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MARKETING: The Core 5/e

CHAPTER

14

INTEGRATED
MARKETING
COMMUNICATIONS
AND DIRECT
MARKETING



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LEARNING OBJECTIVES (LO)

AFTER READING CHAPTER 14, YOU SHOULD BE ABLE TO:

L01

Discuss integrated marketing communication and the communication process.

L02

Describe the promotional mix and the uniqueness of each component.

L03

Select the promotional approach appropriate to a product's target audience, life-cycle stage, and channel strategy.

14-2

LEARNING OBJECTIVES (LO)

AFTER READING CHAPTER 14, YOU SHOULD BE ABLE TO:

L04

Describe the elements of the promotion decision process.

L05

Explain the value of direct marketing for consumers and sellers.

14-3

GET ENGAGED...IN THE TWITTERVERSE!



14-4

L01

THE COMMUNICATION PROCESS

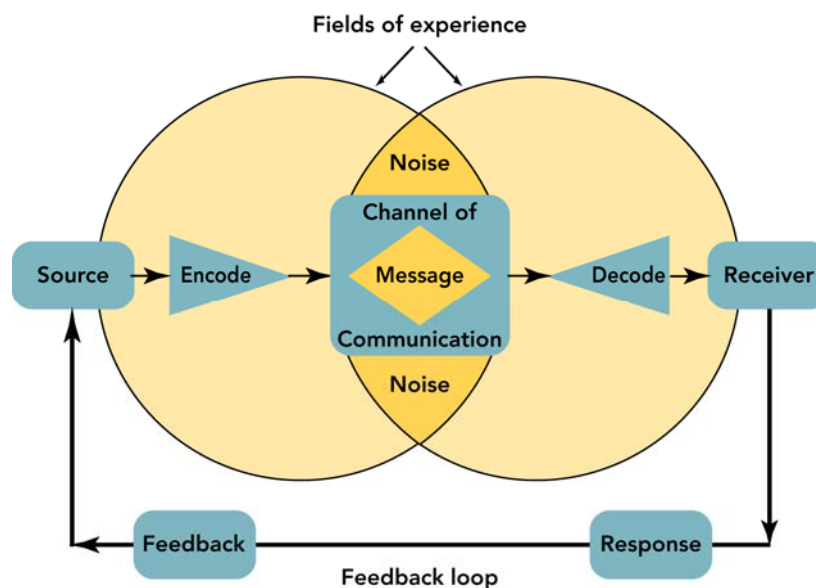
➤ Promotional Mix

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

➤ Integrated Marketing Communications (IMC)

14-5

FIGURE 14-1 The communication process consists of six key elements



14-6

L01

THE COMMUNICATION PROCESS

➤ Communication

➤ Source



➤ Message



➤ Channel of Communication



➤ Receivers



14-7

L01

THE COMMUNICATION PROCESS

➤ Field of Experience

➤ Encoding

➤ Decoding

➤ Noise

➤ Feedback

➤ Response

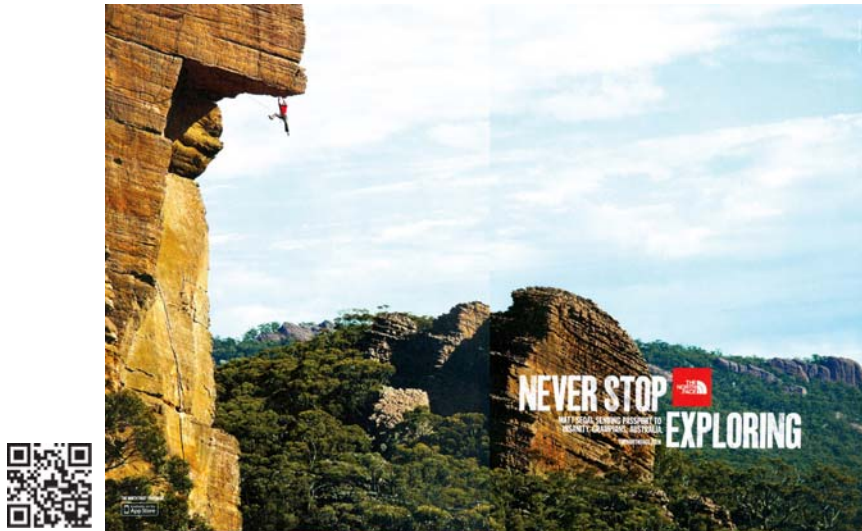
➤ Feedback Loop

14-8

L01

The North Face Ad

Who is the source? What is the message?
How would you decode this ad?



14-9

FIGURE 14-2 The five elements of the promotional mix

PROMOTIONAL ELEMENT	MASS OR CUSTOMIZED	PAYMENT	STRENGTHS	WEAKNESSES
Advertising	Mass	Fees paid for space or time	Efficient means for reaching large numbers of people	- High absolute costs - Difficult to receive good feedback
Personal selling	Customized	Fees paid to salespeople as either salaries or commissions	- Immediate feedback - Very persuasive - Can select audience - Can give complex information	- Extremely expensive per exposure - Messages may differ between salespeople
Public relations	Mass	No direct payment to media	Often most credible source in the consumer's mind	Difficult to get media cooperation
Sales promotion	Mass	Wide range of fees paid, depending on promotion selected	- Effective at changing behavior in short run - Very flexible	- Easily abused - Can lead to promotion wars - Easily duplicated
Direct marketing	Customized	Cost of communication through mail, telephone, or computer	- Messages can be prepared quickly - Facilitates relationship with customer	- Declining customer response - Database management is expensive

14-10

L02

THE PROMOTIONAL ELEMENTS ADVERTISING

➤ **Mass
Selling**

vs.

➤ **Customized
Interaction**

➤ **Advertising**



- Paid Aspect
- Nonpersonal

- Advantages
- Disadvantages

14-11

L02

THE PROMOTIONAL ELEMENTS PERSONAL SELLING

➤ **Personal Selling**

- Wasted Coverage



- Advantages

- Disadvantages

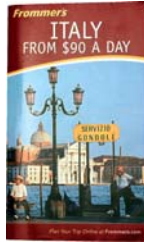
14-12

L02

THE PROMOTIONAL ELEMENTS PUBLIC RELATIONS

➤ Public Relations

- Publicity



- Advantages

- Disadvantages

14-13

L02

THE PROMOTIONAL ELEMENTS SALES PROMOTION AND DIRECT MARKETING

➤ Sales Promotion



- Advantages

- Disadvantages

➤ Direct Marketing



- Advantages

- Disadvantages

14-14

L02

IMC—DEVELOPING THE PROMOTIONAL MIX THE TARGET AUDIENCE

- Determine the Balance of the Elements
- Coordinate the Promotional Effort
- Assess Target Audience Characteristics

- Consumers
- Businesses



14-15

L02

MARKETING MATTERS How Can You Reach Generation Y? With Mobile Marketing!



14-16

L03

IMC—DEVELOPING THE PROMOTIONAL MIX THE PRODUCT LIFE CYCLE

➤ Introduction Stage



➤ Growth Stage

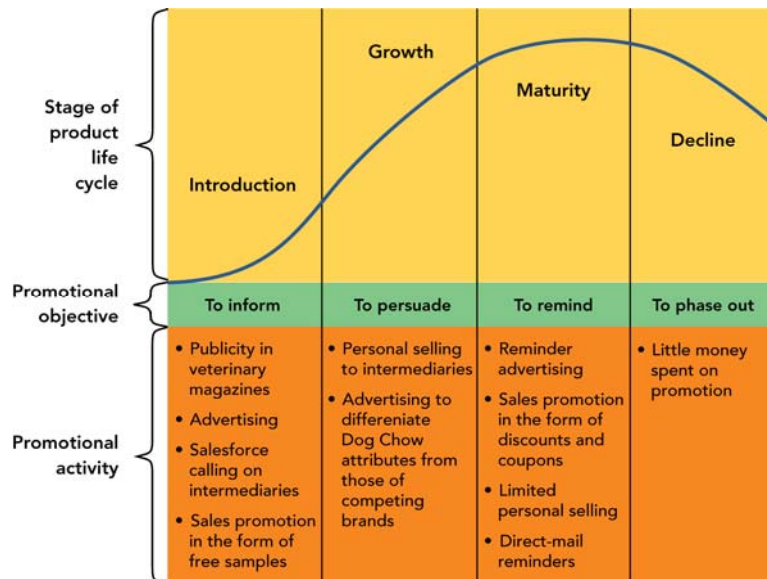
➤ Maturity Stage

➤ Decline Stage



14-17

FIGURE 14-3 Promotional tools used over the product life cycle of Purina Dog Chow



14-18

L03

IMC—DEVELOPING THE PROMOTIONAL MIX CHANNEL STRATEGIES

➤ Push Strategy



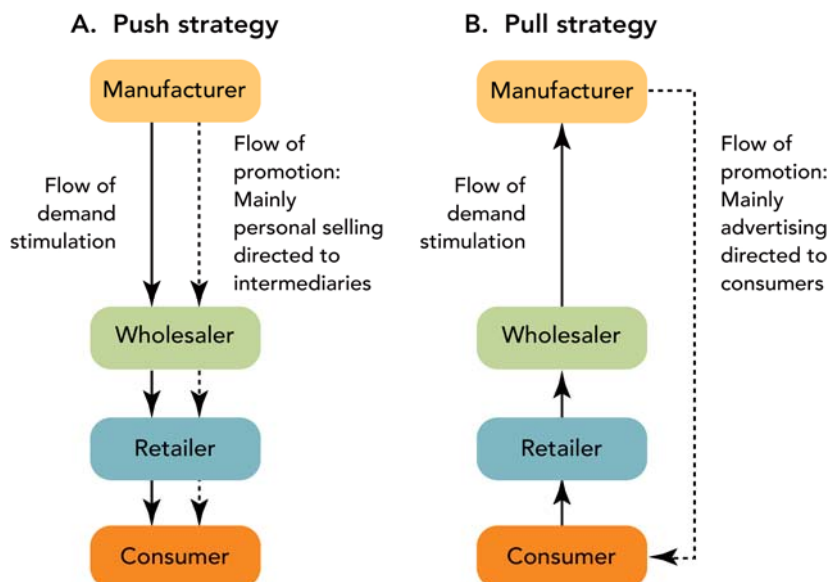
➤ Pull Strategy



- Direct-to-Consumer

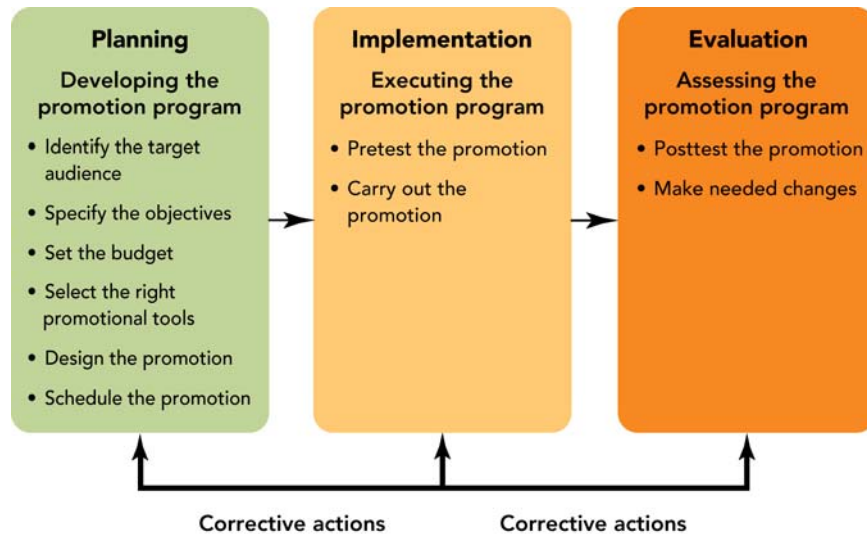
14-19

FIGURE 14-4 A comparison of push and pull promotional strategies



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FIGURE 14-5 The promotion decision process includes planning, implementation, and evaluation



L04

DEVELOPING AN IMC PROGRAM

IDENTIFYING THE TARGET AUDIENCE

- **Target Audience**
- **Behaviorial Targeting**

L04

DEVELOPING AN IMC PROGRAM SPECIFYING THE PROMOTION OBJECTIVES

➤ Hierarchy of Effects

- Awareness
- Interest
- Evaluation
- Trial
- Adoption

14-23

L04

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

14-24

L04

USING MARKETING DASHBOARDS

How Much Should You Spend on IMC?

Promotion-to-Sales Ratio

$$\text{Promotion-to-Sales Ratio (\%)} = \left(\frac{\text{Total Promotion Expenditures (\$)}}{\text{Total Sales (\$)}} \right) \times 100$$



14-25

L04

DEVELOPING AN IMC PROGRAM

- Selecting the Right Promotional Tools



- Designing the Promotion

- Scheduling the Promotion

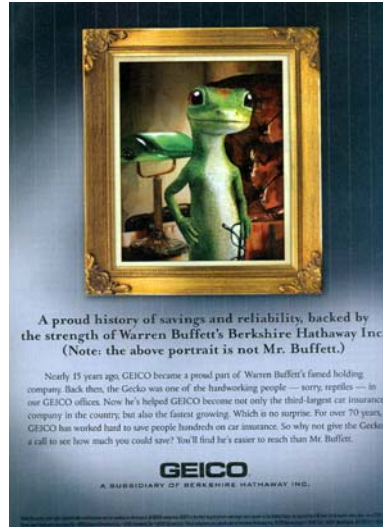


14-26

L04

EXECUTING AND ASSESSING THE PROMOTION PROGRAM

- Pretesting
- Posttesting
- IMC Audit



14-27

L05

DIRECT MARKETING

- The Growth of Direct Marketing
- The Value of Direct Marketing
 - Direct Orders
 - Lead Generation
 - Traffic Generation
- Technological, Global and Ethical Issues in Direct Marketing



Priceline Ad



14-28

L05

MAKING RESPONSIBLE DECISIONS

What Information Should Be Private”

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



DMA

14-29

VIDEO CASE 14

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



14-30

FIGURE 1 The seven stages of the Dewmocracy 2 campaign

Stage	Name	Description
1	Truck Stop: 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 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: 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: 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: 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: 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 Flavor Battle	The three products were introduced in stores and consumers voted for their favorite. The winner was added to the Dew production line!

14-31

VIDEO CASE 14 MOUNTAIN DEW

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

14-32

VIDEO CASE 14
MOUNTAIN DEW

2. Which of the promotional elements described in Figure 14-2 are used by Mountain Dew in its Dewmocracy 2 campaign?

14-33

VIDEO CASE 14
MOUNTAIN DEW

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

14-34