Advertising and Promotion An Integrated Marketing Communications Perspective 11th edition Belch Solutions Manual

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CHAPTER 2
THE ROLE OF IMC IN THE MARKETING PROCESS

Chapter Overview

The purpose of this chapter is to examine the marketing process and the role of advertising and promotion in an organization's integrated marketing program. A basic model of the marketing and promotional process is presented, which can be used as a framework for analyzing how advertising and promotion fit into a company's marketing program. The chapter examines the various decision areas under each element of the marketing mix and how they influence and interact with advertising and promotional strategy. The chapter also introduces and/or refreshes the student on the concepts of target marketing, segmentation and positioning. The target marketing process is introduced, and the specific elements of this process—identifying markets with unfulfilled needs, market segmentation, selection of a target market, and positioning—are described in detail.

Learning Objectives

To examine the marketing process and the role of advertising and promotion in an organization's integrated marketing program.

1. Describe the role of advertising and promotion in an organization's integrated marketing program.
2. Define target marketing.
3. Discuss the role of market segmentation in an IMC program.
4. Describe positioning and repositioning strategies.
5. Identify the marketing-mix decisions that influence advertising and promotional strategy.

Chapter and Lecture Outline

I. INTRODUCTION

A model is presented at the beginning of the chapter (Figure 2-1) which is a useful framework for analyzing how promotion fits into an organization's marketing program. The model consists of four components:

- The organization's marketing strategy and analysis
- The target marketing process
- Marketing planning program development (which includes the promotional decisions)
- The target market

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The first part of the chapter is devoted to examining the four components of this model and the role advertising and promotion play in each. As noted in the text, it is important to note that a firm's promotional program is directed not only to the final buyer but also to channel or trade members who distribute its products/services to the ultimate customer. The role of promotion is discussed for building and maintaining demand not only in the consumer market, but among the trade as well.

Professor Notes

II. MARKETING STRATEGY AND ANALYSIS

The marketing process actually begins with the development of a marketing strategy whereby the company determines the product or services area and particular markets in which it wants to compete. A **strategic marketing plan** usually evolves from an organization's overall corporate strategy and serves as a guide for specific marketing programs and policies. The development of a marketing strategy is based on a situation analysis (as discussed in Chapter 1) from which a firm develops an understanding of the market, the opportunities it offers, the competition and various segments or target markets the company may wish to pursue.

Steps in the Development of a Marketing Strategy

A. Opportunity Analysis—A careful analysis of the marketplace should lead to alternative **market opportunities** or areas where the company feels there are favorable demand trends, where customer needs and/or wants are not being satisfied and where it could compete effectively. Market opportunities are usually identified by examining demand trends in various **market segments**. The discussion can focus on how market opportunities are identified and recent examples of companies finding and exploiting them. The chapter lead-in discusses how Buick is repositioning itself to target millennials. *IMC Perspective 2-2* discusses the growth of the Hispanic market, and the difficulty in reaching it, which could be an interesting point of departure for a discussion about the opportunity created by new and growing segments.

B. Competitive Analysis—In developing marketing strategies and programs a company must analyze the competition its products or services face in the marketplace. Competition can range from direct brand competition to other products and services that satisfy consumers' needs and/or compete for their dollars. Competitors' marketing programs have a major impact on a firm's marketing strategy and must be carefully analyzed and monitored. Various aspects of advertising and promotion such as promotional spending, media and creative strategy, and sales promotion are often directly affected by competitors.

   An important aspect of marketing strategy development is the search for an advantage over the competition. A **competitive advantage** refers to something unique or special a firm does or possesses that gives it an edge over competitors. Competitive advantage can be achieved in a variety of ways, including having quality products that are differentiated from the competition and command premium prices, providing superior customer service, having the lowest production costs or dominating channels of distribution. Competitive advantage can also be achieved through having excellent advertising and promotion that creates and maintains product/service differentiation and brand equity. You might want to discuss how many companies have used advertising to achieve brand equity. It is also important to note the concerns of many advertising and marketing people that reductions in media advertising and increased spending in trade promotions may lead to losses in brand equity and competitive advantage.

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C. Target Market Selection—After evaluating marketing opportunities for products/services in various markets, a company selects one or more as a target market for which it will develop a marketing program(s). This target market becomes the focus of the company's marketing efforts. Selection of the target market is not only a very important part of a firm's marketing strategy, but also has implications for advertising and promotional strategy and tactics.

Professor Notes

III. THE TARGET MARKETING PROCESS

The concept of target marketing is introduced, noting that there are four distinct steps involved in this process—identifying target markets with unfulfilled needs, market segmentation, selecting a target market, and positioning through marketing strategies. From this point, the chapter will go on to discuss in detail the processes required in each step.

A. Identifying Markets—Target marketing involves the identification of the needs and wants of specific groups of people (or segments), selection of one or more of these groups as **targets**, and the development of marketing strategies aimed at each. This approach has found increased applicability for a number of reasons.

- the diversity of consumers' needs
- increasing use of segmentation by competitors
- more managers are trained in segmentation

The instructor should note that this process leads to a more homogeneous grouping of potential customers, which allows the marketer to develop more precise strategies designed to reach them.

B. Market Segmentation—Once the marketer has identified who it is that is to be targeted; these potential customers are grouped based on the fact that they have similar needs and/or behaviors that are likely to cause them to respond similarly to marketing actions. This breaking up of the market is referred to as the **market segmentation** process. This process includes five distinct steps:

- Finding a way to group consumers according to their needs
- Finding a way to group the marketing actions—usually the products offered—available to the organization
- Developing a market-product grid to relate the market segments to the firm's products or actions
- Selecting the target segments toward which the firm directs its marketing actions; and
- Taking these actions.

1. A number of bases for segmentation are available to the marketer including the following: (Figure 2-4 will be helpful here.)
    - Geographic—The market is divided into geographic units with alternative marketing strategies targeted to each.
    - Demographic—division involves demographic variables such as age, sex, family size, income, education, and social class, among others.

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- Psychographic—Markets are divided based on the personalities and/or lifestyles of consumers. (The instructor should note that lifestyles have become a commonly employed segmentation strategy.) Programs such as **VALS** and **PRIZM** are commonly employed by marketers for this purpose.
- Behavioristic—This form of segmentation divides consumers into groups according to their usage, loyalties or buying responses to a product. These characteristics are then usually combined with one of the previously mentioned bases to develop segment profiles.
- Benefits—Specific benefits offered by a product or service may also constitute a basis for segmentation. In many instances a variety of benefits may be derived for the same product among different groups. (For example, the instructor might ask students to suggest benefits to be derived from the purchase of a watch, noting that at certain times of the year these benefits will change based on the recipient of the watch!)

2. The Process of Segmenting a Market—This section concludes by reminding the student that market segmentation is indeed a **process** that develops over time and is a critical part of the situation analysis.

E. Selecting a Target Market—Having conducted the segmentation analysis, the marketer will be faced with two subsequent decisions:

1. Determining how many segments to enter
2. Determining which segments offer the most potential. The first of these decisions may lead the marketer to three potential strategies:
   - **Undifferentiated marketing** would involve the decision to ignore the segment differences and develop one product for the entire market. It should be noted that few firms pursue this strategy today.
   - **Differentiated marketing** involves the decision to compete in a number of segments, developing different marketing strategies for each.
   - **Concentrated marketing** takes place when a firm decides to concentrate its efforts on one specific segment in an attempt to capture a large share of that market. (The examples of Volkswagen and Rolls Royce provided in the book will illustrate this point well.)

F. Market Positioning—**Positioning** has been defined as "the art and science of fitting the product or service to one or more segments of the broad market in such a way as to set it meaningfully apart from the competition."

IV. DEVELOPING A POSITIONING STRATEGY

Approaches to Positioning—This section discusses the approaches to positioning as well as a number of strategies for developing a position. Several distinct positioning strategies are offered including:

A. Positioning by Product Attributes and Benefits—Setting a product apart by stressing a specific characteristic or benefit offered. Marketers attempt to identify **salient attributes**, those that are important to consumers and are the basis for making a purchase decision.

B. Positioning by Price/Quality—In this strategy price/quality characteristics are stressed. For example, some products set themselves apart by assuming a very high price/quality association, while others become "price products."

C. Positioning by Use or Application—How a product is to be used may in itself lead to a positioning strategy. The shoe industry example offered in the text, and products such as Arm and Hammer baking soda and Black & Decker have capitalized on this strategy.

D. Positioning by Product Class—The Amtrak example provided in the text in reflects this strategy in which the product is positioned against others that, while not exactly the same, provide

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the same class of benefits. The pork campaign ("The other white meat") is another example that might be cited, as well as the Dole campaign cited in the text.

E. Positioning by Product User—In this strategy the product is positioned at a particular group of users. The Globe Shoes example in Exhibit 2-19 demonstrates this strategy in practice.

F. Positioning by Competitor—in many cases the competition may be used to define the positioning strategy. Companies can position their products to set themselves apart from the competition, show superiority, etc.

G. Positioning by Cultural Symbols—The Jolly Green Giant and Chicken of the Sea's mermaid are all examples of cultural icons, as are the Wells Fargo stagecoach, and Ronald McDonald.

H. **Repositioning—**Declining sales or changes in market conditions may lead a firm to **reposition**. Companies such as Sears, and J.C. Penney are a few of the examples of companies that have attempted (both successfully and unsuccessfully) to assume a new position in the market. The Gatorade and MTV examples provide more current examples.

I. Determining the Positioning Strategy—while not noted in the text, the development of a positioning strategy involves six distinct steps:

- Identifying competitors
- Assessing consumers' perceptions of competitors
- Determining competitors' positions
- Analyzing consumers' preferences
- Making the positioning decision
- Monitoring the decision

Professor Notes

McGraw-Hill Connect ®: Selecting Target Markets

Type of Activity: Click and Drag

Activity Summary:

In this activity, students will match the various segmentation strategies with the examples of brands using those strategies.

Activity Learning Objectives:
02-02 Define target marketing.
02-03 Discuss the role of market segmentation in an IMC program.
02-04 Describe positioning and repositioning strategies.

CONCEPT REVIEW:
It is not possible to develop marketing strategies for every consumer. Rather, the marketer attempts to identify broad classes of buyers who have the same needs and will respond similarly to marketing actions. Market segmentation is "dividing up a market into distinct groups that (1) have common needs and (2) will respond similarly to a marketing action. The more marketers segment the market, the more precise is their understanding of it. But the more the market becomes divided, the fewer consumers there are in each segment. Thus, a key decision is: How far should one go in the segmentation process?

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Difficulty: Medium
Bloom's: Understand
AASCD: Analytical Thinking

IV. DEVELOPING THE MARKETING PROGRAM

The next stage of the marketing process involves combining the various elements of the marketing mix into a cohesive and effective marketing program. This requires that all elements of the marketing mix be combined effectively and that they be consistent with one another. It is important to stress that each element of the marketing mix is multidimensional in nature and includes a number of decision areas. In discussing the various elements of the marketing mix attention should be given to how each influences and interacts with promotion.

A. Product Decisions—An organization exists because it has some product, service, idea or cause to offer customers. Discussion can focus on benefits or values offered by the product and the fact that products and services satisfy not only functional but social and psychological needs as well. Product decision areas of branding and packaging are particularly important from a promotional perspective because of the role the brand name and package play in communicating attributes, information and meaning to the consumer.

1. **Branding—**Choosing a brand name for a product is important from a promotional perspective because brand names communicate attributes and meaning. One important role of advertising in respect to branding strategies is creating and maintaining brand equity. **Brand equity** can be thought of as an intangible asset of added value or goodwill that results from the favorable image, impressions of differentiation, and/or the strength of consumer attachment to a company name, brand name, or trademark.
2. **Packaging—**The role and function of packaging has changed because of the self-service emphasis of many stores and the fact that as many as two-thirds of all purchases made in the supermarket are unplanned. The Bumblebee Tuna package is an excellent example of how packaging can create new opportunities—sometimes for existing products.

B. Price Decisions—The **price variable** of the marketing mix refers to what the consumer must give up in exchange for a product or service, Marketing managers must be concerned with establishing a price level, developing pricing policies and monitoring consumers' and competitors' reactions to price in the marketplace. Factors a firm must consider in determining price levels include:

- costs
- demand
- competition
- perceived value

Interesting findings from the PIMS project concerning the relationship between price, product quality and advertising are discussed in the text.

C. Distribution Channel Decisions—Marketing channels or the place element of the marketing mix refers to the set of interdependent organizations involved in the process of making a product or service available to customers. Differences in **direct** versus **indirect channel** arrangements

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should be discussed. In discussing the latter, the importance of resellers in marketing and promotional strategy should be introduced. The Internet has become a new channel for a number of companies, and has had a demonstrable impact on the distribution system. Attention should be given to the need to develop promotional programs for the trade or resellers to encourage them to stock and promote a product.

D. Developing Promotional Strategies: Push or Pull?**—**When a **promotional push strategy** is used, the goal is to persuade the trade to stock, merchandise and promote a company's products by aggressively selling and promoting to resellers. This can be done by having the company's sales representatives call on resellers and offering special programs such as promotional allowances and cooperative advertising. **Trade advertising** in publications that serve the industry such as *Progressive Grocer* or *Drug Store News* may also be used as part of a push strategy. When a **promotional pull strategy** is used, the goal is to create demand among end users which will in turn encourage retailers to carry a brand. Heavy spending on consumer advertising and sales promotion is an important part of a pull strategy.

Professor Notes

McGraw-Hill Connect ®: Positioning Strategies for Multiple Brands

Type of Activity: Click and Drag

Activity Summary:

In this activity, students will match the various positioning strategies with the examples of brands using those positioning strategies.

Activity Learning Objective:
02-05 Identify the marketing-mix decisions that influence advertising and promotional strategy.

CONCEPT REVIEW:
Positioning has been defined as "the art and science of fitting the product or service to one or more segments of the broad market in such a way as to set it meaningfully apart from competition." The position of the product or service is the image that comes to mind and the attributes consumers perceive as related to it.

Difficulty: Medium
Bloom's: Understand
AASCD: Analytical Thinking

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Teaching Suggestions

This chapter is designed to provide the student with an overview of the overall marketing process and the role advertising and promotion play in the marketing program. The chapter may be somewhat of a review for some students, particularly those who have had a basic marketing course. However, we feel that this chapter is more than just a review of marketing principles or fundamentals. We have written the chapter to show the role advertising and promotion play in the marketing process as well as how promotional strategy is influenced by and interacts with marketing strategy and the various elements of the marketing program. Students will benefit from the discussion of the marketing mix from a promotional strategy perspective even if they have had an introductory marketing course.

We have found that the model of the marketing and promotion process is a very good framework for analyzing how promotion fits into an organization's marketing program. The three components of the model cover the basic areas of marketing and the model shows that promotional programs must be developed for the trade as well as for the ultimate customer in the target market. It is important to stress to students the important role resellers play and the need to develop promotional programs to motivate the trade to get them to stock, merchandise and promote a company's products. You might point out to students that the recent trends in the allocation of promotional budgets have seen a shift in monies away from media advertising and toward trade promotions. Another shift in budgets has been affected by the advent of the Internet. Students will see that the Internet has both benefited and negatively impacted traditional media. These issues are discussed is considerable detail in the sales promotion and Internet chapters.

Answers to Discussion Questions

1. **The lead-in to this chapter discusses Buick's attempt to reposition its cars to a younger audience. Explain why this may or may not work. (LO 2-4)**

   A number of General Motors cars are no longer being sold new—Oldsmobile, Pontiac and Saturn for example. The average age of Buick and Cadillac owners skews high (high 50's to low 60's).GM knows that if they don't attract more younger buyers Buick , and maybe eventually Cadillac may also soon be gone. As a result, Buick has embarked on this campaign to attract younger buyers. The Buick campaign features young and attractive actors in a variety of settings ranging from small gatherings to formal meetings to baby showers. The idea is to show that younger people buy Buick—not just grandfathers and grandmothers. In addition, a number of new Buick models have been introduced, that in general are smaller, and sportier than the previously "boat size" automobiles previously on the market. Even a convertible has been re- introduced—clearly, a car for younger people. As a result, there is evidence that Buick is being successful as the average age of the buyer has dropped from 64 to 57.

   On the other hand ,images don't change over night. If you ask younger people today, many (if not most) still perceive the brand as "their grandfather's car", and would not consider it in their consideration set. It may take a generation for this image change to occur. The question is, can GM wait that long?

2. **Many companies compete in a number of market segments. Discuss an example of one such company and describe how it communicates with its customers in different market segments. (LO 2-4)**

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Perhaps the best example might be an automobile company like Toyota. First of all, Toyota makes cars, trucks, SUV's and vans, offering a vehicle for the needs and wants of a variety of segments. The car segment offers a range from its low-priced entry the Yaris to the higher end Avalon. In between are sports oriented vehicles, family vehicles and, of course, the hybrid Prius.

Toyota also offers six varieties of SUV's again, reaching various segments based on price as well as lifestyle, as the selection ranges from a small fuel-efficient RAV 4 to the large V8 Land Cruiser. Models at various prices offering specific benefits are offered in between. Lexus, made by Toyota is targeted to the luxury car market. Another good example is the Marriott hotel chain. A visit to the Marriott website shows that the chain includes offerings from over 15 brands ranging from economy pricing to luxury suites, and appealing to pleasure travelers, business travelers, families and long-stay occupants. The Marriott products reach a variety of segments based on a number of segmentation criteria.

3. Discuss the role that IMC assumes in the marketing mix. That is, how is this element of the mix coordinated with pricing, distribution, and product functions? (LO 2-5)

IMC can be used to develop a brand image by focusing on the source, message, and media available to create the image sought. The source of the message (consider the use of Tiger Woods or Lance Armstrong as a spokesperson before and after their problems) creates an image of the type of person that might use the brand. The message—that is, what is said about the brand—positions the brand the way the marketer wants it to be perceived. Is it a luxury brand (Jaguar) or a low-cost brand (Walmart) or a combination (Kohls, Target). The photography, the background and the message all contribute to the brand's overall image.

Advertisers have discovered a new-found emphasis on media in developing a brand image. As one might expect, the medium in which the ad appears impacts the perception of the brand. An ad appearing in *Vogue* or *GQ* will be impacted differently than one in *Time* or *The Economist*. Ads appearing in or on different websites will be impacted by that medium as well.

Recently, an ad featuring U2's Bono appeared in a number of upscale print media including *Vogue* and *Vanity Fair*. The clothing ad had a setting with a small aircraft in the background in what appeared to be Africa. As one might imagine the ad was designed to create a high-class image for the brand by using well known and liked celebrities in an image that spoke to high class. At the same time, ads for other brands may use non-celebrities such as everyday looking people to create their own image of being for everyone not just beautiful people. The *Dove* campaigns targeted to women are a classic example of successfully employing this strategy.

4. As the media environment changes, explain how this impacts the role of advertising and promotion. Why is the IMC process different than it was, say, 20 years ago? (LO 2-1)

A careful analysis of the marketplace should lead to alternative market opportunities for existing product lines in current or new markets, new products for current markets, or new products for new markets. **Market opportunities** are areas where there are favorable demand trends, where the company believes customer needs and opportunities are not being satisfied, and where it can compete effectively. The Manischewitz company—you may have heard the ad slogan "Man-O-Manischewitz! What a wine!"—a marketer of kosher foods, has revived its decades-old slogan to take advantage of a new marketing opportunity. Based on research that showed that four out of five buyers of kosher foods are not traditional Jewish consumers, Manischewitz has increased its marketing efforts in an

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attempt to capture more of the mainstream market. Knowing that there has been an increase in interest in ethnic foods and health consciousness and that, as a result of the recession, more consumers are eating meals at home, the company hopes to reach more consumers (Exhibit 2–1). The company's new IMC program includes a multimillion-dollar advertising budget, web programs, in-store promotions, a "Cook Off," and public relations activities designed to promote its kosher food line. One of the major changes from 20 years ago is in media. The internet, social media and mobile, of course, have changed everything, and public relations now plays a much more important role in the IMC program. Traditional media, while still important, seems to be getting much less attention.

5. **Discuss the difference between benefit and demographic segmentation. Give examples of companies employing each. Is it possible for a company to employ both forms of segmentation simultaneously? (LO 2-4)**

Demographic segmentation is the segmenting of markets based on age, income, sex, race, etc.

Clearly, there are products targeted to the sexes. Those marketed to men and women, including media as well as products themselves. We have shown in the text that the teenage market is much different than those in midlife and those in older age brackets. Higher income groups are marketed to differently than lower income groups. Think of the strategies for Jaguar, Mercedes, and Bentley versus those for VW, Kia and Hyundai. The pricing is different, the product quality is different, and certainly the IMC strategies are different. Remember that Lexus and Infinity, are distributed in different dealerships. Benefit segmentation relates to the development of segments based on the specific benefits sought. Think about low fat, or gluten free products, or electric cars, or high gas mileage cars versus SUV's and sports cars—what benefits drive the sale?

6. **IMC Perspective 2–1 discussed the millennial generation. Discuss some of the ways that this market segment is different from previous age cohorts. (LO 2-3)**

It seems that each generation has been seen as different. First it was the baby boomers, then gen X, and now millennials. While one has to be careful when stereotyping, it does seem that millennials are different from previous generations and require different IMC strategies to effectively reach them. The world of this generation has changed. Consider that: The average salary for young college graduates has dropped 15 percent, or about $10,000, since 2000. In 1990 youth unemployment was 11%; now it is 16%. It costs about 5 times as much to go to college as it did 20 years ago. Financial security is uncertain, as is Medicare and Social Security. As a result, millennials have very different lifestyles. Many move home after college, others live in apartments with one or more roommates. Many live close to the city center so they have transportation and don't have to buy a car. They often don't buy cars, as their salaries are not that high, and they would rather have a smart phone than a car payment. In general, they are just much less materialistic than their predecessors. Media wise, this is the Internet generation. YouTube is used way more often than TV. Print usage (both newspapers and magazines) barely exists. Millennials sleep with their phones, and are mesmerized with social media. Mobile is transforming almost every aspect of their lives. (For additional information on millennials, see the chapter lead-in.) For previous generations who saw the introduction and growth of digital media, the transition has been slow to quickly. For millennials, there was no transition. Digital has been their life from birth, and it is reflected in almost everything they do.

7. **IMC Perspective 2–2 discusses the importance of the Hispanic market. What makes this subculture different, and what must marketers do to successfully target them? (LO 2-2)**

Like other segments, the Hispanic segment must be understood if one hopes to successfully market to them. As noted in IMC Perspective 2-2, this segment is not constituted by just one group. Hispanics

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include those with descendants from Mexico, Cuba, Puerto Rico and other Latino countries, with each having its unique set of values, beliefs, lifestyles, etc.

Perspective 2-2 has presented some of the ways that companies are targeting these markets. Programming on television, Latino formatted radio, and digital media that are specifically targeted to the Hispanic community are just some of the ways marketers have adapted their strategies for this segment. There is an increased prevalence of Latino spokespersons, and—in some markets—Spanish language provided alongside English messages.

The size and growth of this market in the U.S. mandates that marketers not only pay attention to the segment, but develop specific IMC strategies designed to appeal to it. Over the next 40 years, the population of this segment is estimated to grow by 167%, making it the fastest growing segment in the U.S.

An article in Forbes Magazine in September 2013, listed five requirements for reaching Hispanics:

1. Define clear goals and objectives for reaching Hispanics
2. Engage in "hyper-local" strategies
3. Place your best talent on this market segment
4. Gather data and engage in using analytics to understand this market
5. Develop a new business management model.

A quick Google search will result in numerous other articles that address the requirements successfully marketing to this segment. Like all other segmentation approaches, one must understand the segment, and adapt strategies to meet their needs.

8. What is meant by repositioning? Discuss some companies that have successfully employed this strategy. (LO 2-4)

Sometimes due to a downturn in sales, changing marketing conditions, or other reasons, companies may need to change their positioning strategy, also known as re-positioning. Perhaps the most often cited example of this is *Rolling Stone* magazine which changed from a predominantly music oriented medium to include articles that reach a broader audience. Another example, is MTV, which started as a channel playing music to one that now contains much broader programming and only a small portion of music playing.

It is not difficult to find companies that have repositioned themselves in recent years. A few of these include:

Cadillac—the flagship of the GM line has tried to move away from the image of "my grandfather's car to attract a younger market. Using rock stars, young athletes and others involved in sports and entertainment, and product placements are just a few strategies Cadillac has employed.

IBM—once a computer company, IBM now has a completely different image as a solutions provider.

Xerox—the copy machine company has almost no identity with copying services.

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Kia and Hyundai—these Korean manufactured automobiles have been forced to reposition from a low price positioning to one of higher quality. Both are doing so quite successfully.

Abercrombie—previously Abercrombie and Fitch, the difference between the Abercrombie of today and 20 years ago is worlds apart.

While many companies successfully re-position, many others are less fortunate. To successfully reposition, brands must commit to the strategy in total. Failure to do so, will lead to failure in the marketplace.

9. Many companies have maintained their same brand identity for years by keeping the same logos, packaging, and so on, while others have made changes. Give examples of companies employing both of these strategies and discuss their results. (LO 5-5)

What comes to mind when you see the package or logo of Coke, Jaguar, Budweiser, Target or the Penn State football team? Each of these brands is clearly identifiable, with strong recognition and image identification (In 2012, Penn State changed its uniform for the first time in over 50 years by putting names on the back of the players' jerseys.). When a consumer sees a Target store logo, as an example, it is clear as to what it means, and what is inside of that store. The BMW and Jaguar logos are clearly recognizable. UPS has extended its brown label to their packaging and shipping stores.

On the other hand, what comes to mind when you see the package or logo of less well known and identifiable brands? Can you tell me what the Xerox logo looks like? What about Duracell batteries? Do you easily recognize a Postal Annex sign? While the first group sends a clear signal about what they stand for through their packages and or logos, the latter does not—either as a result of not building the brand image, or changing it too often.

To establish a strong brand image, brands must promote and establish their logos and packages to add an extra communications contact point. They must also stick with this position and identity and not change it too often. In 2013, Saab, American Airlines, VH1 and the Miami Dolphins NFL team all changed their logos—some drastically, others minimally. Time will tell how this works out.

10. Some marketers feel that grouping consumers into age cohorts like millennials, baby boomers, and so forth, results in unreliable generalizations and that such strategies might not be successful. Give the pros and cons of this argument. (LO 2-2)

This chapter discusses the strategy of segmentation, whereby groups exhibiting common characteristics (demographic, psychographic, etc.) are targeted with similar marketing and IMC strategies. Simply put, the assumption is that the commonalities between the groups allow for efficiencies in implementation, cost savings, and more effective strategies overall.

Some believe that this strategy may not be as effective—particularly if taken to the extreme. We already noted in the chapter that not all Hispanics are the same, and that stereotyping them as such could backfire on the marketer. Likewise, all millennials are not the same. While you may be very similar to your friends, for example, you no doubt know many others who are in your age range, in your college, etc, who are very different from you. Their lifestyles, values, interests, etc. make them seem almost alien, and you share nothing in common.

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Advertising and Promotion An Integrated Marketing Communications Perspective 11th edition Belch Solutions Manual

When marketers segment, they are stereotyping to an extent. And while this strategy has been proven to be effective, it can also be dangerous if the marketer is to assume that by segmenting on any particular basis leads to one homogenous group that requires only one marketing strategy.

Additional Discussion Questions (not in text)

11. In recent years a very good example of a successful IMC strategy is GEICO's successful market approach. What factors have led to the success of this company? (LO 2-1)

GEICO started off with a successful segmentation and target marketing strategy. By fulfilling the unmet needs of these segments, GEICO became quite successful. Rather than resting on this concentrated strategy, however, the company continued to pursue an aggressive strategy, expanding into different segments with a variety of product offerings.

If you examine GEICO's marketing strategy now, you will see that the company pursues a highly integrated approach, targeting a variety of segments. Their advertising and promotion budget has grown dramatically, and they develop very different IMC strategies for each segment they enter. Look at the variety of advertisements and commercials GEICO employs, depending on the segment targeted. Also pay attention to the variety of media the company uses. From TV commercials to internet advertising, direct mail, promotions and sponsorships, GEICO seems to appear everywhere. The company truly has a very pervasive media strategy.

GEICO has also successfully pursued a strong customer relationship strategy with their customers. They maintain a high degree of customer satisfaction, and hold on to their customers by keeping them satisfied.

12. Marketers continue to increase their marketing efforts to the Hispanic market, while at the same time evidence suggests that younger Hispanics are becoming more integrated into the mainstream. What are the implications of these acculturation issues for the future of marketing? (LO 2-3)

As shown in the text, the Hispanic market—already very substantial in some areas of the country—continues to grow in size. This alone makes it an attractive market segment.

While many of the younger Hispanics become more and more a part of the overall market in respect to values, lifestyles, etc., some will do so to a lesser degree. What this means is multiple market opportunities. For those who emulate the overall market, products and services that are adopted by the "mainstream" will become more desirable to the Hispanic market. Evidence of this exists, as many of the high-end name brands now have high adoption rates among Hispanics. In addition, many of the media adopted by the mainstream market will now experience higher rates of adoption among Hispanics, including those who communicate in English.

At the same time, there will always be those who do not assimilate into the "mainstream", continuing to hold on to their cultural heritage as opposed to becoming "like everyone else". For this group, brands that are targeted to Hispanics, rather than the mainstream market, will achieve success as Hispanics maintain their identity, and use products and brands that appeal to them on this basis.

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Overall, the growth of the Hispanic segment, and the increases in socioeconomic status that are also occurring make the Hispanic market attractive to many marketers. Marketers will have to determine which of the sub-segments of this market they wish to target—those who will attempt to integrate into the mainstream and purchase products and brands associated with that group, or those who will maintain their own identities and use brands more associated with them. The likelihood is that marketers will attempt to do both, as both are likely to increase in attractiveness.

13. As noted, packages are now becoming communications tools, serving as advertising vehicles. At the same time, packages are changing the other marketing mix elements as well. Discuss how packages are being used to impact price and distribution strategies as well as promotional strategies. (LO 2-2)

One such example is that of Coors Light's cans, which change colors when the product is at the preferred drinking temperature. This is just one of many examples, of the use of packaging more effectively in the marketing mix. In the Coors case, the uniqueness of the package design is, in itself, a potential selling point. As the same time, it is a beneficial package element that helps insure that the product is consumed at the point at which it will have the most flavor.

From a promotional standpoint, packages can be effective in attracting attention, differentiating the product, and creating a brand image. The role of the package is to communicate and establish a position for the product and/or brand.

Packages are also being used to make the product more convenient. Think about how lids have changed. Plastic is becoming more popular than cans, tuna can now be carried in an easy-open pouch instead of a can. Separate tops for consuming drinks while participating in sports, walking, etc. have now become more attractive. Package sizes are used to differentiate—family size bottles, to regular size cans, to half-cans, or mini-cans make consumption more convenient.

Ultimately, the different packages impact the price variable. Sticking with the drink example, the sports packaged drinks cost more than the same amount of beverage in a non-sports package. Convenience packages of potato chips, cookies, etc. used for school children's lunches cost more than larger bags, etc. Typically, larger size containers cost less (on a relative basis) than do these convenience packaged items.

Many companies have changed their package designs to accommodate retailers. With the enormous battle for shelf space comes a marketing opportunity or necessity. Uniquely designed packages that do not fit or take up too much room on the shelves must give way to those that do. Packages that are more durable are also being required in an attempt to eliminate or reduce breaking or spilling.

Finally, from an IMC perspective, the package communicates a lot about the brand. The examples of Heinz or Arm & Hammer baking soda immediately communicate about what is inside of the package, its quality, and it's longevity. Expensive brands rely on packaging as much as do the inexpensive ones in informing the consumer as to what to expect inside.

14. Discuss the difference between a push and a pull strategy. What kinds of firms would be more likely to employ each strategy? Give examples. (LO 2-2)

In a push strategy the communication and selling emphasis targets the channel of distribution members. Thus, programs are designed to persuade the trade to stock, merchandise, and promote manufacturers' products. The goal of the strategy is to push the product through the channels by

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promoting them to the trade. In a pull strategy, the target audience is the end buyer and/or consumer. The goal is to create demand among consumers and have them demand the product from middlemen. Once retailers see the demand, they will request the product from the wholesaler or manufacturer directly.

Companies may employ either a push or pull strategy. Proctor & Gamble—a perennial leader in advertising to consumers—learned years ago that it must get the products on the shelves to be sold. Thus, the company shifted much of its consumer targeted advertising to the trade to ensure that it was stocked—thus, pursuing both a pull and push strategy. Others have used a pull strategy—for example, the Philadelphia Magazine ran an advertising campaign urging consumers to visit a newsstand to demand their magazine be carried. Companies pursuing a push strategy tend to rely more on their relationships with the trade, using IMC tools such as advertising, sales promotions, etc. that reach the middlemen. It is not at all uncommon for companies to incent sales employees to push their brands at the retail level.

Decisions as to whether to emphasize a push or pull strategy depend on a number of factors including the company's relation with the trade, the promotional budget and demand for the product. Companies with favorable channel relationships often use a promotional push strategy and work closely with channel members to encourage them to stock and promote their products. Firms with limited promotional budgets may not have the funds for advertising and promotion that are required for an effective pull strategy and may find it more feasible to target their efforts to the trade. Products with favorable demand resulting from unique benefits, superior advantages and/or popularity among consumers may use a pull strategy.

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15. The text describes a number of different positioning strategies. Give examples of products and/or brands that utilize each of these different strategies. (LO 2-5)

The text lists a number of ways that companies can position their products. These include:

a. Positioning by product attribute and benefits—in this case a company differentiates itself based on specific characteristics and/or benefits that it offers. Apple has positioned itself on its' innovative technology and exciting products. BMW on its handling capabilities.

b. Positioning by price/quality—companies like Bose, and Bang & Olefsen position themselves as very high quality brands that are worth the extra expense associated with their purchase. While not irrelevant, the companies want to communicate that price should not be the major factor considered in their purchase. Motel 6, on the other hand, positions itself as low cost, while still stressing the fact that they have not sacrificed quality in their motel rooms.

c. Positioning by use or application—again using Bose as an example, the company advertises its expensive headset as the best for listening to music, and also as the best for its technological capabilities for noise reduction (for example when riding on an airplane). The company's print campaign "Use it as a sanctuary or…. Reflects this positioning well.

d. Positioning by product class—the now famous "Pork, the other white meat" is an excellent example of positioning by product class. A number of juice companies position themselves as a substitute fro eating fruit, and V8 says to "drink your vegetables."Yogurt has positioned itself as a fruit.

e. Positioning by product user—Canon positions it's cameras as being the best for the serious picture taker. The University of Phoenix positions itself as a college for working persons—not "your typical four year school."

f. Positioning by competitor—credit card companies like Discover position themselves as offering more services than their competitors with no fees. Others credit card companies compare their rewards programs directly to competitors'.

g. Positioning by cultural symbols—The Jolly Green Giant, the Keebler elves, and the Pillsbury Doughboy are all examples of companies that have cultural symbols. Speedy Alka-Seltzer, Ronald McDonald, and the Wells Fargo stagecoach are other examples of this form of positioning.

IMC Exercise

The text discusses a number of efforts by marketers to reach diverse market segments by targeting various ethnic groups and subcultures such as teenagers. Have students find ads targeted to specific market segments and have them bring these ads to class and discuss which market segment is being targeted, the type of appeal used in the ad, and whether they feel the targeting effort will be successful.

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