

PART 1: THE IMC FOUNDATION

1

Integrated Marketing Communications

Chapter Objectives

Recognize the critical role communication plays in marketing programs.

Review the nature of the communication process.

Apply a communications model to marketing issues.

Discover the nature of a totally integrated advertising and marketing communications approach.

Expand the concept of integrated marketing communications to the global level.

RON JON SURF SHOP

IMC and Brand-Building Go to the Beach

If there is one common trend in beachside communities, it would be that there are plenty of surfing and swimwear shops located nearby. Most people couldn't tell you the name of any one store, unless they have visited a Ron Jon Surf Shop. Ron Jon is a prime example of how to develop and build strong brand awareness and loyalty in an industry in which mostly small, single-owner stores are located along the shorelines of beaches and lake-towns across the United States.

In the 1960s, surfboard technology was changing. Homemade wooden boards were being replaced with mass-produced fiberglass models. A surfer-dude named Ron DiMenna was frustrated that he could not buy one of these new and improved rides. As a result, he founded the first Ron Jon Surf Shop in New Jersey. In the early days, DiMenna would buy three boards and sell two with a markup that gave him the third board for "free." As time passed, the company grew and additional locations were opened on both the East and West Coast.

The center of the Ron Jon empire is located in Cocoa Beach, Florida. At the Ron Jon Surf Shop near the beach, surfer and beach-lover figures that look like sand sculptures greet customers as they approach. Huge billboards showing images of happy and relaxed swimmers and beautiful beach-people line the top of the building. The store itself covers more than 52,000 square feet. It is filled with an amazing variety of items. Swimsuits, sunglasses, toys, surfboards, towels, shirts, and even beach-themed home decorations are available. There is also a refreshment stand with picnic tables located outside the store for patrons to enjoy. This Ron Jon unit is open 24 hours per day, 365 days per year—just like the beach.

One of the most memorable Ron Jon images is its logo. The company's beach-themed, fun-loving image has led loyal customers to attach Ron Jon decals carrying the

logo practically everywhere, including one near the top of the Eiffel Tower and another aboard the U.S. space station. Many of the products sold in the store also display the logo.

The Ron Jon marketing team effectively utilizes advertising by creating cooperative programs with other companies. In 2003, the Cocoa Beach store celebrated its 40th anniversary. The Chrysler Corporation united with the firm to create a limited edition Ron Jon PT Cruiser. The autos were customized to display Ron Jon decal art on the outside. Inside, numerous items were added, including a Ron Jon sports bag, blankets, license plates, bumper stickers, key chains, and a t-shirt that guaranteed the car owner special bragging rights: Only 1,000 cars were made. One was given away as the grand prize of a local surfing event.

The 40th anniversary celebration also featured a contest in which Ron Jon memorabilia were solicited. Entrants sent in old photos, news articles, postcards, and personal stories. Each item gave the person a chance at a gift certificate for Ron Jon merchandise.

Ron Jon sponsors events that tie in with the company's primary business. This includes a natural alliance with professional surfing contests and other beachwear manufacturers, such as Billabong. In the early 2000s, one contest, called the "Rip Curl Trip Giveaway," was held in Southern California. The event featured free prizes for those who attended, including a drawing for a trip for two to view another professional surfing contest at Sunset Beach in Hawaii. The Rip Curl event included a radio remote for the general public, an autograph-signing session with professional surfers, and a chance to be one of 200 special guests at a VIP party featuring world championship surfer C. J. Hobgood and his Rusty Team Riders.

Awareness of Ron Jon presence has grown through innovative marketing programs. At one point, Ron Jon Surf Shop were featured in a MasterCard commercial. Now,





Ron Jon is expanding to reach international customers. The company has received in-store visits from people all around the world. Part of the reason, according to vice president for corporate development Bill Bieberbach, is that international customers prefer name-brand items. Ron Jon is a powerful brand that reaches beach lovers in other countries.

In this decade, Ron Jon has expanded into land-based sports. In the mid-2000s, the company sponsored an "End of Summer Skateboard Contest" in Florida. Skateboarders competed for cash prizes and merchandise. Pepsi was a co-sponsor of the event. Later, the two companies also held autograph sessions with Globe Pro Skateboarding. These events

were aimed at new, young customers who enjoy skateboarding as much as surfing.¹

The future of Ron Jon Surf Shops remains bright. The overall theme of fun, relaxation, and enjoyment makes the Ron Jon brand a major force in what is often a no-name marketplace.

overview

The global marketplace consists of a complex set of competitors battling for customers in a rapidly changing environment. New companies are formed on a daily basis. Small businesses, Internet-based operations, and global conglomerates that have expanded through takeovers and mergers are all part of a worldwide marketing environment.

A wide variety of media beckon the leaders of these companies to spend advertising and marketing dollars. Marketing methods range from approaches as simple as stand-alone billboard advertisements to complex multilingual global Web sites. The number of ways to reach potential customers continually increases.

In the face of these sophisticated and cluttered market conditions, firms try to be heard. Marketing experts know that a company's communications must speak with a clear voice. Customers need to understand the essence of a business and the benefits that will come from using that firm's goods and services. With so many advertising and promotional venues available, and so many companies bombarding potential customers with messages, the task is challenging.

Two trends have emerged in this turbulent new marketing context. First, *accountability* is the primary focus. Advertising agencies are expected to produce tangible results. The company leaders who hire advertising agencies recognize that they cannot spend unlimited dollars on marketing programs. The funds must be spent wisely. A coupon program, contest, rebate program, or advertising campaign must yield measurable gains in sales, brand awareness, or customer loyalty to be considered successful.

The push for accountability is being driven by chief executive officers (CEOs), chief financial officers (CFOs), and boards of directors. Both large and small companies need visible, measurable results from marketing expenditures. According to Martyn Straw, chief strategy officer of the advertising agency BBDO Worldwide, corporate executives and business owners are tired of "funneling cash into TV commercials and glossy ads" that keep increasing in cost and seem to do less and less. As a result, companies like DaimlerChrysler are less likely to rely on 30-second television spots. Instead, communication venues (such as the Internet) and events where names, profiles, and addresses of prospective car buyers can be collected and tracked are utilized. Straw believes that

“marketing has gone from being a cost or expense to an investment.” Promotional dollars must add value as they generate new sales and higher profits.²

The second new trend in advertising is tied to the first. There have been major changes in the *tasks performed* by all of the key players in advertising programs. The first person who faces a new type of job is the account executive. The *account executive* is the person in an advertising agency who directs and oversees advertising and promotional programs for client companies. The strong demand for accountability has put the advertising or marketing account manager on the hot seat. He or she must respond to the scrutiny placed on each marketing campaign. This increased responsibility has changed the account executive's day-to-day activities. In the past, an account executive mainly served as a liaison between the people who prepared commercials and client companies. Now, the account manager is involved in developing overall strategic communication plans while, at the same time, trying to make sure each individual promotional activity achieves tangible results.

Another person facing greater accountability is the brand or product manager. The *brand manager* is the individual who manages a specific brand or line of products for the client company. When sales of a brand slow down, the brand manager looks for ways to boost them. The brand manager must work diligently with the advertising agency, the trade promotion specialist, the consumer promotion specialist, and any other individual or agency involved in conveying that brand image to customers. The brand manager must be a master at organizing the activities of many individuals while integrating each marketing campaign. Every promotional effort is coordinated so that each message about the brand speaks with the same voice.

A third set of individuals facing new responsibilities are creatives. *Creatives* are the people who develop the actual advertising and promotional campaigns. Although most creatives are employed by advertising agencies, some work for individual companies. Others are freelancers. In this new era where attracting attention to a company, good, or service is so difficult, creatives are being asked to perform additional functions. They are now often required to contribute ideas about the strategic marketing direction of the firm while developing individual advertisements. Creatives are also held accountable, along with account executives, for the effectiveness of an advertising campaign.

As a result, a new partnership among account executives, brand managers, and creatives has emerged. Most advertising and marketing agencies are expected to do more than create ads. They are assigned the task of helping a client company develop a totally integrated communications program. This trend toward a more integrated approach to advertising and communication will continue.

This textbook is devoted to explaining marketing communications from the strategic perspective of the decision makers both inside and outside the firm. Various topics are viewed from the vantage points of the key individuals involved, including account managers, brand managers, creatives, media buyers, and the Web master.

This chapter explains the nature of an integrated advertising and marketing communications program. First, communication processes are described. Understanding how communication works helps build the foundation for the rest of an integrated marketing program. Next, a totally integrated marketing communications program is described. Finally, the integrated marketing communications process is applied to global or international operations, generating the term *GIMC*, or globally integrated marketing communications.

COMMUNICATION AND IMC PROGRAMS

Communication can be defined as transmitting, receiving, and processing information. When a person, group, or organization attempts to transfer an idea or message, communication occurs when the receiver (another person or group) is able to comprehend the

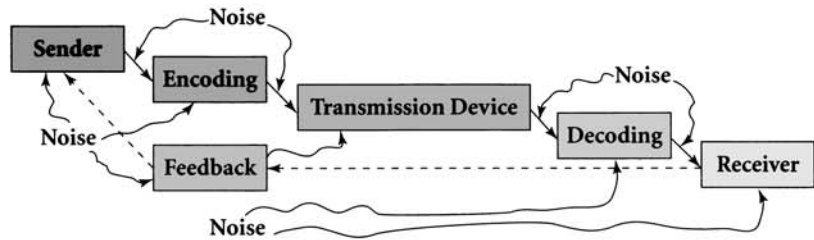


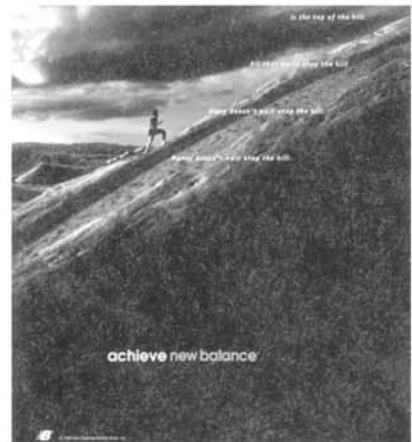
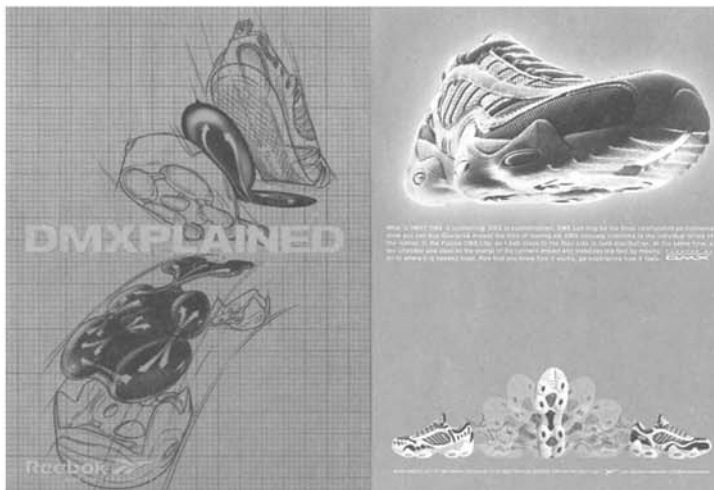
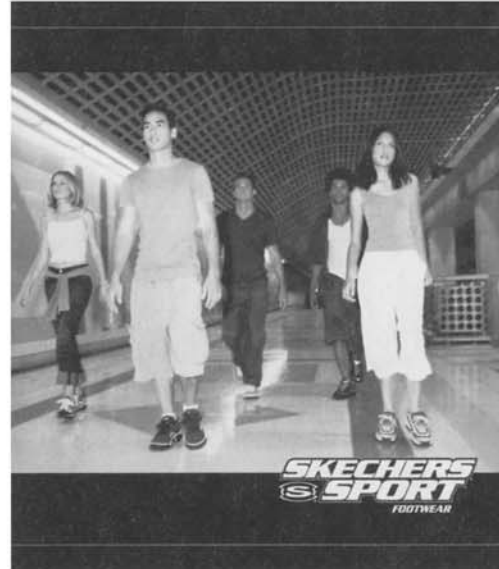
FIGURE 1.1
The Communication Process

information. The model of communication shown in Figure 1.1 suggests that communication takes place when the message that was sent reaches its destination in a form that is understood by the intended audience.³

The communication process is part of any advertising or marketing program. For example, think about a person who plans to buy a new pair of athletic shoes. Using the communications model displayed in Figure 1.1, the **senders** are companies that manufacture and sell shoes. New Balance, ASICS, Reebok, and Skechers all try to gain the customer's attention. Most of these firms hire advertising agencies to construct messages. In other situations, the firm may have its own in-house marketing group.

Various advertisements for shoes.

Source: Courtesy of New Balance Athletic Shoes Inc. Photograph by Paul Wakefield; ASICS Tiger Corporation; Reebok International; Skechers USA Inc.



Encoding the message is the second step in the communications process. A creative takes the idea and transforms it into attention-getting advertisements designed for various media (television, radio, magazines, and others). The athletic shoe advertisements that are shown in this section are examples of encoding.

Messages travel to audiences through various **transmission devices**. The third stage of the marketing communication process occurs when a channel or medium delivers the message. The channel may be a television carrying an advertisement, a billboard, a Sunday paper with a coupon placed in it, or a letter to the purchasing agent of a large retail store. The shoe ads displayed in this section were transmitted through various magazines.

Decoding occurs when the message reaches one or more of the receiver's senses. Consumers both hear and see television ads. Others consumers handle (touch) and read (see) a coupon offer. It is even possible to "smell" a message. A well-placed perfume sample may entice a buyer to purchase both the magazine containing the sample and the perfume being advertised. People who are interested in purchasing athletic shoes pay closer attention to advertisements and other information about shoes. Study the athletic shoe advertisements shown in this section. Then, answer the following questions:

1. Which advertisement most dramatically attracted your attention? Why?
2. Which advertisement is the least appealing? Why?
3. How important is the brand name in each ad? Why?
4. What is the major message of each individual advertisement?
5. What makes each advertisement effective or ineffective?
6. Discuss your thoughts about each advertisement with other students.

When students discuss the advertisements, they sometimes discover that the same advertisement has been interpreted differently by other members of the group. In other words, the message is not being decoded in the same way. Quality marketing communication occurs when customers (the **receivers**) decode or understand the message as it was intended by the sender. In the case of the shoe ads, effective marketing communications depends upon receivers getting the right message and responding in the desired fashion (such as shopping, buying, or telling their friends about the shoes).

Examine the Web sites of the four athletic shoe companies featured in the advertisements.

- ▶ Reebok (www.rbk.com)
- ▶ ASICS (www.asics.com)
- ▶ New Balance (www.newbalance.com)
- ▶ Skechers (www.skechers.com)

The sites provide additional insights about the messages these companies are trying to send. Compare the materials on the Web sites to the shoe advertisements shown here. You should be able to see how the two messages were designed to go together. If they do not, the IMC program is not completely developed or fully integrated.

One obstacle that prevents marketing messages from being efficient and effective is called **noise**. Noise is anything that distorts or disrupts a message. It can occur at any stage in the communication process, as displayed in Figure 1.1. Examples of noise are provided in Figure 1.2.

The most common form of noise affecting marketing communications is **clutter**. Modern consumers are exposed to hundreds of marketing messages each day. Most are tuned out. Clutter includes:

- ▶ Eight minutes of commercials per half hour of television and radio programs
- ▶ A Sunday newspaper jammed with advertising supplements
- ▶ An endless barrage of billboards on a major street
- ▶ The inside of a bus or subway car papered with ads
- ▶ Web sites and servers loaded with commercials

- ▶ The viewer is talking on the phone.
- ▶ The viewer is getting something to eat during the ad.
- ▶ The viewer of the ad dislikes or is offended by the nature of the ad.
- ▶ The ad is placed on a TV show that is seldom watched by the producer's target audience.
- ▶ The advertisement is placed next to an ad by a competitor.
- ▶ The creative designed an ad that the target audience did not get.
- ▶ The person in the ad overpowers the message.
- ▶ The producer of the ad changed the background of the ad from what the creative wanted.



FIGURE 1.2
Communication Noise
in Television Advertising

The final component of the communication process is **feedback**. It takes the forms of purchases, inquiries, complaints, questions, visits to the store, and hits on a Web site. Each indicates that the message has reached the receiver and that the receiver is now responding.

Account managers, creatives, brand managers, and others involved in the marketing process should pay attention to every part of the communications model. They should make sure that the proper audiences receive the messages. The message also must cut through all of the noise and clutter. In the case of athletic shoes, increases in market share, sales, and brand loyalty are common outcomes the marketing team tries to achieve.

Remember, however, that communicating with consumers and other businesses requires more than simply creating attractive advertisements. In the next section, the nature of a fully developed integrated marketing communications program is described. An effective IMC process integrates numerous marketing activities into a single package. This makes it possible for companies to reach target markets and other audiences more effectively.

INTEGRATED MARKETING COMMUNICATIONS

An integrated marketing communications program can be built on the foundation provided by the communications model. Some marketing scholars argue that the integrated marketing communications (IMC) approach is a recent phenomenon. Others suggest the name is new, but the concept has been around for a long time. They note that the value of effectively coordinating all marketing functions and promotional activities has been mentioned in marketing literature for many years.⁴

Although IMC programs have been described in several ways, the consensus is to define them as follows: **Integrated marketing communications (IMC)** is the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. This integration affects all of a firm's business-to-business, marketing channel, customer-focused, and internally directed communications.

Before further examining the IMC concept, first consider the traditional framework of marketing from which it originated. The **marketing mix** is the starting point. As shown in Figure 1.3, promotion is one of the four components of the mix. For years the traditional view was that promotional activities included advertising, sales promotions, and personal selling activities. Sales promotions actually includes both sales and trade promotions, with sales promotions aimed at end users or consumers of goods and services, and trade promotions directed toward distributors and retailers. This traditional



FIGURE 1.3
The Components of Promotion

view has changed some, due to the accountability issue that was discussed earlier in this chapter. The need to integrate all promotional efforts has expanded beyond the three traditional elements of advertising, sales promotions, and personal selling. Now, promotion also includes activities such as database marketing, direct marketing, sponsorship marketing, Internet marketing, and public relations.

A complete IMC plan incorporates every element of the marketing mix: products, prices, distribution methods, and promotions. This textbook primarily deals with the promotions component. Keep in mind, however, that to present a unified message the other three elements of the marketing mix must be blended into the program.

AN INTEGRATED MARKETING COMMUNICATIONS PLAN

Integrated marketing is based on a master marketing plan. This plan should coordinate efforts in all components of the marketing mix. The purpose of the marketing plan is to achieve harmony in relaying messages to customers and other publics. The same plan integrates all promotional efforts. The idea is to keep the company's total communication program in synch.

Figure 1.4 lists the steps required to complete a marketing plan. The first step is a *situational analysis*, which is the process of examining factors from the organization's internal and external environments. The analysis identifies marketing problems and opportunities present in the external environment as well as internal company strengths and weaknesses.

When the situation is fully understood, the second step is to define primary *marketing objectives*. These objectives normally include targets such as higher sales, an increase in market share, a new competitive position, or desired customer actions, such as visiting the store and making a purchase.

Based on the marketing objectives, a *marketing budget* is prepared and *marketing strategies* are finalized. Marketing strategies apply to all the ingredients of the marketing mix plus any positioning, differentiation, or branding strategies the marketing team wishes to add.

- Situation analysis
- Marketing objectives
- Marketing budget
- Marketing strategies
- Marketing tactics
- Evaluation of performance

FIGURE 1.4
The Marketing Plan

ETHICAL ISSUES

Ethics, Morals, and IMC

Morals are beliefs or principles that individuals hold concerning what is right and what is wrong. *Ethics* are moral principles that serve as guidelines for both individuals and organizations. Marketing and marketing communications activities are affected by ethical and moral concerns. In each chapter of this textbook, ethical issues are described. At the most general level, several major ethical concerns and criticisms have arisen. They include:

1. Marketing causes people to buy more than they can afford.
2. Marketing overemphasizes materialism.
3. Marketing increases the costs of goods and services.
4. Advertising perpetuates stereotyping of males, females, and minority groups.
5. Marketers too often create advertisements that are offensive.
6. Advertisements often make bad habits (such as smoking) seem attractive.
7. Marketers use unfair tactics (such as bait and switch programs).
8. Too many advertisements are deceptive or misleading.
9. Advertising to children is unethical.
10. Salespeople use too many deceptive practices.

While reading about the nature of integrated marketing communications, consider these and other ethical issues. The time to start thinking about the ethical and moral basis of a career in marketing is now.

From these strategies, *marketing tactics* guide the day-by-day activities necessary to support marketing strategies. The final step in the marketing plan is stating how to *evaluate performance*.

These six steps of the marketing plan are similar to those used in creating management strategies. Both are designed to integrate all company activities into one consistent effort. Also, both provide guidance to company leaders and marketing experts as they try to ensure that the firm's total communications package is fully integrated. Once the marketing plan has been established, the firm can prepare its integrated marketing communications program.

IMC COMPONENTS

Figure 1.5 presents an overview of the IMC approach that will be used in this textbook and presented in subsequent chapters. A brief description of each aspect follows. As shown, the foundation of an IMC program consists of a careful review of the company's image, the buyers to be served, and the markets in which the buyers are located.

Advertising programs are then built on this foundation, as are the other elements of the promotional mix. Finally, the integration tools located at the peak of the pyramid help the company's marketing team make certain that the elements of the plan are consistent and effective.

The Foundation

The first section of this text builds the foundation for the rest of an IMC program. Chapter 2 describes the corporate image and brand management elements. Strengthening the firm's image and brands answers the key questions, "Who are we and what message are we trying to send?" From there it is possible to identify target markets.

Chapter 3 describes buyer behaviors. The steps of the consumer purchasing process can be used to explain how individuals make choices. Marketers identify which motives lead to purchase decisions and which factors affect those decisions. Then, the IMC program