

4

Chapter Four

The IMC Planning Process

4

PetSmart

Pets are now part of the family.

- Attitudes have changed.
- New animal care products.
- New animal care services.
- Prices are secondary.

Why the Change?



4

The IMC Planning Process

Chapter Objectives

1. How can the three Cs of the IMC planning context form the basis for an effective advertising program?
2. What categories are used to identify consumer and target markets or market segments?
3. What categories are used to identify business-to-business market segments?
4. How do the various approaches to positioning influence the selection of target markets?

4

The IMC Planning Process

Chapter Objectives

5. How do the marketing communication objectives interact with the other elements of the IMC planning process?
6. What are the relationships between communications expenditures and company sales?
7. What types of marketing communications budgets may be used when developing the IMC planning program?
8. In addition to advertising, what other IMC components are selected as part of the IMC planning process?

4

The IMC Planning Process

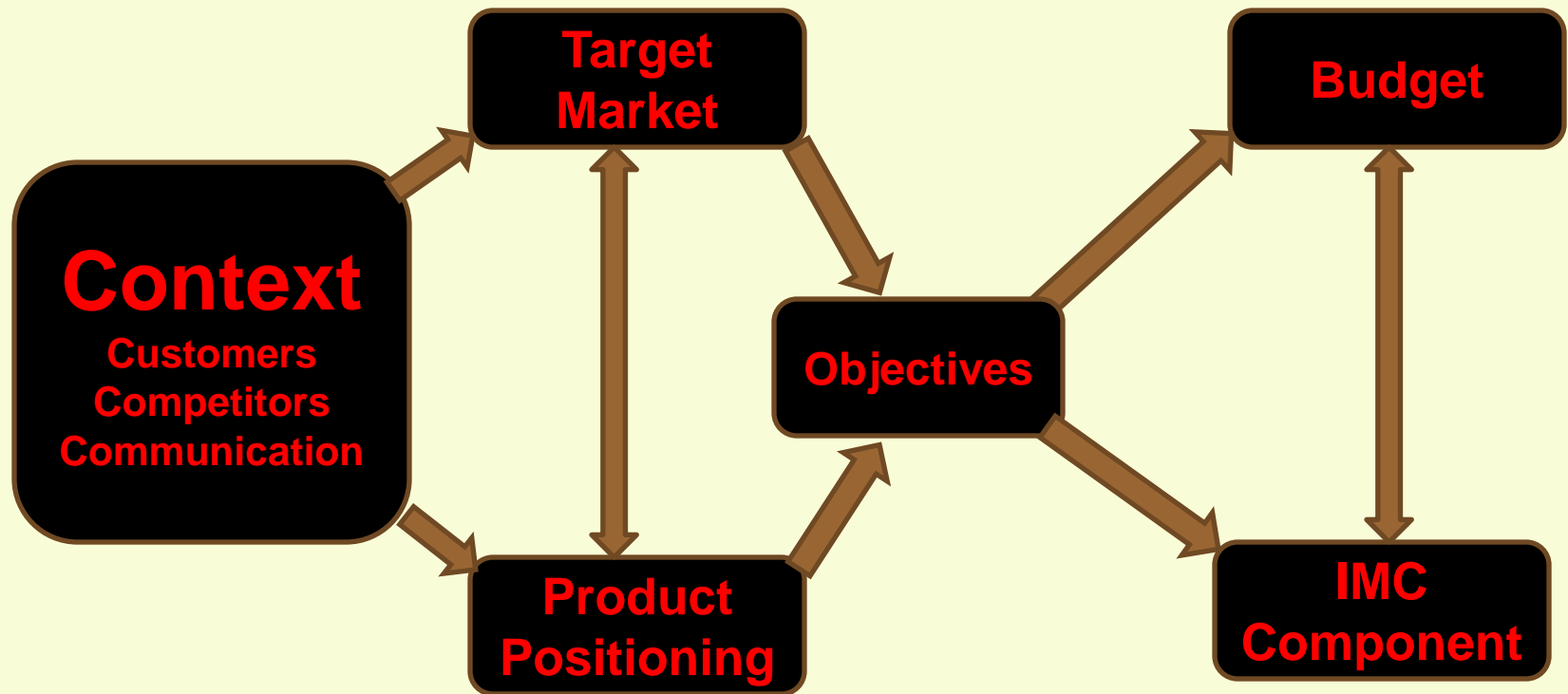
Chapter Overview

- IMC planning
- Target markets
- Market segmentation
- Positioning strategies
- Communication objectives
- Budget
- IMC components



FIGURE 4.1

The IMC Planning Process



Customers

The IMC Planning Process

- Current customers
- Former customers
- Potential new customers
- Competitors' customers



Competition

The IMC Planning Process

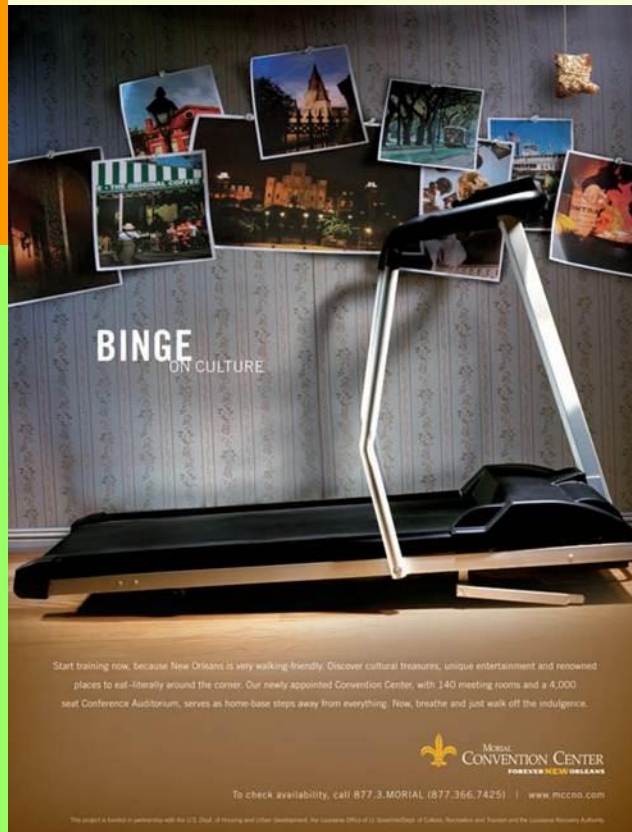
- Identify major competitors.
- Identify communication strategies and tactics of each competitor.

Sources of information

- Primary research
- Secondary data
- Research what others say

Communications

The IMC Planning Process



- Company communications
- Industry communications
- Competitor communications

Target Markets

- Target markets
 - Consumer markets
 - Business-to-business markets
- Market segment
- Market segmentation



Tests to Determine if a Particular Market Segment Is Viable

- The individuals or businesses within the segment are homogeneous.
- The market segment is different from the population as a whole and distinct from other market segments.
- The market segment is large enough to be financially viable to target with a separate marketing campaign.
- The market segment must be reachable through some type of media or marketing communications method.

FIGURE 4.2

Methods of Segmenting Consumer Markets



- Demographics
- Psychographics
- Generations
- Geographic
- Geodemographics
- Benefits
- Usage

Gender

Segments Based on Demographics

- Gender based products
- Gender difference in communications
- Female consumers
 - Control 66% of spending (\$12 trillion)
 - Involved in purchasing high-priced electronics (96%)
 - Deal with financial advisors (90%)
 - Buy and sell stocks (80%)
 - Household's primary accountant (70%)

FIGURE 4.3

Tips for Marketing to Women

- Focus on how brand can improve life
- Engage them with the brand
- Focus on practical, not trivial
- Tell a story that resonates
- Provide details
- Be positive





BMW Motorcycle ad directed to men as the primary purchaser and women as the decision-making influencer.

Age

Segments Based on Demographics

- Target specific age group
- Combine with other demographic variables
- Children attractive group



Segments Based on Demographics

- **Income**
- **Ethnic groups**

Ad directed to
“exhausted affluent”



Psychographic Segmentation

- Describe consumers
- AIO measures
 - Activities
 - Interests
 - Opinions
- Combine with demographic profiles

VALS 2

Psychographic Segmentation

- **Innovators** — successful, sophisticated — upscale products
- **Thinkers** — educated, conservative, practical — durability, value
- **Achievers** — goal-oriented, conservative, career, and family
- **Experiencers** — young, enthusiastic, impulsive, fashion, social
- **Believers** — conservative, conventional, traditional
- **Strivers** — trendy, fun-loving, peers important
- **Makers** — self-sufficient, respect authority, not materialistic
- **Survivors** — safety, security, focus on needs, price

FIGURE 4.4

Characteristics of Generation Segments

Name of Segment	Year of Birth	Characteristics
Millennials	1978-2002	Spend money on clothes, automobiles, college, televisions, and stereos. Ninety percent live at home or in a dorm or rent an apartment.
Generation X	1965-1977	Focus on family and children. Spend on food, housing, transportation, and personal services.
Younger Boomers	1954-1964	Focus on home and family. Spend on home mortgage, pets, toys, playground equipment, and large recreational items.
Older Boomers	1952-1953	Spend on upgrading homes, ensuring education and independence of their children, and luxury items, such as boats.
Seniors	Up to 1951	Most have fixed incomes. Spend heavily on health care and related medical items.

Source: Author-created from Dana-Nicoleta Lascu and Kenneth E. Clow, *Marketing Principles* (Cincinnati, OH: Textbook Media Press, 2012).



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The freedom to move and bend without pain is easily taken for granted. But when a hip joint is damaged by arthritis or broken by a serious fall, movement without pain can be a heartfelt dream. At St. Francis, restoring pain-free movement and quality of life is our commitment and mission.

Our doctors and staff are experts at hip replacement surgery, with many of these surgeries performed each year. Even more importantly, we understand the value of compassionate care. Technology, expertise, and inspired dedication—St. Francis Medical Center... a higher standard.



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Ad targeted to seniors.

Geodemographic Segmentation

- Combines
 - Demographic census data
 - Geographic information
 - Psychographic information
- PRIZM
 - 62 market segments
 - Southside City
 - Towns and Gowns

Benefit Segmentation

Fitness Industry

- Winners
- Dieters
- Self-improvers



Usage Segmentation

- Usage or purchase history
- Create clusters
- Target specific clusters
- Create marketing programs for each cluster
- Measure growth and migration

FIGURE 4.5

Methods of Segmenting B-to-B Markets

- Industry (NAICS/SIC codes)
- Size of business
- Geographic location
- Product usage
- Customer value

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Internet: www.abbeyresorts.com

DESIGN RESORTS

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Destin, FL 32141
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Darien, FL 32141
(850) 434-2429
U.S. (850) 336-4833

DESIGN SANDestin

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4000 Sandestin Blvd. South
Destin, FL 32141
(850) 242-9500
U.S. (850) 434-2429
FL (850) 336-1275
fax (850) 257-1216
Number of suites: 398
Meeting rooms: 12
Contact: Teresa Carlin, Dir. of Sales & Mktg.

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1020 Hwy 90 East, PO Box 577
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(850) 831-4197, 811-830-8833

HOLIDAY SURF & RACQUET CLUB

1/2 Golf View Dr.
Destin, FL 32141
(850) 434-0220, fax (850) 434-0219

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AND CONFERENCE CENTER
1061 Highway 90 East
Destin, FL 32141
(850) 434-1425
fax (850) 434-1425
Reservations: (888)
725-6226 (PSEUDO)
Internet: www.pelican-beach.com

Number of suites: 368
Meeting rooms: 4
Contact: Don Martin, Dir. of Sales & Mktg.

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1300 Hwy 90 West
Destin, FL 32141
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U.S. & FL (850) 277-0803
E-mail: alethea@thesandestin.com
Internet: www.sandestin.com

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Destin, FL 32141
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FORT WALTON BEACH

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1114 Santa Rosa Blvd.
Santa Rosa Beach, FL 32148
(850) 244-5210, fax (850) 244-5214

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FL Walton Beach, FL 32148
(850) 243-3444, fax (850) 243-3445

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U.S. (850) 870-8104

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19

A business-to-business advertisement based on the product usage segmentation strategy.

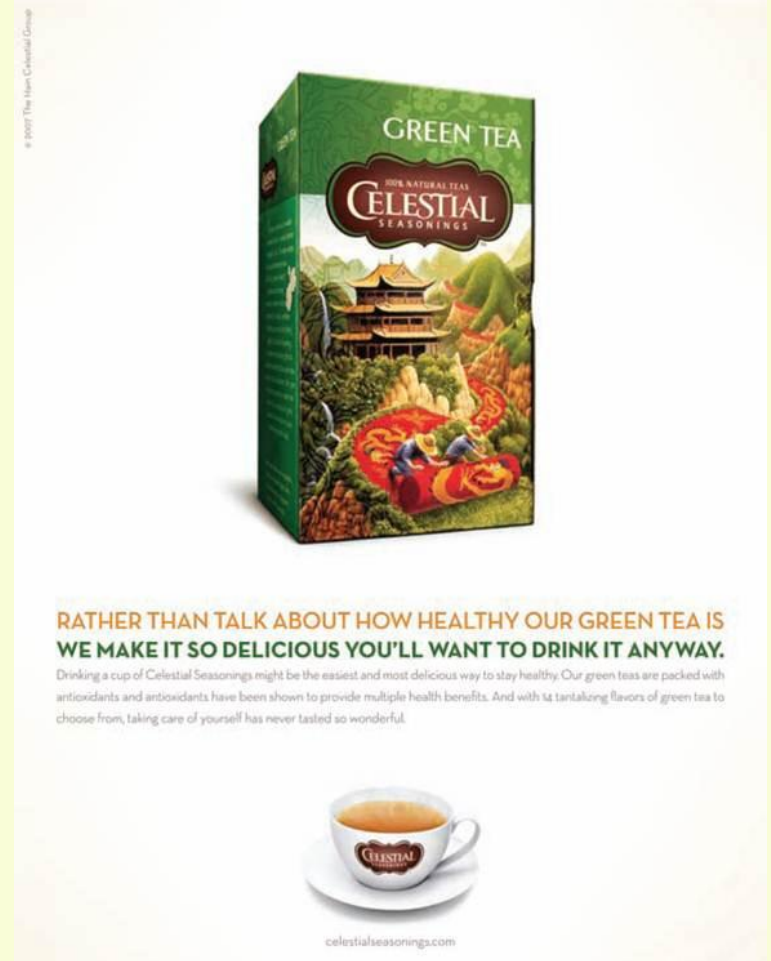
Product Positioning

- Is the perception created in the consumer's mind regarding the nature of the company and its products relative to the competition?
- Positioning is created by factors such as product quality, prices, distribution, image, and marketing communications.

FIGURE 4.6

Product Positioning Approaches

- Product Attributes
- Competitors
- Use or application
- Price/quality
- Product user
- Product class
- Cultural symbol





Exactly how bright is Sony's new projector?
Let's just say, your presentation definitely won't go unnoticed.

Not to worry—the SuperBright™ LCD Projector is bright enough to rescue any meeting or presentation. In fact with 2,000 ANSI lumens of brightness, it's the most brilliant object in the room. What's more, it provides true XGA resolution and has a PanelLink® digital interface. All of which means you get an image that's both crisp and clear. So however you look at it, this projector delivers the innovation and technology you expect from Sony. Which makes you brilliant as well.



Portable VPL-FX30



For your FREE CD-ROM on Building a Better Presentation, or for more information, call 1-800-472-SONY, ext. FX30, www.sony.com/digitalssystem.



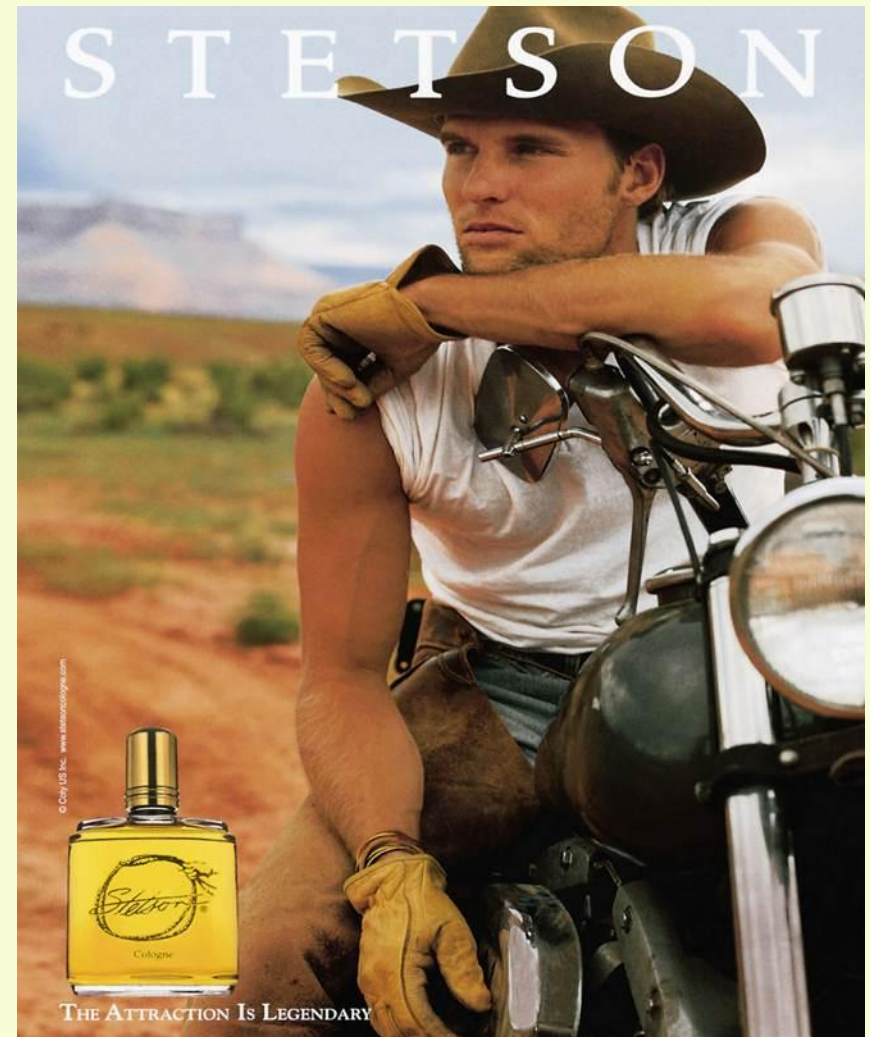
Installation VPL-FE100U



Personal VPL-FX1




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STETSON

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THE ATTRACTION IS LEGENDARY

A business-to-business advertisement positioned by the product's attributes: the brightness of the Sony projector.

An advertisement by Stetson positioned by cultural symbols.

Elements of Positioning

- Never completely fixed
- Applies to business-to-business also
- International positioning important
- Critical component of image and brand management

Marketing Communications Objectives



FIGURE 4.7

Communication Objectives

- Develop brand awareness
- Increase category demand
- Change customer beliefs and attitudes
- Enhance purchase actions
- Encourage repeat purchases
- Build customer traffic
- Enhance firm image
- Increase market share
- Increase sales
- Reinforce purchase decisions

Marketing Communications Budget

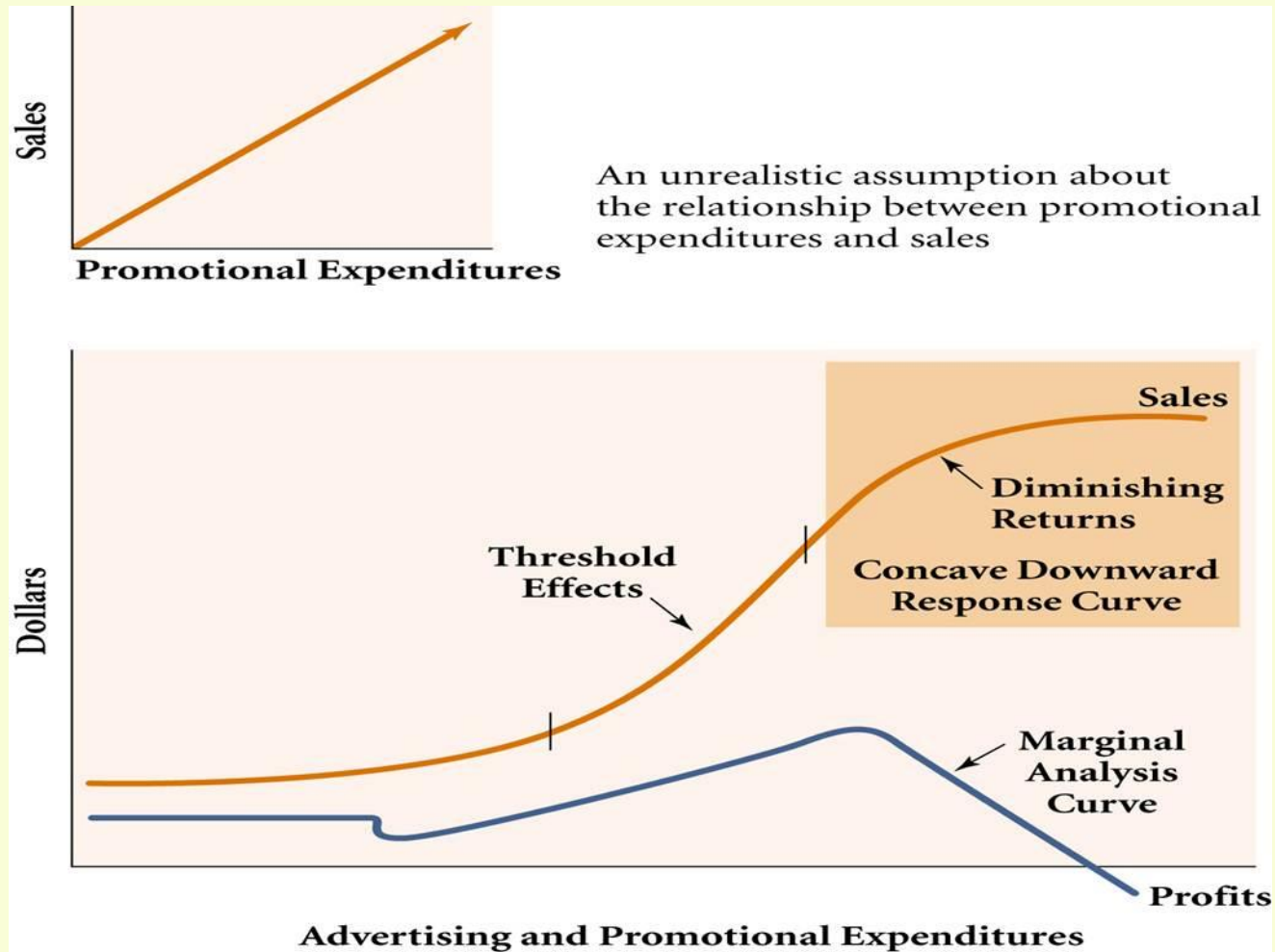
- Budgets based on
 - communication objectives
 - marketing objectives
- Budgets vary from consumer to B-to-B markets
- Unrealistic assumption to assume direct relationship between advertising and sales

Factors Impacting Relationship Between Promotions and Sales

- The goal of the promotion
- Threshold effects
- Diminishing returns
- Carryover effects
- Wear-out effects
- Decay effects
- Random events

FIGURE 4.8

A Sale-Response Function Curve Combined with the Downward Response Curve and Marginal Analysis



A sales-response function curve combined with the downward response curve and marginal analysis.

Carryover effects are important in advertising products such as boats.

Experience the Saltwater Advantage



...in the NEW ZX20 Bay

The ZX20 Bay is the perfect boat for every day because it's made to be in a permanent weekend mode using composite construction that is built to last. The hull design creates a low center of gravity, while the generous waterline length and beam provide the most stable fishing platform in the industry.

You'll also enjoy this hull's performance combined with a reliable Yamaha outboard. The ZX20 Bay drives easily into the shallows and tackles the rough water of the passes with amazing stability. And in between cruising and fishing you can relax as you remind yourself, "it's practical". Test drive the new ZX20 Bay today. You'll realize that SKEETER boats are **Engineered Like No Other.**



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YAMAHA www.skeeterboats.com **SKEETER** PERFORMANCE FISHING BOATS® ENGINEERED LIKE NO OTHER

FIGURE 4.9

A Decay Effects Model

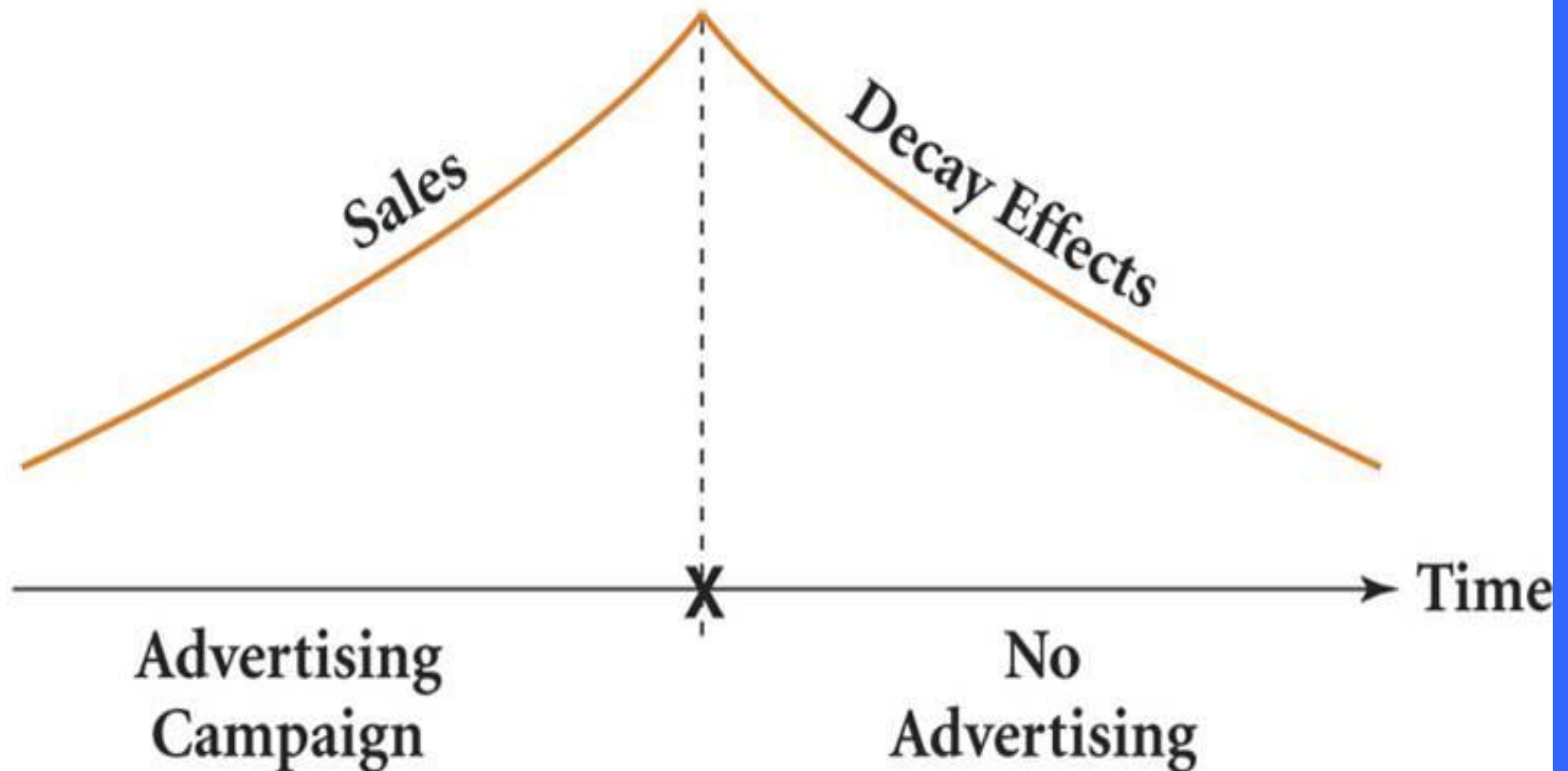


FIGURE 4.10

Methods of Determining Marketing Communication Budgets

- Percentage of sales
- Meet-the-competition
- “What we can afford”
- Objective and task
- Payout planning
- Quantitative models



Types of Budgets

- **Percentage of Sales**
 - Sales of current year, or next year
 - Simple
 - Tends to work in the opposite direction
 - Does not meet special needs
- **Meet the competition**
 - Seeks to prevent market share loss
 - Highly competitive markets
 - Dollars may not be spent efficiently

FIGURE 4.11

Ad Spending, Brand Recognition, and Market Share

Auto Insurer	Ad Spending (millions)	Brand Recognition	Market Share
Geico	\$600	98%	8.2%
Progressive	\$506	92%	7.5%
State Farm	\$455	76%	18.6%
Allstate	\$369	63%	10.5%
Farmers	\$203	59%	6.4%

Source: Adapted from Gregory Bresiger, "It's Ad Infinitum," *New York Post*, May 1, 2011, www.nypost.com/f/print/news/business/it_ad_infinitum_3ThF9rxodhIKnSkcljdTPK.

Types of Budgets

- **What we can afford**
 - Set after all other items budgeted
 - Not understand importance of marketing
- **Objective and task**
 - Budgets determined by objectives
 - Best method of budgeting
 - Used by 50% of firms

Types of Budgets

- **Payout planning**
 - Ratio—advertising to sales or market share
 - Larger percent at product launch
 - Lower percent when brand established
 - Based on threshold effect
- **Quantitative models**
 - Computer simulations
 - Develop models based on historical data

IMC Components

- Traditional advertising
- Trade promotions
- Consumer promotions
- Media spending
- Alternative media spending
- Business-to-business media spending

FIGURE 4.12

Breakdown of Marketing Expenditures

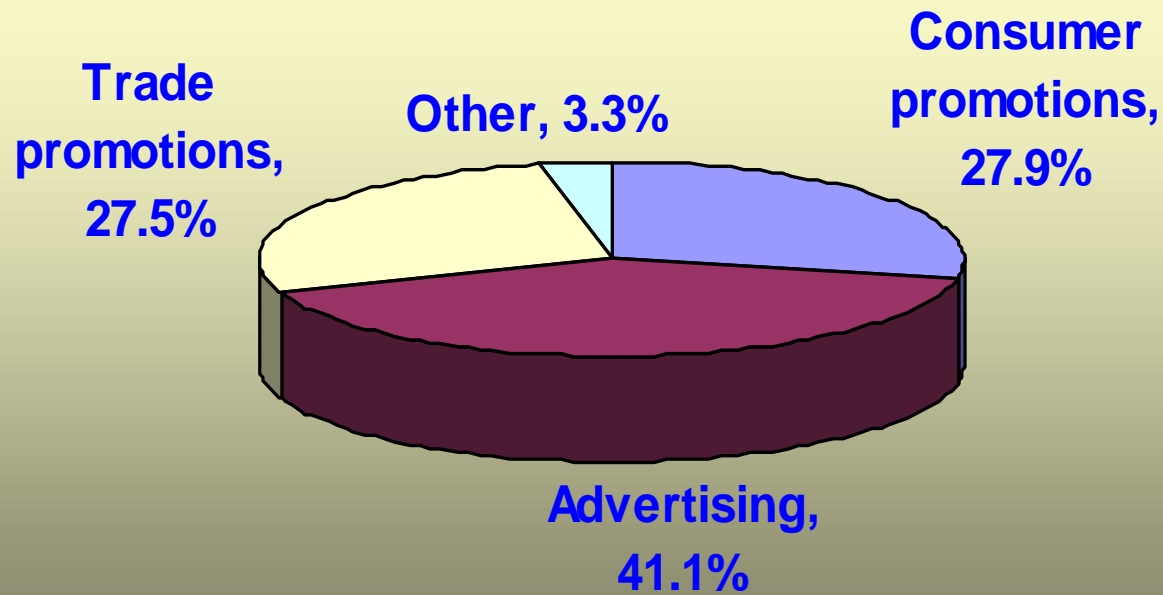
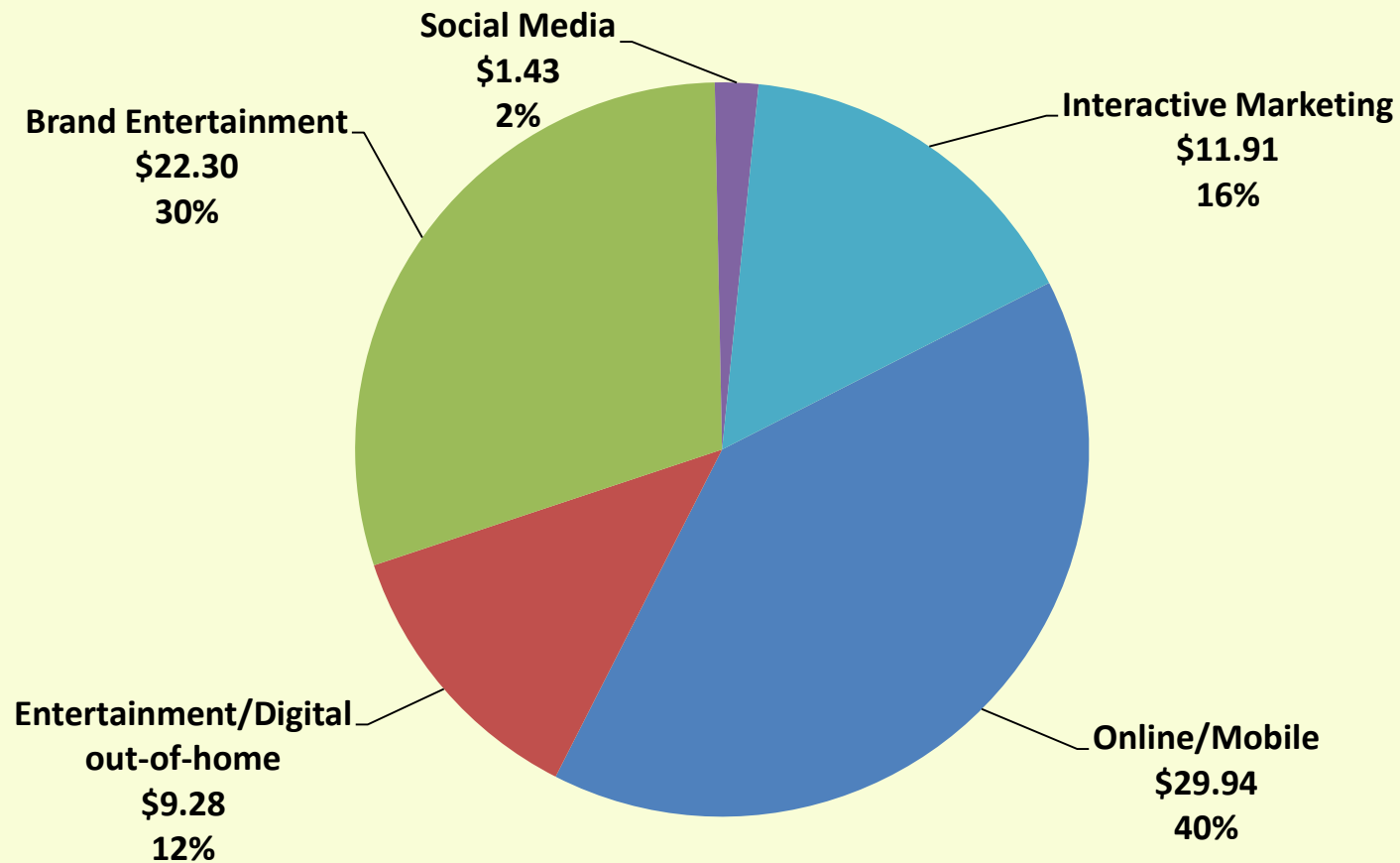


FIGURE 4.14

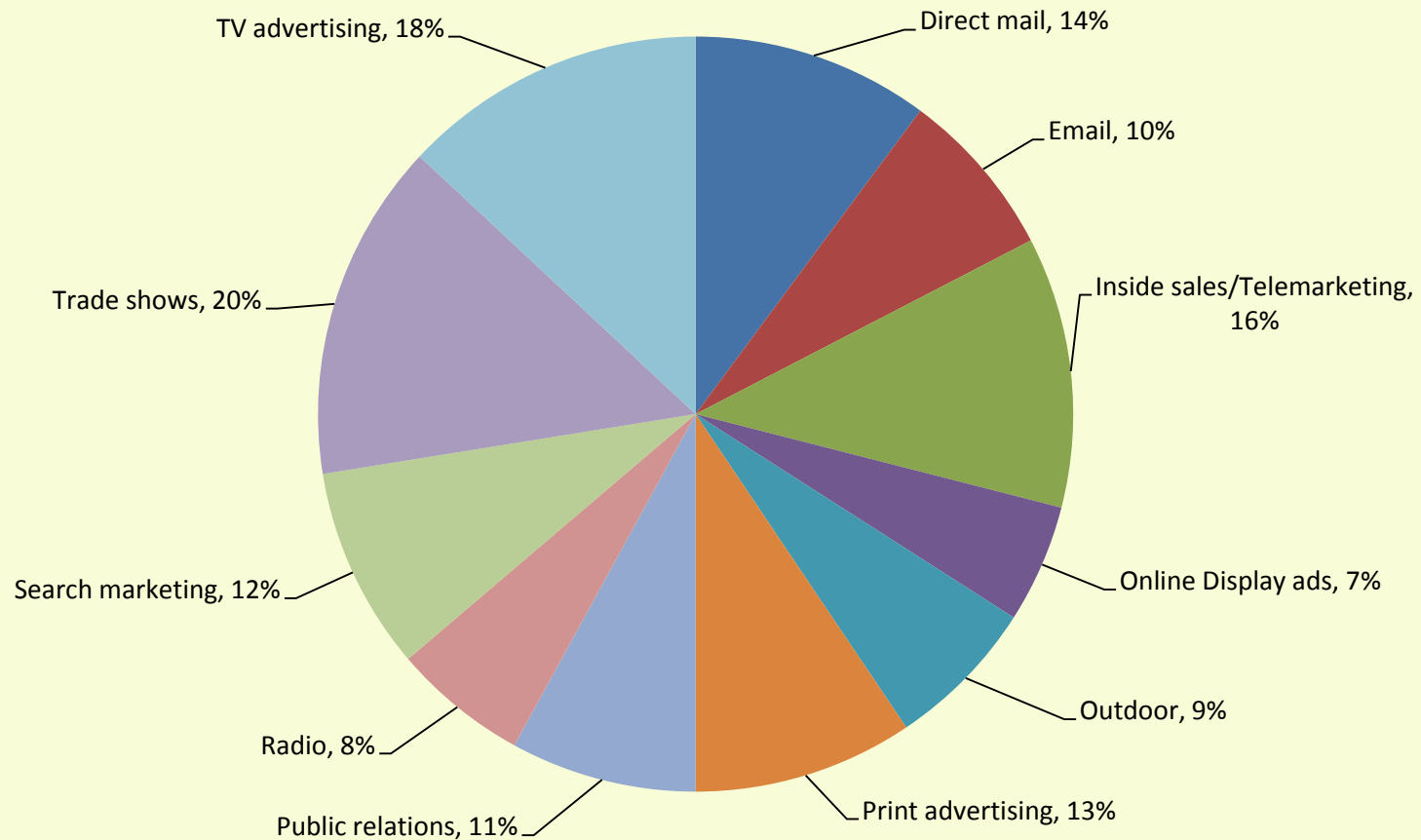
U.S. Alternative Media Spending



Source: Adapted from "U.S. Alternative Media Spending," *2008 Marketing Fact Book*, *Marketing News*, July 15, 2008, p. 18, 22.

FIGURE 4.15

U.S. B-to-B Direct Marketing Spending



Source: Adapted from B-to-B Marketing in 2009: Trends in Strategies and Spending, *Marketing Profs Research, Inc.*, p. 18.

FIGURE 4.16

Successful Globally Integrated Marketing Communications Tactics

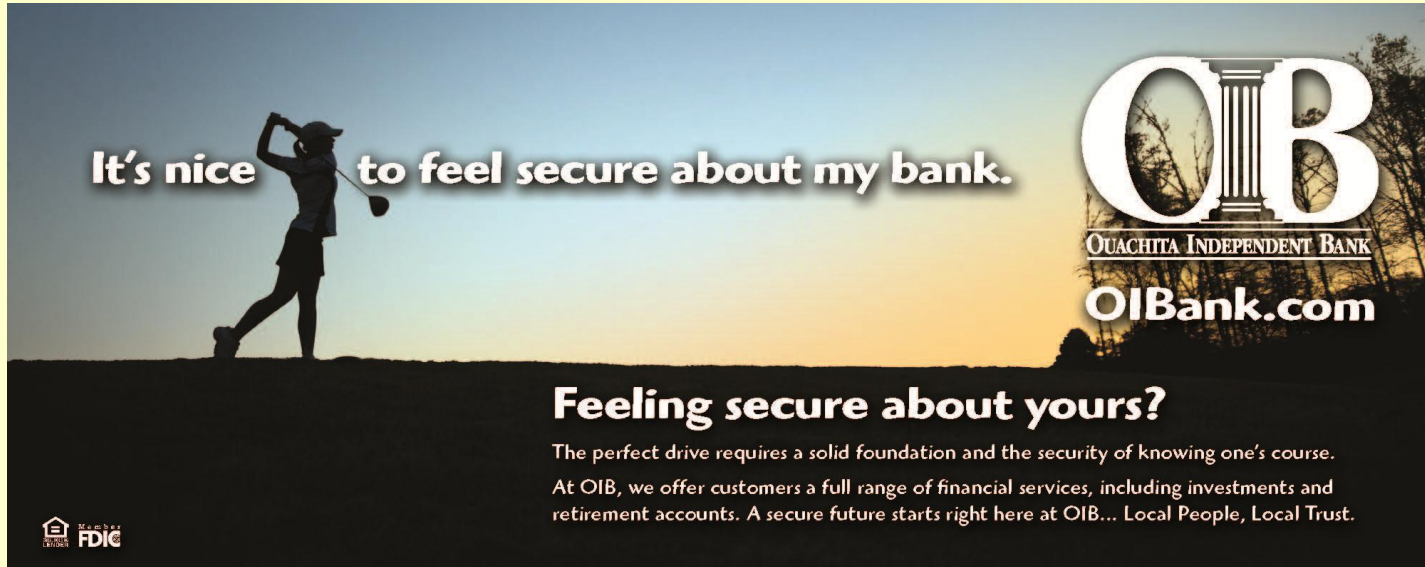
- Understand the international market
- A borderless marketing plan
- Thinking globally but acting locally
- Local partnerships
- Communication segmentation strategies
- Market communication analysis
- Solid communication objectives

Ouachita Independent Bank

(Part 4)

Segmentation

- VALS2 – Thinkers, Achievers, Believers



It's nice to feel secure about my bank.

OIB
OUACHITA INDEPENDENT BANK
OIBank.com

Feeling secure about yours?

The perfect drive requires a solid foundation and the security of knowing one's course. At OIB, we offer customers a full range of financial services, including investments and retirement accounts. A secure future starts right here at OIB... Local People, Local Trust.

Member FDIC

Ouachita Independent Bank

(Part 4)

Positioning

- Product class → Local Bank



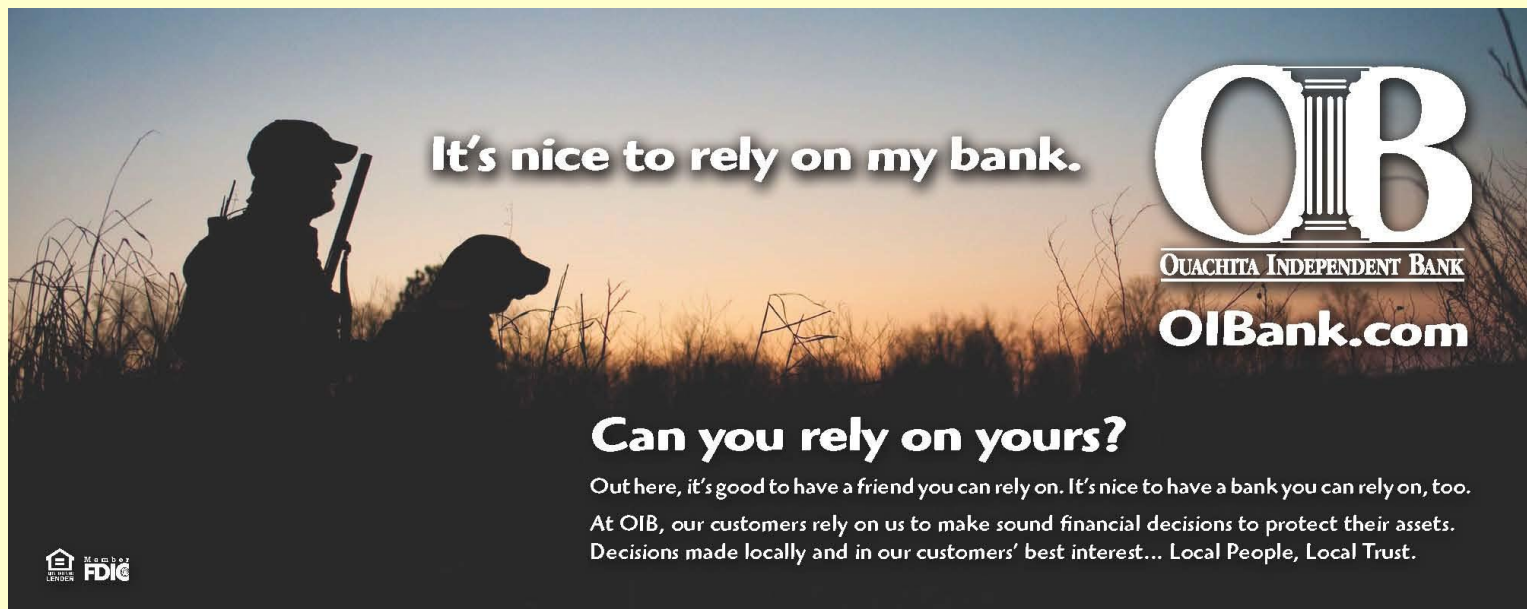
Theme of campaign - Local people, local trust

Ouachita Independent Bank

(Part 4)

Communication Objective

- Build brand preference.



It's nice to rely on my bank.

OIB
OUACHITA INDEPENDENT BANK
OIBank.com

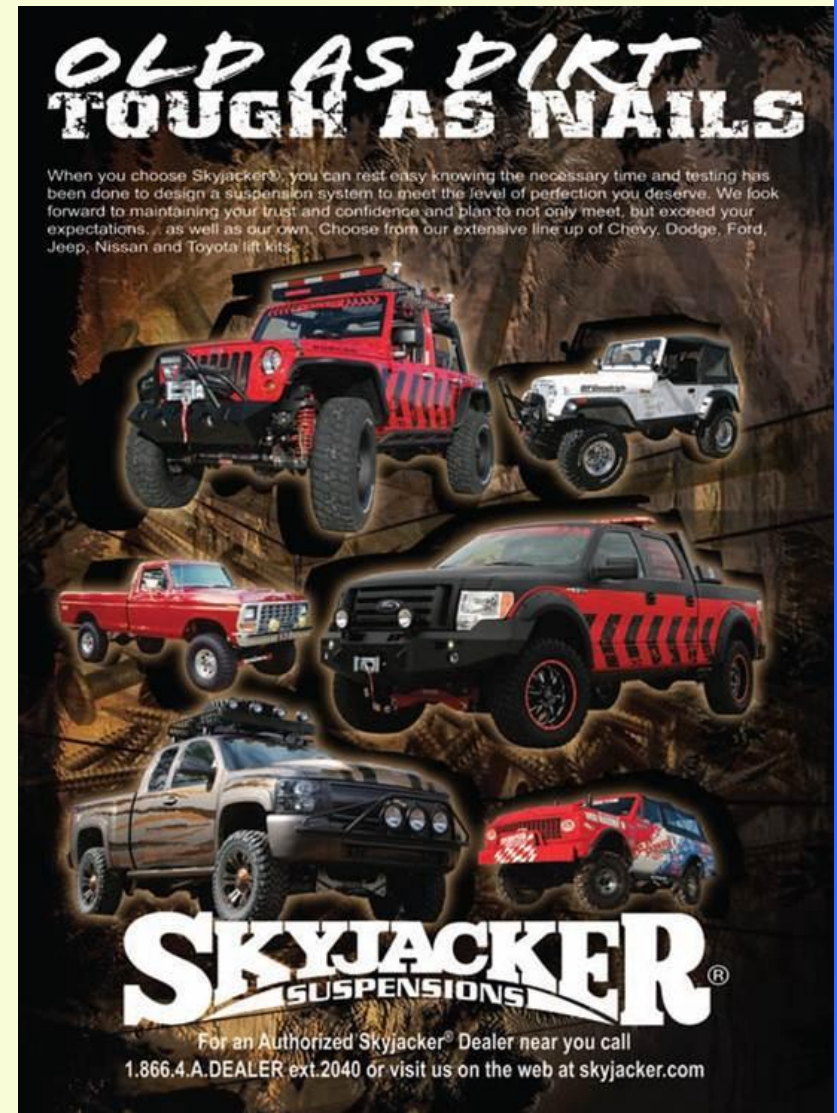
Can you rely on yours?

Out here, it's good to have a friend you can rely on. It's nice to have a bank you can rely on, too.
At OIB, our customers rely on us to make sound financial decisions to protect their assets.
Decisions made locally and in our customers' best interest... Local People, Local Trust.

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TOUGH AS NAILS**

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