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MARKETING COMMUNICATIONS

Objectives, Strategy, Tactics

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MARKETING COMMUNICATIONS AND CAMPAIGN PLANNING

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Marketing communications is advertising – and much more. In modern marcoms[1] all possible "contact points" with potential and current customers are regarded as opportunities to communicate about the brand. (The brand could be the *brand name* of an entire company or organization, or a specific *brand-item* of a product or service offered by the company, or what has come to be regarded in social marketing as a "brand" promoted by a government public service body, such as quitting drugs or getting regular exercise.) Consumers and business customers encounter – and actively seek when shopping or buying – communications about brands from numerous sources. These prospects see or hear brand communications while they are *commuting* – via billboards or posters, on a mobile device, or on the car radio; while in the *office* – reading business newspapers or business magazines, opening direct mail, or "spam" emails; while at *home* – watching TV, reading a newspaper or a magazine or a mailed brochure, or listening to the radio, or handling food and beverage packages, or looking at a calendar, or using a computer, or a pen; while *attending* sports events, concerts, plays, and movies – on tickets, in the program brochure, on the field, on the screen, on clothing; and, of course, while *shopping* in all types of stores – which could be actual stores or virtual (Internet) stores, and often before they enter the store as well as inside the store. And these are just some of the many contact opportunities in the traditional media. Then there are the new media – not only digital social media but also so-called street media, which are sometimes bizarre, and intrusive – ads on toilet walls, ads graffiti-style on sidewalks (the launch of Xbox in Sydney), and, in London, ads semi-permanently tattooed on university students' foreheads (the student is paid about $10 to wear the ad for three hours). In social marketing, too, various brands of "good behaviors" are presented in government- or charity-sponsored political or health communications, while the competing brands of "bad behaviors" tempt most of us

in everyday life. Marcoms – advertising especially – may reflect everyday life (slice-of-life ads), make an ironic comment about everyday life (postmodern ads), try to change our everyday life (public service ads), or temporarily deliver us from everyday life into a fantasy world of aspirations ("transformational" ads). Marcoms bombard us from everywhere – although sometimes we actively seek them out, especially on websites when planning our shopping or when looking for a service provider – and are undeniably a big part of modern life.

The Coca-Cola advertisement shown in Exhibit 1-1 exemplifies the complexity of marketing communications planning today. Is it an ad or is it a promotion? The answer: It's *both*, namely, an advertised promotion. And by combining a brand advertisement and a promotion offer, it's also an example of integrated marketing communications.

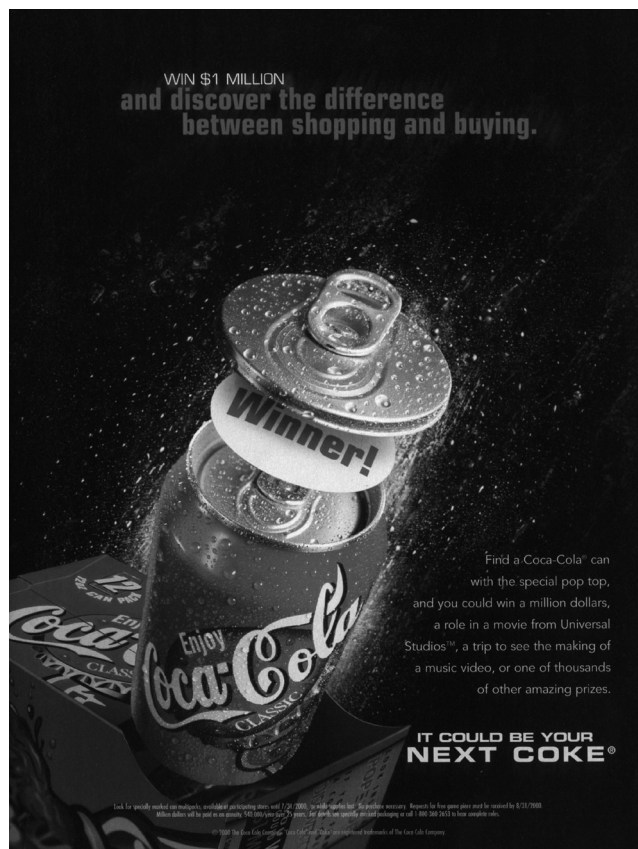**Exhibit 1-1** Example of an integrated advertisement and promotion offer for Coca-Cola Classic in the U.S.A.

(Source: Courtesy of The Advertising Archives.)

Whereas this advertised promotion may look straightforward, there are actually many decisions that the marketing manager of brand Coca-Cola would have had to make. For instance, among the questions that your present authors would ask are:

- How can we make it clear to consumers that this is not just another ad for Coke (Coca-Cola Classic) but is actually an advertised promotion offer? This differentiation is partly signaled by showing the two can tops with a disc saying "Winner!" imposed between them. But will most consumers notice this single word? To make sure consumers see that it is a promotion offer, perhaps the Coke manager should have made the key benefit claim headline at the top – "Win $1 million" – a lot bigger and avoided the use of the hard-to-read red on black typeface.
- Will consumers see that this is an invitation to a free-to-enter, entirely luck-based *sweepstakes* rather than a skill-requiring *contest*? Perhaps the Coke manager inadvertently buried the fact that it's a sweepstakes in the fine print at the bottom.
- In other words, maybe the Coke manager should have pretested this ad, as well as the promotion offer!

MARCOMS MEDIA PERSPECTIVE

It is helpful to take firstly a media perspective to see just what marketing communications consists of. Exhibit 1-2 lists the U.S. marketing communications spending forecast for 2017, the most recent year for which full figures were available.[2] There are several expenditure trends of note:

- Just under half of marcoms expenditure, 47%, is in *advertising* media. Just over half actually goes to other non-advertising marcoms – 23% to direct marketing via telemarketing and direct mail; 18% to sales promotion; 9% to sponsorship; and 3% miscellaneous.
- The largest category of media advertising in the U.S. is now *Internet advertising* (TV advertising spending, however, remains very close to the Internet advertising total in the U.S., and TV, of course, is much larger in poorer countries). The growth in Internet or "online" advertising is mainly due to the fact that *direct marketing* is increasingly being conducted via the Internet (paid search advertising on search engines, website marketing, email direct marketing), a channel that is complementary with direct mail marketing. But it's also due to a push by *advertising agencies*: advertising agencies earn about 8% commission on Internet ad buys, such as on Google and Facebook, vs. only about 3% commission on traditional TV, radio, print, and outdoor ad buys.

Marketing managers, however, should not let themselves be too influenced by these overall expenditure figures because, as we will see in Part V, the reality is that most advertisers – all except very large consumer product advertisers – need to spend in only one primary medium and perhaps one secondary medium.

CHANNELS PERSPECTIVE

A much more practically relevant "big picture" perspective for the marketing manager is the *channels perspective*. A channel-based typology of marketing communications is shown in Exhibit 1-3.[3] This typology shows the channel location of the major types of advertising, remembering that these types of advertising often include a sales promotion. (Familiarity with the names of the different channel-related forms of advertising is very useful for those lucky enough

Advertising		Advertising spend (%)	Marcoms spend (%)
	Internet	35	16
	TV	35	16
	Radio	9	4
	Newspaper	8	4
	Magazine	8	4
	Outdoor	4	2
	Cinema	1	1
		100%	47%

Marketing		Marketing spend (%)	
	Sales promotion	34	18
	Telemarketing	24	12
	Direct mail	21	11
	Sponsorship	16	9
	Directories	7	2
	Public relations	2	1
		100%	53%
Total		$553 billion	

Exhibit 1-2   U.S. marketing communications spending, 2017.

(Source: Zenith Media's estimates reported in *Advertising Age*, Marketing Fact Pack 2016, December 19, 2016, p. 14.)

to get a job in the advertising or marketing communications industry.) Personal selling, though not shown, is a major component in the lower three channels: manufacturer to distributors, distributor to consumers, and manufacturer to business users.

MARCOMS DEFINED

Marketing, from a basic standpoint, refers to the manager's use of the "marketing mix" of the "4Ps" – **P**roduct quality level, **P**ricing for value, **P**lace of distribution and purchase, and **P**romotion to assist in selling the branded product or service.[4] Marketing communications – marcoms – is simply the modern term for what used to be called the *promotion submix*, the last of the 4Ps, and consisting of the following four means of selling *more* of the product or service, or selling it *faster*:

- Advertising
- Sales promotion, simply called promotion
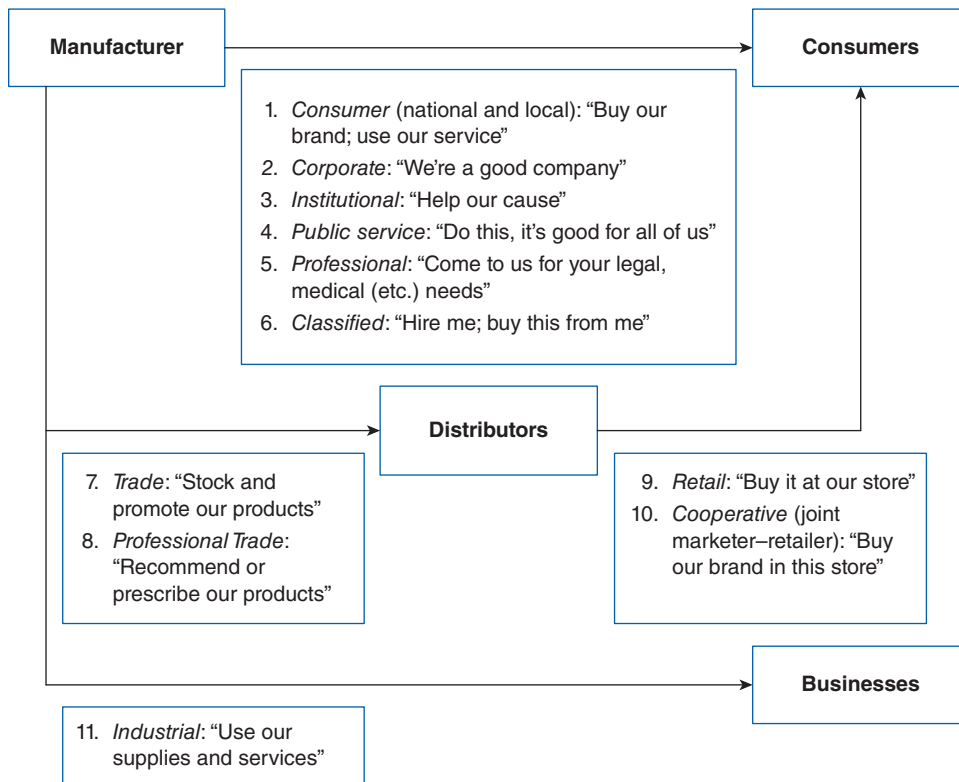- Public relations, or PR
- Personal selling

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┌──────────────────┐                                          ┌──────────────────┐
│   Manufacturer   │─────────────────────────────────────────▶│    Consumers     │
└──────────────────┘                                          └──────────────────┘
     │        │        ┌─────────────────────────────────────────────────────┐
     │        │        │ 1.  Consumer (national and local): "Buy our         │
     │        │        │     brand; use our service"                         │
     │        │        │ 2.  Corporate: "We're a good company"               │
     │        │        │ 3.  Institutional: "Help our cause"                 │
     │        │        │ 4.  Public service: "Do this, it's good for all of us"│
     │        │        │ 5.  Professional: "Come to us for your legal,       │
     │        │        │     medical (etc.) needs"                           │
     │        │        │ 6.  Classified: "Hire me; buy this from me"         │
     │        │        └─────────────────────────────────────────────────────┘
     │        │                    ┌──────────────────┐
     │        └───────────────────▶│   Distributors   │
     │                             └──────────────────┘
     │   ┌──────────────────────┐          ┌──────────────────────────┐
     │   │ 7.  Trade: "Stock and│          │ 9.  Retail: "Buy it at our store"│
     │   │     promote our      │          │ 10. Cooperative (joint   │
     │   │     products"        │          │     marketer–retailer): "Buy│
     │   │ 8.  Professional Trade:│        │     our brand in this store"│
     │   │     "Recommend or    │          └──────────────────────────┘
     │   │     prescribe our    │
     │   │     products"        │
     │   └──────────────────────┘
     │                                              ┌──────────────────┐
     └─────────────────────────────────────────────▶│    Businesses    │
                                                    └──────────────────┘
  ┌──────────────────────┐
  │ 11. Industrial: "Use our│
  │     supplies and services"│
  └──────────────────────┘
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Exhibit 1-3   Channels perspective on advertising.

The word "communication" comes from the Latin word *communicus*, which means "common." The marcoms activities listed above have two things in common. First, they have in common the fact that they are all designed to sell the brand, and they do this by *communicating* about the brand. This brand communication is most obvious in personal selling and advertising but it also must be achieved in sales promotion campaigns and in company-created publicity or PR. Even the packaging and labeling (of the salespersons too!) say a lot about the brand. Second, all marcoms strive for "commonality" between the marketer's intended communication message and the customer's interpreted communication message. More precisely, given our emphasis on branding, the commonality must be achieved between the marketer's *intended* positioning of the brand and the customer's *perceived* positioning of the brand.

Marcoms, or marketing communications, therefore, is best defined as marketer-originated messages, placed in various media, their purpose being to sell the brand by showing it, saying things about it, or both, in a manner that establishes the marketer's desired position for the brand in the minds of target customers.

The two major forms of marcoms, from this book's perspective, are advertising and promotions (PR and personal selling are covered in separate chapters in the final section of the book). The respective definitions of advertising and promotion, examined next, reveal how the two

marketing communications activities differ yet are aimed at the common objective of selling the brand of product or service.

ADVERTISING DEFINED

"Advertising" comes from the Latin verb *advertere*, which means "to turn toward," and more specifically from the verb *animadvertere* which means "to turn the *mind* toward." The Latin roots indicate that the purpose of advertising is to "turn the mind" of the prospective customer "toward" the brand.

Functionally speaking, there are three main forms of advertising, defined as follows:

Brand-building advertising – Brand-building advertising refers to ads that are placed in *mass media*, such as TV, radio, cinema, newspapers, magazines, and outdoor. It is "mind turning" in its purpose rather than directly seeking purchase of the brand or brand-item. A good example of brand-building advertising, again for Coca-Cola Classic (although it was simply called Coca-Cola back then) is shown in Exhibit 1-4. This ad is quite obviously trying to increase – that is "build" – the appeal of the brand to young women, and to young black or Latina women in particular.
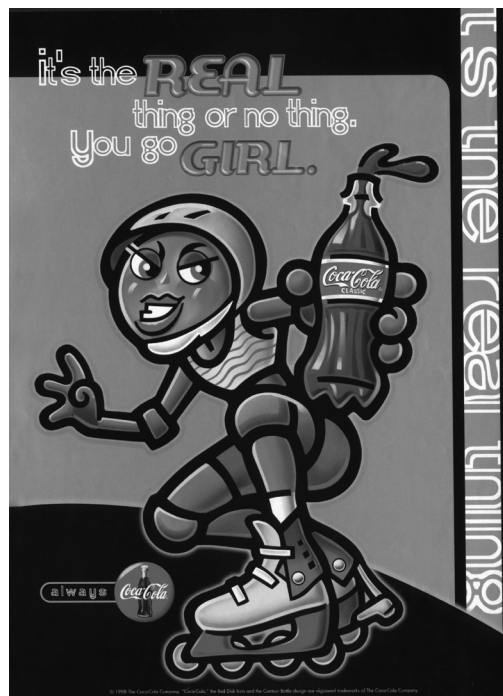

Exhibit 1-4   A brand-building ad for Coca-Cola (appearing well before it was renamed Coca-Cola Classic.)

(Source: Courtesy of The Advertising Archives.)

Direct-response advertising – Direct-response advertising – now actually the *largest* form of advertising with the advent of the Internet – refers to ads placed in mass media *or* in narrower, direct-to-customer media (online, telephone, or direct mail) which attempts to be "*immediately* mind turning" toward the brand or brand-item so as to produce a sales inquiry, retail visit, or direct purchase.

Corporate image advertising, sponsorships, and public relations (PR) – All three activities are forms of "mind turning" advertising which advertise the branded company or organization, or the "master" or "flagship" brand, rather than specific brand-items.

All of these marcoms activities are "advertising" in the broad sense.[5] They aim to turn the prospective customer's mind toward the brand. The second activity, direct-response advertising, additionally has the "act now" characteristic of a promotion, although it is never called a promotion. Rather, the word "promotion" always refers to *sales* promotion, as defined next.

PROMOTIONS DEFINED

"Promotion" comes from the Latin verb *promovere*, which means "to move forward or advance," indicating that the aim of promotions is to produce immediate purchase of the brand (or to produce some other immediate action that will increase the opportunity for purchase of that brand, such as store visits or online inquiries). Promotions – *sales* promotions – offer an *incentive to act now*. In practice, promotions are most often *advertised* promotions, that is, they are included *in* advertisements. As we shall see later in the book, the most effective promotions – sometimes called "customer franchise-building" promotions[6] – are those that are embedded in brand-building ads.

Types of promotions differ according to the channels perspective identified earlier.

Manufacturer promotions – Manufacturers originate three different forms of promotions: *sales force promotions*, such as sales commissions, frequent-flyer points rewards, and other non-cash bonuses; *trade promotions*, which are nearly always monetary incentives offered to wholesalers and retailers to carry and sell the manufacturer's products or services; and *direct-to-customer* promotions, such as, to encourage trial, product or service sampling, manufacturers' warranties, and rebates, and to encourage repeat purchase, promotions such as multiple-purchase coupons and bonus offers.

Retailer promotions – Retailers, too, originate promotions, and these also take many forms. One form is physical *store layout* (and *website* layout) chosen to facilitate the flow of customer traffic. A second form is the retailer's employment of *store atmosphere* stimuli thought to encourage increased purchasing, such as lighting, color, in-store music, and perhaps in-store scent. The third and very frequently employed form of promotion is *retail feature ads*, which advertise promotional deals on the products offered by the retailer, and are placed in mass media or narrower media such as direct mail. A fourth common form of promotion used by retailers is in-store *point-of-sale (POS) displays* and *price-off* promotions (mentioned together because displays are usually – but not always – price-off promotions). Many retailers also offer their *own brand(s)*, often called "own label"[7] or more often "store brands," at a price below that of manufacturers' brands which is, in effect, a sales promotion.

And inspired by the remarkable success of Amazon, a rapidly increasing number of retailers are employing *Internet-enabled home-delivery shopping*.

Direct-marketing promotions – Direct-marketing promotions are originated by the manufacturer *or* by the retailer. The most effective direct-marketing promotions make use of *customer database marketing* to, firstly, direct introductory offers to new prospects, and secondly to reward, via a *loyalty program,* those customers who make repeat purchases.

Personal selling and telemarketing – Two other forms of marcoms – *personal selling* (face-to-face selling) and *telemarketing* (selling by telephone) – are also best considered as promotions, because their emphasis is on persuading prospects to *act now*.

BRAND EQUITY

In keeping with this book's emphasis on branding, it is important to introduce early the concept of *brand equity*. Brand equity, in the sense of "brand value," has emerged as the most popular measure of marketing effectiveness, and especially of the effectiveness of marketing communications. Brand equity applies to the corporate brand and to brand-items. In the case of *corporate* brand equity, there is only one type of equity considered, called "brand valuation." In the case of *brand-item* equity, there are *two* types to consider, which U.S. marketing consultant William Moran, whose strategic thinking we admire greatly, calls "value equity" and "uniqueness equity."

Corporate brand equity

Brand valuation – Interbrand's brand valuation procedure for measuring corporate brand equity has emerged as world-leading, because its valuations are accepted by the world's leading stock markets.[8] Interbrand's corporate-brand valuation procedure is based on expert assessment of seven main marketing characteristics of the brand, named and weighted as follows: leadership, 25%; internationality, 25%; stability, 15%; market strength, 10%; market trend, 10%; support, 10%; and protection, 5%. The brand's score on these factors, with each factor consisting of about four sub-factors not listed here, is converted to a single monetary value figure. According to Interbrand, the world's 10 most valuable brands in 2015 were: Apple, $170 billion (i.e., $170,000,000,000, as the U.S.A. calculates a billion as a thousand million rather than a million million, and most other countries, including the U.K., have followed); Google, $120 billion; Coca-Cola, $78 billion; Microsoft, $68 billion; IBM, $65 billion; Toyota, $49 billion; Samsung, $45 billion; General Electric (GE), $42 billion; MacDonald's, $40 billion; and Amazon, $38 billion.

Contrary to the popular impression, corporate-brand valuations cannot be taken for granted in the long term and show surprising volatility even on an annual basis. For instance, Apple gained 43% in brand value in one year from 2014 to 2015, from $118 billion to $170 billion; and the Google, Microsoft, and Toyota brands each gained over 10% in value in that same one-year period. On the other hand, IBM lost 10%, GE lost 7%, McDonald's 6%, and Coca-Cola

4% of their brand value over the same period. As Interbrand makes clear, it is not just marketing communications but marketing activities overall that cause the changes in a brand's value. For instance, Apple's value was boosted by its iPhone sales and Amazon was boosted by becoming profitable and expanding into other product lines.

Corporate-brand valuations such as these are probably of most interest to corporate accountants and industry investors. Some companies, such as Procter & Gamble and the Australian company Simplot, do not have a corporate brand for their products but instead use many different brand names, such as Tide and Head & Shoulders in P&G's case and Bird's Eye and Four 'n Twenty (a famous brand of Aussie meat pies!) in Simplot's case, and these brands are not individually large enough to be valued by Interbrand's method. So what does P&G do, since it too must be attractive to the stock market? It indulges in large advertising budgets for its products and lets this be known to the financial community. As a study by Joshi and Hanssens clearly demonstrates, even if a company's product advertising is not particularly effective, investors will pay a premium for a company that is *perceived* to be a heavy spending advertiser.[9]

Brand-item equity

Marketing managers should closely track the equity of specific *brand-items*. To measure and track brand equity for a specific brand-item, Moran's method is best.[10] Moran's method is based on tracking the brand-item's "price elasticity of demand," which refers to the brand-item's responsiveness to both price cuts and price increases. Moran's insightful contribution is to separate price elasticity of demand into "upside elasticity" and "downside elasticity." This produces two types of brand-item equity:

Value equity – The brand-item's *value equity* is indicated by its upside elasticity. High value equity – high upside elasticity – means that the brand-item's sales go up sharply in response to even a small price cut because the brand-item is seen as better value at this price, where value is benefits received for the price paid or, in everyday terms, "value for money."

Uniqueness equity – The brand-item's *uniqueness equity* is indicated by its downside elasticity. High uniqueness of the brand-item is indicated by *low* downside elasticity – that is, its sales do not go down much, if at all, when the brand-item's price is raised or when competitors lower their prices. Lack of sales fall-off when the price is raised means that customers see the brand-item as *comparatively unique* in the category, and they therefore are less likely switch to a (now) relatively lower-priced brand.

Category average price – Implementation of Moran's dual price-elasticity of demand method requires measuring of – and tracking of – the *category average price*. An idealized representation of value equity and uniqueness equity is shown in Exhibit 1-5. Notice how the brand-item's sales rise in proportion to the amount of the relative price cut, indicating high value equity, and at the same time sales do not fall off sharply when the brand-item's price is increased or when it experiences a relative price increase as a result of competitors cutting their prices, indicating high uniqueness equity.
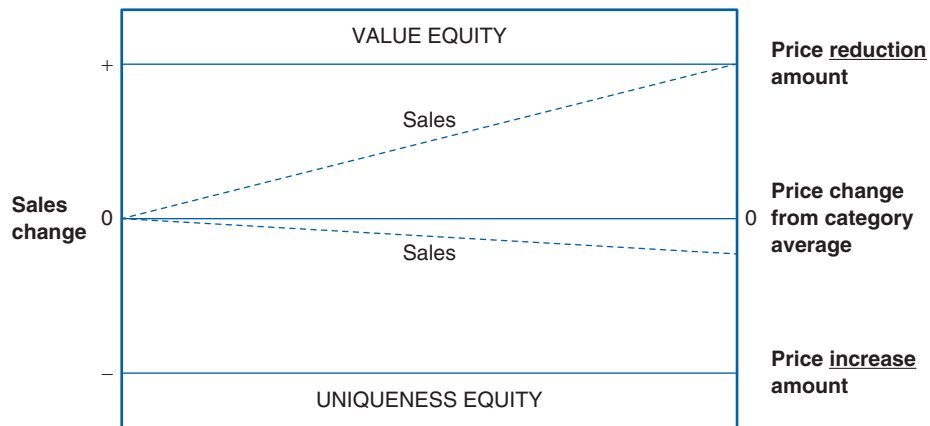
Exhibit 1-5   Value equity and uniqueness equity. Left axis shows sales changes (in units) from normal. Right axis shows price decrease or increase from category average price.

Strategy selection based on value equity and uniqueness equity – Moran goes on to consider *strategy* based on the results from his method. There are four main scenarios that can eventuate for brand-item equity. These, and the implications for the brand-item's advertising and promotion, are listed below.

- *High* value, *high* uniqueness: This is the most desirable position. Use bursts of brand-building advertising to remind customers of the good value of the brand-item, then each burst should be followed immediately by a slight price-off promotion, as sales will respond sharply upwards. Promoting on the back of an advertising burst is known as the *ratcheting strategy*, which is another of William Moran's insightful contributions to marcoms strategy.
- *High* value, *low* uniqueness: Good, but could be better. Find or develop a unique benefit for the brand-item, and advertise this benefit as "this brand only" while also reminding customers of its good overall value.
- *Low* value, *high* uniqueness: Good, but could be better. Try to broaden *distribution* of the brand-item and also *raise* its price, within reason. Continue to emphasize perceived uniqueness in the advertising.
- *Low* value, *low* uniqueness: This is the undesirable position and the most difficult and expensive to fix. Almost certainly, a product problem precedes the marcoms problem. Use R&D and consumer research to find a benefit that adds value and *also* differentiates the brand. The brand-item's advertising then has to advertise both value, via the new benefit, and uniqueness compared with other brand-items in the category.

Both types of brand-item equity, value equity and uniqueness equity, contribute to the ultimate marketing objective at the brand-item level, which is long-run profit. Value equity sells units of the product at a faster rate when there is an actual or *de facto* price cut, thus preserving overall profit. Uniqueness equity helps maintain profit by protecting against loss of sales rate when there is a *de facto* price increase and by directly increasing profit, even at a slightly reduced sales rate, when there is a real price increase.

Identifying valuable and unique benefits is an important prelude to brand positioning, as we will see in Chapter 2. Before examining positioning, however, we need to explain how marcoms work.

HOW MARCOMS WORK

In this chapter so far, we have looked at what marketing communications can *do* for the brand but not *how* they do it. It is important to consider how marketing communications work because of widespread confusion– among academics and practitioners – about "the" hierarchy of effects. As we will see, the hierarchy of effects is a misleading oversimplification. There are actually *three levels* of effects that have to be understood.

Three levels of effects

The confusion over how marcoms work has emerged because marcoms theorists have not made it sufficiently clear that there are *three levels of effects* going on simultaneously during marketing communications. The three levels of effects are:

Level 1: Ad or promotion processing

Level 2: Brand communication effects

Level 3: Customer decision stages

These three levels of effects relate to one another as shown in Exhibit 1-6. The diagram may look complicated but it's quite easy to understand when you work your way through it. It's easiest to explain by starting at the right-hand side (level 3, which is the customer decision stages) and working back.

Customer decision stages

For any given product or service category, at any given time, the potential customer is in *one* of the customer decision stages (level 3). The customer is either *not in the market* at present for the product or service category, or is experiencing *need arousal*, or is *searching and evaluating* brand-item alternatives, or *purchasing*, or *using* the product or service.

The decision stages *are* usually hierarchical in occurrence ("fixed sequential" is a more accurate description but the term "hierarchical," which refers to an ordering by rank or superiority, is the common description). There are occasional exceptions, such as when search and evaluation continues during usage (making a trial of a free sample or participating in a service demonstration would have this characteristic). But in most cases each stage is completed before the next – so, yes, there is a hierarchy of effects at the customer decision stage level. When considering a repeat purchase in the category, the customer cycles back through the stages after being out of the market for a while, as shown by the right-hand arrow.
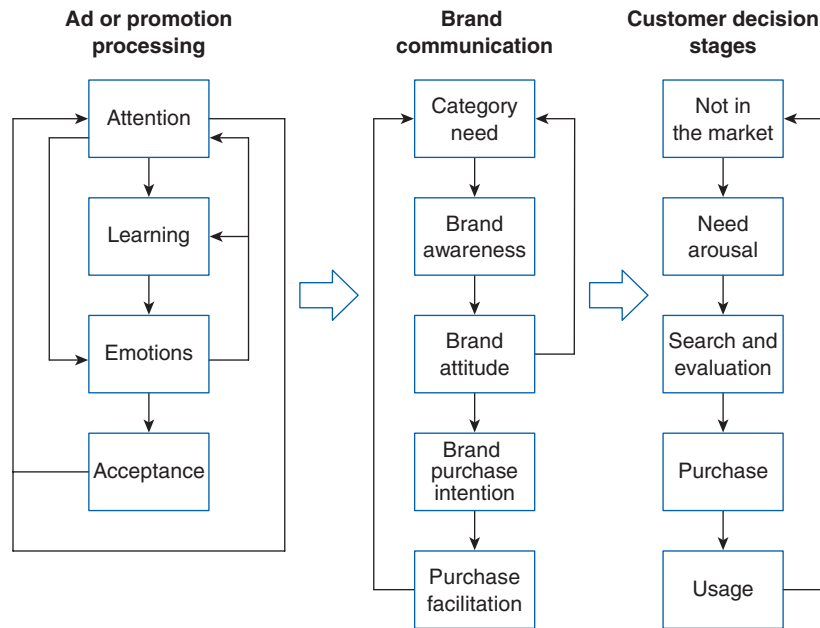
Ad or promotion processing	Brand communication	Customer decision stages
Attention	Category need	Not in the market
Learning	Brand awareness	Need arousal
Emotions	Brand attitude	Search and evaluation
Acceptance	Brand purchase intention	Purchase
	Purchase facilitation	Usage

Exhibit 1-6   Three simultaneous levels of marcoms effects.

Brand communication effects

Feeding into these customer decision stages are communication effects for each brand (level 2). Actually, they are for each brand-item, but we will use the broader term "brand" for easier discussion. We will examine brand communication effects in detail in Chapter 4, but introduce them now. The brand communication effects are:

1. **Category need** – really a category communication effect but regarded as a brand communication effect *in that* the particular brand has to be connected to the customer's need for the product or service category to produce the next communication effect, brand awareness. A particular brand, usually the market leader, may attempt to grow the category, which means creating category need among more potential customers.
2. **Brand awareness** – which is necessary in order that the brand can be considered for purchase. The brand either has to be recognized as an item of that category (brand recognition) or recalled as an item when the category need arises (brand recall) in the decision process.
3. **Brand attitude** – the brand's functional benefit beliefs and positive emotions associated with the brand combine to produce brand attitude. The manager needs to create or reinforce a positive absolute attitude toward the brand and a relative preference for it over other brands.
4. **Brand purchase intention** – for high-risk or "high-involvement" purchases, brand purchase intention or other purchase-related action intention must occur consciously as a self-instruction to act. Not necessary if a "low-involvement" purchase.
5. **Purchase facilitation** – a communication effect that is necessary in some cases so that the customer can complete the brand purchase.

Now, let us consider the acquisition of these communication effects, as distinct from the utilization of these brand communication effects when making a brand choice.

Acquisition – The five brand communication effects do *not* have to be *acquired* hierarchically. For instance, the customer's category need may arise *after* he or she has become aware of the brand and learned a preference for it (e.g., you may be well aware of, and prefer, Huggies diapers, but not need to buy them until you have a baby child); this ordering is shown by the loop on the right-hand side of the first and second communication effects in Exhibit 1-6. Brand awareness and brand attitude, the second and third communication effects, are usually acquired *simultaneously.* An ad usually attempts to make people aware of the brand, or to regenerate their brand awareness, *and* induce brand beliefs or brand emotions that create, increase, or reinforce brand attitude.

The next two communication effects, brand purchase intention and purchase facilitation, usually are acquired in that order, following brand attitude, although even here it is possible to know where to buy the brand and its approximate price (purchase facilitation) without at the time having the intention to purchase it. Also, if choice of the brand is "low involvement" (low purchase risk), these last two communication effects are not necessary and are bypassed; this bypass is shown in the diagram by the loop back to category need immediately after brand attitude.

The main point about level 2 is that there is hardly ever a strict hierarchy of *acquisition* of brand communication effects. The big mistake in the *usual* hierarchy-of-effects account of brand communication effects is the notion, repeated in many textbooks and believed by many students and quite a few managers, that marketing communications have to instill the brand communication effects *in sequence* – for instance, that an ad campaign has to generate category need before it can generate brand awareness, and generate brand awareness before it can generate brand attitude, and so forth.

Marketing communications therefore do not work by instilling one communication effect at a time during acquisition. Think instead of the brand communication effects as "mental boxes to be filled or topped up." The mental boxes start filling *together*. The communication effects boxes may top out with one exposure, as in a direct-response campaign, or only after repeated exposures as in a brand-building campaign.

Choice – A likelier instance of a true *hierarchy* of effects is found during *choice*. During choice of a brand, the previously acquired brand communication effects "go into action," and here they usually do operate in the hierarchical order indicated in the Exhibit's diagram. The customer experiences category need first, then recalls or recognizes alternative brands, together with his or her attitude toward each, then intends to purchase one of them, and may have to have the intended purchase facilitated. The choices will usually narrow down to the one brand that, in the customer's mind, has all of its communication effect boxes filled.

Ad or promotion processing

Feeding into the brand's communication effects are *short-term responses* to individual ads – or promotion offers – for the brand. These short-term and immediate responses to the ad or promotion offer are shown at level 1 in the diagram. The processing responses occur – or, to be more correct,

the advertiser hopes they will occur – during exposure to each ad or promotion offer and again if the same ad or promotion offer is seen or heard again.

Ad or promotion processing is a collective description of four diverse responses that can be made during exposure – attention responses, learning responses, emotion responses, and acceptance responses. These responses can occur in *many different permutations* (hence the many arrows in level 1 of Exhibit 1-6's diagram):

- **Attention –** An *attention* response must precede each of the other three responses. The necessary precedence of attention is indicated in the diagram by the fact that processing responses keep looping back to attention. Repeated attention responses are necessary for the prospective customer to fully process the ad, or to process a detailed promotion offer.
- **Learning –** After attention, *learning* may occur, and that might be the end of processing (e.g., you learn from the ad that Orange is the brand name of a telephone company, and that it is a "cool new brand"). Learning responses are necessary for learning the brand name, learning what the logo or pack looks like, and also for learning any benefit claims that the ad might make for the brand.
- **Emotion responses –** Alternatively, after attention, only an *emotion response* might be made in processing (e.g., you may hate the ad and never learn which brand it advertises; or you might experience the simple positive emotion of liking in conjunction with the brand, in this case brand Orange, which could influence your choice only if you later recognize or recall that brand).
- **Acceptance –** Acceptance in ad processing is a combination of learning and emotion (acceptance is the result of learned benefit beliefs subjectively perceived as "true" of the brand, and which are positively emotionally weighted). Benefit claims may be accepted or rejected and overall acceptance depends on acceptance responses outweighing rejection responses. Acceptance responses in processing are necessary only when advertising a brand to customers for whom its purchase of this brand is *high risk* (high involvement in our terminology) or when making a promotion offer.

The responses in ad processing are more accurately described not as hierarchical but as *polyarchical* – from the Greek word meaning "many" – because they can occur in many different orderings. Note again the looping back of the attention response, which must precede any learning, emotional connections to the brand, or acceptance of its benefit claims.

BUYER RESPONSE STEPS

Having presented our admittedly complex account of what's really going on regarding levels of the effects of marcoms, we are now going to simplify by identifying in a very broad manner the *buyer response steps* that a marcoms campaign aims for.

The buyer response steps begin with a step that precedes the levels in Exhibit 1-6 earlier – exposure. Providing the *opportunity* for exposure is a step taken not by the customer but by the campaign manager: the manager has to get the ads and offers exposed to the target audience, and exposed often enough, via the media schedule. Whereas it is true that potential buyers sometimes deliberately seek out ads (e.g., Yellow Pages ads, or Website ads) and promotions (e.g., bargain hunters or coupon collectors seek out promotions), the manager still has to *place* the ads

or offers in the media so that they are *there* to be sought. In any event, it is accurate to label the first buyer response step prior to processing as *exposure*, whether this be deliberate on the part of the customer or incidental.

The buyer response steps then cut *across* the levels of effects as follows: (1) exposure → (2) ad or promotion processing → (3) brand communication effects → (4) target audience action. The four buyer response steps are shown diagrammatically in the top half of Exhibit 1-7. As we have explained above, there is a lot more going on at each step than these summary labels reveal, but these are the essential steps that the campaign aims to achieve, and *must* achieve if marcoms is going to produce sales or achieve behavior change in the case of a social marketing campaign.

Buyer response steps as "gates" – The late, eminent psychologist William J. McGuire pointed out in his classic chapter in the *Handbook of Social Psychology* that communication response steps are like *gates* that audience members must pass through successfully, and that the probability of doing so is typically very low.[11] Here is an advertising example. Suppose the brand manager places a 60-second TV commercial for the brand in *NCIS*, one of the highest-rating series programs on U.S. TV, with an average episode reaching about 10% of households. A *new 60-second* TV commercial is likely to be paid full attention to at least once by 80% of those households, but only 2% may be "in the market" and have the category need for the product. The estimated sales result is then $.10 \times .80 \times .02 = .016$, or 1.6% of householders who could possibly buy the brand as a result of the ad – and that's only if they are in the purchase situation soon after and don't get derailed at the point-of-purchase by seeing a better or lower-priced brand.

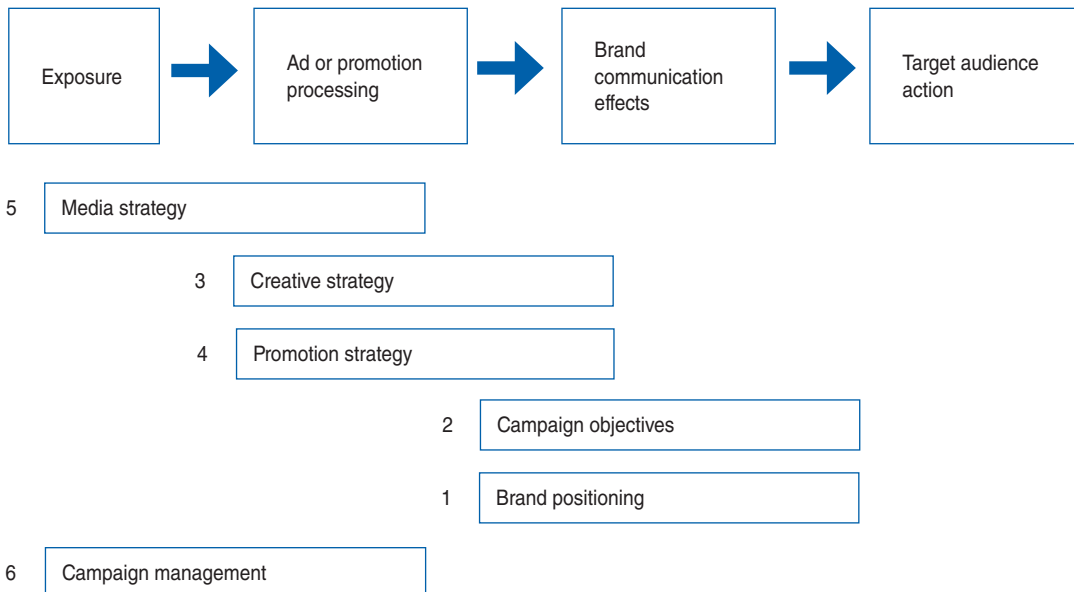The approximate time ordering of the planning steps is indicated by the numbers 1 to 6

Exhibit 1-7   Buyer response steps shown together with the manager's corresponding marcoms planning steps.

MARCOMS PLANNING STEPS

The seven steps for marcoms campaign planning are: (1) brand positioning, (2) campaign objectives, (3) creative strategy, (4) promotion strategy, (5) media strategy, (6) campaign management, and (7) other marcoms (as needed). The first six of these steps are shown in the lower half of Exhibit 1-7. As indicated by the number next to each step, the manager plans the steps approximately in the *reverse order* of the buyer response steps.

Exhibit 1-8 lists all seven of the marcoms planning steps, each shown with its main sub-steps. The sub-steps include the main strategic planning frameworks required to effectively execute each step. We briefly explain each step below.

Step	Summary label	Sub-steps in marcoms planning
1	Brand positioning	• T–C–B positioning model • I–D–U benefit analysis • Integrated marcoms
2	Campaign objectives	• Campaign target audience selection and action objectives • Behavioral sequence model • Campaign communication objectives
3	Creative strategy	• Key benefit claim • Creative idea (remote conveyor model) • Brand awareness and brand attitude (grid) tactics • Attention tactics by medium
4	Promotion strategy	• Economics of promotions • Customer-franchise building promotions • Ratchet strategy
5	Media strategy	• Media-type selection • Reach pattern • Minimum effective frequency estimation • Media plan implementation
6	Campaign management	• Campaign budget • Tracking measures and analysis • Diagnosing and preventing wearout
7	Other marcoms (as needed)	• Corporate communications and PR • Personal selling and database marketing • Social marketing communications

Exhibit 1-8   The seven marcoms planning steps (with their main sub-steps listed).

Brand positioning

Marcoms planning begins, or *should* begin, with brand positioning. In our marcoms consulting work – and we'll bet that this applies in others' consulting work as well – the issue to be settled first is *always* the issue of brand positioning. Before the manager can make a reasonable decision about where the brand should be headed via its marcoms, the manager first has to decide – to

change, if necessary, or to shore up and reconfirm – the brand's positioning. This means, as we will see in the next chapter, deciding who (the type of customer) the brand should be targeted towards; identifying the customer's category need for which the brand can best compete; and selecting the key benefit the brand should emphasize. This we call the T–C–B (target–category–benefit) model of positioning and it leads to the *positioning statement* for the brand. The positioning statement is completed after the next sub-step. In the next sub-step of positioning, the I–D–U (importance–delivery–uniqueness) model is used to select the brand's key benefit, to mention any necessary entry-ticket benefits, and to trade off or, if allowable, omit any customer-known inferior benefits.

Brand positioning has to be agreed on by management (and positioning statements prepared) for the brand as a whole, its sub-brands if sub-brands are part of the company's "brand architecture," and for the specific brand-items. That is, the company's entire product or service portfolio must have brand positioning statements.

Campaign objectives

Marcoms campaigns, at any one time, apply to any one of the above brand entities. The manager could, for instance, be preparing an "awareness" campaign for the brand or for a sub-brand and also a "response" campaign to advertise and promote a particular brand-item. The campaign will be aimed at one or more target customer groups identified in the brand's, sub-brand's, or brand-item's positioning statement.

First, the target customer group or groups for the campaign must be selected – the target audience. Target-audience action objectives – for pre-purchase behaviors, such as visits and inquiries, or actual purchase behaviors, such as trial and repeat purchase – can then be established. Additional useful support for setting the action objectives is the construction of a BSM (behavioral sequence model). This model is also instrumental in identifying potential media contact points for the campaign's media strategy.

As we explained above, marcoms work by creating, increasing, or reinforcing *communication effects* for the brand. Once more, we will refer to the "brand" here, recognizing that the campaign could be about a sub-brand or a specific brand-item. Using ads or promotions, brand communication effects are initiated at level 1 (ad or promotion processing) but achieve their impact at level 2, that is, at the level of the brand (brand communication effects). As we saw earlier, there are five communication effects that must necessarily be present in the target customer's mind before the customer will take action, such as making a trial purchase or a repeat purchase of the brand. However, some of these brand communication effects may be *already present* in the target customer's mind, thereby highlighting the difference between campaign communication effects and campaign communication *objectives*. For a campaign launching the brand as the pioneer brand in a new product or service category, or a campaign attempting to grow the category, then all five communication effects will usually become the communication objectives. Alternatively, if the campaign is for an established brand, then either the middle two communication effects, if the purchase decision is low involvement, or the middle

three if the purchase decision is high involvement, will be objectives for the campaign. For each of the five communication effects, the manager must decide whether or not it is to be an objective for the campaign, and then nominate the specific objective (for instance, category need is nominated as either omitted, and therefore not an objective, or to be reminded via the campaign, or to be "sold" via the campaign). The five communication effects, again, so that you will come to learn them by rote, are: category need, brand awareness, brand attitude, brand purchase intention, and purchase facilitation.

The campaign communication objectives specify "what" the campaign should achieve by way of mental effects for the brand in the target customer's mind. But the objectives do not spell out the "how." The "how" is the focus of the next planning step, creative strategy.

Creative strategy

The creative strategy planning step commences with the preparation, by the manager, of the *creative brief*. The creative brief is quite a difficult document to prepare because it has to *be* brief yet include the brand's positioning statement as well as the campaign's target audience action objectives and communication objectives. Usually, the creative brief is sent to the advertising agency and the manager sees nothing from the agency until the agency presents the proposed rough ads or the proposed promotion offer in outline, for approval. In our planning approach, however, we recommend that the manager or management team take an active role in deciding creative strategy. An active role is necessary if the creative is to be prepared in-house or, for many readers of this book, prepared as part of a marcoms class project, but we also believe that the manager should be involved in deciding creative strategy even when using the services of an advertising agency. The agency can make a crucial contribution to creative strategy: the *creative idea*. We show how, alternatively, the management team can make this contribution. Another important contribution by the agency, of course, is expert production – these days usually digital – of the finished ads or promotions.

The planning of creative strategy consists of four steps. First, the *key benefit claim* for the brand (for this campaign and foreseeable future campaigns) has to be carefully crafted from the many possible alternatives. Second, the *creative idea* that will dramatize this claim has to be generated and selected – in the most important sense, the creative idea *is* the ad. In this book we provide an effective procedure called the remote conveyor model (RCM model) for generating creative ideas if you are doing this in-house or for a class project. Third, in-ad *communication tactics* have to be chosen for achieving the two universal campaign communication objectives of brand awareness and brand attitude (the Rossiter–Percy Grid helps here). Last is the choice of in-ad *attention tactics* that will be most likely to gain the target customer's attention and maintain interest in processing the message. If an advertising agency has been employed to construct the ads or promotions, ratings of the properties of the creative ideas and a checklist of the in-ad tactics are used by the management team to decide which ads or promotions to approve for the campaign. The same ratings and checklist – called a *management judgment ad test* – are used if you do the creative yourself or in-house.

Creative strategy, and promotion strategy, below, address the link between ad or promotion processing (level 1) and brand communication effects (level 2) in the overall model of how marcoms work.

Promotion strategy

The marcoms campaign may include, or even be focused on, one or several other types of promotion other than advertising – most often sales promotions, personal selling, or telemarketing. Each has the aim of generating immediate purchase and can therefore be regarded as promotions.

The most important aspect of promotion strategy is to design promotions so that they are *customer franchise-building*, which means that they will contribute to brand awareness and brand attitude, and not just induce temporary purchase action. The second most important aspect of promotion strategy is *timing*. The manager should employ the "ratcheting" strategy, which means making sure that brand advertising *precedes* the promotion offer.

Media strategy

The media strategy step applies no matter what forms of marcoms are to be used. Media provide the "contacts" that enable the ads or promotion offers to be processed by target customers – level 1 in the earlier diagram of how marcoms work. The contacts may be made by mass media, direct-response media (including online), point-of-sale or point-of-use media, personal selling, telemarketing, or by word of mouth.

Media strategy *planning* consists of four main decisions. First, the media-type selection has to be confirmed in terms of a primary medium and possible secondary media for the campaign; in the actual sequence of planning, this decision will have already been made, based on the *behavioral sequence model* for the particular target group or groups chosen earlier for the campaign, and the medium or media to be used will have been specified in the *creative brief*. Second, a reach pattern for the media schedule must be decided (basically, whether we want to advertise with a blitz, or a decelerating pattern, or an accelerating one, or to reach as many prospects as we can just once or twice). Third, the required minimum effective frequency has to be estimated for each of the advertising cycles in the reach pattern and effective reach goals set for the media-months in the schedule. Finally, the media schedule is implemented in a manner that best represents the media strategy for the campaign, within the media budget allocated for it.

Campaign management

The usual last step in marcoms campaign planning is campaign management. Finalization of the campaign media budget is the first sub-step; whereas the overall budget limit, in reality, will have been indicated much earlier by top management, the precise planned expenditure can only

be determined after the media plan has been cost-quoted. Before the campaign launch, tracking measures have to be put in place, and continued throughout the campaign.

As we will see, these campaign management measures can range from *aggregate tracking measures* (overall sales of the brand-item in terms of units and dollars and, if the category is growing in its life cycle, then percentage market share in units is also relevant to monitor the brand-item's competitive performance whereas market share is irrelevant, and indeed, misleading, in a mature or declining category[12]) to *individual-level customer survey measures* (which follow the buyer response steps of ad and promotion offer exposure, ad and promotion processing, brand communication effects, and brand purchase behavior in the form of trial purchases and repeat purchases). Tracking of the buyer response steps is necessary for the very last sub-step of campaign management, which is to diagnose and prevent campaign wearout.

Other marcoms (as needed)

While not really a planning step as such, most companies, and especially larger ones, will need to add one or more of the other forms of marketing communications. The main options here are: *direct selling* in some form – personal selling or telemarketing, and very commonly customer database marketing; and some form of *corporate* brand communications such as corporate ads, sponsorships, and PR.

A final form of other marcoms – *social marketing communications* – is the main marketing activity practiced by government agencies, although an increasing number of commercial companies are getting involved in social marketing as well. It is in conjunction with social marketing, in the final chapter of the book, that we discuss the *ethics* of marketing communications.

OBJECTIVES, STRATEGY, AND TACTICS

Throughout this book will be talking frequently about three (or actually four) general terms: objectives (and their specification as goals), strategy, and tactics. Exhibit 1-9 provides some handy definitions of what we mean by these terms, preceded by our definition of what the term "strategic planning" means.

Term	Definition
Strategic planning	The formulation of objectives (ends) and strategies (means) for attaining them
Objective	A broad aim or a desired outcome
Goal	An objective made specific as to degree and time
Strategy	A broad plan of action with an objective or goal in mind
Tactics	The specific details of a strategy showing how it can be implemented

Exhibit 1-9   Useful definitions.

We also mention here what we believe to be the two most important rules about *strategy*. One is Porter's Rule, which is that the essence of strategy is "Choosing what *not* to do." In keeping with this rule, our book provides many guidelines for avoiding tactics that do *not* work. The other is Drucker's Rule, which is that when choosing and executing a strategy "It is better to be vaguely right than precisely wrong." This rule should be kept in mind when you are presented with instances of meaningless and indeed dangerous over-precision. This is what consultant Mark Ritson calls "tactification," and it is the enemy of strategy.

SUMMARY

Marcoms – marketing communications – are everywhere. Although limited by privacy legislation in some countries, marketers regard almost all of our daily activities as possible "brand contact points." To the public, marcoms – especially advertising and promotions – *is* marketing and, for most marketing managers, too, marcoms planning and implementation is most of what they do as marketing. Today, more than ever, the marketing manager requires a good planning system of frameworks and procedures, which this book is designed to provide.

In this introductory chapter, we introduced the reader to the wide variety of marcoms and specifically to the different types of advertising and promotions. There are separate chapters later on personal selling, corporate communications, and social marketing.

The long-run measure of marcoms success is not sales as such, but rather brand equity, which delivers profit from those sales. We discussed corporate brand equity, which is of most interest to investors. Then we discussed brand equity for the specific brand-item, drawing attention to Moran's excellent method of measuring this in terms of value equity (upside price elasticity) and uniqueness equity (downside price elasticity). Brand or brand-item positioning, examined in the next chapter, is largely focused on developing value equity and uniqueness equity.

It is important, obviously, that the manager understand, overall, how marcoms work before commencing the steps involved in marcoms campaign planning. To work, ads, promotion offers, and other types of marcoms must successfully pass through three levels of effects: ad or promotion processing, brand communication effects, and customer decision stages. Each level has a number of effects (responses to be made by the prospective customer) in it. Ad or promotion processing (level 1) has attention, learning, emotions, and acceptance. The alternative permutations of these responses make them polyarchical, not hierarchical. Brand communication effects (level 2) consists of potentially five mental responses, made by the prospective customer, connected with the brand: category need, brand awareness, brand attitude, brand purchase intention, and purchase facilitation. The brand communication effects can be acquired in any order, often with some acquired together. In a direct-response advertising campaign, the whole five communication effects are acquired simultaneously. In a brand-building advertising campaign, the respective communication effects may be created, increased, or reinforced during multiple exposures to the brand's ad or ads. In the prospective customer's mind, communication effects for competing brands, also, are mentally outputted during the customer decision stages (level 3). At the level of the product or service category, the prospective customer goes through the stages of not being in

the market, then need arousal, search and evaluation, purchase, and usage. These customer decision stages are what the brand's marcoms must favorably influence. The customer decision stages *are* experienced usually in the above sequence, that is, as a hierarchy of effects. The prospective customer passes through all five stages for the first purchase in the product or service category but recycles to begin at the second stage, need arousal, for repeat purchases.

For the purpose of campaign planning, we simplify these levels of effects into four buyer response steps that the campaign must achieve: exposure → ad or promotion processing → brand communication effects → target audience action.

Marcoms campaign planning consists of seven steps for creating marcoms that work, and for making them work. Step 1 is brand positioning, because planning of a marcoms campaign depends on clear, agreed positioning of the brand, sub-brand, or brand-item up front. Step 2 is the establishment of campaign objectives: target audience selection and action objectives, and campaign communication objectives. Step 3 is creative strategy – the generation and selection of a key benefit claim and dramatic creative idea for the campaign, and execution of the creative idea in an ad or ads to be employed in the campaign. Step 4 is promotion strategy, which is used if the campaign includes, or is based on, sales promotions, personal selling, or telemarketing. Step 5 is media strategy, which concerns the selection and scheduling of the ads or promotion offers in media vehicles that together will reach the target audience in sufficient numbers, and sufficiently often, to meet the sales goal for the campaign. Step 6 is campaign management, which requires deciding the media budget, tracking the effects of the campaign as they emerge, and detecting and correcting for wearout during the campaign. Step 7 is the optional one of including other non-advertising forms of marketing communications in the campaign.

GLOSSARY

Ad (or promotion offer) processing – Collective term for the responses at level 1 of how marcoms work. Also the second of the buyer response steps. Processing responses occur during exposure to each ad or promotion offer and again if the same ad or promotion offer is seen or heard again. Responses made in ad processing are attention responses, learning responses, emotion responses, and, if the ad or offer poses a high-risk brand choice, acceptance responses.

Advertising – Comes from the Latin verb *advertere* which means "to turn toward," or more precisely *animadvertere*, which means "to turn the mind towards," indicating that the purpose of advertising is to "turn the mind" of the prospective customer toward the brand.

Brand-building advertising – Advertising that is placed in mass media (such as TV, radio, cinemas, newspapers, magazines, and outdoor) that is "mind-turning," not direct-response, in its purpose.

Brand communication effects – Brand-based responses that the marcoms campaign expected to create, increase, or reinforce in the prospective customer's mind. Brand communication effects form the second level (level 2) of how marcoms work and the third step of the buyer response

steps. The five communication effects are category need, brand awareness, brand attitude, brand purchase intention, and purchase facilitation.

Brand equity – Principal measure (also called a *metric*) of marketing communications' long-run success. At the corporate brand level, brand equity is measured by the brand's monetary valuation (e.g., Interbrand). At the brand-item level, brand equity should be measured by Moran's method of calculating the brand-item's value equity and its uniqueness equity, two important concepts defined later in this chapter glossary.

Branding – From this book's perspective, the term "branding" is equivalent to the term "brand positioning" and specifically to T–C–B macro positioning (see Chapter 2).

Brand-item – The specific purchasable unit of a branded product or service.

Buyer response steps – The four buyer response steps are: exposure → ad (or promotion offer) processing → brand communication effects → target audience action. These are the four essential "gates" that the campaign must get through to produce sales. The four buyer response steps also indicate the types of measures to be taken in ad pretesting (the last three) and campaign tracking (all four).

Campaign planning steps – The seven steps used in this book are: (1) brand positioning, (2) campaign objectives, (3) creative strategy, (4) promotion strategy, (5) media strategy, (6) campaign management, and (7) other marcoms (as needed).

Customer decision stages – Final level (level 3) of how marcoms work. The stages are: not in the market, need arousal, search and evaluation, purchase, and usage.

Direct-response advertising – Ads placed in mass media or in narrower, direct-to-customer media which attempt to be immediately mind turning so as to produce immediate action (a sales inquiry, retail visit, or purchase).

Exposure – The first of the four buyer response steps, exposure refers to the individual prospective customer's single exposure to the *media vehicle* in which the ad or offer is placed. Thus, exposure is defined as an *opportunity* to pay attention to the ad or offer (in the next customer response step of ad or promotion offer processing). An exposure is often referred to as an OTS, an acronym for "opportunity to see."

Marcoms – Convenient and increasingly common abbreviation of "marketing communications." The abbreviation originated in the U.K. but is now commonplace in the U.S. as well.

Promotion – In this book and in the world of marketing, "promotion" always refers in general to sales promotion and in particular to some form of sales promotion offer. The word comes from the Latin verb *promovere* which means "to move forward or advance," indicating that the aim of promotions is to produce immediate purchase of the brand. Promotions achieve this by offering the prospective customer an incentive to *act now*.

Target audience action – Fourth and final customer response step. As explained further in Chapter 3, the targeted "action" can be a purchase-related behavior (such as a preliminary sales

inquiry or website visit), purchase behavior itself (a trial purchase or a repeat purchase of the brand-item), or a postpurchase behavior (such as usage or recommendation of the brand-item to others). Note that action is always a *behavior* not a mental communication effect. Campaigns should always be designed to achieve action by the designated target audience, with action by other prospective customers being, as they say, an "added bonus."

Uniqueness equity – Rate at which our brand-item's sales go down if we raise its price or if a close competitor cuts its price ("downside" price elasticity). Indicates a range from no uniqueness, meaning complete substitutability, to complete uniqueness, meaning insistence on our brand-item.

Value equity – Rate at which our brand-item's sales go up when we cut its price ("upside" price elasticity). Indicates total benefit received in relation to the price paid.

Application Questions

1.1 People tend to take a media perspective on marketing communications and think mainly in terms of consumer advertising in the form of TV ads, magazine ads, billboards, and so forth. We urge students who want to learn the business of advertising and of managing advertising to take a "channels" perspective rather than a media perspective. In half a page single-spaced, see if you can explain why we recommend taking a channels perspective.

1.2 Review the definition of advertising and the definition of promotion in the chapter and then find an ad (shopper magazines enclosed in Sunday newspapers are a good place to look) that appears to use a fairly equal mix of both. Scan the ad in as the last page of your report and point out in the first paragraph the advertising aspects of the ad and in the second paragraph the sales promotion aspects. Half a page of single-spaced answer should do for this question.

1.3 Go to Wikipedia and find "List of Nike sponsorships" and find out what major sponsorships the corporate brand Nike is currently engaged in. In no more than half a single-spaced page, explain and comment on Nike's sponsorship strategy.

1.4 How does the concept of brand-item equity differ from the concept of corporate brand equity? Answer by using either Apple, Samsung, or Huawei Technologies as the corporate brand and its smartphones as the brand-items. You should be able to find out enough about these companies and also their smartphone prices by going online (perhaps on *your* smartphone). One single-spaced page should be adequate.

1.5 Why do we need to consider three levels of effects to explain how marcoms work? Try to answer this question in your own words rather than repeating what was said in the chapter. (Two-thirds of a page, single-spaced should be sufficient for this answer.) Bonus question: Do any of these levels operate in a hierarchical manner? (Add the other third of the page if you attempt the bonus question.)

1.6 What are the buyer response steps and why do they act as "gates" that must be successfully passed through? Use as an example for discussion an ad for Diet Pepsi that the brand manager has placed on Twitter. This is quite a complex question and you can take up to a full page, single-spaced, to answer it.

NOTES AND REFERENCES

1. "Marcoms" is a convenient abbreviation of "marketing communications" that we will use frequently throughout this book.

2. As reported in *Advertising Age*, December 7 (2015), p. 22.

3. The channel-based typology of advertising – now more broadly marketing communications or marcoms – was originally suggested by C.H. Sandage and V. Fryberger, *Advertising Theory and Practice*, 9th edn (Irwin, Homewood, IL, 1975).

4. Readers should be interested in a bit of history here. James Culliton, of Harvard, in the 1940s began referring to the business executive as a "mixer of ingredients." The idea was borrowed by his Harvard colleague Neil Borden, who popularized the term "marketing mix." If the chemical analogy is followed closely, the marketing mix is really a "marketing compound," since the elements of the mix, the Ps, interact with each other to produce sales. For example, pricing depends on perceived product quality; distribution depends on the effectiveness of personal selling to the trade; and, most important for our purposes, the effect of sales promotions depends a lot on how much perceived value has been built into the brand by prior advertising. See N.H. Borden, *Advertising Text and Cases* (Irwin, Homewood, IL, 1964). The specific term "4Ps" was made famous by the first really big marketing textbook written by Eugene McCarthy, a book that though still in print pretty much got superseded by Philip Kotler's famous marketing management textbook, which less explicitly followed the 4Ps framework.

5. What you will *not* see in this book under the heading of advertising are two popular practices: so-called *content* or *native advertising*, and *product placement*. Both practices are in our view unethical, as is any form of advertising that does not warn that the consumer that what's coming up is an advertisement (see Chapter 15 for further discussion of ethical considerations in advertising and promotion). But there is another good reason for excluding content and placement – a business reason this time – and this is because both these practices are hopeless for the essential task of *branding*: neither form of so-called brand communications says who the brand is for, what product or service category the brand belongs to, or makes clear what the brand's key benefit is (see the T–C–B brand positioning model in Chapter 2).

6. The term "customer franchise-building" with reference to promotions was coined by the practitioner R.M. Prentice, "How to split your marketing funds between advertising and promotion," *Advertising Age*, January 10 (1977), p. 41.

7. The technical term is "private label" but this is confusing because it sounds more like a private company being the marketer here whereas it is in fact the *retailer*.

8. See Interbrand.com, "Interbrand releases 2015 best global brands report," October 5 (2015).

9. A. Joshi and D. Hanssens, "Advertising spending and market capitalization," Paper presented at the INFORMS Marketing Science Conference (University of Maryland, College Park, MD, June 2003).

10. W.T. Moran, "Insights from pricing research," in E.B. Bailey (ed.), *Pricing Practices and Strategies* (The Conference Board, New York, 1978), pp. 7–13. Also see W.T. Moran, "Marketplace measurement of brand equity," *Journal of Brand Management*, 1 (5) (1994), pp. 272–82.

These are hard to get references but we acknowledge and summarize Moran's two major contributions – two-way price elasticity and the "ratcheting strategy" – adequately for the manager in this book.

11. W. J. McGuire, "The nature of attitudes and attitude change," in G. Lindzey and E. Aronson (eds), *The Handbook of Social Psychology*, 2nd edn, vol. 3 (Addison–Wesley, Reading, MA, 1989), ch. 21, pp. 136–314.

12. The conditional use of unit market share as a marketing objective is misunderstood by nearly every marketing textbook writer – and by most marketing managers. Even the prestigious American Marketing Association makes the "market share is everything" mistake. For instance, writing in the AMA's *Marketing News* publication in 2016, experienced authors L. Aksoy and T. Keiningham stated that "market share is the KPI that matters most" (see "The most accurate success metric isn't what you think," *Marketing News* online, June 1, 2016). This is a fallacy. The ultimate objective for every marketing campaign is profit, and profit = (price – cost) × unit sales. If you are not to change the price of the product and you cannot change the cost of producing it, then the only way to increase profit is to increase unit sales – or, more specifically, the *rate* of unit sales such as sales per week, or per month, or per year. This means that unit sales rate is the primary operational marketing objective in all circumstances. There is only one situation in which the manager also needs to keep an eye on the brand-item's unit market share, and this is where the market is *rapidly growing*; in a growing market, of course, even a so-so product will have an increased sales rate, which means that unit sales rate in this case is not a sufficient indicator of performance. Only in a growing market – that is, in the growth phase of the product category life cycle – should market share be monitored in addition to sales rate. Unit market share in a growth market indicates your *relative* rate of sales growth and thus shows how well you are doing against the the other new brands in the category. In a mature product category though, market share doesn't matter and the solitary focus, other than perhaps being able to raise your brand-item's selling price if it has high value equity, is to keep your brand-item's unit sales going at a constant rate. In a declining product category, market share is completely misleading; your market share will be increasing, but only because all the smarter competitors are leaving the category.