Advertising and Promotion - An Integrated Marketing Communications Perspective 13th edition Belch Solutions Manual

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CHAPTER 1
AN INTRODUCTION TO INTEGRATED MARKETING COMMUNICATIONS

Chapter Overview

The purpose of this opening chapter is to provide the student with an overview of the field of advertising and promotion and its role in the marketing process. We introduce the concept of integrated marketing communications (IMC), its evolution, and examine how various marketing and promotional elements must be coordinated to communicate effectively. We also discuss the reasons for the increasing importance of the IMC perspective in planning and executing advertising and promotional programs. Marketers understand the value of strategically integrating the various communication functions rather than having them operate autonomously. The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media. The various elements of the promotional mix are introduced in this chapter along with a brief discussion of these basic tools of IMC. We discuss how many companies are taking an audience contact or touch point perspective in developing their IMC programs and consider four basic categories of touch points. This chapter also examines the various tasks and responsibilities involved in advertising and promotion management and a model of the integrated marketing communications planning process is presented. Lastly, we give an overview of the perspective and organization of the rest of the text.

Learning Objectives

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

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Chapter and Lecture Outline

I. INTRODUCTION TO ADVERTISING AND PROMOTION

The chapter begins with a brief discussion of the changing roles of advertising and promotional strategy in modern marketing. Specifically, it offers a case study about marketing approaches in the energy drink category. The case discusses first-mover Red Bull's alignment with extreme sports to position itself as the beverage for times of increased physical and mental stress. A new market entrant, Celsius, positioned itself as a healthier energy drink, relying heavily on influencer marketing. Its tactics attract new users to the energy drink category and convert consumers from other brands. Instructors should discuss how the roles of advertising and other forms of marketing communication are changing. Increases in audience fragmentation and a shift to digital media have spearheaded this change in brand/consumer communication. Consumers are no longer passive message recipients who wait to receive unfiltered advertising messages. They want more control of the content they receive, and actively seek out more information. Brands must be willing to adapt their strategies, moving away from solely an advertising focus to a holistic approach that attempts to engage consumers in a conversation: an IMC approach. Instructors should also stress the difference between IMC, advertising, and public relations.

II. THE GROWTH OF ADVERTISING AND PROMOTION

Advertising and promotion are integral parts of our social and economic systems. Advertising has evolved into a vital communication system for both consumers and businesses. In market-based economies, consumers rely on advertising and other forms of promotion to provide them with information they can use in making purchase decisions. Corporations rely on advertising and promotion to help them market their products and services.

Evidence of the increasing importance of advertising and promotion in the marketing process comes from the growth in expenditures in these areas over the past decade. In 1980, advertising expenditures in the U.S. were $53 billion and $49 billion was spent on sale promotion. In 2022, $330 billion was spent on advertising. Of that, $129 billion was spent on traditional advertising media such as TV, radio, magazines, newspaper, and OOH. Digital/online advertising accounted for the other $201 billion. Billions more are spent by both domestic and foreign companies in other promotional areas such as direct marketing, event sponsorship, interactive marketing, sponsorships, consumer and trade promotions, and public relations efforts. The tremendous growth in expenditures for advertising and promotion reflect the growth of the U.S. and global economies. Expansion-minded marketers are taking advantage of growth opportunities in various regions of the world and taking advantage of integrated marketing opportunities through methods such as event sponsorship and the use of the Internet.

Particularly noteworthy is the increase in the amount of marketing communications dollars being spent online. For the first time ever, in 2019, digital ad dollars in the U.S. surpassed those dollars spent on traditional advertising media. Specifically, 54 percent of advertising dollars in the U.S. went to digital advertising efforts while 46 percent went to traditional advertising media. By 2022, digital advertising accounted for nearly two-thirds of all advertising spending. The increase in digital advertising comes from declines in spending in print versions of magazines and newspapers as well direct mail—with the largest digital ad category being paid search on search engines. These upward trends in ad spending, and particularly digital ad spending, are seen globally, although U.S. advertising spending accounts for nearly 40 percent of the world's advertising expenditures.

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Professor Notes:

III. THE ROLE OF MARKETING

Many students may already have had a marketing course; however, it is still helpful to define marketing and stress that it involves more than just selling or other promotion functions. For more than two decades, the American Marketing Association, the association 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.**

This definition of marketing focused on **exchange** as a central concept in the various activities involved in the marketing process. Many experts argue that *exchange* is the core phenomenon or domain for study in marketing. The discussion can focus on the nature of exchange and what is needed for this process to occur including: two or more parties with something of value to one another; a desire and ability to give up their something of value to the other party; and a way for the parties to communicate with one another.

In 2007, the AMA adopted a revised definition of marketing:

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

This definition of marketing is more reflective of the role of nonmarketers to the marketing process. It also focuses on the important role marketing plays in developing and sustaining relationships with customers and delivering *value* to them.

Value is the customer's perception of all of the benefits of a product or service weighed against all the costs of acquiring and using it. Benefits can be functional (focusing on the performance of the product), experiential (focusing on what it feels like to use the product), or psychological (feelings 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, making the purchase, learning how to use a product/service, maintaining the product, and disposing of it.

A. The Marketing Mix—The four elements of the **marketing mix** (product, price, place, and promotion) can be introduced and the task of combining these elements into an effective marketing program for facilitating exchange with a target audience should be noted. The instructor should point out that while this course focuses on the promotion element of the marketing mix, the promotional program must be part of a viable marketing strategy and coordinated with other marketing mix variables. This leads into a discussion of the concept of integrated marketing communications.

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Professor Notes:

IV. INTEGRATED MARKETING COMMUNICATIONS

A. The Evolution of IMC—In the past, many marketers built strong barriers around the various marketing and promotional functions, planning and managing them separately with different budgets, different views of the market and different goals and objectives. In the 1980s, however, many companies began moving toward the concept of integrated marketing communications (IMC), and a more strategic integration of their promotional tools. As marketers embraced the concept of IMC, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily upon media advertising. A number of companies began looking beyond traditional advertising agencies, using other types of promotional specialists to develop and implement various components of their promotional plans. As the advertising industry 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.

In 1989, a task force from the American Association of Advertising Agencies (4As) developed one of the first definitions of **integrated marketing communications (MC)** defining it as:

> **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.**

Integrated marketing communications calls for a "big picture" approach to planning marketing and promotion programs and coordinating various communication functions. With an integrated approach, *all* of a company's marketing and promotional activities should project a consistent and unified image to the marketplace. However, advocates of IMC have argued for an even broader perspective that considers *all sources of brand or company contact* that a customer or prospect has with a company, product, or service.

An example of this unified communication approach is provided of Montblanc, a luxury leather goods, tech, watch, and other accessory brand. The brand recognized that each interaction consumers have with their brand serves as an opportunity for the brand to deliver on their brand promise of quality products, to strengthen relationships with their customers, and deepen loyalty. For example, Montblanc's IMC approach in its global "Mark Makers" campaign is designed to laud those who live their lives by intuition rather than rules. The campaign emphasizes the core belief that everyone can leave a mark by enjoying the journey along the way and pursuing inspiration. It features celebrities associated with artistry and creativity as brand ambassadors, and utilizes print, digital, and social media to communicate the brand's message. This example highlights the advertising industry's recognition that a broader perspective of the advertising discipline was needed to involve a more strategic perspective that would open up more opportunities for brands to engage with consumers.

B. A Contemporary Perspective of IMC—As IMC evolves and marketers develop a better understanding of the concept, they are recognizing that it involves more than just coordinating the various elements of the marketing and communications program to reflect "one look, one voice."

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IMC is being 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, who has been one of the major proponents and thought leaders in the area, developed a new definition of IMC:

> **Integrated marketing communications is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, 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.**

This definition 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 this process beyond just customers such as prospects, suppliers, investors, interest groups, and the general public. This definition also shows the increasing emphasis being placed on accountability and measured outcomes of marketing communication programs.

C. Reasons for the Growing Importance of IMC—There are a number of reasons why marketers are adopting the concept of IMC. A fundamental reason is that they recognize the value of strategically integrating the various communication functions rather than having them operate autonomously, taking advantage of synergy among promotional tools. The move also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology, and media consumption behavior. One of the major developments that has led to the adoption of IMC is the fragmentation of media and the shift from mass to *micromarketing*. The IMC movement is also being driven by a "marketing revolution" that is changing the ways companies market their products and services. Major changes in the media landscape driving this change include:

- Audiences are more fragmented than ever before, leaving media planners and buyers with much more difficult decisions to make when it comes to ad placement.
- Over the past decade, more households have been "cutting the cord" from traditional cable services in favor of video streaming alternatives. Faster Internet connections and an abundance of video streaming devices are contributing to the decline of subscribers to cable and satellite services.
- 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.
- Advertisers are able to use the Internet in a more targeted way than traditional media.

D. Challenges Impacting IMC—While IMC has become widely accepted as a strategic business process for brand communications, marketers face many challenges in implementing it. A major challenge is the proliferation of nontraditional media, coupled with the changing media consumption behavior of consumers. Today's consumers are no longer just recipients of messages or media content but can in fact control, create, influence, recreate, alter, and engage in shaping content across platforms and communication channels. In the digital age, the consumer is in control of the integration process.

Marketers are also challenged by consumers being less responsive to and finding ways to avoid their advertising messages. Younger consumers are especially skeptical of advertising. In addition,

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the advertising industry, as well as online publishers such as newspapers, magazines, blogs, and others, are concerned over the impact ad blockers are having on digital advertising.

The IMC movement is being impacted by fundamental changes in the way companies market their products and services and an ongoing marketing revolution. Most agencies recognize that their future success depends on the ability to understand how to develop and place advertising messages for the rapidly evolving areas of digital marketing, including social media and mobile.

E. 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. *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 associations that come to mind when consumers think about a brand. It is the sum of all points of encounter or contact that consumers have with a brand, which includes the various forms of integrated marketing communication used by a company. Figure 1-1 shows the world's 10 best global brands from the 2022 Interbrand rankings.

The relationship between brands and their customers has become much more complex. 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.

Marketers are recognizing that many consumers evaluate them based not only on their support of the environment, but on their positions on social, political, and economic issues and often factor this into purchase decisions. This has led to an increase in **brand activism,** which involves a company or brand taking a stand and engaging in efforts to promote social, political, economic or environmental reform to help drive change in order to improve society. See Ethical Perspective 1-1 for a further discussion of brand activism.

V. THE PROMOTIONAL MIX: THE TOOLS FOR IMC

Promotion is defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea**.** It should be noted that promotion is best viewed as the communication function of marketing. The discussion of integrated marketing communications should point out how other marketing elements such as brand name, package design, price, or retail outlets implicitly communicate with consumers. However, most of an organization's communication with the marketplace takes place through a carefully planned and controlled promotional program which utilizes elements of the promotional mix. The **promotional mix** is defined as the basic tools or elements that are used to accomplish an organization's objectives. The role and function of each promotional mix element in the marketing program can be discussed along with its advantages and limitations.

A. **Advertising—**Any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor.

Each element of this definition is described in the text and it would be beneficial for instructors to break down the definition for students. Advertising is a *paid* form of communication, meaning that it almost always purchased (except PSAs). The *nonpersonal* element indicates that advertising involves mass media that transmit a message to a large group of people at the same time with little to no opportunity for immediate feedback. Advertising is done for organizations, produces,

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services, and ideas and is typically most beneficial for products and services targeted at a mass consumer audience. Finally, advertising comes from an identified sponsor.

Advantages:

- Cost-effective way for communicating, particularly with large audiences.
- Ability to create images and symbolic appeals and for differentiating similar products and services.
- Valuable tool for creating and maintaining brand equity.
- Ability to strike responsive chord with audience through creative advertising.
- Opportunity to leverage popular advertising campaigns into successful IMC programs which can generate support from retailers and other trade members.
- Ability to control the message (what, when and how something is said and where it is delivered).

Disadvantages:

- Cost of producing and placing ads can be very high, particularly television commercials.
- Can be difficult to determine the effectiveness of advertising.
- Credibility and image problems associated with advertising.
- Vast number of ads has created clutter problems and consumers are not paying attention to much of the advertising they see and/or hear.

The nature and purpose of advertising differs from one industry to another and across various situations as does its role and function in the promotional program. The common classifications of advertising to the consumer market include national, retail/local and primary versus selective demand advertising. Classifications of advertising to the business and professional market include business-to-business, professional and trade advertising. These classifications are described in Figure 1-4.

Professor Notes:

B. **Direct Marketing—**A system of marketing by which organizations communicate directly with target customers to generate a response and/or a transaction. Direct marketing has not traditionally been considered an element of the promotional mix. However, because it has become such an integral part of the integrated marketing communications program of many organizations, this text views it as a component of the promotional mix.

Advantages:

- Changes in society (two-income households, greater use of credit) have made consumers more receptive to the convenience of direct-marketed products.

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- Direct marketing allows a company to be very selective and target its marketing communications to specific customer segments.
- Messages can be customized to fit the needs of specific market segments.
- Effectiveness of direct-marketing efforts is easier to assess than other forms of promotion.
- Many companies now have extensive databases that can be used to target current and prospective customer, particularly through digital media.

Disadvantages:

- Consumers and businesses are being bombarded with unsolicited mail and phone calls which makes them less receptive to direct marketing.
- Direct marketing has image problems.
- There can be problems with clutter as there are too many direct-marketing messages competing for consumers' attention.

One of the major tools of direct marketing is **direct-response advertising**. This is when a product is promoted in an ad that urges consumers to purchase the product directly from the manufacturer. Direct mail, television, and Internet advertising are the primary platforms through which direct-response ads are placed. Some companies that distribute their products through traditional distribution channels or have their own sales force are also now engaging in **omnichannel retailing** where their products are sold through multiple distribution channels such as in retail stores, online, in catalogs, and in mobile apps. This type of strategy uses a combination of offline and online channels to influence customer's shopping experience and often involves the use of direct-marketing tools as part of the IMC mix.

C. Digital/Internet Marketing—Digital media, specifically **interactive media**, allow for a two-way flow of communication whereby users can participate in and modify the content of the information they receive in real time. The major interactive medium is the Internet, which is a global collection of computer networks linking both public and private computer systems. While the most prevalent perspective on the Internet is that it is an advertising medium, it is actually a medium that can be used to for other elements of the promotional mix as well including sales promotion, direct marketing, and public relations. The proliferation of the Internet has also given rise to the development and growth of social media. **Social media** are 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. Nearly three-quarters of Americans have a social media profile with usage of social media being highest among young adults (18–29). For many years, consumers accessed the Internet and even social media through their personal computers, but with the growth of smartphones and tablets, many consumers shifted to the use of mobile devices to access the Internet/social media. This has led to a rapid growth in **mobile marketing**, whereby marketing messages are designed for and sent directly to these devices. Mobile advertising saw spending of nearly $137 billion in 2022 and now accounts for more than two-thirds of digital advertising spending. Digital and Social Media Perspective 1-1 discusses the dependence of the media on revenue from advertising and how this business model is being challenged.

Advantages:

- The Internet can be used for a variety of integrated marketing communication functions including advertising, direct marketing, sales promotion, public relations and selling. The

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Internet is also the foundation for social media sites such as Facebook and Twitter, which are becoming an integral part of many marketers IMC programs, as well as mobile marketing.

- Messages can be tailored to appeal to the specific interests and needs of the target audience.
- The interactive nature of the Internet leads to a higher degree of customer involvement when customers are visiting a website.
- The Internet makes it possible to provide customers with a great deal of information regarding product and service descriptions and specifications, purchase information and more. Information provided by marketers can be updated and changed continually.
- The Internet has tremendous creative potential as a well-designed website can attract a great deal of attention and interest among customers and be an effective way to generate interest in a company as well as its various products and services.

Disadvantages:

- The Internet is not yet a complete mass medium as some U.S. households do not have access to the Internet and many do not have broadband access. In some countries this percentage is much higher.
- There are problems with the Internet as an advertising medium as many Internet users do not pay attention to banner ads and the click-through rate on most is extremely low.
- There is a great deal of clutter on the Internet which makes it difficult for advertising messages to be noticed and/or given attention.

D. **Sales Promotion—**Marketing activities that provide extra value or incentive to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities. *Consumer-oriented sales promotions* are targeted to the ultimate user of a product or service (i.e. coupons, sampling, premiums, rebates, contests, sweepstakes). *Trade-oriented sales promotion* is targeted toward marketing intermediaries (i.e. wholesalers, distributors, and retailers). Examples of this include price deals, merchandising allowances, and trade shows.

Advantages:

- Provides extra incentive to consumer or middlemen to purchase or stock and promote a brand.
- Way of appealing to price sensitive consumer.
- Way of generating extra interest in product or ads.
- Effects can often be more directly measured than those of advertising.
- Can be used as a way of building or reinforcing brand equity.

Disadvantages:

- Many companies are becoming too reliant on sales promotion and focusing too much attention on short-run marketing planning and performance.
- Many forms of sales promotion do not help establish or reinforce brand image and short-term sales gains are often achieved at the expense of long-term brand equity.

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- Problems with sales promotion clutter as consumers are bombarded with too many coupons, contests, sweepstakes and other promotional offers.
- Consumers may become over-reliant on sales promotion incentives which can undermine the development of favorable attitudes and brand loyalty.
- In some industries, promotion wars may develop whereby marketers sales promotion incentives extensively, which results in lower profit margins and makes it difficult to sell products at full price.

It is important to address the potential terminology problem concerning the use of the terms *promotion* and *sales promotion*. In this text, the term *promotion* represents an element of the marketing mix by which firms communicate with their customers and includes the various promotional mix elements. However, many marketing and advertising practitioners use the term promotion in reference to sales promotion activities. We use the term promotion in the broader sense. When discussing *sales promotion* activities, we are referring to this one specific element of the promotional mix.

E. Publicity/Public Relations

1. **Publicity—**nonpersonal communications about an organization, product, service, or idea that is not directly paid for nor run under identified sponsorship. Examples include news stories, editorials, or announcements about an organization or its products/services.

2. **Public Relations**—a strategic communication process that builds mutually beneficial relationships between organizations and their publics.

   The distinction should be made between publicity and public relations noting that public relations generally has a broader objective than publicity, as its purpose is to establish and maintain a positive image of the company among its various publics. Publicity is an important communications technique used in public relations; however other tools may also be used. Public relations has become an integral part of many companies' IMC strategy. Additionally, a distinction should be made between advertising and publicity. While publicity involves nonpersonal communication to a mass audience, it is not paid for directly by the company. Instead, the company attempts to get the media to run favorable stories about them.

   Advantages of publicity:

   - Credibility of publicity is usually higher than other forms of marketing communication.
   - Low cost way of communicating.
   - Often has news value and generates word-of-mouth discussion among consumers.

   Disadvantages of publicity:

   - Lack of control over what is said, when, where and how it is said.
   - Can be negative as well as positive.

F. **Personal Selling**—direct person-to-person communication whereby a seller attempts to assist and/or persuade prospective buyers to purchase a company's product or service or act on an idea. Personal selling is the final element of an organization's promotional mix but is not a direct part of the IMC program of most companies and is often not in the control of the advertising or marketing communications manager.

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Advantages:

- Direct contact between buyer and seller allows for more communication flexibility.
- Can tailor and adapt message to specific needs or situation of the customer.
- Allows for more immediate and direct feedback.
- Promotional efforts can be targeted to specific markets and customers who are best prospects.

Disadvantages:

- High cost per contact.
- Expensive way to reach large audiences.
- Difficult to have consistent and uniform message delivered to all customers.

Professor Notes:

VI. IMC INVOLVES AUDIENCE CONTACTS

The various promotional mix elements are the major tools that marketers use to communicate with current and/or prospective customers as well as other relevant audiences. Many companies are taking an *audience contact* or *touch point* perspective in developing their IMC programs whereby they consider all of the potential ways of reaching their target audience with their messages. A **touch point** is every opportunity the customer has to see or hear about the company and/or its brands or have an encounter or experience with it.

The various ways that a customer can come into contact with a company or brand are shown in Figure 1-5. It is the responsibility of those involved in the marketing communications planning process to determine how each of these contact tools can be used to communicate with the target audience and how they can be combined to form an effective IMC program. Tom Duncan notes that there are four basic categories of contact or touch points which include:

- *Company-created touch points* are planned marketing communication messages such as advertisements, websites, news/press releases, packaging, sales promotion offers and point-of-purchase display.
- *Intrinsic touch points* are interactions that occur with a company or brand during the process of buying or using a product or service such as discussion with retail sales personnel or customer service representatives. These are not always under the direct control of the marketing department or IMC program.
- *Unexpected touch points* are unanticipated references or information about a company or brand that a customer or prospect receives that is beyond the control of the organization. This includes word-of-mouth messages as well as information from various media sources.

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- *Customer-initiated touch points* are interactions that occur whenever a customer or prospect contacts a company. These contacts often involve inquiries or complaints that must be handled properly by the company such as through customer service departments.

A. Paid, Owned, and Earned Media—Another categorization of the various types of customer touch points that has become very popular is that of paid, owned, and earned media as shown in Figure 1-7. Marketers making effective use of IMC today will use a combination of all three forms of media and must determine how valuable each of the various forms of media and contact tools are for communicating with their current and prospective customers and how these can best be combined for the creation of an effective IMC program.

- **Paid media** refers to channels a marketer pays to leverage and includes traditional advertising media such as television, radio, print, outdoor, and direct mail as well as various forms of digital advertising such as paid search and online display and video ads.

- **Owned media** refers to channels of marketing communication that a company controls, such as its websites, blogs, and mobile apps as well as social media channels such as Facebook, Twitter, Instagram, and YouTube.

- **Earned media** is exposure for a company or brand that it did not have to pay for and is generated by outside entities such as the media or the general public. Earned media has traditionally been viewed as exposure for a company or brand generated by its public relations/publicity efforts or through favorable word of mouth.

VII. THE IMC PLANNING PROCESS

Integrated marketing communications management is defined as the process of planning, executing, evaluating, and controlling the use of the various promotional-mix elements to effectively communicate with target audiences. It involves coordinating the promotional mix elements to develop a controlled and integrated program of effective marketing communication. It involves various decision areas such as:

- Which promotional tools to use and how to combine them effectively.
- Determining the size of and distributing the advertising and promotional budget.
- Determining the influence of various factors on the promotional mix including the type of product, target market, decision process of the buyer, stage of the product life cycle, and channels of distribution.
- What percentage of the budget should be allocated to advertising, sales promotion, the Internet, sponsorships, and personal selling.

This process is guided by the development of the **integrated marketing communications plan**, which provides the framework for developing, implementing, and controlling an organization's IMC program and activities. At this point it is helpful to go through the Integrated Marketing Communications Planning Model presented in Figure 1-8 of the text.

The steps in the Integrated Marketing Communications Planning Model include:

A. Review of the Marketing Plan—The first step in the IMC planning process is to review the **marketing plan**, which is a document that describes the overall marketing strategy and programs developed for an organization, a product/service line, or an individual brand. The marketing plan generally includes five basic elements: 1) a detailed situation analysis, 2) specific marketing

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objectives, 3) a marketing strategy that includes selection of target market(s), 4) a program for implementing the marketing strategy, and 5) a process for monitoring and evaluating performance.

B. Promotional Program Situation Analysis—After the development of the marketing plan, a situation analysis is conducted to assess the factors that influence or are relevant to the development of the promotional strategy. This includes both an internal and external analysis.

1. **Internal analysis**—Assesses relevant areas involving the product/service offering and the firm itself. This involves assessing the company's performance, the strengths and weaknesses of the company as well as its products, and reviewing their previous promotional efforts.

2. **External analysis**—Focuses on factors such as characteristics of the firm's customers, market segments, positioning strategies and competitors. Figure 1-9 outlines the important questions to address in both an internal and external analysis.

C. Analysis of the Communication Process—This involves determining how the company can effectively communicate with customers in the target market. An important part of this stage of the IMC planning process is developing communication objectives which refer to what the firm seeks to accomplish with its promotional program. It is also important during this stage to establish communication goals and objectives. Distinguish with students the difference between marketing objectives and communication objectives.

Marketing objectives are what is to be accomplished by the overall marketing program. Often stated in terms of sales, market share, or profitability.

Communication objectives are what the firm seeks to accomplish with its promotional program. Often stated in terms of the nature of the message to be communicated or what specific communication effects are to be achieved.

D. Budget Determination—Two basic issues must be addressed with regard to the IMC budget while keeping in mind what needs to be done to accomplish communication objectives:

- How much money will be spent on marketing communication.
- How the money will be allocated across different media, geographic markets, and time periods.

E. Developing the Integrated Marketing Communications Program—The most involved and detailed part of the promotional planning process occurs at this stage as decisions have to be made regarding the role and importance of each IMC tool and their coordination with one another. Each IMC tool has its own set of objectives, budget, messaging, and media strategy, as shown in Figure 1-8. These include:

- Advertising message and media strategy and tactics.
- Direct marketing message and media strategy and tactics.
- Digital/Internet Marketing message and media strategy and tactics.
- Sales promotion message and media strategy and tactics.
- Public relations/publicity strategy and tactics.
- Personal selling—sales strategy and tactics.

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F. Monitoring, Evaluation, and Control—The final stage of the IMC planning process involves monitoring, evaluating, and controlling the promotional program. At this stage, the marketer should be gathering feedback concerning how well the IMC program is working and whether it is meeting its objectives. It is important to note that information regarding the results achieved by the IMC program is used in subsequent promotional planning and strategy development.

Professor Notes:

PERSPECTIVE AND ORGANIZATION OF THIS TEXT

In the contemporary business world, professionals must understand and use a variety of marketing communication tools, not just the ones in which they specialize. This text views advertising and promotion from an integrated marketing communications perspective and examines the promotional-mix elements and their roles in an organization's integrated marketing communications efforts. The purpose of this book is to provide a thorough understanding of the field of advertising and other elements of a firm's promotional mix and show how they are combined to form an integrated marketing communications program. It also examines special topic areas and perspectives that have become increasingly important in contemporary marketing.

Teaching Suggestions

This initial chapter is designed to provide the student with an overview of the field of advertising and promotion and a brief look at the role of IMC in the marketing process. The instructor should be careful not to go into an in-depth discussion of marketing since this is covered in detail in Chapter 2. You should introduce the concept of integrated marketing communications discuss its evolution, and note how this approach differs from more traditional perspectives of advertising and promotional planning. In this edition, we have provided an updated perspective of IMC which recognizes that it involves more than just coordinating the various elements into a "one look, one voice" approach. It is important to define the six elements of the promotional mix, discuss their role as marketing communication tools, their advantages and limitations. Note that our view of the elements of the promotional mix goes beyond the traditional communication tools of advertising, sales promotion, publicity/public relations and personal selling, as we also include direct marketing and digital/Internet marketing as part of the mix. Direct marketing and digital/Internet have become major methods by which modern-day marketers communicate with their target audiences and we feel they are best viewed as distinct IMC tools.

You should also emphasize that there are a variety of ways by which customers come into contact with a company and/or its brands. There is a discussion of IMC involving audience contacts and Figure 1-5 of the text is an excellent way of showing the various contact tools. A discussion of the categorization of the type of contact points into paid, owned and earned media is provided. When discussing these various types of contact points, you might use Figure 1-7 to explain what is included under each category such as what is in a company's ability to control or influence. It is important to review the various factors that underlie the adoption of an IMC approach to advertising and promotion by many companies. You might also spend some time discussing the pros and cons of IMC. Although we advocate the IMC approach in this text, the discipline is still evolving.

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During an introductory lecture, there is latitude to discuss various issues and aspects concerning each promotional mix variable. For example, various perspectives regarding advertising such as its social and economic effect might be noted along with common complaints and criticisms of advertising. We do not suggest going into a detailed discussion of these charges at this early stage of the course. We feel that students are best able to evaluate and appraise various arguments for and against advertising and other promotional mix elements toward the end of the course.

We feel that it is important in either the first or second lecture to cover the integrated marketing communications planning model shown in Figure 1-8 in some detail. This text is built around this model and it provides the student with the "big picture" as to the decision sequence and various considerations involved in the development of an advertising and promotional program. It is also important to communicate to students that advertising and promotion management is a process. A great deal of internal and external analyses, as well as the coordination of the promotional mix elements, is required to develop an effective program of marketing communications that can be integrated into an organization's overall marketing strategy and tactics.

Answers to Discussion Questions

1. **Discuss the role of integrated marketing communications in the marketing program for the energy drink Celsius and how the company uses various IMC tools to compete in the energy drink market. (LO 1-2, 1-5)**

   Celsius has adapted its marketing strategy and the way it communicates with consumers to become the fastest growing brand of energy drinks. It uses traditional mass-media advertising through TV, radio, and magazines as well as out-of-home media such as billboards to build awareness along with its brand identity. The company drives consumers to its website where they can learn more about the brand and where they can purchase it. As part of its overall marketing strategy, Celsius also relies heavily on brand ambassadors and other influencers who promote the brand through various social media platforms. Consumers are encouraged to connect with Celsius on Facebook, Instagram, and Twitter while inspirational videos promoting the brand are available on YouTube, Instagram Reels, and TikTok. The social media content follows the same theme as its advertising, which is designed to show how Celsius is part of an active lifestyle and is a healthy alternative to traditional energy drinks. In addition, Celsius uses public relations and sales promotion to reinforce its brand positioning. For example, it sponsors running events and experiential marketing such as its "Live Fit" tour which features pop-up fitness events hosted by popular instructors from fitness chains. In 2022, *Advertising Age* recognized Celsius as one of America's hottest brands, noting how smart marketing and positioning are making it a major competitor in the highly competitive energy drink market.

2. **Evaluate the success of Celsius in competing in the energy drink market against major brands such as Red Bull and Monster. What factors account for the strong growth of the Celsius brand? Do you think the company can continue to increase its market share? Why or why not? (LO 1-1, 1-4, 1-5)**

   Although it was not first-to-market, Celsius disrupted the energy drink market with its strategic marketing approach. Celsius, which grew its dollar sales by nearly 200 percent in 2022 to nearly $400 million, carved out a position as a healthier energy drink and passed Rockstar to become the fourth-largest brand in the category. Its growth is driven by a gender-neutral marketing strategy targeting health-conscious consumers, in contrast to the hyper-sports male market targeted by the Red Bull and Monster brands. Some of Celsius' success lies in its branding as a healthier alternative, and in its broad reach to all health-conscious consumers. Celsius has also successfully relied on influencer marketing

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to spread its message. Another factor boosting the company's marketing success is the impact of the COVID-19 pandemic. During the pandemic, consumers increasingly sought health-related foods and drinks to strengthen their immunity. Celsius' advertising and packaging highlighted the product's natural ingredients, and reinforced this perception. Market studies show that Celsius not only attracted new users to the energy drink category but also converted consumers from Red Bull, Monster, and other competitors to its brand.

In order to reinforce and continue its success, Celsius must continue seeking innovative ways to deliver its message to consumers. Other energy drinks have larger marketing budgets, but smart marketing and positioning can continue to make Celsius a major competitor in the competitive energy drink market.

3. Discuss the role integrated marketing communications plays in the marketing program of companies and organizations. Discuss how the use of the various promotional mix tools has changed over the past decade and what factors drive these changes. (LO 1-1, 1-4)

Integrated marketing communications plays a critical role in the marketing program most companies and organizations as it provides them with a way to communicate with consumers and help them influence their purchase decisions or other types of behavior. IMC differs from traditional advertising and promotion in that it recognizes the value of using a variety of communication tools rather than just relying primarily on media advertising, which might be supplemented with tactical promotions. IMC involves coordinating all a company's promotional elements, as well as marketing activities, in a synergistic manner to send a consistent message to the target audience. While traditional advertising relies primarily upon the use of ads through the mass media to communicate with the target audience, IMC recognizes that consumers' perceptions of a company and/or its brands are a synthesis of the bundle of messages or contacts they have with the firm. These contacts include media advertisements, packaging, sales promotion, messages received through interactive media such as websites and other digital media, point-of-purchase displays, and other forms of communication. The IMC approach seeks to have all of a company's marketing and promotional activities project a consistent, unified message and/or image to the market and consider which particular element of the promotional mix is the most effective way to communicate with customers in the target audience.

There are many reasons why the IMC approach is becoming so popular among marketers. Probably the most fundamental reason is that marketers are recognizing the value of strategically integrating the various communication functions rather than having them operate autonomously. By coordinating their marketing communication efforts, companies can avoid duplication, take advantage of synergy among various communication tools, and develop more efficient and effective marketing communication programs. The movement toward IMC is also being driven by changes in ways companies market their products and services. As discussed in the text, there is an ongoing revolution that is changing the rules of marketing and the role of traditional media advertising. Important aspects of this revolution include: a shifting of marketing dollars from media advertising to other forms of promotion, a movement away from relying on advertising-focused approaches (which rely on mass media such as television and magazines) to solve communication problems, a shift in marketplace power from manufacturers to retailers, the rapid growth of database marketing, demand for greater accountability from advertising agencies and the way they are compensated, and the rapid growth of the Internet.

The growth of the integrated marketing communications is very likely to continue as it is being driven by fundamental changes in the way companies market their products and services. Moreover, many marketers and advertising agencies recognize the importance of taking an IMC approach and are becoming advocates of integration. The move to integrated marketing communications also reflects an adaptation by marketers to a changing environment, particularly with respect to consumers, technology and media. Major changes are occurring among consumers, particularly with respect to media use and buying and shopping patterns. Many consumers are turned off by traditional advertising which is

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leading marketers to look for alternative ways to communicate with their target audiences. The continued fragmentation of media markets and rapid growth of interactive media and online services are also creating new ways for reach consumers. While IMC will continue to have its critics and may undergo some changes, it is very unlikely that we will see a return to the traditional system where advertising in mass media dominates and advertising and other forms of promotion function autonomously.

4. **Spending by marketers on digital advertising has now surpassed spending on traditional media such as television, radio, magazines, and newspapers. Discuss the reasons marketers are spending more on digital than traditional media. Do you expect this trend to continue? (LO 1-2, 1-3, 1-4)**

   Marketers have recognized that there has been a shift in consumer's media consumption. Consumers are increasingly leaving traditional forms of media consumption in favor of online or digital experiences. Now, because of the proliferation of digital media, instead of being passive viewers of media, consumers are extremely involved and content creators themselves. Therefore, advertisers have had to shift from using primarily push media (i.e. television, radio, newspapers) to pull media (websites, social media, and other sources where two-way dialogue can be initiated with consumers) in order to actually reach consumers in the digital age. Additionally, with increased Internet availability, consumers almost cannot function without their mobile phones or other mobile devices. There are more app options, websites, and social media platforms than ever before where advertisers can attempt to engage with consumers. With more and more consumers in these platforms, advertisers are constantly looking for ways to engage with them in these new ways. This trend will likely continue. Consumers who say they hate advertising likely just mean that they hate being yelled at by a brand and told what and how to think about things and what to buy. Advertisers will continue to look for ways to have authentic communication experiences with consumers and where those conversations are increasingly happening is in online platforms.

5. **Ethical Perspective 1-1 discusses how many companies are becoming involved in brand activism. Discuss the pros and cons of companies becoming involved with and taking a position on controversial social, economic, and political issues. (LO 1-1, 1-2).**

   For many companies and brands, neutrality is no longer an option. They must determine how to align their values with those of their customers, employees, and society at large. Remaining ambivalent on controversial issues can be very risky, particularly for brands targeting younger generations of consumers. Studies show that young people around the world are growing up with a deeper sense of purpose than previous generations and prefer companies and brands that directly support causes about which they care. Research shows that millennials and gen-Zers, which are very important age cohorts for marketers given their size and spending capacity, are looking for brands that support their values, stand for a cause, and are giving back to the community. This is the positive side of becoming involved with controversial social, economic, and political issues. The downside, however, is that some argue that it is often little more than a public relations stunt, noting that it is often inauthentic, opportunistic, imitative, or just "woke washing" which devalue such activism overall.

6. **Discuss some of the ways technology is making it possible for consumers to avoid advertising messages and the impact this is having on the advertising and media industries. (LO 1-2, 1-3)**

   Since audiences are now empowered to control the kind of messages or content they want to receive—including where, when, and how they want them—the function of integrator has shifted from marketers to the consumers themselves and in the digital age, the consumer is in control of the integration process. Many consumers 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. Nearly all

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of this cohort have smartphones and are spending less time with traditional media. However, like other age cohorts, they are also 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. The use of ad blockers is highest for personal computers but their use on mobile devices has nearly doubled over the past five years. The primary reasons consumers use ad blockers is that they feel websites are more manageable without banner ads, they wish to avoid irrelevant or offensive images/messages, and they have privacy concerns such as not wanting their online behavior tracked.

The advertising industry, as well as online publishers such as newspapers, magazines, blogs, and online sites, are highly concerned over the impact ad blockers are having on their digital advertising-business. 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.

7. **Digital and Social Media Perspective 1-1 discusses how Netflix made a strategic decision to launch an advertising-supported tier to its streaming service. Discuss the reasons Netflix made this strategic decision. Do you think this ad-supported tier of service will be successful? (LO 1-4, 1-5)**

   Netflix dominates the streaming market with 221 million subscribers worldwide including 75 million in the U.S. and Canada. Since the inception of its streaming service in 2007, Netflix had resisted offering an ad-supported tier as subscriber growth skyrocketed. But in 2022, Netflix announced that it would begin testing an ad-supported, lower-priced subscription tier. The announcement came after disclosing that it had lost 200,000 subscribers during the first three months of the year as a result of stiffer competition and rising inflation that was pressuring households to tighten their budgets. Netflix made this move because it is concerned about ignoring a large customer segment which wants streaming but at a lower-priced tier. The move could make sense for Netflix's bottom line as analysts estimate that the company could generate $1.2 billion in the U.S. alone by 2025. Time will tell if consumers stick with this level of ad-supported service, or prefer to pay a higher amount for ad-free streaming.

8. **What is meant by the categorization of touch points into paid, owned, and earned media? Choose a specific company or brand and discuss how it is using these three categories of media. (LO 1-5)**

   Paid media refers to channels a marketer pays to leverage and includes traditional advertising media such as television, radio, print, outdoor, and direct mail as well as various forms of digital advertising such as paid search and online display and video ads. Owned media refers to channels of marketing communication that a company controls, such as its websites, blogs, and mobile apps as well as social media channels such as Facebook, Twitter, Instagram, Snapchat, and YouTube. Earned media is exposure for a company or brand that it did not have to pay for and is generated by outside entities such as the media or the general public. Earned media has traditionally been viewed as exposure for a company or brand generated by its public relations/publicity efforts or through favorable word of mouth. However, with the growth of digital media, earned media exposure is taking place online through social media and the viral marketing efforts of marketers.

   Students should be asked to choose a company or brand and analyze how it is using the three categories of touch points as part of its Integrated Marketing Communications program.

9. **Why is it important for those who work in marketing to understand and appreciate all the various IMC tools and how they can be used effectively? (LO 1-5, 1-6)**

   The roles of advertising and other forms of marketing communication are changing in the modern world of marketing. 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

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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. Developing marketing communications programs that are responsive to these changes is critical to the success of nearly every company that competes in the marketplace.

In the contemporary business world, individuals working in marketing, advertising, and other promotional areas are expected to understand and use a variety of marketing communication tools, not just the one in which they specialize. Although media advertising may be the most visible part of the communications program, understanding its role in contemporary marketing requires attention to other promotional areas such as the Internet and digital marketing, direct marketing, sales promotion, and public relations—not all the promotional-mix areas are under the direct control of the advertising or marketing communications manager. All departments must communicate with each other to coordinate all the organization's marketing communication tools.

10. Assume a company is developing an IMC plan for a new product that will compete in a specific category or segment of the beverage market. Discuss some of the factors that should be considered as part of the external analysis when developing the IMC plan. (LO 1-6)

Information from the competitive analysis would be very beneficial for a new beverage brand. They would need to consider direct and indirect competitors, what their beverage offers that their competitors' does not, how their competitors are promoting themselves, how they can differentiate themselves in their marketing efforts, and how their marketing budget compares with competitors'. Additionally, an analysis of any environmental factors that could impact the beverage's success in the market should be considered. For example, would health trends in society potentially hurt the brand? Are there any policies on promoting certain beverages in certain places or in certain ways that the brand should be aware of? Finally, the brand must consider who customers are for their competitors, how consumers consider beverages, and how they make decisions in the beverage market.

Additional Discussion Questions (not shown in text)

11. Compare the definition of integrated marketing communications developed by Don Schultz with the original definition developed by the American Association of Advertising Agencies. How do they differ? (LO 1-2)

The new definition of IMC developed by Don Schultz of Northwestern University is as follows: "Integrated marketing communications is a strategic business process used to plan, develop, execute and evaluate coordinated, measurable, 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." This definition differs from the seminal definition of IMC developed by the 4As in several ways. 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 marketing communications process. These include customers, prospects suppliers, investors, interest groups, and the general public as well as internal audiences such as employees. The definition also reflects the increasing emphasis that is being placed on the demand for accountability and measurement of the outcomes of marketing communication programs. The original definition developed by the 4As has been criticized for focusing primarily on coordinating the various communication tools with the goal of making them look and feel alike. Both academicians as well as

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practitioners are recognizing that the broader perspective of IMC offered in the definition by Schultz is needed as it views the discipline from a more strategic perspective.

12. Choose a company and discuss how it communicates with its customers at the corporate, marketing, and marketing communications levels. (LO 1-1)

Messages can originate at all three levels since all of a company's corporate activities, marketing mix activities, and marketing communications efforts have communication dimensions and play a role in attracting and maintaining their customers. Students should be encouraged to choose a company and analyze how it communicates with its customers at each of these levels. At the corporate level the analysis should focus on how a firm's business practices and philosophies, policies and procedures, hiring practices, corporate culture, and other factors communicate with customers and other relevant stakeholders. At the marketing level, the analysis should focus on how the company communicates through various elements of the marketing mix. The physical product communicates a great deal to consumers through elements such as shape, design or appearance of the actual product or the packaging. The price of a product may also send a message about quality. The brand name of a brand also is a form of communication. Companies also communicate with consumers through the choice of retail outlets where they choose to sell their products. Selling a product only through upscale specialty or department stores may communicate that it is a high-quality item. On the other hand, selling a product through discount stores or mass merchandise outlets may send a cue of lower quality.

There are many examples of how consumers communicate with consumers through their marketing activities. You might talk about products such as expensive watches (Concord, Movado, or Rolex) and how they are priced high, sold only through jewelry store or high-end department stores, and designed to reflect an image of quality, prestige and style. On the other hand, brands such as Timex and Casio are designed more for function or sport, are priced lower, and sold in drug stores, sporting goods stores and mass merchandise outlets. At the marketing communications level, the analysis should focus on the various IMC tools the company uses such as advertising, direct marketing, its website, sales promotion messages, publicity/public relations activities such as event sponsorships, and personal selling efforts. The analysis of the company should consider whether all of these IMC tools communicate with one look, voice, and image and position and identify the company and/or brand in a consistent manner.

13. Why are marketers putting so much emphasis on developing strong brands? Choose one of the Best Global Brands listed in Figure 1-1 and discuss how the company has used integrated marketing communications to build a strong brand image. (LO 1-3)

There are a number of reasons why marketers are putting so much emphasis on building strong brands. Consumers have a tremendous number of choices available in nearly every product or service category and are have less time available to make purchase decisions. Thus they are putting a great deal of emphasis on well-known and trusted brand names to help simplify their decision making process. Also, consumers are often willing to pay a price premium for well-known brands which provides marketers with higher profit margins and helps them avoid price competition. Consumer product companies, as well as business-to-business marketers, recognize that brand equity is a very important asset and they are taking steps to build and maintain brand equity. Students should be encouraged to select one of the top 10 brands listed in Figure 1-1 and analyze how the company has used IMC to build a strong image. This analysis might include examination of the company's advertising, sales promotion programs, product and service quality, public relations efforts, sponsorships, website and other communication elements.

14. The various classifications of advertising to consumer and business-to-business markets are shown in Figure 1-4. Choose one category of advertising to consumer markets and one to the

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business-to-business market and find an ad that is an example of each. Explain the specific goals and objectives each company might have for the ad. (LO 1-4)

Students should be encouraged to choose one of the various classifications of advertising to consumer and business-to-business and professional markets, find an ad that they feel is an example of each and explain the company, association or organization's goals and objectives for the ad. Basic descriptions of each classification of advertising are provided in Figure 1-4 along with insight as to what the goals or objectives might be for using this type of advertising.

This assignment is helpful in getting students to recognize that the nature and purpose of advertising varies from one industry to another and/or across situations. For example, you might encourage them to find an example of advertising done either by a company or an industry trade association where the focus is on primary demand stimulation. Advertising campaigns by the Beef Board, National Pork Producers Council, or Potato Board are all very good examples of primary demand advertising. Students might also be encouraged to look in some industry or trade publications for examples of business-to-business or advertising targeted at retailers. Publications such as *Progressive Grocer* or *Drug Store News* are a good source of trade advertising.

15. What is meant by primary versus selective demand advertising? Provide examples of each. Discuss when a marketer might focus on primary demand stimulation versus selective demand stimulation. (LO 1-4)

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 brand or a product or service. Primary demand advertising is often done by industry trade associations to generate demand for the product category. This is often done for commodity products where it is difficult to differentiate an individual brand or association members recognize the value of promoting the product category. Examples include products such as milk, orange juice, pork, beef, potatoes, avocados and raisins. Primary demand advertising is sometimes done by a company whose brand(s) dominates the market and will benefit the most from demand generation. For example, Gatorade has over 70 percent of the sports drink market and its ads often promote the value of its products for hydration versus water. Most advertising focus on selective demand as the goal is to create demand for a specific brand. Thus the advertising will emphasize reasons for purchasing a particular brand and focus on differentiating a particular brand of a product or service from the competition.

16. Discuss some of the ways technology is making it possible for consumers to avoid advertising messages and the impact this is having on the advertising and media industries. (LO 1-2, 1-3)

As discussed in Digital and Social Media Perspective 1-1, consumers have been avoiding advertising messages for years simply by using a remote control to change channels during the commercial break of a television show or switching radio stations in their cars during a commercial break. Digital video recorders (DVRs) have given consumers yet another way to avoid TV ads by allowing consumers to fast-forward through the ads during playback of a recorded show. As marketers shift more of their advertising spending online, they must deal with another weapon used by consumers to avoid advertising, which is ad-blocking software. Most consumers have installed ad blocking software on their desktops and laptops and many on now doing so on their mobile devices such as smartphones and tablets. Apple began adding ad-blocking software to the operating system for its Safari mobile browser in 2015 and a few months later ad-blocking capabilities became available for mobile devices using the popular Android operating system.

The ability of consumers to avoid advertising messages is having a significant impact on the advertising and media industries. Radio stations rely almost entirely on advertising as a source of revenue while TV stations get the majority of their income from the monies marketers pay to air their commercials.

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Without advertising, television networks and local stations would have to rely almost entirely on viewers for revenue and the average household would have to pay much more for subscription TV service and get fewer channels. The television industry has already modified its measurement audience measurement system to account for delayed viewing that occurs when people play back recorded TV shows. In addition to the television industry, web publishers (including online magazines and newspapers) and social media sites would be devastated if they lost most of their advertising revenue. Most newspapers and magazines have been unsuccessful in getting people to pay for subscriptions to their digital editions and/or they find a way around their firewalls. Digital advertising is critical to the survival of companies such as Google, Facebook, and Snapchat, all of which generate nearly all of their revenue from advertising. Although consumers may not like being bombarded by advertising messages, it is important for them to realize that the revenue generated by these ads, which in turn depends on the size of the audience they can deliver, is what allows these companies to survive.

17. Discuss how the digital revolution is impacting the way marketers plan and implement their integrated marketing communications programs. Identify three specific technological developments and discuss how each is affecting the IMC program of companies. (LO 1-3, 1-4)

There are many technological developments that are impacting IMC. Cable and digital satellite systems have vastly expanded the number of channels available to television viewers, which is contributing to the fragmentation of media markets. The average household in the U.S., as well as many other countries, now receives 180 television channels versus 60 at the beginning of the new millennium. The proliferation of channels as well the penetration of new technologies such as DVRs, video-on-demand, and streaming is also impacting television. The long-predicted convergence of television with computers has become a reality as consumer now have many other viewing options beyond the programming offered by the television networks. The rapid penetration of the Internet is another development as it has led to media fragmentation as hundreds of millions of consumers are now online and can visit a myriad of different websites. However, time spent online, particularly on social media, competes for time spent with traditional media such as television, radio, newspapers and magazines. One of the most significant changes is the penetration of smartphones as more than three-fourths of U.S. adults now own one and are using them to access the Internet. The growth in tablets also bring yet another type of screen into the lives of many consumers. Magazines and newspapers have developed digital versions of their publications for consumers who want to read them online as well as on their mobile devices. Marketers are responding to these changes by increasing their spending on highly targeted media that reach specific market segments. Monies once spent in broadly targeted mass media are now being allocated to more websites and social media that reach specific market segments. Marketers are developing mobile marketing applications that can deliver messages and promotional offers directly to consumer's mobile devices and can be targeted to specific locations or consumption situations. They are also recognizing that it has become increasingly difficult to reach consumers through the mass media and are using a variety of other IMC tools such as sponsorships, branded entertainment, publicity/public relations, digital and social media (such as Facebook and Twitter) and in-store media to reach consumers.

The Internet is another technological development having a tremendous impact on the way companies design and implement their entire business and marketing strategies as well as their integrated marketing communications programs. Companies ranging from large multinational corporations to small local firms have developed websites to promote their products and services by providing current and potential customers with information, building images for their companies and brands and even selling their products or services directly over the Internet. While many view the Internet as an advertising or promotional medium, it really is a multimedia marketing communications tool that can be used to execute all elements of the promotional mix. Companies can advertise on the Internet by running banner ads or sponsorships on the websites of other companies or organizations. Marketers can offer sales promotion incentives such as coupons over the Internet and they can offer contests and

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sweepstakes online and encourage consumers to visit their websites to enter them. Many companies are using the Internet for direct marketing. Many companies have made the Internet a major part of their direct-marketing efforts and encourage consumers to visit their websites to view their merchandise and to place orders online. Companies are also using the Internet for publicity and public relations activities as most activities can now be done online. Many companies also maintain press releases on their websites, which can be accessed by the media and other relevant publics to learn more about these companies and their products and services.

18. Discuss the opportunities and challenges facing marketers with regard to the use of mobile marketing. What are some of the ways marketers can use mobile marketing as part of their IMC program? (LO 1-4, 1-5)

The Mobile Marketing Association defines mobile marketing a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network. It includes promotional activity designed for deliver to cell phones, smartphones, tablets and other handheld devices and includes apps, messaging, commerce and customer relationship management. The growing popularity of smartphones, tablets, and other mobile devices along with the decision of the various wireless carriers to open their mobile phones services to these messages has opened up new marketing opportunities. Marketers are already sending interactive messages to consumers that contain promotional offers such as coupons that can be redeemed at the point-of-purchase. Many of these mobile messages are specific to a consumers' location or consumption context. One of the major factors driving the growth of mobile marketing is the development of shopping services and apps that consumers can use to make shopping more efficient, productive and fun. Marketers are also developing their own brand specific applications such as games, video, and promotional offers as part of their mobile marketing programs.

One of the challenges marketers will face with mobile marketing is possible resistance from consumers. Many consumers do not want to be bombarded with messages to their smartphones or other mobile devices. Thus, marketers will be dependent upon consumers "opting in" to receive these messages. However, it is likely that most marketers will tie-in their mobile marketing efforts to other components of their IMC programs such as sales promotions or incentives to visit a website. Thus, mobile marketing will become yet another way for marketers to deliver messages to consumers and get them to take some form of action that helps in the marketing process. Another challenge for mobile marketing is the small screen size of mobile devices which limits the type and design of messages that can be sent to mobile devices. Marketers must also develop responsive websites that can be adapted to smaller screens found on mobile devices.

19. Why is it important for those who work in marketing to understand and appreciate all the various integrated marketing communication tools and how they can be used effectively? (LO 1-6)

In today's business world, marketers use a variety IMC tools to communicate with their customers. The various promotional mix elements have to be viewed as component parts of an integrated marketing communications program. An individual IMC activity such as advertising or sales promotion cannot be managed without considering its relationship to other promotional mix elements. Individuals working in various areas of advertising and promotion are expected to understand and use a variety of marketing communication tools, not just the one in which they specialize. For example, advertising agencies no longer confine their services to creating and placing ads. Many agencies are involved in sales promotion, public relations, Internet/interactive media, direct marketing, event sponsorship and other communication areas. Thus, it is important for those who work in advertising and promotion, either on the agency or client side, to understand and appreciate the value and limitations of all the promotional mix elements and how they can be combined to develop an effective program of integrated marketing communications.

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