the situation described above
 - o Which MEDIA would be effective?
 - o Explain why
- For the situation described above
 - o Which SALES PROMOTION methods or tools would be effective?
 - o Explain why
 - o Link back to the customer