

Topic 13: Internet Marketing Communication and IMC

Learning Objectives

13-2

- After reading this topic, you will be able to:
 - Define integrated marketing communication (IMC) and explain the importance of hierarchy of effects models.
 - Discuss how marketers use the internet for advertising, marketing public relations, sales promotions, direct marketing, and personal selling.
 - Identify several emerging IMC tools.
 - Describe the most effective online IMC tactics.

Will it Blend?

13-3

- Blendtec supplies commercial blenders to Starbucks and others.
- Blendtec produced a video in which the CEO blended unusual products such as a garden rake, a golf club, and light bulbs.
 - ▣ The video, uploaded to YouTube, received 3.9 million views in an 8-month period.
 - ▣ The *Will It Blend?* Campaign illustrates the potential value of connecting with consumers online versus traditional advertising.
- Do you think that this type of campaign can build awareness for new products? Can you think of other examples?

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Integrated Marketing Communication (IMC)

13-4

- IMC is a cross-functional process for planning, executing, and monitoring brand communications.
- The goal is to profitably acquire, retain, and grow customers.
- IMC strategy requires a thorough understanding of target markets, the brand, its competition, and other factors.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Marketing Communication Tools

13-5

- MarCom consists of both planned and unplanned messages between firms and customers and among customers.
- E-marketers can enhance MarCom by using innovative technologies, such as e-mail, web pages, blogs, digital receiving devices, etc.
- Internet MarCom may include advertising, sales promotion, marketing public relations, direct marketing, and personal selling.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

IMC Goals and Strategies

13-6

- The AIDA and “think, feel, do” (hierarchy of effects) models help guide selection of online and offline MarCom tools.
 - ▣ The models recognize that consumers first become aware of a product before they develop feelings and purchase it.
 - ▣ Application depends on whether the product purchasing decision is high- or low-involvement.
- The models can help marketers select appropriate communication objectives and strategies, such as:
 - ▣ Build brand equity.
 - ▣ Elicit a direct response.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

E-Marketing Tactics for Hierarchy of Effects Goals

13-7

□ Ex. 13.2

Tactic	Brand Building (%)	Consideration (%)	Direct Response (%)	Retention (%)
E-mail (<i>n</i> = 231)	5	20	33	37
Paid keyword search (<i>n</i> = 175)	27	29	29	7
Display ads (<i>n</i> = 206)	36	18	27	10
Branded sponsorship (<i>n</i> = 135)	55	11	7	24
Referrals (<i>n</i> = 109) (e.g., Affiliate programs)	13	28	27	11
Video ads (<i>n</i> = 94)	33	30	17	12
Podcasts (<i>n</i> = 70)	22	25	5	33
Overall (<i>n</i> = 149)	25	21	22	21

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Internet Advertising

13-8

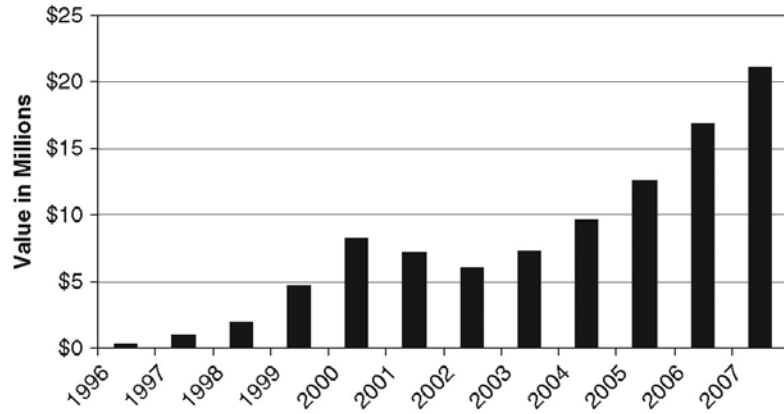
- Advertising is nonpersonal, usually persuasive, communication about products or ideas paid for by an identified sponsor.
- All paid space on a Web site or in an e-mail is considered advertising.
- Online advertising reached \$21.1 billion in 2007.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

U.S. Internet Advertising Expenditures
1996-2007

13-9

□ Ex. 13.4



©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Internet Advertising Formats

13-10

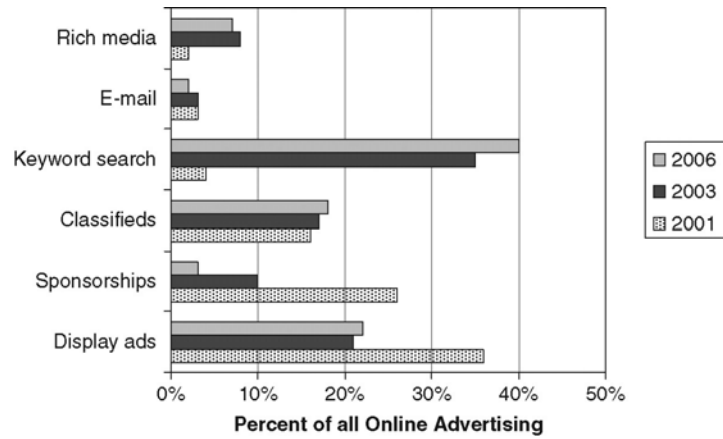
- Keyword search is the fastest growing and most important technique.
- Classified ads are the second largest expenditure category.
- Display ads are the third largest.
 - ▣ Display ads include traditional banners and many additional sizes.
 - ▣ Formats include rectangles, pop-ups, banners, buttons, and skyscraper display ads.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Proportion of Advertising Dollars by Format

13-11

Ex. 13.5



©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Rich Media Ads

13-12

- Rich media ads are interactive, at least offering click-through.
- Rich media ads often use Flash animation to attract attention.
- Many formats can be rich media:
 - Banner ads
 - Interstitial ads
 - Floating ads
 - Pop-up and Pop-under ads

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Transition and Floater Ads

13-13

- Transition ads appear while other content is loading.
 - Interstitials are Java-based ads that appear while content is loading.
 - Represent 2% of all Web advertising expenditures.
 - Superstitials are video-like ads that appear when a user moves their mouse.
 - Shoshkeles are 5-8 second Flash animations that run through a Web page.
 - Capture user attention and can be entertaining.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

E-Mail Advertising

13-14

- E-mail advertising is the least expensive type of online advertising.
- Advertisers (such as Hotmail) can purchase space in another firm's e-mail content.
- E-mail newsletters are another type of e-mail advertising.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Sponsorships

13-15

- Sponsorships integrate editorial content and advertising.
 - ▣ Many firms want to build partnerships that provide useful content.
 - ▣ Sponsor disclosure is an important issue for e-marketers.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Mobile Advertising

13-16

- Promising marketing communication techniques for mobile devices include:
 - ▣ Free mobile content delivery (marketing public relations).
 - ▣ Content-sponsored advertising.
 - ▣ Location marketing.
 - ▣ Short message services (SMS).

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Marketing Public Relations (MPR)

13-17

- Public relations includes activities that influence public opinion and create goodwill.
- MPR includes brand-related activities, such as online events, and nonpaid, third-party media coverage.
 - A Web site can serve as an electronic brochure.
 - Online events can draw traffic to a site.
 - Users can download video podcasts on many types of receiving appliances.
 - Viral marketing and other techniques can help companies create buzz online.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Sales Promotion Offers

13-18

- Sales promotions are short-term incentives that facilitate the movement of products to the end user.
 - Coupons
 - Rebates
 - Samples
 - Contests, sweepstakes, and games
 - Premiums (free or low cost gifts)
- Marketers report 3-5 times higher response rates with online promotions than with direct mail.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Direct Marketing

13-19

- Direct marketing includes techniques such as:
 - Telemarketing.
 - Outgoing e-mail.
 - Postal mail, including catalog marketing.
 - Targeted online ads that solicit a direct response.
 - Text messages or Short message services (SMS).
 - Multimedia message services (MMS).
 - Instant messaging (IM).

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

E-Mail

13-20

- E-mail, used by 92% of internet users, is the internet's killer application.
 - 94% of marketers invest in e-mail campaigns.
- E-mail has advantages over postal direct mail marketing.
 - Average cost is less than \$0.01.
 - Immediacy and convenience.
 - E-mails can be automatically individualized.
- E-mail also has disadvantages.
 - Consumer distaste for unsolicited e-mail or spam.
 - Effective lists are hard to obtain and maintain.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Metrics for Electronic and Postal Mail

13-21

	E-mail	Postal Mail
Delivery cost per thousand	\$30	\$500
Creative costs to develop	\$1,000	\$17,000
Click-through rate	10%	N/A
Customer conversion rate	5%	3%
Execution time	3 weeks	3 months
Response time	48 hours	3 weeks

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Permission Marketing: Opt-in, Opt-out

13-22

- When consumers opt-in, they are giving permission to receive commercial e-mail about topics of interest to them.
- Opt-in techniques are part of a bigger marketing strategy called permission marketing, “turning strangers into customers.”
- Lists with opt-in members get much higher response than other lists.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Viral Marketing

13-23

- Viral marketing is the online equivalent of word of mouth marketing.
 - ▣ Hotmail is a viral marketing success story.
 - ▣ Movies such as *Blair Witch Project* and *American Psycho* were promoted using viral marketing techniques.
 - ▣ Burger King's Subservient Chicken campaign drew 14 million visitors in the first year.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Text Messaging

13-24

- Short message services (SMS) are text messages sent over the internet with a cell phone or PDA.
- Instant messages are sent among users who are online at the same time.
- Marketers can build relationships by sending permission-based information where consumers want to receive it.
 - ▣ Flight delays
 - ▣ Music and movie schedules

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Direct Marketing Metrics

13-25

- E-mail receives a 3-10% click-through to the sponsor's Web site and an average 5% conversion rate.
- Catalog companies and retailers have more than 9% click-throughs on e-mail campaigns.
- In a study of SMS campaigns, 94% of messages were read by recipients and 23% showed or forwarded messages to a friend.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Spam

13-26

- Spam is unsolicited e-mail.
- Spammers routinely harvest e-mail addresses from newsgroup postings.
- Many moderated groups filter spam and most e-mail programs can filter spam.
- The CAN-SPAM Act appears to have little ability to stop spam.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Personal Selling

13-27

- Personal selling involves real time conversation between a salesperson and customer, face-to-face, by telephone, or by computer.
- Some companies provide real time sales assistance online.
 - Land's End has a live chat feature.
- The internet can also generate leads for salespeople.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

IMC Metrics

13-28

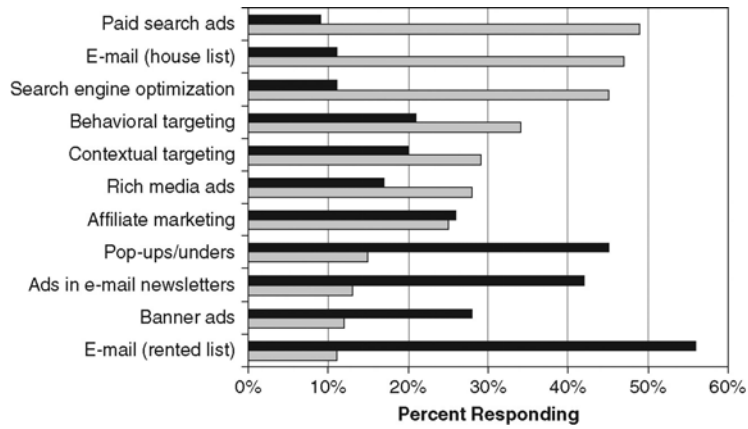
- Display ads are ineffective. Only 0.15% of all users click on them.
- Online ads that were bigger, placed as interstitials, or contained rich media delivered greater impact.
- There is increasing evidence that online and offline advertising work well together.
- Exhibit 13.22 lists IMC metrics and industry averages.

©2009 Pearson Education, Inc.
Publishing as Prentice Hall

Best and Worst Performing IMC Tactics

13-29

Ex. 13.23



©2009 Pearson Education, Inc.
Publishing as Prentice Hall