

ELEVENTH EDITION

# MARKETING

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CHAPTER

17

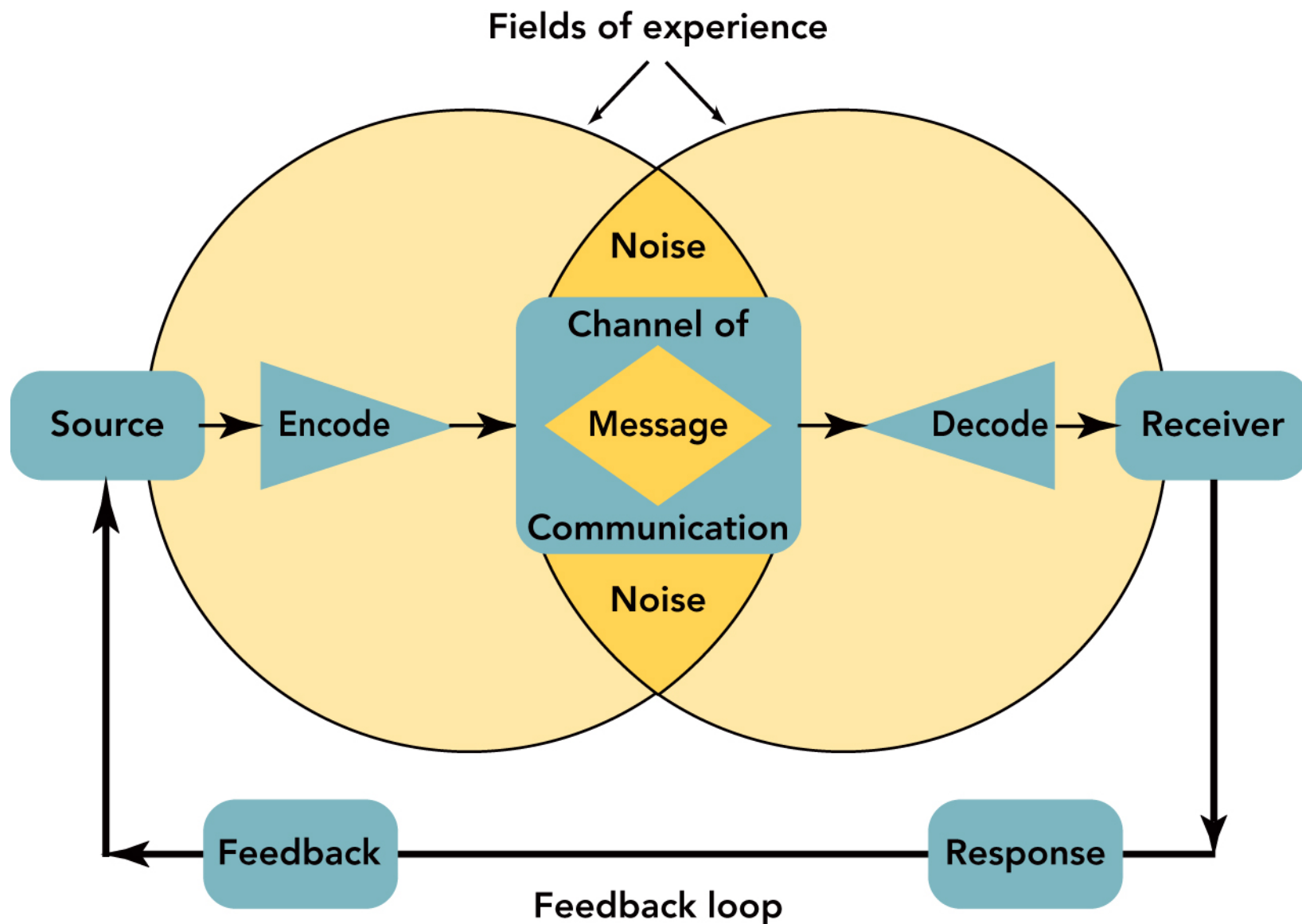
INTEGRATED  
MARKETING  
COMMUNICATIONS  
AND DIRECT  
MARKETING

## ➤ Promotional Mix

- Inform Prospective Buyers
- Persuade Them To Try
- Remind Them of the Benefits

## ➤ Integrated Marketing Communications (IMC)

**FIGURE 17-1** The communication process consists of six key elements

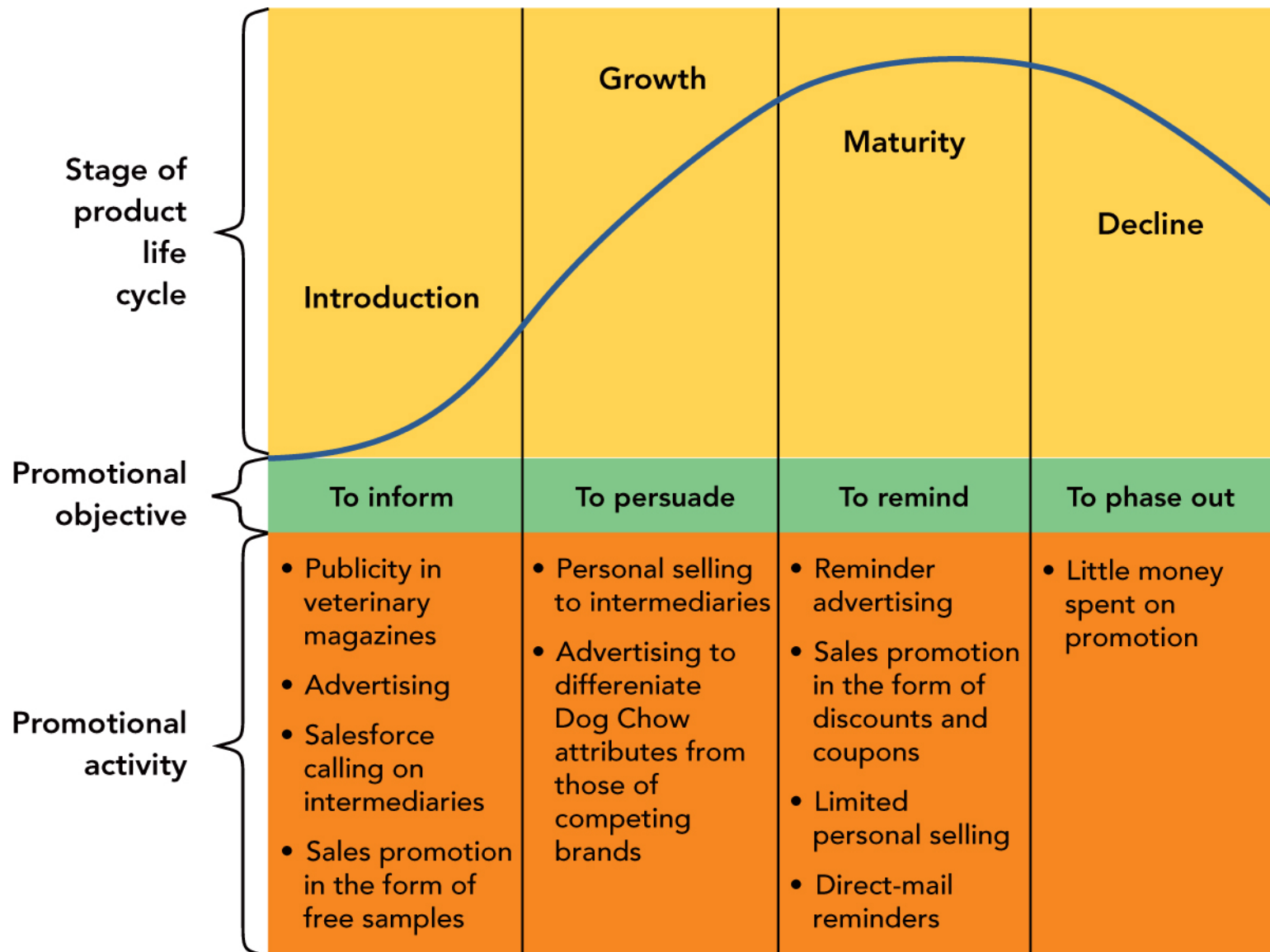


- **Field of Experience**
- **Encoding**
- **Decoding**
- **Noise**
- **Feedback**
- **Response**
- **Feedback Loop**

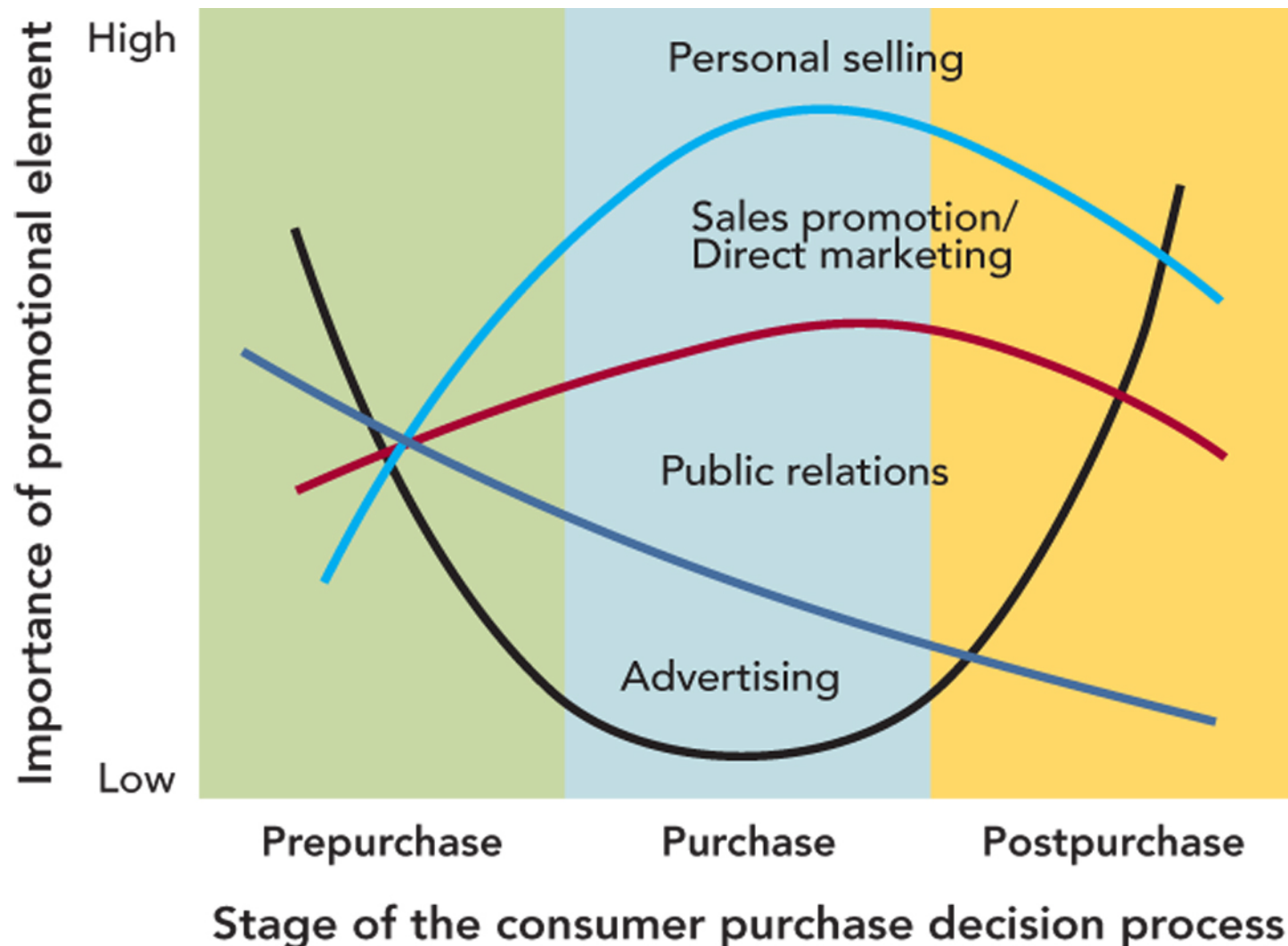
# FIGURE 17-2 The five elements of the promotional mix

| PROMOTIONAL ELEMENT | MASS OR CUSTOMIZED | PAYMENT  | STRENGTHS  | WEAKNESSES  |
|---------------------|--------------------|--|--|---|
| Advertising         | Mass               | Fees paid for space or time                                | <ul style="list-style-type: none"> <li>• Efficient means for reaching large numbers of people</li> </ul>   | <ul style="list-style-type: none"> <li>• High absolute costs</li> <li>• Difficult to receive good feedback</li> </ul>                   |
| Personal selling    | Customized         | Fees paid to salespeople as either salaries or commissions | <ul style="list-style-type: none"> <li>• Immediate feedback</li> <li>• Very persuasive</li> <li>• Can select audience</li> <li>• Can give complex information</li> </ul> | <ul style="list-style-type: none"> <li>• Extremely expensive per exposure</li> <li>• Messages may differ between salespeople</li> </ul> |
| Public relations    | Mass               | No direct payment to media                                 | <ul style="list-style-type: none"> <li>• Often most credible source in the consumer's mind</li> </ul>  | <ul style="list-style-type: none"> <li>• Difficult to get media cooperation</li> </ul>  |
| Sales promotion     | Mass               | Wide range of fees paid, depending on promotion selected   | <ul style="list-style-type: none"> <li>• Effective at changing behavior in short run</li> <li>• Very flexible</li> </ul>   | <ul style="list-style-type: none"> <li>• Easily abused</li> <li>• Can lead to promotion wars</li> <li>• Easily duplicated</li> </ul>    |
| Direct marketing    | Customized         | Cost of communication through mail, telephone, or computer | <ul style="list-style-type: none"> <li>• Messages can be prepared quickly</li> <li>• Facilitates relationship with customer</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Declining customer response</li> <li>• Database management is expensive</li> </ul>             |

# FIGURE 17-3 Promotional tools used over the product life cycle of Purina Dog Chow

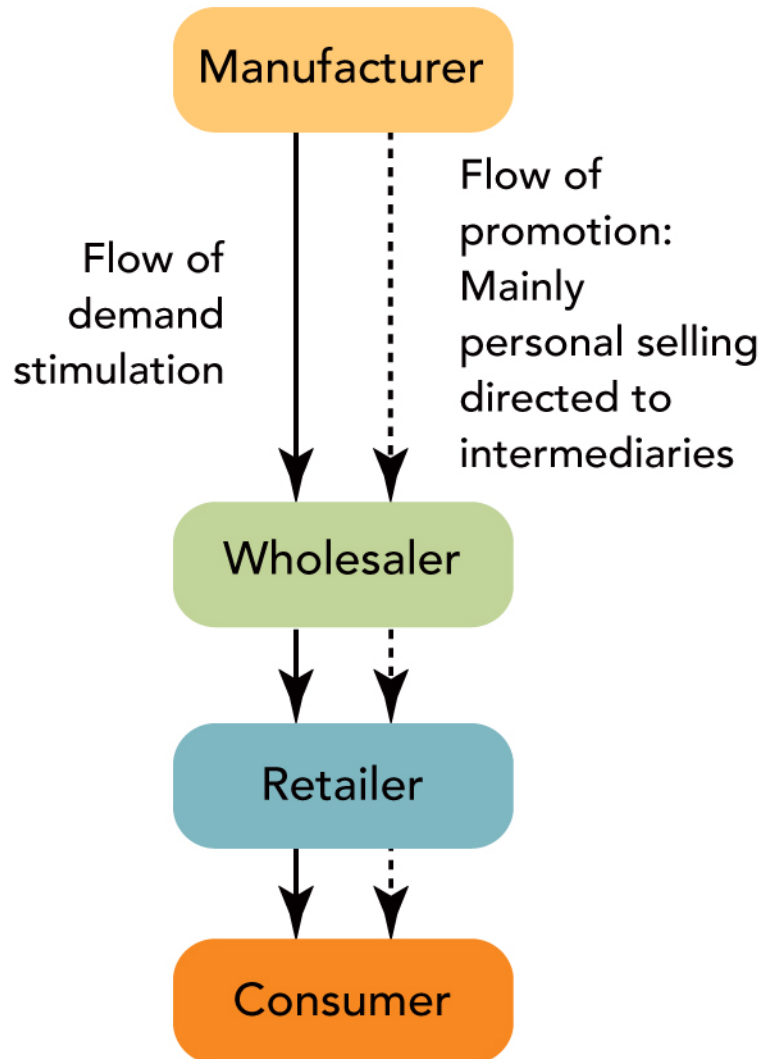


**FIGURE 17-4** How the importance of promotional elements varies during the stages of the consumer purchase decision process

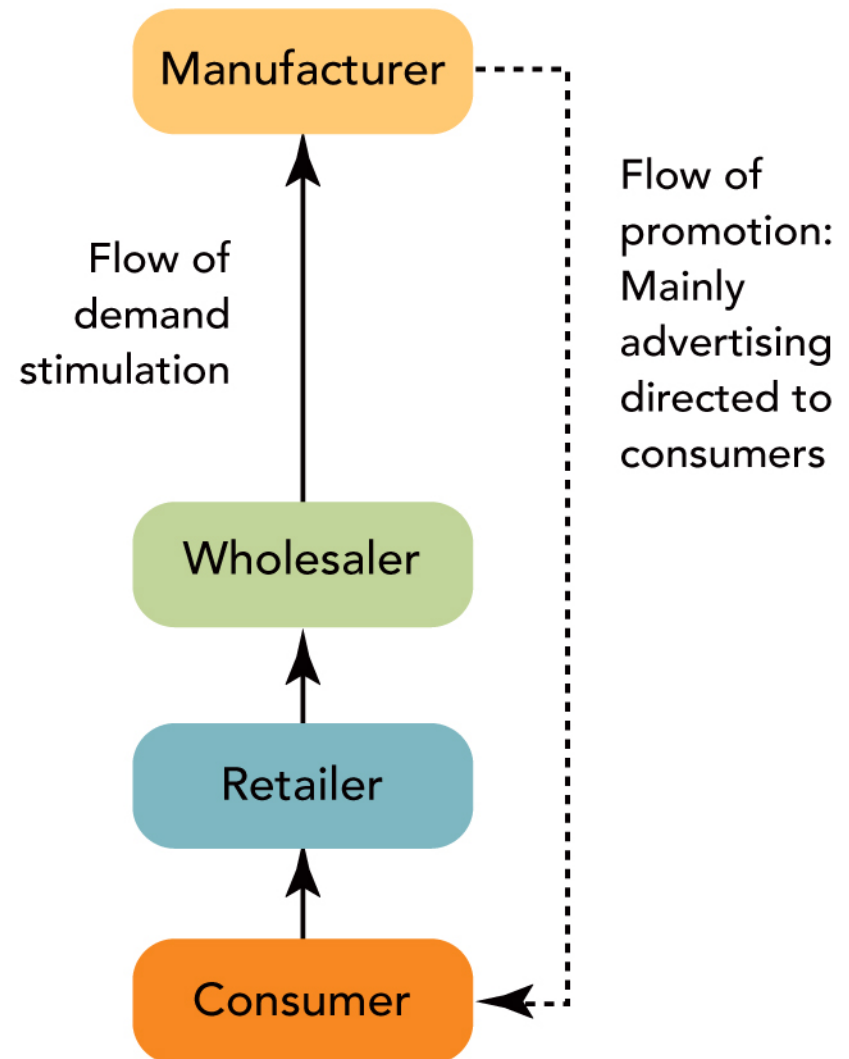


# FIGURE 17-5 A comparison of push and pull promotional strategies

## A. Push strategy

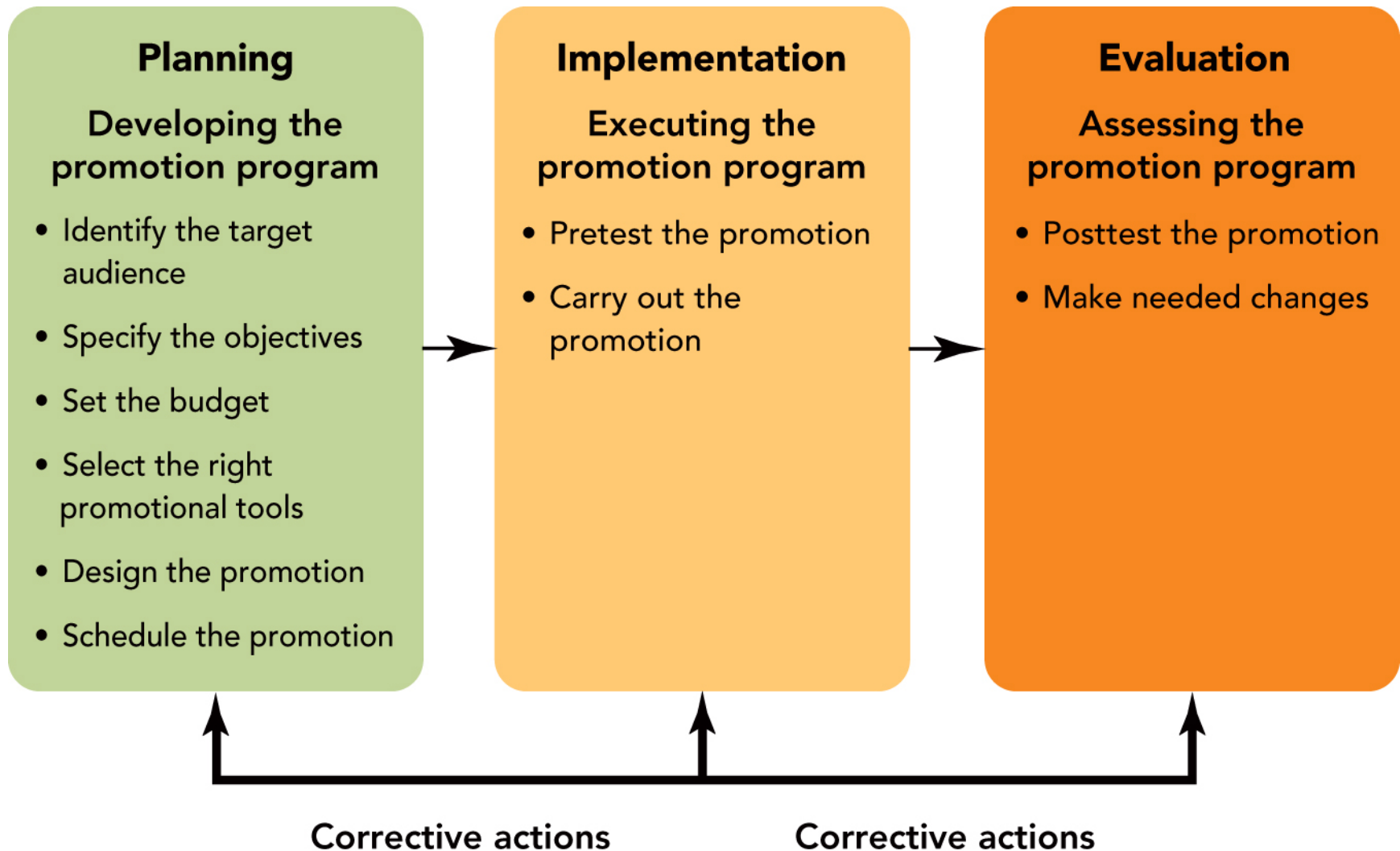


## B. Pull strategy





# FIGURE 17-6 The promotion decision process includes planning, implementation, and evaluation



# DEVELOPING AN IMC PROGRAM

## DEVELOPING THE PROMOTION PROGRAM

### ➤ The Four “W”s:

- ***Who* is the Target Audience?**
- ***What* are the Objectives, Budget, & Tools?**
- ***Where* Should the Promotion Be Run?**
- ***When* Should the Promotion Be Run?**

# DEVELOPING AN IMC PROGRAM

## SETTING THE PROMOTION BUDGET

### ➤ Percentage of Sales Budgeting



### ➤ Competitive Parity Budgeting

- Matching Competitors
- Share of Market

### ➤ All-You-Can-Afford Budgeting

### ➤ Objective and Task Budgeting

## FIGURE 17-7 U.S. promotion expenditures of the top 10 companies

| Rank | Company           | Advertising<br>(\$ Millions) | + | All Other<br>Promotion<br>(\$ Millions) | = | Total<br>(\$ Millions) |
|------|-------------------|------------------------------|---|---|---|------------------------|
| 1    | Proctor & Gamble  | \$3,341                      |   | \$1,274                                 |   | \$4,615                |
| 2    | AT&T              | \$2,115                      |   | \$874                                   |   | \$2,989                |
| 3    | General Motors    | \$2,171                      |   | \$698                                   |   | \$2,869                |
| 4    | Verizon           | \$1,877                      |   | \$574                                   |   | \$2,451                |
| 5    | American Express  | \$621                        |   | \$1,602                                 |   | \$2,223                |
| 6    | Pfizer            | \$1,310                      |   | \$814                                   |   | \$2,124                |
| 7    | Walmart Stores    | \$903                        |   | \$1,152                                 |   | \$2,055                |
| 8    | Time Warner       | \$1,213                      |   | \$831                                   |   | \$2,044                |
| 9    | Johnson & Johnson | \$1,198                      |   | \$829                                   |   | \$2,027                |
| 10   | L'Oréal           | \$1,154                      |   | \$825                                   |   | \$1,979                |

- **Selecting the Right Promotional Tools**

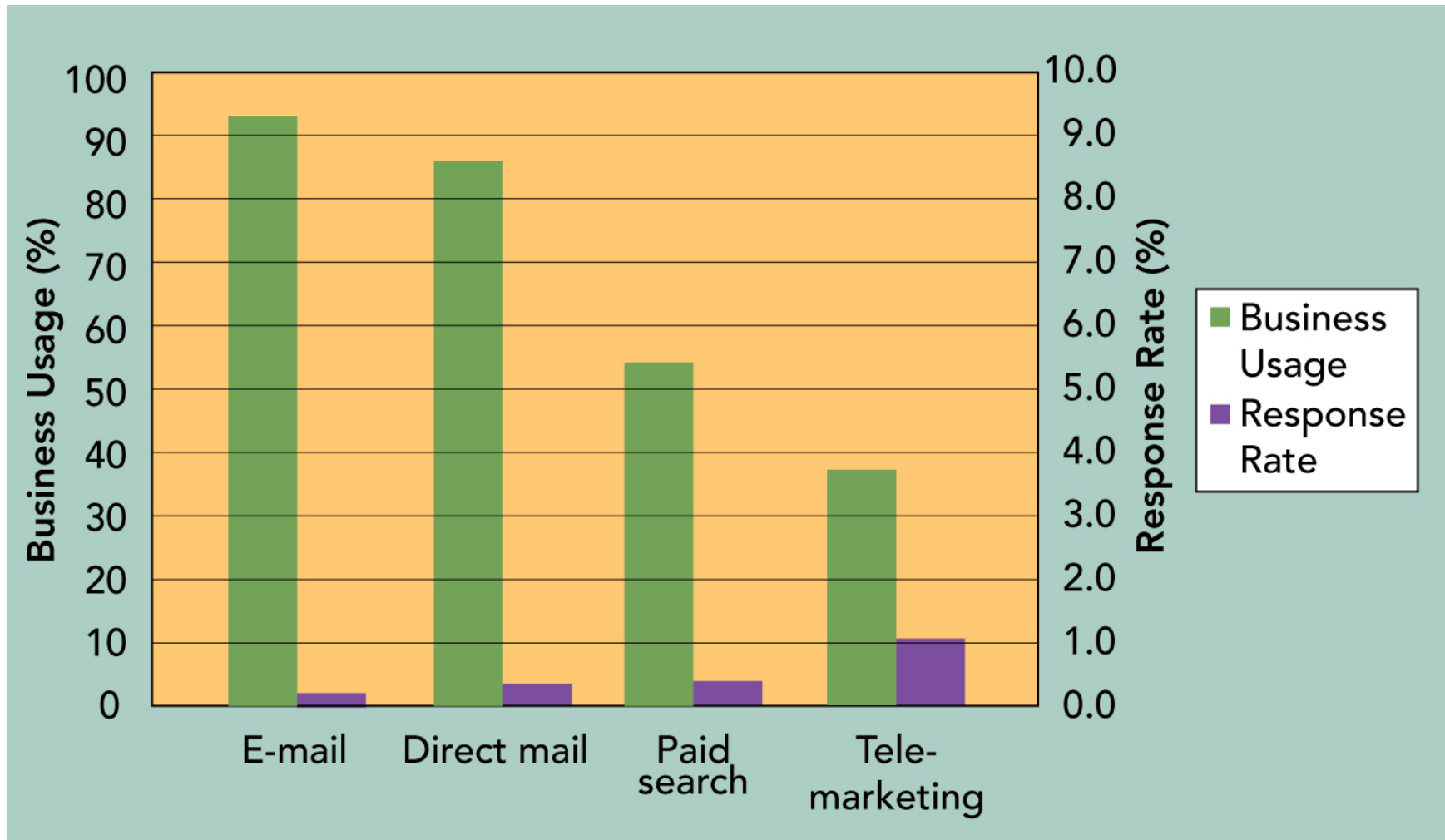


- **Designing the Promotion**

- **Scheduling the Promotion**



**FIGURE 17-8 Business usage and response rates of popular forms of direct marketing**



# MAKING RESPONSIBLE DECISIONS

## What Information Should Be Private”

- **Do-Not-Call**
- **Do Not Mail**
- ***E-Privacy Directive***
- **Do Not Track**



DMA

# VIDEO CASE 17

## MOUNTAIN DEW: USING IMC AND SOCIAL MEDIA TO CREATE AND PROMOTE A NEW FLAVOR





# FIGURE 1 The seven stages of the Dewmocracy 2 campaign

| Stage | Name                                     | Description  |
|-------|--|--|
| 1     | Truck Stop:<br>Taste the Flavors         | In the first stage, trucks traveled to 17 markets in 12 states, giving consumers a chance to sample seven possible new flavors.  |
| 2     | Make Your Voice<br>Heard: Flavor Nations | The top three flavors from Stage 1 were sent to 4,000 loyal Dew consumers. Each participant selected their favorite flavor and joined the corresponding Flavor Nation.   |
| 3     | Shoot Your Shade:<br>Color Selection     | The members of each Flavor Nation selected three colors from an 18-color palette, and then all consumers voted on Facebook to select the best of the nine final colors.  |
| 4     | Name Game:<br>Name the Product           | Flavor Nation members submitted name suggestions and then selected the top three. Dew fans could become followers of their favorite name on Twitter. The winners of the Twitter race were Typhoon, Distortion, and White Out.                                    |
| 5     | Dew Art:<br>Design Your Can              | Mountain Dew asked designers, art schools, and Dew fans to submit labels for each flavor. Fan votes were used to select the top 10 labels, and each Flavor Nation selected the best of the top 10. Dew brand teams then adjusted them to look good on the shelf. |
| 6     | Creative Juices:<br>Advertising          | Advertising agencies, film students, and individuals were asked to submit 12-second commercials on 12second.tv, where fans voted to select the top ads. The winners then prepared 15-second versions to air on television.                                       |
| 7     | Vote in the<br>Flavor Battle             | The three products were introduced in stores and consumers voted for their favorite. The winner was added to the Dew production line!  |

## VIDEO CASE 17

### MOUNTAIN DEW

1. What changes in the environment provided the opportunity for the Dewmocracy approach?

## VIDEO CASE 17

### MOUNTAIN DEW

2. Which of the promotional elements described in Figure 17-2 are used by Mountain Dew in its Dewmocracy 2 campaign?

## VIDEO CASE 17

### MOUNTAIN DEW

3. What are some of the different ways Mountain Dew can assess the success of its campaign?

# Promotional Mix

The **promotional mix** is the combination of one or more communication tools used to: (1) inform prospective buyers about the benefits of the product, (2) persuade them to try it, and (3) remind them later about the benefits they enjoyed by using the product.



# Integrated Marketing Communications (IMC)

**Integrated marketing communications (IMC)** is the concept of designing marketing communications programs that coordinate all promotional activities—advertising, personal selling, sales promotion, public relations, and direct marketing—to provide a consistent message across all audiences.



# Communication

**Communication** is the process of conveying a message to others and that requires six elements: a source, a message, a channel of communication, a receiver, and the processes of encoding and decoding.



# Source

A **source** is a company or person who has information to convey during the communication process.





# Message

A **message** consists of the information sent by a source to a receiver during the communication process.



# Channel of Communication

**A channel of communication** is the means (e.g., a salesperson, advertising media, or public relations tools) of conveying a message to a receiver during the communication process.



# Receivers

**Receivers** consists of consumers who read, hear, or see the message sent by a source during the communication process.



# Encoding

**Encoding** is the process of having the sender transform an idea into a set of symbols during the communication process.



# Decoding

**Decoding** is the process of having the receiver take a set of symbols, the message, and transform them back to an idea during the communication process.



# Field of Experience

**Field of experience** is a mutually shared understanding and knowledge that the a sender and receiver apply to a message so that it can be communicated effectively during the communication process.



# Response

A **response**, in the feedback loop, is the impact the message had on the receiver's knowledge, attitudes, or behaviors during the communication process.



# Feedback

**Feedback**, in the feedback loop, is the sender's interpretation of the response, which indicates whether a message was decoded and understood as intended during the communication process.





# Noise

**Noise** consists of extraneous factors that can work against effective communication by distorting a message or the feedback received during the communication process.



# Advertising

**Advertising** is any paid form of nonpersonal communication about an organization, good, service, or idea by an identified sponsor.



# Personal Selling

**Personal selling** consists of the two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person's or group's purchase decision.



# Public Relations

**Public relations** is a form of communication management that seeks to influence the feelings, opinions, or beliefs held by customers, prospective customers, stockholders, suppliers, employees, and other publics about a company and its products or services.



# Publicity

**Publicity** is a nonpersonal, indirectly paid presentation of an organization, good, or service.



# Sales Promotion

**Sales promotion** is a short-term inducement of value offered to arouse interest in buying a good or service.



# Direct Marketing

**Direct marketing** is a promotion alternative that uses direct communication with consumers to generate a response in the form of an order, a request for further information, or a visit to a retail outlet.



# Push Strategy

A **push strategy** involves directing the promotional mix to channel members to gain their cooperation in ordering and stocking the product.





# Pull Strategy

A **pull strategy** involves directing the promotional mix at ultimate consumers to encourage them to ask the retailer for a product.



# Hierarchy of Effects

The **hierarchy of effects** is the sequence of stages a prospective buyer goes through from initial awareness of a product to eventual action (either trial or adoption of the product). The stages include awareness, interest, evaluation, trial, and adoption.



# Percentage of Sales Budgeting

**Percentage of sales budgeting** involves allocating funds to promotion as a percentage of past or anticipated sales, in terms of either dollars or units sold.



# Competitive Parity Budgeting

## **Competitive parity budgeting**

involves allocating funds to promotion by matching the competitor's absolute level of spending or the proportion per point of market share. Also called *matching competitors* or *share of market*.



# All-You-Can-Afford Budgeting

**All-you-can-afford budgeting** involves allocating funds to promotion only after all other budget items are covered.



# Objective and Task Budgeting

**Objective and task budgeting** involves allocating funds to promotion whereby the company:

- (1) determines its promotion objectives;
- (2) outlines the tasks to accomplish these objectives; and
- (3) determines the promotion cost of performing these tasks.



# Direct Orders

**Direct orders** is the result of direct marketing offers that contain all the information necessary for a prospective buyer to make a decision to purchase and complete the transaction.



# Lead Generation

**Lead generation** is the result of a direct marketing offer designed to generate interest in a product or service and a request for additional information.





# Traffic Generation

**Traffic generation** is the outcome of a direct marketing offer designed to motivate people to visit a business.

