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Chapter 2
Integrated Brand Communication

◆*CHAPTER CONTENT*

CHAPTER KEY POINTS

1. How is marketing defined, what is the marketing process, and what are marketing's key concepts?
2. How does marketing communication contribute to the development of a brand?
3. What is integrated marketing communication and what are its key concepts?
4. How is brand communication evolving during this time of change?

CHAPTER OVERVIEW

This chapter opens with an explanation of the fundamental principles of marketing. It begins with the concept of exchange, and continues with a discussion of marketing's key players, the most common types of markets, services marketing, the marketing concept, and development of a marketing plan. Strategic elements of market planning, including the marketing mix, differentiation, competition advantage, and positioning are also detailed. Next, the various components of branding strategy are explored, with an emphasis on the role of marketing communication in building strong, viable brands. The difference between advertising and integrated marketing communications (IMC) is explained, the practical challenges of IMC implementation within an organization are discussed, and four of the principles that guide effective implementation of IMC are listed. Throughout the chapter, the importance of monitoring all marketing elements to ensure a singular, unified message is reiterated. The chapter closes with a discussion of the ways in which the practice of marketing is changing.

CHAPTER OUTLINE

WHAT IS MARKETING?

- Marketing is designed to build brand and customer relationships that generate sales and profits or, in the case of nonprofits, memberships, volunteers and donations. In spite of these economically turbulent times, most of the basic marketing principles remain viable.

Why Marketing 101?

- Marketing is the way a product is designed, tested, produced, branded, packaged, priced, distributed, and promoted. The American Marketing Association (AMA) defines it as "the activity, set of institutions, and processes for creating,

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communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

- Traditionally, the objective of most marketing programs has been to sell products, which we define as *goods, services, or ideas*. This is accomplished by matching a product's availability and the company's production capabilities to the consumer's need, desire, or demand for the product.

- Goods and services are identified in terms of their **product category,** the classification to which the product is assigned. Marketing managers manipulate the **marketing mix,** also called the **4Ps,** which refers to *product, price, promotion, and place*.

The Concept of Exchange

- Marketing helps to create demand for a product leading to an **exchange,** that is, the act of trading something of value for a desired product. Demand, however, drives exchange. In addition to economic exchange, marketing also facilitates *communication exchange.* Marketing provides both information and the opportunity for customer-company interaction.

<u>Who Are the Key Players?</u>

The marketing industry is a complex network of professionals. The four categories of key players include 1) marketers, 2) suppliers and vendors, 3) distributors and retailers, and 4) marketing partners, such as advertising agencies.

- The **marketer**, also referred to as the advertiser or the client, is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. The *Day in the Life* feature in this chapter describes the job of a marketing communications manager.

- The materials and ingredients used in producing the product are obtained from other companies, referred to as *suppliers* or *vendors.* The phrase **supply chain** is used to refer to this complex network of suppliers whose product components and ingredients are sold to manufacturers.

- The **distribution chain** or **distribution channel** refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyers. Suppliers and distributors are also partners in the communication process.

- Marketing relationships also involve cooperative programs and alliances between two companies that work together as *marketing partners* to create products and promotions.

<u>What Are the Most Common Types of Markets?</u>

- The word **market** originally meant the place where the exchange between seller and buyer took place. Today, we speak of a market not only as a place but also as

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a particular type of buyer — for example, the youth market or the motorcycle market. The phrase **share of market** refers to the percentage of the total market in a product category that buys a particular brand.

- As Figure 2.1 shows, the four main types of markets are 1) consumer, 2) business-to-business (or industrial), 3) institutional, and 4) channel. We can further divide each of these markets by size or geography.

  - ***Consumer markets*** consist of people who buy products and services for personal or household use. As a student, you are considered a member of the consumer market for companies that sell jeans, athletic shoes, sweatshirts, pizza, music, textbooks, backpacks, computers, education, checking accounts, bicycles, travel, and vacations, along with a multitude of other products that you buy at drug and grocery stores, which the marketing industry refers to as **packaged goods.**

  - ***Business-to-business markets*** consist of companies that buy products or services to use in their own businesses or in making other products. Advertising in this category tends to be heavier on factual content, but can also be beautifully designed.

  - ***Institutional markets*** include a wide variety of profit and nonprofit organizations, such as hospitals, government agencies, and schools that provide goods and services for the benefit of society. Ads for this category are very similar to business-to-business ads in that they are heavy on copy and light on visuals and emotional appeals.

  - ***Channel markets*** include members of the distribution chain, which is made up of businesses that we call resellers or intermediaries. **Channel marketing,** the process of targeting a specific campaign to members of the distribution channel, has become more important now that manufacturers consider their distributors to be partners in their marketing programs. As giant retailers, particularly Wal-Mart, become more powerful, they can dictate to manufacturers what products their customers want to buy and how much they are willing to pay for them.

- Businesses spend most of their advertising dollars on consumer markets, although business-to-business advertising is becoming almost as important.

Why Is Services Marketing Important?

- Services are the dominant part of the economy in most developed countries. Marketing a service-based business is different in a number of ways from marketing goods because the product is intangible.

- Many goods manufacturers also offer a service, such as technical advice and set-up, parts and repair, financing, and so forth. Also, most companies have **customer**

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service operations that provide follow-up services for their products, answer questions, and deal with complaints.

- An important principle to remember is: *In many economies, services marketing, which is intangible and creates a more personal relationship with the customer, dominates goods marketing.*

- Other differences between a good and a service include the relationship between the provider of the service and the customer and the delivery process involved.

How Does the Marketing Process Work?

- The primary goal of the marketing process is to create and execute a *marketing plan*, which is a document that proposes strategies for using marketing elements to achieve marketing objectives. The process of creating a marketing plan and managing its execution begins with the marketing research, which helps marketers make a set of key strategic and tactical decisions that guide deployment of the marketing mix. Its steps are outlined below:

  - ***Step 1:*** *Research* the consumer market and the competitive marketplace and develop a situation analysis or a SWOT analysis (strengths, weaknesses, opportunities, threats).
  - ***Step 2:*** Set *objectives* for the marketing effort.
  - ***Step 3:*** Assess consumer needs and wants relative to the product; *segment* the market into groups that are likely to respond; *target* specific markets.
  - ***Step 4:*** *Differentiate and position* the product relative to the competition.
  - ***Step 5:*** Develop the *marketing mix strategy*: select product design and performance criteria, pricing, distribution, and marketing communication.
  - ***Step 6:*** Execute the strategies.
  - ***Step 7:*** *Evaluate* the effectiveness of the strategy.

What Key Concepts Drive Marketing Practices?

- Historically, marketers developed a product and then tried to find a market for it. This is referred to as a **product-driven philosophy.** However, the **marketing concept** has turned the attention of marketers toward consumer needs and wants and has moved marketing closer to a **customer-focused philosophy** rather than one based on production.

<u>Focus on Consumers</u>

- The **marketing concept** says marketing should focus first on identifying the needs and wants of the customer, rather than on finding ways to sell products that may or may not meet customers' needs. The marketing concept involves two steps: 1) determine through research what the customer needs and wants, and 2) develop, manufacture, market, and service goods that fill those needs and wants, that is, create solutions for customer problems.

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- An important principle to remember is: *Customer-focused marketing is designed to address consumer needs and wants.*

- Marketing communication can be designed to acquire consumer feedback that leads to insights into consumer decision making. This information then feeds back into marketing plans, where it can stimulate **new product development** that is better designed to more effectively and efficiently meet customer needs.

- In advertising, the difference between a product and a consumer focus lies in the orientation of the ad. Ideally, the ad will address both by interpreting product features in terms of consumer benefits. The United Airlines ad in Exhibit 2.8 provides an example of this.

- We often use the words *consumer* and *customer* interchangeably, but there are some differences in meaning. **Consumer** is a general term for people who buy and use products and services. The word **customer,** however, refers to someone who has purchased a specific brand or visited a specific retailer. By virtue of those actions, these people can be said to have a relationship with a brand or a store.

Differentiation, Competitive Advantage, and Positioning

- Marketing experts often point to the importance of **differentiation** as a selling strategy. They recommend strategies that are informed by consumers, but led by fundamental marketing decisions that make the brand stand out as different from its competition, a process known as positioning.

- How a brand is different and superior in some way is called a **competitive advantage.** This concept is referred to in marketing strategy as **product differentiation.** The point of difference is seen in the way the product is positioned relative to its competitors.

- **Positioning** refers to how consumers view and compare competitive brands or types of products. A product can be differentiated and therefore positioned in a variety of ways. Positioning is discussed later in this chapter, and also in Chapter 7.

Added Value

- **Added value** refers to a marketing communication activity that makes the product more valuable, useful, or appealing to the consumer. Added value is the reason consumers are willing to pay more for one brand over its competition. Advertising and other marketing communication not only showcase the product's value but also may add value by making the product appear more desirable. Providing news and useful information of interest to consumers is another way that advertising adds value, as the example in Exhibit 2.9 illustrates.

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- Other aspects of marketing strategy can add value, such as convenience, a lower price, useful features, or higher quality. Ensuring the product's utility and convenience is one of the tasks of customer-oriented marketing and the point of many advertisements.

What Is the Marketing Mix?
The traditional marketing mix, also called the 4Ps, include four main elements: product, price, distribution, and communication. All four elements are equal in importance, and to a marketing manager, marketing communication is just one part of the marketing mix. The importance of marketing communication relative to the other three Ps differs by product category and sometimes even by brand. A list in the textbook explains the components of the marketing mix.

<u>Product</u>

- The product is the focal point of the 4Ps. Design, performance, and quality are key elements of a product's success. The goals of marketing communication are to build awareness of the new brand, explain how the product works, and how it differs from competitors. However, product performance sends the loudest message about the product or brand and determines whether or not the product is purchased again or if the buyer recommends it to others. The idea is that if the product is well engineered and its manufacturer maintains a high standard of quality, then the brand will last and perform at a high level.

<u>Pricing</u>

- The **price** a seller sets for his product is not only based on the cost of making and marketing the product, but also on the seller's expected margin of profit. The price of a product is based upon what the market will bear, the competition, the economic well-being of the consumer, the relative value of the product, and the consumer's ability to gauge the value, which is referred to as *price/value proposition*.

- Price sends a message, and advertising is often the primary vehicle for telling the consumer about price. A number of pricing strategies can affect how the price is communicated or signaled in advertising. These strategies include *value pricing, promotional pricing, and prestige pricing.*

- Some prices are relatively standard, such as those at movie theaters. In contrast, *promotional pricing* is used to communicate a dramatic or temporary price reduction through terms such as *sale, special, and today only. Psychological pricing* strategies use marketing communication to manipulate the customer's judgment of value. In fact, the meaning of the price is often dependent upon the context provided by the marketing communication, which puts the price in perspective.

- The term p**rice copy** means advertising copy devoted primarily to telling the consumer about the price.

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<u>Place (Distribution)</u>

- Distribution includes the channels used to make the product easily accessible to its customers. The common strategy of distributing a product through one or more distributor and retailer is called *channel marketing.* Because the choice of a distribution channel also sends messages, marketing managers consider a variety of channels when selecting channel members.

- **Direct marketing** companies distribute their products directly to a consumer without the use of a reseller. "Clicks or bricks" is a phrase used to describe whether a product is sold online or in a traditional store. This is a new question that the Internet has raised for marketers.

- A **push strategy** directs marketing efforts toward resellers, and success depends on the ability of these intermediaries to market the product, which they often do with their own advertising. In contrast, a **pull strategy** directs marketing efforts toward the consumer and attempts to pull the product through the channel by intensifying consumer demand.

<u>Marketing Communication</u>

The last of the 4Ps is *promotion,* or what we call **marketing communication (marcom).** It includes advertising, public relations, sales promotion, direct marketing, events and sponsorships, point of sale, digital media, and the communication aspects of packaging, as well as personal sales and new forms of online and place-based communication that have emerged recently.

- The first principle of IMC is that *everything communicates.* That can be rephrased to say that *everything in the marketing mix can send a message* or *everything a brand does, and sometimes what it doesn't do, can send a message.* Because unintentional messages can come from brand messages, it is necessary to monitor all marketing elements from a communication perspective.

- An important principle to remember is: *Every part of the marketing mix, not just marketing communication, sends a message.*

- **Personal selling** relies upon face-to-face contact between the marketer and a prospective customer, rather than contact through the media. In contrast to most advertising, whose effects are often delayed, marketers use personal selling to create immediate sales to people who are shopping for a product. Field sales, retail sales, and door-to-door selling are different components of this profession.

- **Lead generation** is a common objective for trade promotion and advertising. Marketing communication works as a partner with sales programs to develop **leads**, the identification of potential customers or **prospects**.

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WHAT IS MARCOM'S ROLE IN BRANDING?

- **Branding** is the management function that defines the tangible and intangible elements of a product. Through effective marketing communication, a unique identity is established for a product that engages the hearts and minds of consumers in a process that differentiates it from similar products. Branding is defined as *a perception, often imbued with emotion, which results from experiences with and information about a company or a line of products.*

- A brand is much more than a product. Hamburgers are products but the Big Mac and Whoppers are brands. In fact, all organizations with a name can be considered brands. As a branding expert explains: "Organizations should be aware that simply by existing and interacting with others, an organization is branding itself. So branding the organization is inevitable. It's going to happen whether the process is managed or not." The *Matter of Practice* feature in this chapter explains how organization brands are distinct from product brands.

- Sometimes the difference between brands in the same product category lie in product features, but often consumers often choose one brand over another because of a difference in brand impressions they carry. A brand differentiates a product from its competitors and makes a promise to its customers.

- An important principle to remember is: *A brand is more than a product. Companies make products but sell brands.* Branding involves a complex set of philosophies and activities. A successful brand is the product of both art and science, in which all of the pieces and parts fit together perfectly in a coherent brand perception.

- **The second principle of IMC is:** *A brand is a unified vision (the art) and a complex system (the science).* Marketing communicators manage a multiplicity of interrelated brand activities and programs that will only work well to the extent that they work together. When the pieces and parts fit together perfectly, **meaning is generated and something of value is created.** This describes the art of brand management.

How Does a Brand Acquire Meaning?

- A brand is a perception but what does that mean? The answer is – a difference in the brand meaning. Meaning-making ideas and images are what marketing communication delivers to brands. This perception of **brand meaning** is the one thing a brand has that cannot be copied. Competitors can make a similar product, but it's difficult for them to duplicate a brand because brand meaning is built on personal impressions.

<u>A Brand Is a Perception</u>

- A brand, then, is basically a perception loaded with emotions and feelings (intangible elements), not just a trademark or package design (tangible elements). Tangible features are things you can observe or touch, such as a product's design,

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size, shape, and performance. Intangibles include the product's perceived value, its brand image, positive and negative impressions and feelings, and past experiences. Intangibles are just as important as tangibles because they create the emotional bonds people have with their favorite brands, are impossible for the competition to copy, and can lend monetary value and legal protection to the brand's unique identity.

- The *Principled Practice* feature in this chapter allows you to consider the importance of brand presence in a situation faced by Twitter: the hacking and hi-jacking of its accounts.

- The impressions created by the brand's tangible and intangible features come together as a **brand concept.** Such impressions are particularly important for **parity products**, products with few distinguishing features. For these products, feelings about the brand can become a critical point of difference.

Brand Transformation

- A basic principle of branding is that a brand transforms a product into something more meaningful than the product itself by enriching the brand meaning. Brand meanings are more complex than impression because of what they symbolize.

- **An important principle to remember is:** *A brand transforms products into something more meaningful than the product itself.*

- The development of the Ivory Soap brand by Procter and Gamble in 1879 represented a major advance in branding because of the way it transformed a parity product into a meaningful brand concept. You can read about this in the *A Matter of Principle* feature found in this chapter.

- For some products and categories, the brand is a huge factor in consumer decision making. We say a brand creates value for consumers in the sense that it makes it easier to find and repurchase a familiar product. Table 2.1 lists the top 20 brands in the world based on estimates of their brand value.

- Compare the value of a recognized brand to a generic brand and a store brand. **Generic brands** were originally sold in black and white, no-frills packages at low prices. **Store brands**, also called **house brands** or **private labels**, are products manufactured to a store's requirements and labeled with a brand distinctive to that store. Some retailers realize that their store brands can stand for quality and value, although originally customers purchased them primarily because of their lower price. A recent research study found that nearly 80 percent of U.S. shoppers now think positively about private label products, an increase of 7 percent from 2008.

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What Are the Key Components of a Brand?
Although there are many elements of branding, this text will consider three: 1) identity, 2) position and promise, and 3) image and personality.

<u>Brand Identity</u>

- A critical function of branding is to create a separate **brand identity** for a product within a product category. Brand identity cues are generally the brand name and the symbol used as a logo. An important principle to remember is: *If a branding strategy is successful, consumers refer to a specific brand name, rather than a generic category*.

- The choice of a brand name for new products is tested for memorability and relevance. The easier it is to recognize the identity cues, the easier it will be to create awareness of the brand. Successful brand names have several characteristics:

    - **Distinctiveness**. A common name that is unrelated to a product category ensures there will be no similar names creating confusion, such as Apple Computers. It can also be provocative, such as Virgin Airlines.

    - **Association**. Subaru, for example, chose Outback as the name for its rugged SUV, hoping the name would evoke the adventure of the Australian wilderness.

    - **Benefit:** Some brand names relate to the brand promise, such as Slim-Fast for weight loss.

    - **Heritage:** Some brand names reflect their maker, such as H&R Block, Kellogg's, and Dr. Scholl's. The idea is that there is credibility in a product when makers are proud to put their names on it.

    - **Simplicity.** To make a brand name easier to recognize and remember, brand names are often short and easy to pronounce, such as Bic, Tide, and Nike. With global marketing on the rise, it is also important that names properly translate into other languages.

- While brand names are important, recognition is often based on a distinctive graphic. A **logo** is similar to a cattle brand, in that it stands for the product's source. A **trademark** is a legal symbol that indicates ownership. Trademarks are registered with the government and the company has exclusive use of it, as long as it is used for that product alone.

- Problems can arise when a brand name dominates a product category, such as Kleenex and Xerox. In such situations, the brand name becomes a substitute label for the category label. Some branded products lost the legal right to their names when they became generic category names.

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<u>Brand Position and Promise</u>

- **Positioning** is a way to identify the location a product or brand occupies in the consumers' minds relative to its competitors. Related to brand position is **brand promise**, which identifies key selling points for the brand. Brand communication sets expectations for what will happen when the product is used through the virtual contract of a brand promise.

- An important principle to remember is: *Brand communication sets expectations for what will happen when the product is used through the virtual contract of a brand promise.*

- Consistency is the backbone of that promise. Many weak brands suffer from over-promising. Successfully identifying and then delivering the promise are part of the platform for building a long-term brand relationship with customers.

<u>Brand Image and Personality</u>

- **A brand image** is a mental picture or idea about a brand that contains associations, as well as emotions. These associations and feelings result primarily from the content of advertising and other marketing communications. Exhibit 2.21 illustrates how Celestial Seasonings uses its distinctive packaging to send messages to consumers about its brand image.

- **A brand personality** symbolizes personal qualities typically associated with a brand. Such personal qualities may include bold, fun, studious, geeky, daring, etc. Each brand sends a different message because of the image or personality it projects through its marketing communication. An important principle to remember is: *Brands speak to us through their distinctive images and personalities.*

How Is Brand Equity Developed?

- In addition to differentiating products, branding also increases their value. A brand and what is symbolizes can affect how much people are willing to pay for it. Brand studies consistently find that in blind taste tests, people perceive the recognizable brand as better tasting than an unknown brand, even when the sample is identical. And when identical products carry different labels, people will pay more for the recognizable brand.

<u>Brand Value</u>

- Branding not only differentiates products, but also increases their value to consumers. The value of branding lies in the power of familiarity and trust to win and maintain consumer acceptance. The ACW Ironworks branding campaign, featured in Exhibit 2.22, is an example of how a brand identity is designed and conveyed through various types of marketing communication.

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- Brand value comes in two forms – the value to a consumer and the value to the corporation. The first is a result of the experiences a customer has had with a brand. The second is a financial measure, which is called **brand equity.**

- **Brand relationship** programs that lead to loyalty are important strategies, since powerful brands are those that retain customers who repeatedly buy the product or service. **Brand loyalty** programs offer rewards for repeat business.

- **Brand equity** is the intangible value of the brand that stems from relationships with its stakeholders, as well as intellectual property, such as product formulations. When a company is sold, a figure is calculated to determine the value of its brands.

- The **third principle of IMC** is that *brand relationships drive brand value.* The part of brand equity that is based on relationships is referred to as **goodwill**.

<u>Leveraging Brand Equity</u>

- Brand managers sometimes leverage brand equity through a **brand extension**, which is the labeling of a new, related line of products with an established brand name. Because the brand name is known, it carries with it associations and feelings, as well as a certain level of consumer trust. The disadvantage is that the extension may dilute the meaning of the brand or may even boomerang negatively.

- **Co-branding** is a strategy that uses two brand names owned by two separate companies to create a partnership offering. An example is the brand name Mileage Plus, which carries the identities of both Visa and United Airlines. The idea is that the partnership provides customers with value from both brands.

- Through a practice called **brand licensing**, in effect, a partner company rents the brand name and transfers some of its brand equity to another product. The most common example comes from sport teams whose names and logos are licensed to makers of shirts, caps, mugs, and other memorabilia.

- Another way to leverage a brand is through **ingredient branding**, which refers to the use of a brand name to identify a component used in a product's manufacturing process. A well known example of this is the "Intel Inside" phrase and logo used by computer manufacturers to call attention to the quality of chips within its products. An example of this is shown in Exhibit 2.24.

- The purpose of reviewing branding practices is to reinforce that the way a product is made or how it performs is no longer the primary differentiating point. Marketing strategy isn't as much about promoting product features as it is about creating brand meanings. It is not about gaining new customers, but rather building strong brand relationships. Ultimately, the stronger the brand, the more value it has to all of its stakeholders. Critical to understanding how brands are

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built and managed is an understanding of relationship-building communication. A classic example is the ad featured in Exhibit 2.245.

- An important principle to remember is: *Most of the added value that comes from an effective brand strategy and accumulates as brand equity is driven by marketing communication.* In other words, advertising and other marketing communication tools are the drivers of strong brands and create marketing success stories.

WHY INTEGRATED MARKETING COMMUNICATIONS?

Integrated marketing communications (IMC) is the practice of unifying all marketing communication messages and tools, as well as the messages from the marketing mix decisions, so that they create a consistent message promoting the brand's strategy. IMC is still a new concept and both professionals and professors are engaged in defining the field and explaining how it works.

Total Brand Communication

- Its focus on branding and brand communication is one of several things that make the practice of IMC different from advertising. Advertising and other marcom areas comprise the tools of marketing communication in an IMC program. On a broader level, however, traditional marcom tools work with other marketing mix communication messages to deliver brand communication. Those relationships are depicted in Figure 2.3.

Organizing for IMC

- The coordination of all of the agencies involved in creating the various brand messages is an area of particular concern to managers. An IMC program is even more complex than traditional advertising because it uses more marcom tools and addresses more audiences. The fourth principle of IMC states: *You can't be integrated externally if you are not integrated internally.*

- In practice, this problem is best solved through **cross-functional organization**, which means a team is created involving members from all of the relevant parts of a company that interact with customers, other stakeholders, and with outside agencies. This cross-functional team operates with a singular brand vision as it plans marketing communication, monitors its impact and tracks consumer response.

- Who is in charge of planning all of these brand-building opportunities? Ed Chambliss, featured in the *Inside Story* box in this chapter, discusses the qualifications needed to be an IMC manager, whether on the client or agency side.

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Principles and Practices
Four principles that guide the use of integrated marketing communications have been introduced thus far and are summarized below. Additional principles will be introduced in upcoming chapters.

- ***First Principle of IMC**:* Everything communicates.

- ***Second Principle of IMC***: A brand is a unified vision (the art) and a complex system (the science.).

- ***Third Principle of IMC*:** Brand relationships drive value.

- ***Fourth Principle of IMC***: You can't be integrated externally if you are not integrated internally.

BRAND COMMUNICATION IN A TIME OF CHANGE
Below are some of the ways in which marketing is changing.

Accountability
- Marketing managers are being challenged by senior management to prove that their decisions lead to the most effective marketing strategies. They are under pressure to deliver business results measured in terms of sales increases, increase in market share percentages, and **corporate return on investment (ROI)**. Therefore, advertising and other marketing communication agencies are creating tools and techniques to help marketers evaluate the efficiency and effectiveness of their marketing communication expenditures.

Global Marketing
- The issue of accountability is made more complicated by the growing use of global marketing. In most countries, markets are composed of local, regional, and international brands. A *local brand* is one marketed in a single country. A *regional brand* is one marketed throughout a region, such as North America, Europe, or China. An *international brand* is available in a number of countries in various parts of the world. A *global brand* is available virtually anywhere in the world, such as Coca-Cola. Marketing programs that manage and promote the same brand in several countries or globally is known as ***international marketing.***

- The shift from national to international management requires new tools for marketers, including one language (usually English), one control mechanism (the budget), and one strategic plan (the brand strategy). A decision must be made whether or not to standardize a message across all markets or to localize it to accommodate local differences. A standardized approach may favor an international advertising agency while a localized approach favors use of advertising agencies in many countries.

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End-of-Chapter Support

Review Questions

1. **What is the definition of marketing, and where does marketing communication fit within the operation of a marketing program?**

Marketing is the way a product is designed, tested, produced, branded, packaged, priced, distributed, and promoted. The American Marketing Association (AMA) defines it as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."
Marketing managers manipulate the marketing mix, also called the 4Ps**,** which refers to *product, price, promotion, and place*. A key component of marketing management is the building of successful brands.

Marketing communicators manage a multiplicity of interrelated activities and programs that work together with other elements of the marketing plan, for the purpose of building and sustaining a strong, viable brand. Without marketing communication, brand building would be extremely difficult. Conversely, when marketing communication efforts fit together perfectly with other elements of the marketing plan, brand meaning is generated and brand value is created.

2**. In general, outline the structure of the marketing industry and identify the key players.**

The marketing industry is a complex network of professionals. The four categories of key players include 1) marketers, 2) suppliers and vendors, 3) distributors and retailers, and 4) marketing partners, such as advertising agencies. The marketer, also referred to as the advertiser or the client, is any company or organization behind the product, that is, the organization, company, or manufacturer producing the product and offering it for sale. The materials and ingredients used in producing the product are obtained from other companies, referred to as suppliers or vendors. The phrase supply chain is used to refer to this complex network of suppliers whose product components and ingredients are sold to manufacturers. The distribution chain or distribution channel refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyers. Suppliers and distributors are also partners in the communication process. Marketing relationships also involve cooperative programs and alliances between two companies that work together as marketing partners to create products and promotions.

3. **Explain how marketing communication relates to the four key marketing concepts and to the marketing mix.**

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The four key marketing concepts highlighted in this chapter are the marketing concept, exchange, competitive advantage, and added value. To adhere to the marketing concept, marketers must first determine through research consumer needs and wants. Typically, some form of marketing communication is used to collect consumer feedback so that marketers can develop products that respond to those consumer wants and needs that were identified. Marketing communication is required to teach consumers about a product's points of differentiation and competitive advantage. The creation of added value is the result of a marketing communication activity that presents the product as more valuable, useful or appealing to a consumer. Prior to any economic exchange, a communication exchange must first occur. Also, some type of marketing communication is needed to bring the buyer and seller together, which creates the opportunity for customer-company interaction.

The marketing mix, also called the 4Ps, refers to product, pricing, place (distribution), and promotion strategies. The primary goal of marketing communication is to build awareness of the new brand, explain how a product works, and illustrate its superiority over competitors, thereby supporting product strategy. Advertising is often the primary vehicle for telling consumer about price, and the meaning of price to the consumer is often dependent upon the context provided by the marketing communication, which puts the price in perspective. When using direct marketing as a distribution strategy, the sales generation is totally dependent upon the effectiveness of the marketing communications within the direct response appeal. Similarly, the effectiveness of push and pull strategies is dependent upon the effectiveness of marketing communication efforts directed toward the trade or the consumer. Promotion includes advertising, public relations, sales promotion, direct marketing, events and sponsorships, point of sale, digital media, the communication aspects of packaging, as well as personal sales and new forms of online and place-based communication that have emerged recently

4**. Explain how brand meaning and brand value are created.**

Brand meaning evolves through the transformation of a product into something unique and distinctive and by making a promise that establishes customer expectations of the product. The impressions created by the brand's tangible and intangible features come together as a brand concept. Intangibles are very important because they create the emotional bonds people have with their favorite brands, are impossible for the competition to copy, and can lend monetary value and legal protection to the brand's unique identity. Brand identity, positioning, image and personality are also important contributors to a brand's meaning.

Brand value comes in two forms – the value to a consumer and the value to the corporation. The first is a result of the experiences a customer has had with a brand. The second is a financial measure, which is called brand equity. How much a consumer is willing to pay for a brand is determined by what it symbolizes to them and their emotional connection with it. Hence effective branding, in addition to differentiating products, also increases their monetary value. Brand equity is the intangible value of the

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brand that stems from relationships with its stakeholders, as well as intellectual property, such as product formulations. When a company is sold, a figure is calculated to determine the value of its brands.

5. Define integrated marketing communication and identify some the principles and practices that support it.

Integrated marketing communications (IMC) is the practice of unifying all marketing communication messages and tools, as well as the messages from the marketing mix decisions, so that they create a consistent message promoting the brand's strategy. Because integration is the focus, marketers must understand that 1) everything in the marketing mix can send a message, 2) everything a brand does, and sometimes what it does not do, can send a message, and 3) you can't be integrated externally if you are not integrated internally, i.e., the coordination of all of the agencies involved in creating the various brand messages must be an area of particular concern to managers.

Discussion Questions

1. When identical products carry different labels, people will pay more for the recognized brand. Explain why that is so.

   Because it is brand relationships that drive brand value, how much a consumer is willing to pay for a brand is determined by what it symbolizes to them and their emotional connection with it. This is especially true for parity products, products with few distinguishing features. For these products, impressions created by the brand's tangible and intangible features as well as feelings and emotional attachment to the brand can become a critical point of difference.

2. Coca-Cola is the most recognizable brand in the world. How did the company achieve this distinction? What has the company done in its marketing mix in terms of product, price, distribution, and marketing communications that has created such tremendous brand equity and loyalty? How have advertising and other forms of marketing communication aided in building the brand?

   Coca-Cola used to sustain itself with an undifferentiated strategy, viewing all of the United States as a homogenous market. But few products have been able to survive with that strategy, and Coca-Cola grasped the need for adaptation. Their product lines expanded to include diet drinks and flavored formulas, and they diversified into music, collectibles, and other product lines. They read consumer needs and offer products to satisfy them. Many of their products are available only in specific segments of the world. Advertising surgically reaches precisely defined audiences. Their marketing strategies have made Coca-Cola one of the most recognized brands in the world with more than 300 brands and 230 beverages in 200 countries.

3**.** List your favorite brands and from that list do the following analyses:

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a. Think about the categories in which it is important to you to purchase your favorite brand. For which categories does the brand not make a difference? Why is this so?

While student responses will vary, product categories in which branding and associated brand meaning plays a major role include soft drinks, face soap, toothpaste, children's toys, athletic shoes, breakfast cereals, etc. It is challenging to think of consumer product categories in which manufacturer branding does not play a role. A couple of examples may be household hardware products such as screws and nails, and some desk supplies such paper clips and rubber bands.

b. In those categories where you have a favorite brand, what does that brand represent to you? Is it something that you've used and liked? Is it comfortable familiarity—you know it will be the same every time? Is it a promise—if you use this, something good is going to happen? Is it something you have always dreamed about owning? Why are you loyal to this brand?

Answers will vary, depending upon the experiences and attachments of students with differing branded products.

4. **Three-Minute Debate:** This chapter stressed integration of advertising with other components of the marketing mix. A classmate argues that advertising is a small part of the marketing process and relatively unimportant; another says advertising is the most important communication activity and needs to get the bulk of the budget. If you were in marketing management for Kellogg cereals, how would you see advertising supporting the marketing mix? Does advertising add value to each of these functions for Kellogg? Do you think it is a major responsibility for the marketing manager? What would you say either in support of or in opposition to your classmates' views? Work with a small team of your classmates to present your point of view to your class.

Team answers will vary. However, here is one possible viewpoint:

Through advertising, consumers first learn about new products or improvements to old ones, the qualities products offer, and the consumer needs that can be met. Advertising often states prices clearly and alerts consumers to price reductions or promotional deals. Ads that tell where products are available assist with the place functions of marketing. Advertising, when well done, adds value to all marketing functions. However, if poorly executed, it can damage the rest of a plan. Well done advertising, on the other hand, can't salvage an inherently poor product or move a product that is overpriced. Kellogg must see the interconnectedness of marketing and advertising in order for advertising to improve its marketing functions.

TAKE HOME PROJECTS

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1. **Portfolio Project:** Look through the ads in this textbook or in other publications and find an example of an advertisement that you think demonstrates the marketing concept, i.e., a focus on consumer needs and wants, and another that you think does not represent an effective application of the marketing concept. Compare the two and explain why you evaluated them as you did. Copy both ads and mount them and your analysis in your portfolio.

2. **Mini-Case Analysis:** In the Wii case, Nintendo believed that the market for video games—primarily males and kids—could be broadened to include women, as well as an older family market. Summarize how Nintendo arrived at that insight. Pretend you have been assigned to the Wii account for the next year after this launch. What would you want to know to determine if this strategy has been successful? In terms of marketing and communication, what might Wii do in the next stage of this campaign to maintain its marketing edge? Write up your ideas in a one-page position paper to turn in to your instructor.

Nintendo's market research told them that non-gamers were not game averse. However they felt that video games currently on the market were too hard and complicated to learn. They wanted games that provided challenge but were also socially interactive. We know Wii's strategy was successful not only because sales objectives were exceeded, but also the way in which people experience video games was changed and the target audience for such products was broadened dramatically. Ideas for the next stage of this campaign will vary.

TEAM PROJECT: The BrandRevive Campaign

In Chapter 1, we introduced the need for old, forgotten, and minimally known brands to be revitalized and you were asked to choose from among a list of brands that need revitalization, rebranding, or repositioning. As we explained, this is an assignment that will continue throughout the book leading to a complete campaign for the brand you chose. For Chapter 1, you did an initial review of the brand and company history for that assignment.

For this chapter, the next step in your BrandRevive project is to do more in-depth background research on the brand and category. Split your team with some going online and others visiting your school's library to find all of the relevant articles and other marketing information that you can about the category and your brand's place in it. If you chose a consumer good or service with a physical location, visit a store and analyze what you see there in terms of its presentation and competitive situation. Also visit the brand's home page and collect what information you can find there about the brand and its marketing strategy.

- Based on your background research, rough out what you believe to be the branding strategy.

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- Then summarize what you believe to be the brand's marketing mix strategy.

- Find out what you can about advertising and marketing communication spending both for your brand, your competitors' brands, and the category. This will provide a benchmark for your budget.

- Write up your findings in a brand review that is no longer than four double-spaced pages. Convert your key findings into a PowerPoint presentation that is no longer than four slides. Prepare and practice to give this presentation to your class.

Hands-On Case: The Century Council

Read the Century Council case in the Appendix before coming to class.

1. How might the marketing mix of major beer and liquor companies be relevant to a campaign to curb binge drinking on college campuses?
2. How might "teaching responsible drinking" curb binge drinking on campus?
3. Why do you think liquor companies would want to fund "The Stupid Drink" campaign to curb binge drinking on campus?
4. Prepare a one page statement explaining how "The Stupid Drink" campaign will actually help beer and alcohol marketers.

◆*ADDITIONAL MATERIAL*

WEB REVIEW QUESTIONS

1. In what ways is the term "exchange" related to the definition of marketing?

Marketing helps to create demand for a product leading to an exchange, that is, the act of trading something of value for a desired product. Demand however, drives exchange. In addition to economic exchange, marketing also facilitates *communication exchange.* Marketing provides both information and the opportunity for customer-company interaction.

2. Can it be said that marketing is an evolving field? How so?

Marketing managers are being challenged by senior management to prove that their decisions lead to the most effective marketing strategies. They are under pressure to

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deliver business results measured in terms of sales increases, increase in market share percentages, and corporate return on investment (ROI). Also, the ongoing movement toward a globalized marketplace requires new tools and strategies for marketers.

3. Differentiate between a *customer* and a *consumer.*

We often use the words *consumer* and *customer* interchangeably, but there are some differences in meaning. *Consumer* is a general term for people who buy and use products and services. The word *customer,* however, refers to someone who has purchased a specific brand or visited a specific retailer. By virtue of those actions, these people can be said to have a brand relationship, and over time, may even become loyal to the brand.

4. What is the significance of a brand, and what does advertising contribute to branding?

A brand makes the product distinctive in the marketplace and in its product category. Branding also transforms products by creating an emotional connection between consumers and their favorite brands. Branding is the process of creating a special meaning for a product, one that makes it distinctive in the marketplace and in its product category, just as your name makes you unique in your community. As a component of the marketing mix, advertising communicates important brand information to consumers, and helps to create predictability for them.

5. Select one of the four main types of markets and explain how it works.

Answers will vary. Here are several possibilities:

Consumer Markets: *Consumer markets* consist of people who buy products and services for personal or household use. As a student, you are considered a member of the consumer market for companies that sell jeans, athletic shoes, sweatshirts, pizza, music, textbooks, backpacks, computers, education, checking accounts, bicycles, travel, and vacations, along with a multitude of other products that you buy at drug and grocery stores, which the marketing industry refers to as *package goods.*

Business-to-Business (Industrial) Markets: *Business-to-business (B2B) markets* consist of companies that buy products or services to use in their own businesses or in making other products. Ads in this category usually are heavier on factual content than on emotional appeals.

Institutional Markets: Institutional markets include a wide variety of profit and nonprofit organizations — such as hospitals, government agencies, and schools —that provide goods and services for the benefit of society. Ads for this category are very similar to business-to-business ads in that they are heavy on copy and light on visuals and emotional appeals.

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Channel Markets: The channel market is made up of members of the distribution chain, which is made up of businesses that we call resellers, or intermediaries. Resellers are wholesalers, retailers, and distributors who buy finished or semi-finished products and resell them for a profit. Microsoft and its retailers are part of the reseller market. Companies that sell such products and services as trucks, cartons, and transportation services (airlines, cruise ships, and rental car agencies) consider resellers their market. *Channel marketing,* the process of targeting a specific campaign to members of the distribution channel, is more important now that manufacturers consider their distributors to be partners in their marketing programs. As giant retailers, particularly Wal-Mart, become more powerful, they can even dictate to manufacturers what products their customers want to buy and how much they are willing to pay for them.

6. **What is the first step in developing a marketing plan, and why is it so important?**

   All marketing plans begin with research into markets, product categories, consumers, and the competitive situation. Monitoring the external environment is especially important. Utilizing research, planners strive to know as much as they can about the marketplace so they can make informed and insightful strategic decisions.

   Marketing research is focused on gathering information from already existing and published *secondary research* as well as from *primary research*, which is original research undertaken to answer specific questions.

7. **What is the distribution chain or channel? Explain its role in marketing.**

   The distribution chain or distribution channel refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyers. These resellers, or intermediaries, may actually take ownership of the product and participate in the marketing, including the advertising.

8. **What is the "accountability" trend in the marketing industry? Why has it become important?**

   More and more, marketing managers are being challenged by senior management to prove that their decisions lead to the most effective marketing strategies. Marketing managers are under pressure to deliver business results measured in terms of sales increases, the percentage share of the market the brand holds, and corporate return on investment (ROI). In other words, do marketing programs pay their own way and deliver an acceptable return on investment?

ASSIGNMENTS

Individual Assignments

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1. Have students select one of their favorite brands. It can be either a product or a service. Then have them consider what sort of image the brand carries in their minds. How did this image come about, and what was the role of advertising in creating it? Students should share their answers to the class in 2- to 3-minute presentations. To enhance their presentations, students can also pull up their organization's website to show the class.

2. Ask each student to interview the owner or manager of a local small business to find out how he or she competitively markets against larger, nationally based competitors. How must this business market its products or services differently than the "big boys"? A review of "The Marketing Plan" section of this chapter is useful here. Each student should write a 500-word report detailing their findings.

Think-Pair-Share

1. Have students pair off to interview each other regarding a negative experience they can recall with a specific brand of product or service. Drawing upon the principles of Integrated Marketing Communications in this chapter, determine what went wrong. How did it happen? What contradictory brand messages were conveyed? What was the result of this breakdown in communication? Did the student remain as a customer with the company, or was the brand relationship severed? Once the interviews are complete, each student should draft a brief report outlining their findings.

2. Have students get together and recall a marketing campaign that incorporated a form of digital media or personal media into its marketing communication efforts. What was the product or service, and what was especially unique about the marketing strategy? How well did it seem to work?

OUTSIDE EXAMPLES

1. Go online. Using any search engine you like, enter the term "Integrated Marketing Communications." Locate an agency or organization that explains this concept particularly well. Draft a 750-word report explaining what you have learned. Be sure to contrast it with what you read on this subject in Chapter 2.

2. Choose a company or organization in your community to visit. Gather as many samples of their five marketing efforts as possible and analyze them carefully. Examples could include product brochures, print advertisements, DVDs, direct mail correspondence, or a website. Then, present a 10-minute "samples analysis" to your class, commenting on the samples' strengths, weaknesses, continuity and brand messages from a marketing standpoint. Also, explain why (or why not) this company is adhering to the first principle of IMC.

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