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Chapter 13: Engaging Customers and Communicating Customer Value and Advertising

Chapter Outline

I. Promotion Mix [Slide 13-4]

- A. Advertising. Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
- B. Sales promotion. Short-term incentives to encourage the purchase or sale of a product or service.
- C. Personal selling. Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
- D. Public relations. Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.
- R. Direct and digital marketing. Engaging directly with carefully targeted individual consumers and customer communities to both obtain an immediate response and build lasting customer relationships.

II. Integrated Marketing Communications. [Slide 13-5] The company carefully integrates its many communications channels to deliver a clear, consistent, and compelling message about the organization and its brands.

- A. The new marketing communications landscape. The digital age has spawned a host of new information and communication tools.
- B. The Shifting Marketing Communications Model
 - 1. Consumers are changing. Communication through digital, mobile and social media are becoming more important.
 - 2. Marketers are shifting away from mass marketing to targeted communication.
 - 3. The digital age has spawned new communication tools including smartphones and tablets.
- C. The need for Integrated Marketing Communications
 - 1. Integrated marketing communications calls for recognizing all touch points where the customer may encounter content about the company and its brands.
 - 2. As mass markets have fragmented, marketers are shifting away from mass marketing to narrowly defined micromarkets.
 - 3. The digital age has spawned a host of new information and communication tools, from smartphones and tablets to the Internet, and cable and satellite television systems.
- D. A View of the Communications Process [Slide 13-6]
 - 1. IMC calls for recognizing all contact points where the customer may encounter the company and its brands. The company wants to deliver a consistent and positive message with each contact.
 - 2. IMC ties together all the company's messages and images. The company's television and print advertisements have the same message, look, and feel as its e-mail and personal selling communications. And its public relations materials project the same image as its Web site.
 - 3. Four more are major communication functions—*encoding*, *decoding*, *response*, and *feedback*. The last element is noise in the system.

III. Steps in Developing Effective Communications [Slide 13-7]

A. Identify the target audience

B. Determine the communication objective. [Slide 13-8] The six buyer readiness states are awareness, knowledge, liking, preference, conviction, and purchase.

C. Design a message [Slide 13-9]

1. AIDA model. The message should get attention, hold interest, arouse desire, and obtain action.

2. Three problems that the marketing communicator must solve:

a. Message content (what to say). There are three types of appeals:

i. Rational appeals relate to audience self-interest. They show that the product will produce desired benefits.

ii. Emotional appeals attempt to provoke emotions that motivate purchase.

iii. Moral appeal is directed to the audience's sense of what is right and proper.

b. Message structure (how to say it)

i. Whether to draw a conclusion or leave it to the audience.

ii. Whether to present a one- or two-sided argument.

iii. Whether to present the strongest arguments first or last.

c. Message format (how to say it symbolically)

i. Visual ad: using novelty and contrast, eye-catching pictures and headlines, distinctive formats, message size and position, color, shape, and movement.

ii. Audio ad: using words, sounds, and voices.

D. Select communication channels [Slide 13-10]

1. Personal communication channels. Used for products that are expensive and complex. It can create opinion leaders to influence others to buy.

2. Nonpersonal communication channels. Include media (print, broadcast, and display media), atmospheres, and events.

E. Message source. Using attractive sources to achieve higher attention and recall, such as using celebrities.

F. Measure the results of the communication. Evaluate the effects on the targeted audience.

IV. Setting the Total Promotion Budget and Mix

A. Setting the total promotional budget [Slide 13-11]

1. Affordable method. A budget is set based on what management thinks it can afford.

2. Percentage of sales method. Companies set promotion budget at a certain percentage of current or forecasted sales or a percentage of the sales price.

3. Competitive parity method. Companies set their promotion budgets to match competitors.

4. Objective and task method. [Slide 13-12] Companies develop their promotion budget by defining specific objectives, determining the tasks that must be performed to achieve these objectives, and estimating the costs of performing them.

B. Shaping the Overall Promotion Mix

C. The nature of each promotional tool

1. Advertising suggests that the advertised product is standard and legitimate; it is used to build a long-term image for a product and to stimulate quick sales. However, it is also

considered impersonal one-way communication. [Slide 13-13]

2. Personal selling builds personal relationships, keeps the customers' interests at heart to build long-term relationships, and allows personal interactions with customers. It is also considered the most expensive promotion tool per contact. [Slide 13-14]

3. Sales promotion includes an assortment of tools: coupons, contests, cents-off deals, premiums, and others. It attracts consumer attention and provides information. It creates a stronger and quicker response. It dramatizes product offers and boosts sagging sales. It is also considered short lived. [Slide 13-15]

4. Public relations has believability. It reaches prospective buyers and dramatizes a company or product. [Slide 13-16]

D. Promotion mix strategies [Slide 13-17]

1. Type of product and market. The importance of different promotional tools varies among consumers and commercial markets.

2. Push versus pull strategy

a. Push strategy. The company directs its marketing activities at channel members to induce them to order, carry, and promote the product.

b. Pull strategy. A company directs its marketing activities toward final consumers to induce them to buy the product.

c. Buyer readiness state. Promotional tools vary in their effects at different stages of buyer readiness.

d. Product life-cycle stage. The effects of different promotion tools also vary with stages of the product life cycle.

V. Advertising. [Slide 13-18] We define advertising as any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

VI. Major Decisions in Advertising

A. Setting objectives. [Slide 13-19] Objectives should be based on information about the target market, positioning, and market mix. Advertising objectives can be classified by their aim: to inform, persuade, or remind.

1. Informative advertising. Used to introduce a new product category or when the objective is to build primary demand.

2. Persuasive advertising. Used as competition increases and a company's objective becomes building selective demand.

3. Reminder advertising. Used for mature products because it keeps the consumers thinking about the product.

B. Setting the advertising budget. [Slide 13-20] Factors to consider in setting a budget are the stage in the product life cycle, market share, competition and clutter, advertising frequency, and product differentiation.

1. Strategic versus tactical budgets

2. Overall promotional budget

3. Consistency

4. Opportunity to stretch the budget

5. The final budget

C. Developing the advertising strategy

D. Creating the advertising message [Slide 13-21]

1. Breaking through the clutter
 2. Merging Advertising and Entertainment
 3. Message strategy
 4. Message execution. [Slide 13-22] The impact of the message depends on what is said and how it is said.
 5. Consumer-generated messages
 6. Message evaluation and selection. Messages should be meaningful, distinctive, and believable.
- E. Selecting Advertising Media [Slide 13-23]
1. Deciding on reach, frequency, and impact
 2. Choosing among major media types. Choose among newspapers, television, direct mail, radio, magazines, and outdoor.
 3. Selecting specific media vehicles. Costs should be balanced against the media vehicles: audience quality, ability to gain attention, and editorial quality.
 4. Deciding on media timing. The advertiser must decide on how to schedule advertising over the course of a year based on seasonal fluctuation in demand, lead time in making reservations, and if they want to use continuity in their scheduling or use a pulsing format.
 5. Road blocking
- F. Evaluating advertising effectiveness and the return on advertising investment. [Slide 13-24]
There are three major methods of advertising pretesting and two popular methods of post-testing ads.
1. Measuring the communication effect—copy testing
 - a. Direct rating. The advertiser exposes a consumer panel to alternative ads and asks them to rate the ads.
 - b. Portfolio tests. The interviewer asks the respondent to recall all ads and their con-tests after letting the respondent listen to a portfolio of advertisements.
 - c. Laboratory tests. Equipment is used to measure consumers' physiological reactions to an ad.
 2. Post-testing
 3. Recall tests.
 - a. The advertiser asks people who have been exposed to magazines or television programs to recall everything that they can about the advertisers and products they saw.
 - b. Recognition tests. The researcher asks people exposed to media to point out the advertisements they have seen.
 - c. Measuring the sales effect. The sales effect can be measured by comparing past sales with past advertising expenditures and through experiments.
 - d. Measuring the awareness effect. The target market's awareness of the brand or product is measured before and after the advertising.



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