**Chapter 1**

**MARKETING COMMUNICATIONS AND CAMPAIGN PLANNING**

**Teaching objectives**

 In this first class meeting, the instructor is going to need 15 minutes or so to explain the organization of the class, to go through the course outline with an overview of the topics covered, to highlight the importance of following the textbook (and also buying the book because it will be immensely useful as an aid to campaign planning if they hope to enter, or already have entered, the marcoms profession), and to discuss the methods of assessment leading to the course grade.

With regard to the latter, we strongly recommend the use of the “continuous” in-class quizzes, because there is now overwhelming evidence that *continuous testing* is by far the most effective means of learning the course content and, most importantly, remembering the basics of it for subsequent application.

 The teaching objectives for Chapter 1 are:

* Illustrate the range of marcoms tools available to today’s marketing communications managers
* Define and distinguish between advertising and sales promotions
* Explain the different types of advertising and where they fit in the marketing channel
* Explain the concept of brand equity
* Explain how marcoms work
* Explain the buyer response steps
* Explain the manager’s marcoms planning steps
* Know the definitions of strategic planning, objective, goal, strategy, and tactics

**Marcoms tools**

This chapter introduces the wide variety of marketing communications (marcoms) tools available to the manager. A great way to impress upon students the *variety* of marcoms tools available to the modern manager is to start with the “contact points” diagram (PowerPoint 1A). By the way, this diagram is from the earlier Rossiter and Bellman Marketing Communications textbook but is not in the current textbook.

 Exhibit 1-2 (PowerPoint 1B) should be helpful in showing the *different types of marcoms* and the overall *expenditure* on each. These are for the U.S. market. Instructors teaching in other countries could look up some approximate figures for their own country, these days readily available on the Internet.

 Exhibit 1-3 (PowerPoint 1C) should be useful for showing the *channels perspective*. This Exhibit shows how marketers and distributors use different types of advertising to reach consumer and business audiences.

**Advertising “versus” sales promotion**

 The main distinction to get across between advertising and promotion is that advertising works by “turning the mind” toward purchase whereas sales promotions work mainly by “speeding up” or “mentally okaying” the purchase decision already influenced by advertising.

The most effective kind of promotion, in fact, is an *advertised promotion*. Advertised promotions incorporate brand-building advertising content (called in our book “consumer franchise-building” promotions) along with the promotion offer. The Coca-Cola Classic ad shown in Exhibit 1-1 is an example, and the instructor should be able to find one or two others to show in class.

**Brand equity**

The concept of *brand equity* – or rather its building and maintenance – should be regarded as the end-purpose of marketing communications. It’s not just sales that are important but also the gradual building of the brand’s value to ensure future sales and also to command a fair or perhaps a premium price.

The chapter looks briefly at *corporate brand equity*, more commonly called “brand value,” but this is pretty straightforward and you don’t need to spend too much time on this. One almost unbelievable aspect of corporate brand value is how much it can change – up or down – in just the space of one year (PowerPoint 1D). These latest figures from valuation company Brand Z reveal an enormous growth for three of the online companies – M Is on, Facebook, and Google.

Much more important from a marketing communications standpoint is *brand-item equity*. Here you need to teach Moran’s important distinction between *value equity* and *uniqueness equity*. It’s best to start with Exhibit 1-5 (PowerPoint 1E) which illustrates that the brand or brand-item has high *value* equity if its sales go up rapidly with even a small price cut; and has high *uniqueness* equity if its sales do not go down much when you raise its price.

A very concrete way of getting Moran’s idea across is to consider the four “quadrants” into which every brand-item can be placed: high value, high uniqueness; high value, low uniqueness; low value, high uniqueness; and low value, low uniqueness. Then think about several product or service categories that provide brand examples of all four quadrants – some possibilities here are fashion clothing brands, automobiles, and restaurants. When covering each quadrant you should mention the relevant marcoms *strategy* that Moran recommends. (This book, as you can see from its subtitle, is all about strategy – preceded by objectives and followed by tactics.)

**How marcoms work**

The next section of the chapter offers the Rossiter-Percy explanation of “how marcoms work.” This requires the manager to consider *three levels of effects* – rather than one “hierarchy of effects” as shown in most advertising and marketing communications textbooks. The three levels of effects are shown in Exhibit 1-6 (PowerPoint 1F).

We have found it best to teach the three levels idea in reverse order: begin with the customer decision stages, then show, by pointing this out in the diagram, how the brand communication effects will reach individual consumers in *one* of the decision stages, and finally show how ad processing – or the processing of other marcoms such as a personal selling presentation, or a promotion offer – is necessary to create or reinforce the brand communication effects in the target customer’s mind. (Frankly, not all students are going to be able to grasp this “three levels” idea and it actually may make more sense to them *after* they have become familiar with the book and have used the concepts and frameworks in answering the end-of-chapter questions and engaged in a marcoms team project.)

Even if students don’t exactly understand how marcoms work at this early point in the course, it is very important that they understand the *four buyer response steps* and how the *manager’s six planning steps* – or really seven including “other marcoms as needed” – relate to these. (PowerPoint 1G for Exhibit 1-7 should be helpful here.)

The main principle to be grasped with regard to the *buyer response steps* is that they serve as a series of “gates.” The campaign’s marcoms has to successfully get through the exposure gate, then the ad processing gate, then the brand communication effects gate if it is going to influence target audience action. Another way of looking at this is to regard the gates as a series of four *probabilities* which successively multiply together to produce a remarkably low final probability of the campaign actually working. A great way to teach this “gates” or “chain of probabilities” idea is to take an ad that you think most people in the class will have seen and then ask a few members of the class to estimate the probability (or the percentage will do, which you can easily transform to a probability) that the typical student in the class will have seen this ad in this program. Next, ask another several members of the class to estimate the probability that those who saw the ad registered the brand name and learned its key benefit. Thirdly, ask another several class members to estimate the probability that this key benefit would lead the person to buy the brand item – keeping in mind that the intended purchase could easily get derailed by forgetting the brand name before they get to the store or by the attraction of other brands or prices at the point-of-purchase. You should then and up with four probability estimates: the probability of exposure to the ad, the probability of processing the ad, the probability that brand awareness and brand attitude will result, and the probability of actually buying the brand item given that the consumer was persuaded to do so. Lastly, multiply the four probabilities together (example: .6 × .8 × .5 × .2 = .048, or 4.8 % chance of actually buying the brand item as a result of seeing the ad).

The instructor should point out that these probabilities are very *generous* compared with the probabilities that are likely to result in the real world. This is why the manager has to try to maximize each of the probabilities – and can do so, quite frankly, only by reading and understanding this book!

**Manager’s marcoms planning steps**

The final topic in the chapter is the manager’s marcoms planning steps. Whereas it might be tempting for the instructor to discuss the sub-steps under each step as listed in Exhibit 1-8, this will probably take too much time, especially in the first class meeting. We would suggest instead the following summary points (PowerPoint 1H):

*1. Brand positioning* – In our book, this is what “branding” means. The manager has to position the brand in three ways: firstly, toward a particular *target audience* (T); secondly, position it within a product or service *category* (C); and thirdly, communicate very clearly what the brand’s *key benefit* (B) is. We call this the T-C-B brand positioning model.

*2. Campaign objectives* – These require the manager to select behavioral *action* objectives to be achieved among the target audience (such as trial purchase, repeat purchase, or merely a sales inquiry) and then specify the *communication* objectives that are most likely to produce the targeted action (from the five options: category need, brand awareness, brand attitude, brand purchase intention, and purchase facilitation). Note that brand awareness and brand attitude are what we call *universal* communication objectives – they are objectives in *every* campaign, even for a well-established brand. The reason for this is that you cannot buy a brand unless you are first aware of it, and you won’t buy unless you have a favorable attitude toward it.

*3. Creative strategy* – Provision of a comprehensive and usable procedure for choosing and executing the creative strategy in marketing communications is an absolutely invaluable contribution of this book – you won’t find it anywhere else. Creative strategy is the longest section in the book because four sub-steps have to be executed: first, the choosing of a *key benefit claim*; second, the selection of an effective *creative idea* to communicate the key benefit claim; third, the selection of *creative tactics* for brand awareness and brand attitude; and finally, the additional selection of advertising *execution tactics* that will maximize attention to the ad.

*4. Promotion strategy* – Unlike creative strategy, promotion strategy forms a relatively short section of the book. This is because there are only a few theoretical and strategic points the manager needs to learn here, after which it is mostly a matter of pretesting promotion offers before you put them out there. The upfront points the manager needs to learn are: the shockingly bad *economics* of sales promotions – they almost always lose money; the need to execute all promotion offers in a consumer or customer *franchise-building* manner; and, another of William Moran’s brilliant ideas, the *ratchet strategy*, which basically means placing the promotions to follow a brand-building burst of advertising.

*5. Media strategy* – With media strategy we are now in charlatans’ territory! With the emergence of so-called digital media – really Internet media of which “social” Internet media are the least controllable and measurable – media strategy has all but gone out the window. Media are so *fragmented* now and have such *small and hard to validly measure* audiences, in most cases, that the manager’s media planning job has become a nightmare! Most managers on the client side have simply opted out and turned the job over to the charlatans. This book’s two chapters – on, respectively, media-type selection and the reach pattern, and effective frequency and strategic scheduling rules – will serve as a wake-up call to bring the manager back to reality and to see that there is a massive opportunity here to gain a great advantage in campaign planning.

*6. Campaign management* – This section of the book provides the manager with several sound and straightforward methods of setting the overall marcoms *budget* and setting the budget for specific campaigns. Campaign management is then handled by means of campaign *tracking* research, with particular attention given to diagnosing and preventing advertising wearout.

*7. Other marcoms (as needed)* – Most companies and government organizations would be concerned only with brand advertising and the occasional offering of sales promotions. Larger marketers, however, are likely to use one or more of the following *other* *marcoms tools*: corporate advertising, corporate PR, personal selling, customer database marketing, and – these days – social marketing communications. Basically, private organizations use social marketing only if it seems likely to facilitate sales of their products. Government institutions, on the other hand, use social marketing to *de-market* those same products.

**Basic definitions**

Students will not get much further in this book until they learn and keep in mind the five basic definitions that we stay with throughout. Strategic planning, objective, goal, strategy, and tactics are defined in Exhibit 1-9 (PowerPoint 1I).

***Application Questions and Answers***

**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.**

*Answer***:** There are two main reasons for recommending the channels perspective on advertising. The first reason is that channel management is one of the essential four Ps of marketing and you have to understand the big picture of channel possibilities: manufacturer to consumers direct, manufacturer to businesses direct, manufacturer to distributors, and distributors to consumers or to businesses (depending on their target customer type). The second reason – not mentioned in the chapter so you can’t really penalize the answer of it’s not mentioned – is that if you are seeking a job in marketing or advertising, you’ll need to know the common names for the various different forms of advertising, and their channel location is a good way to remember them.

**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.**

*Answer*:As the chapter says, many advertisements also include a promotional incentive, and the most effective promotions are those that take the opportunity to communicate about the brand, specifically building brand awareness and brand attitude, and not just working on purchase intention alone. It should not be too difficult to find examples of advertising or promotion that mix both these communication objectives. The answer should point to elements of the advertised promotion that on the one hand are designed to “turn the mind” toward purchase and on the other hand are designed to encourage the buyer to “act now.”

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

*Answer*: Nike’s sponsorship strategy is to focus on sports, which is a good fit given that Nike is a sport-shoe and sportswear brand. As the excellent Wikipedia entry points out (and we looked at the version updated January 15, 2018), the company sponsors sports teams in an incredibly wide variety of sports globally, and pays top athletes to endorse their products. Nike is also quick to drop athletes as endorser if they engage in unethical behavior. It is almost impossible to criticize Nike’s sponsorship strategy and there is no doubt that it is extremely successful, more so than any other sportswear brand. (Here are some supplementary points that the instructor could mention when discussing these answers in class. Nike’s “Swoosh” (or tick) symbol is probably the world’s most recognized brand logo and notice that it works without the brand name; it reportedly cost the company an enormous amount of money, about $500 million, over the first couple of years to associate the swoosh with the word “Nike” so that the symbol would later stand alone . This expensive strategy seems to have been well worth it because it increased Nike’s share of the U.S. sport shoe market from 18% in 1988, when it’s famous slogan “Just do it!” was introduced with just the Nike “swoosh” as a branding device, up to 43% in 1998. And Nike has remained worldwide market leader ever since. Nike is actually the Greek god*dess* of victory – but the company has wisely not played on this, keeping it a unisex brand.)

**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 any of these companies and also their smartphone models and prices by going online (perhaps on your smartphone). One single-spaced page should be adequate.**

*Answer*: Corporate brand equity is based on expert assessment of overall market value – basically the price at which experts believe the company could be sold at. Corporate brand valuations are therefore of most interest to corporate accountants and industry investors. Marketing *managers,* in contrast, are more concerned with the equity of specific brand items and this is *not* the brand-item’s overall value or selling price. Brands with high brand-item brand equity have “high upside elasticity,” or high value equity, meaning that sales go up sharply if the brand is reduced in price, *as well as* “low downside elasticity,” or high uniqueness equity, meaning that sales do not go down much if the brand-item’s price increases relative to its competitors. A good answer would make some effort to guess from the prices and from everyday experience which of the company’s smartphones would be classified in which of Moran’s four upside/downside quadrants.

**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. Use the Coca-Cola “skater girl” ad from Exhibit 1-4 to add some concreteness to your answer. (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.)**

*Answer*: The levels are theoretically distinct effects of marcoms that occur simultaneously and are related because each level causally affects the next level. Level 1, ad processing, is what a particular piece of marcoms, such as a particular advertisement, has to influence first and the responses here include attention followed by learning and then emotion responses and perhaps acceptance responses if the brand choice is high involvement; each of these later responses “loops back” to attention (for most ads, repeated attention responses to details in the ad are continuously required). Level 2, brand communication effects, is what ad processing is aimed at; ad processing should result in the creation or maintenance of brand awareness and the creation, increase, maintenance, or change of brand attitude and – depending on the target audience’s brand communication effect status – may also need to stimulate category need, brand purchase intention, or purchase facilitation. Level 3, customer decision stages, is at the level of the individual potential buyer, who may be at the time of exposure to the ad or the piece of marcoms in any one of the five stages – not in the market, need arousal, search and evaluation, purchase, or usage.

*Bonus answer*: Whereas “hierarchical” suggests a fixed order of effects, “polyarchical,” from the Greek word meaning “many,” suggests that there are several orders in which the effects of marcoms at the *ad processing* and *brand communication effects* levels can be achieved. The main sequences are indicated by the arrows in the diagram. The final level, *customer decision stages*, however, *is* hierarchical: the customer passes through the stages in a fixed order and then loops back to the first stage.

**1.6 What are the buyer response steps and why do they act as “gates” that must be successfully passed through? This is quite a complex question and you can take up to a full page, single-spaced, to answer it.**

*Answer*: For the purpose of campaign planning, the chapter simplifies the three levels of effects into *four buyer response steps* that the campaign must achieve: (1) exposure → (2) ad or promotion processing → (3) brand communication effects → (4) target audience action. These four stages were chosen because they are the essential steps that a campaign should aim to achieve, and must achieve if the marcoms are going to produce sales – or behavior change on a large scale in the case of a social marketing campaign. These four buyer response steps also correspond approximately in reverse the steps taken by the manager in marcoms planning. The buyer response steps begin with a step that is initiated by the manager in placing the ad in a media vehicle – exposure. Potential buyers then are exposed to the ad incidentally during exposure to the media vehicle – except for the occasional situation in which the potential buyer deliberately seeks out the advertising, such as in the Yellow Pages or a retailer’s website. A successful exposure will lead to the next step, ad processing, in which the ad must gain attention, result in learning of the brand and its key benefit, and perhaps also create emotional responses and, in the case of high involvement brand choice, achieve acceptance responses. All these processing responses are targeted toward achieving the third step – brand communication effects in the potential buyer’s mind. The communication effects (notably brand awareness and brand attitude) in turn are designed to achieve the final step – target audience action. The potential buyer must successfully pass through all four steps before considering our brand for purchase. And remember that this consideration still runs the risk of being derailed at the point-of-purchase by another more attractive brand or by an unexpected price increase in our brand. It helps to think of these gates as probabilities. Probabilities, being less than 1.0, thereby “fractionate,” throughout the sequence of buyer response steps, the final probability of purchase.

7-Up Mini Case

# Team Project #1

You will be randomly assigned to a project team consisting of three students. Please check your email over the next couple of days for team assignments. Arrange to meet with the others in your team.

A typed report on this project is due at the beginning of class on [Date]. Each team will also be making a brief presentation to the class on that day. Page limits for each question are indicated below. The usual format requirements apply: 1.5 spacing, minimum 12-point font. The text of the report must be complete on its own. Do not add extra pages as appendices. The report is to be no more than 5 pages.

The project is to be answered using only information available at the time of the case. The attached newspaper article describes the Australian launch of 7-UP, in March 1990.

1. Derive a viable positioning for 7-UP in Australia by applying the T-C-B model and the I-D-U model. Omit the a-b-e model. Explain your decisions. (2 pages)

2. From the above analysis, write a short-form positioning statement for 7-UP’s launch advertising. Below it, explain why you chose this particular wording of the positioning statement. (1 page)

3. Choose communication objectives (one option for each of the five communication effects) and justify your selections. (2 pages)

For the presentation, please make up about 3 or 4 new PowerPoint slides (do not simply copy material from your report).

