3 Buyer Behaviors

SECRET RECIPE CAKES & CAFE

The Secret to a New Dimension in Dining

A simple buying decision made every day by a large number of consumers is the choice of where and what to eat for breakfast, lunch, or dinner. Those who crave traditional food in Malaysia have a variety of options from which to choose, from fast-food operations, such as Marie Brown, which offers Malaysian combo meals; to locally-owned establishments, such as Edlee Fried Chicken; to dine-in chains, such as kopitiam (traditional breakfast and coffee shops) and bistro-style restaurants. In this complex and competitive marketplace, a new option has emerged—Secret Recipe Cakes & Cafe—the lifestyle café chain. Teenagers and adults in Malaysia are increasingly adopting Western culture and gaining a taste for trendy Western food with ethnic flavors. Secret Recipe has carefully chosen its target audience and offers what they expect. It serves cakes and fusion food in a trendy service environment. This feature has made Secret Recipe a popular choice not only in domestic but overseas markets, too.

For food lovers, the sight of a red, square-shaped paper bag printed with the words "Secret Recipe" in gray conjures up the image of a cake. That is the "secret recipe" of the brand's founder, Datuk Steven Sim, who made the brand popular over a decade ago. As the leading café chain in Malaysia, Secret Recipe outlets offer more than 20 types of fusion food, 40 types of cakes and pastries, and a flavorful range of ice creams and beverages. Secret Recipe locations offer a simple, uncluttered setting, featuring dark wooden tables and chairs, where customers can enjoy the pleasant, relaxed vibe. Service is fast and friendly, with waiters happy to offer suggestions and help with any menu choices.

Source: © SXPNZ–Fotolia.com.

The founder and chief executive officer and managing director of Secret Recipe Cakes & Cafe, Sdn Bhd, has a passion for brand building and always thinks outside of the box. When he started the café business with his three nephews, who are bakers, he envisioned a brand that had the potential for global recognition. According to

CHAPTER OBJECTIVES

After reading this chapter, you should be able to answer the following questions:

1. **What elements are involved in internal and external information searches by consumers, as part of the purchasing process?**
2. **What three models explain how individuals evaluate purchasing alternatives?**
3. **What trends are affecting the consumer buying environment?**
4. **How do the roles played by various members of the buying center and the factors that influence them impact business purchases?**
5. **What types of business-to-business sales are made?**
6. **What are the steps of the business-to-business buying process?**
7. **How does dual channel marketing expand a company's customer base and its sales?**
8. **How can a company overcome international differences when adapting to buying processes?**

Bhd, the brand was designed to be acceptable to a wide market and its products and menus capable of being adapted to any market. With this strategy in mind, Bhd and his nephews opened the first Secret Recipe outlet in Kuala Lumpur, Malaysia, in 1997.

Secret Recipe has successfully established its brand in Malaysia, Singapore, Indonesia, Thailand, China, the Philippines, Pakistan, Brunei, and Australia by virtue of its fine quality cakes, fusion food, and distinctive service. Secret Recipe offers a wide variety of cakes, but the café's concept is flexible so that different menu items are offered in different countries. That's why one can find Malaysian favorites such as *nasi lemak* and *mee goring* in some of the overseas outlets, too. In all countries, customers can order cakes and cookies online.

Secret Recipe has experienced rapid growth over the past decade, opening 250 cafés throughout the region. Today, the goal is to open 200 more domestic outlets by 2012.

Secret Recipe seeks to surpass its own accomplishments and to be recognized as a leader in the industry. Every year, it earns numerous national and international accolades, the most recent being the "5 Star Food Safety Award 2010" from Manningham City Council, Australia, and its designation as the "Largest Café Chain" by the Malaysia Book of Records.

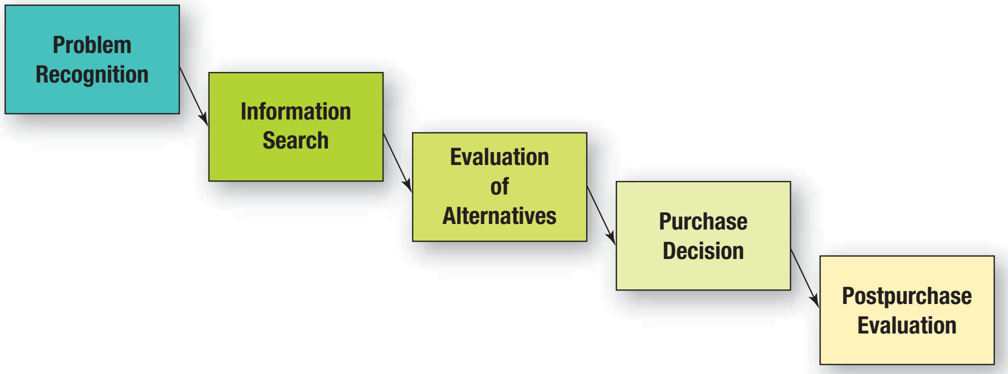
The company focused on brand building early on. It created its own logo, corporate color, marketing strategies, uniforms, menu layout, interior design, and customer service standards. Differentiation, innovation, adaptability, research and development, consistency, identity, and brand promise have propelled the company's growth. The success and growth of the chain suggest a well-designed creative strategy manifesting into an integrated marketing communications program.[1]

CHAPTER 3

OVERVIEW

Enticing people to buy goods and services should be a primary goal of integrated marketing communications. Understanding how buyers make purchase decisions helps the marketing team reach this goal. Two types of buyer behaviors—consumer buyer behaviors and business-to-business buyer behaviors—receive attention in this chapter. Understanding the steps consumers use to make purchase decisions helps the marketing team create quality communications.

FIGURE 3.1 ▶
Consumer Decision-Making Process

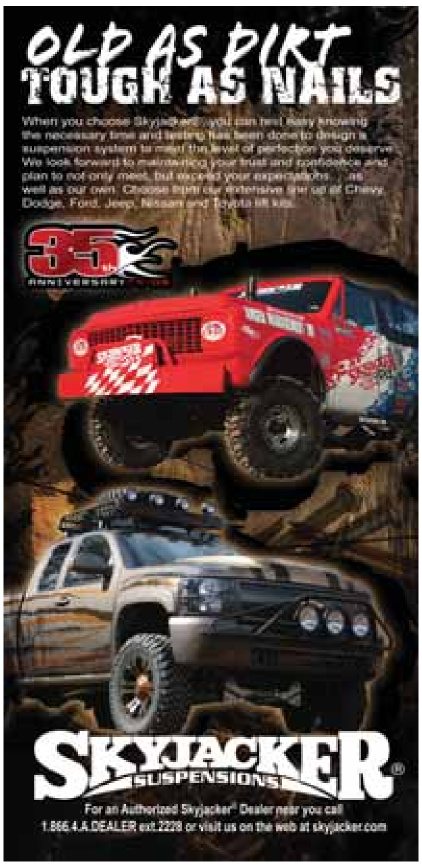


1 What elements are involved in internal and external information searches by consumers, as part of the purchasing process?

Consumer purchasing processes are examined in the first half of this chapter. Two stages in the process are the key to marketing communications. The first is the *information search* stage, in which the customer reviews previous memories and experiences looking for acceptable ways to meet a need by buying a product. The second stage is the *evaluation of alternatives* process, where the individual compares various purchasing possibilities. An effective IMC program targets potential buyers involved in these processes. A review of the traditional factors affecting consumers, along with discussion of some of the newer trends present in the consumer buying environment, is also provided.

Business-to-business buyer behaviors are the focus of the second part of this chapter. First, the five major roles played in the buying center are reviewed. Next, the types of purchases companies make are noted, along with the steps involved in the purchasing process. Finally, dual channel marketing, which involves selling the same product to both consumers and business buyers, is discussed. Effective IMC programs identify potential customers from both markets. This leads to increased sales and helps a company maintain a strong presence in the marketplace.

▼ This advertisement for Skyjacker might trigger a search for additional information about truck suspensions and lift kits.



Source: Courtesy of Skyjacker Suspensions.

CONSUMER PURCHASING PROCESS

Finding ways to influence the consumer purchasing process is a vital activity. Figure 3.1 models the consumer buying decision-making process. Each step of the decision-making process is important; however, two of the components are the most directly related to developing quality integrated marketing communications: (1) information search and (2) the evaluation of alternatives. Discovering how customers seek out product information and then evaluate that information are keys to creating effective marketing messages.

The first step of the buying decision-making process occurs when the consumer notices a need or want. A problem or gap exists between an individual's current state and desired state. The need can be physical, such as hunger or thirst. It can be social, such as when a consumer visits a friend's apartment and sees his new HDTV and wants one in order to "keep up." Needs may be psychological in nature, including feelings for love, self-efficacy, or protection from fear.

A need can be triggered by a marketing communication. The advertisement for Skyjacker suspensions in this section may act as a catalyst for an individual to contact the company or a dealer that sells Skyjacker products. Many marketing communications stimulate needs or wants within consumers. Once this occurs, consumers enter the next phase of the process.

INFORMATION SEARCH

Once a problem has been recognized, the consumer begins an internal search, mentally recalling products that might satisfy the need. Often, the individual remembers how the need was met in the past. If a particular brand was chosen and the experience was positive, the consumer repeats the purchase decision, and the information search ends. When a previous purchase did not work out or the consumer wishes to try something else, a more complete internal search may result.

Internal Search

During an internal search, the consumer thinks about the brands she is willing to consider. This group may not contain every brand the consumer has experienced, because she removes brands that resulted in negative experiences. Brands she knows little about are eliminated. Consequently, the consumer quickly reduces the number of brands during an information search.

Making sure a company's brand becomes part of the consumer's set of potential purchase alternatives in an internal search is one objective of marketing communications, because it increases the chance that the brand will be purchased. A product with a high level of brand awareness or brand equity will likely to be included in the consumer's set of alternatives. The Neutrogena advertisement shown in this section uses "#1" four times to persuade consumers that Neutrogena is the number-one anti-wrinkle cream and should be considered. The purpose of the ad is to cause consumers who want an anti-wrinkle cream to consider Neutrogena as the first and best choice.

Source: Courtesy of Neutrogena Corporation.

▲ A Neutrogena advertisement designed to convince consumers that the product should be the first choice when selecting an anti-wrinkle cream.

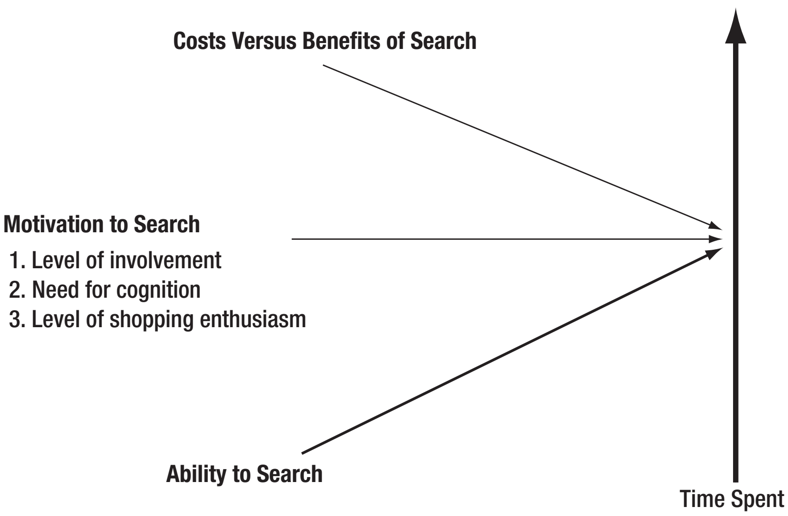
External Search

Following an internal search, the consumer makes a mental decision regarding an external search. When the customer has sufficient internal information, she moves to the next step of the decision-making process: evaluating the alternatives. A consumer who remains uncertain about the right brand to purchase undertakes an external search.

External information can be gathered from a variety of sources, including friends, relatives, experts, books, magazines, newspapers, advertisements, in-store displays, salespeople, and the Internet. The amount of time a consumer spends on an external search depends on three factors: (1) ability, (2) motivation, and (3) costs versus benefits (see Figure 3.2).[2]

Ability to Search

The ability to search partially determines the extent of an information search. Ability consists of a person's educational level combined with the specific knowledge he has about a product and the brands in that product's category. Educated individuals are



◀ **FIGURE 3.2**
Factors that affect the amount of time a consumer will spend conducting an external search

more likely to spend time searching for information. They are also more inclined to visit stores or search online prior to making decisions. Consumers possessing extensive knowledge about individual brands and product categories are better able to conduct a more involved external search. Thus, someone who knows a great deal about digital cameras has a more sophisticated ability to examine information than does someone who knows little about the technology. In addition, a person with more comprehensive knowledge of a product area often collects additional information, even when she is not in the market for the product.[3]

In terms of the amount of time an individual devotes to the external search process, an unusual phenomenon occurs. Although extensive product category knowledge means an individual has greater ability to search for external information, the consumer normally spends less time on the external search process because of the extensive knowledge she already possesses. Consumers at the other end of the spectrum also spend less time in the external search process, but for the opposite reason. They do not have knowledge about the product category and do not know what type of information to ask for or what type of information is needed, which means they lack the ability to search for information. Individuals in the middle, who have some knowledge of a product category but feel additional information is needed to make intelligent decisions, typically spend the most time searching for external information.

Level of Motivation

The degree to which an external search takes place also depends on the customer's level of motivation. The greater the motivation, the more time spent on an external search. Motivation is determined by the consumer's:

- Level of involvement
- Need for cognition
- Level of shopping enthusiasm

Individuals experience greater motivation to search for information when involvement levels are high. **Involvement** reflects the extent to which a stimulus or task is relevant to a consumer's existing needs, wants, or values. When a consumer deems a product to be important, it becomes more likely she will engage in an external search. The amount of involvement is based on factors such as the *cost* of the product and its *importance*. The higher the price, the more time an individual will spend searching for information.

The same holds true for importance. Choosing clothes might not be an important decision to some young males, which suggests their clothing purchases typically have low involvement. Picking a tuxedo for the high school prom, however, may spur greater involvement and a higher level of information search due to the social ramifications of dressing poorly at such an important event. The higher level of involvement emerges from the addition of a new element—a major occasion in the person's life.

The **need for cognition** personality characteristic identifies individuals who engage in and enjoy mental activities. Mental exercises have a positive impact on the information search process. People with high needs for cognition gather more information and search more thoroughly.

The search also depends on a person's **enthusiasm for shopping**. Customers who enjoy shopping undertake a more in-depth search for goods and services. The three factors—involvement, need for cognition,

▼ Enthusiasm for shopping has an impact on the amount of time spent on an external search.

Source: Getty Images–Thinkstock.

and enthusiasm for shopping—combine to determine the individual's motivation to search for additional information.[4]

Cost Versus Benefits

The final factors that influence an information search are the *perceived costs* versus the *perceived benefits* of the search. Higher perceived benefits increase the tendency to search.

The ability to reduce purchase risk becomes a benefit that many consumers seek while examining external information. Additional information lowers the chances of making a mistake in the purchase selection. The cost of the search consists of several items:

- The actual cost of the good or service
- The subjective costs associated with the search, including time spent and anxiety experienced while making a decision
- The opportunity cost of foregoing other activities to search for information (e.g., going shopping instead of playing golf or watching a movie)

Higher perceived subjective costs associated with collecting external information search lessen the likelihood that the consumer will conduct a search.[5]

The three factors that make up an external search (ability, motivation, costs versus benefits) are normally considered simultaneously. When the perceived cost of a search is low and the perceived benefit is high, a consumer has a higher motivation to search for information. A consumer with a minimal amount of product knowledge and a low level of education is less likely to undertake an external search, because the consumer lacks the ability to identify the right information.

From a marketing communications perspective, the search process represents an important time to reach the consumer. The consumer's objective in making the effort to perform an external search is to acquire information leading to a better, more informed decision. The marketing team provides information that leads consumers to the company's products. One ideal time to attempt to influence the decision-making process occurs when the consumer has not yet made up his mind. Marketing experts utilize three models of the information search process: (1) attitudes, (2) values, and (3) cognitive mapping.

Consumer Attitudes

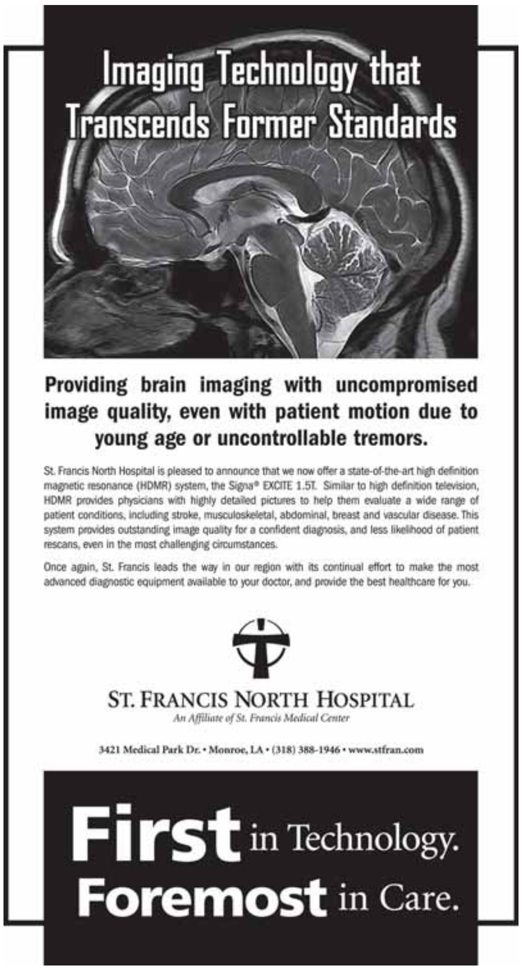
Consumer attitudes can be influenced by effective marketing communications. An **attitude** is a mental position taken toward a topic, a person, or an event that influences the holder's feelings, perceptions, learning processes, and subsequent behaviors.[6] Attitudes can drive purchase decisions. A consumer holding a positive attitude toward a brand becomes more likely to buy it. Someone who enjoys an advertisement also will be more likely to purchase the product.

Attitudes consist of three components: (1) affective, (2) cognitive, and (3) conative.[7] The *affective* component consists of the feelings or emotions a person has about the object, topic, or idea. The *cognitive* component refers to a person's mental images, understanding, and interpretations of the person, object, or issue. The *conative* component contains an individual's intentions, actions, or behavior. One common sequence of events that takes place in attitude formation is:

Cognitive → Affective → Conative

Most of the time, a person first develops an understanding about an idea or object. In the case of marketing, these ideas center on the benefits of the good or service. Thoughts about the product emerge from watching or reading advertisements. Other thoughts may result from exposures to information from other sources, such as the Internet or a friend's referral. Eventually, these ideas become beliefs the consumer holds about a particular product.

▼ This advertisement for St. Francis North Hospital is designed to influence a person's beliefs about the facility and its brain-imaging technology.



Source: Courtesy of Newcomer, Morris & Young, Inc.

For instance, a consumer seeing the St. Francis North Hospital advertisement on the previous page might develop the impression that St. Francis offers high-quality imaging technology to help detect brain disorders.

The affective part of the attitude carries the general feeling or emotion a person attaches to the idea. In the case of goods and services, the product, its name, and other features can all generate emotions. Consider your emotional reactions to the following goods and services:

- Cough medicine
- Diaper wipes
- Motorcycles
- Children's toys made in China
- *Sports Illustrated*'s annual swimsuit issue
- Condoms

What emotions and thoughts did you associate with diaper wipes? The Pampers diaper wipe advertisement shown in this section attempts to influence emotions. When considering the items listed here, note that some emotions or attitudes about them seem relatively benign. Others are more strongly held. Cough medicine does not typically evoke an emotional response; however, the swimsuit issue or condoms may generate stronger reactions.

Decision and action tendencies are the conative parts of attitudes. Therefore, when a person feels strongly enough about the swimsuit issue, she might cancel a subscription to *Sports Illustrated*. Most attitudes are not held that strongly. Some people might feel favorably about a topic, such as green marketing, but this does not necessarily change their purchasing behaviors.

▼ What emotions does this advertisement for Pampers Wipes elicit?

Source: Courtesy of D'Arcy Masius Benton & Bowles Inc. © Procter & Gamble Productions, Inc. 1999. Photograph by Penny Gentjeu.

Attitudes develop in other ways. An alternative process is:

Affective → Conative → Cognitive

Advertisements and other marketing communications can first appeal to the emotions or feelings held by consumers in order to move them to "like" a product and make the purchase (the conative component). Cognitive understanding of the product comes after the purchase. For example, a woman may see the ad for Platinum Motorcars on the next page and be drawn to the idea of being "pampered" in a luxury car, along with her significant other. Emotionally, she has a desire to rent the car and takes action. Cognitive reasoning about renting the luxury car follows the emotional experience.

Some attitudes result from a third combination of the components, as follows:

Conative → Cognitive → Affective

Purchases that require little thought, that have a low price, or do not demand a great deal of emotional involvement might follow this path. For instance, while shopping for groceries a customer may notice a new brand of cookies on sale. The person may have never seen the brand or flavor before, but, because it is on sale, decides to give it a try. As the consumer eats the cookies, he develops a greater understanding of the product's taste, texture, and other qualities. Finally, the consumer reads the package to learn more about contents, including how many calories were devoured in each bite. He finally develops feelings toward the cookies that might affect future cookie purchases.

No matter which path is taken to develop attitudes, each component will be present, to some extent. Some attitudes are relatively trivial (e.g., "I like ping pong, even though I hardly ever get to play"). Others are staunchly held, such as "I hate cigarette smoke!" Both are associated with feelings toward things, including products in the marketplace that may eventually result in purchases.

Source: Courtesy of Platinum Motorcars.

▲ This advertisement for Platinum Motorcars focuses on the affective component of an attitude.

Consumer Values

Attitudes reflect an individual's personal values. **Values** are strongly held beliefs about various topics or concepts. Values frame attitudes and lead to the judgments that guide personal actions. Values tend to endure. They normally form during childhood, although they can change as a person ages and experiences life.

Figure 3.3 identifies some of the more common personal values. Individuals hold them to differing degrees. Factors that affect a person's values include the individual's personality, temperament, environment, and culture. By appealing to basic values, marketers try to convince prospective customers that the company's products align with their values.

In terms of consumer decision-making processes, both attitudes and values are influential. A good or service tied to a relatively universal value, such as patriotism, helps the firm take advantage of the linkage and present the product in a positive image. Levi Strauss attempted to do this with its recent "Go forth" campaign that was replete with American imagery. The campaign was based on research by Levi Strauss that found teenagers and individuals in their 20s were more patriotic and optimistic about the United States. The goal was to transfer positive feelings of patriotism to Levi's products.[8]

Attitudes are also featured in marketing communications. Most people consider being "put on hold" to be a nuisance. An advertising creative can tap into that attitude and use it to present a good or service in a more favorable light. Making the time pass pleasantly while on hold turns a negative attitude into a more positive experience.

Cognitive Mapping

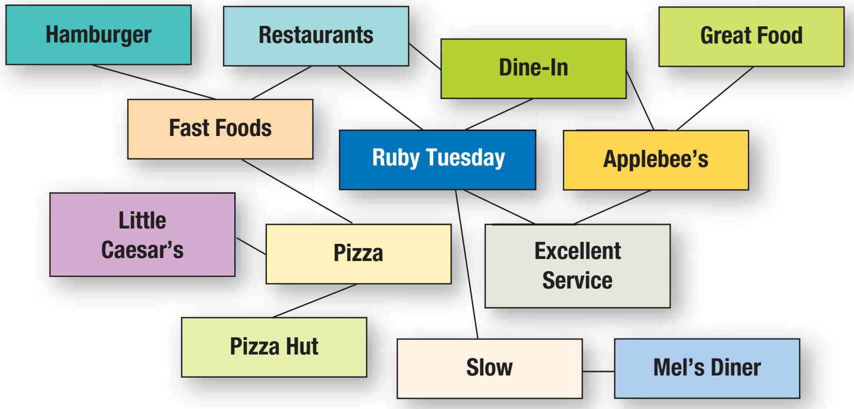
The manner in which individuals store information further affects decisions, because it impacts what is recalled. Knowing how people store, retrieve, and evaluate information assists the company's marketing team in developing advertisements and marketing communications. The first step is to understand how various thought processes and memories work.

Cognitive maps are simulations of the knowledge structures and memories embedded in an individual's brain.[9] These structures contain a person's assumptions, beliefs, interpretation of facts, feelings, and attitudes about the larger world. These thought processes interpret new information and determine a response to fresh information or a

- Comfortable life
- Equality
- Excitement
- Freedom
- Fun, exciting life
- Happiness
- Inner peace
- Mature love
- Personal accomplishment
- Pleasure
- Salvation
- Security
- Self-fulfillment
- Self-respect
- Sense of belonging
- Social acceptance
- Wisdom

◄ **FIGURE 3.3**
Personal Values

FIGURE 3.4 ▶
A Cognitive Map for Ruby Tuesday



novel situation. Figure 3.4 depicts a simplified hypothetical cognitive map of an individual thinking about a Ruby Tuesday restaurant.

Based on the cognitive structures illustrated in Figure 3.4, when this customer thinks about Ruby Tuesday, she connects images of it to other restaurants offering fast food and others providing dine-in services. The individual recognizes Ruby Tuesday as a dine-in establishment. The consumer believes that Ruby Tuesday offers excellent service, but that the service is slow. Next, when the person thinks of slow service, her thoughts turn to Mel's Diner. When she thinks of excellent service, she recalls Applebee's.

Cognitive Linkages

Cognitive structures contain many linkages and exist on several levels. For instance, one level of cognition may be the map shown in Figure 3.4. At another level, the cognitive map is more spatial and conjures images of the actual physical location of Ruby Tuesday and the surrounding businesses. A third cognitive level related to Ruby Tuesday is the person's recall of the interior of the restaurant along with other linkages that occur at that level. The consumer may have thoughts about Ruby Tuesday that focus on employees, including a relationship she had with a server who was a friend. Therefore, cognitive processing occurs on several levels using highly complex mechanisms.

Processing New Information

In terms of cognitive mapping, when a consumer receives information or sees an advertisement, it is processed in one of three ways. New information that is consistent with current information tends to strengthen an existing linkage. For example, when a consumer views a Ruby Tuesday advertisement promoting great service, the result might be that the ad will strengthen an existing belief, because the consumer already reached that conclusion.

A different response occurs when a message has no current linkages. A consumer who sees an advertisement featuring Ruby Tuesday's seafood selection and does not know that Ruby Tuesday offers seafood experiences a different reaction. In order for this information to remain in the consumer's mind and to become linked to Ruby Tuesday, the customer must create a new linkage between previous Ruby Tuesday images and other images of seafood.

▼ Cognitive mapping models the process consumers use to assess and evaluate information.

Source: Thinkstock Royalty Free.

Retaining Information

Hearing something once is usually not enough to cause it to be retained in a person's long-term memory, due to differences between short-term recall and long-term memories. The cognitive-mapping process explains the knowledge structures embedded in a person's long-term memory. Ordinarily, information will be retained in short-term memory for only a few seconds. As stimuli reach an individual's senses, short-term memory processes them. Short-term memory retains only five to nine pieces of information, meaning new messages are either soon forgotten or added to long-term memory. A repeated message may cause an individual to become more likely to remember it, because the message will be processed into long-term memory and placed into previously developed cognitive maps.

Source: Courtesy of Sunkist Growers.

▲ This Sunkist advertisement is designed to establish a new linkage between Sunkist lemon juice and a salt substitute.

As a result, when a company attempts to introduce consumers to a new brand, advertisements and other marketing messages should repeat the name of the brand several times during the presentation. This repetition improves the chances of recall at a later time. To illustrate how this works, consider what happens when a person gives a phone number to a friend. To help remember it, the individual repeats the number several times.

New Concepts

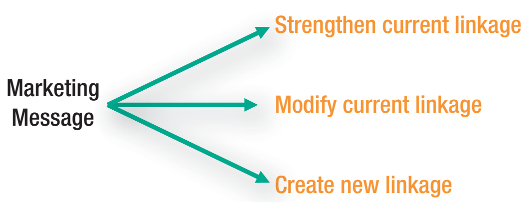
Another way a consumer can process information is to link the message to a new concept. For example, if a consumer sees an advertisement from Ruby Tuesday emphasizing that it has great food but has never thought about the restaurant in terms of quality food, that linkage is not currently present. If the advertisement persuades the consumer, she might construct a linkage between Ruby Tuesday and good food without even traveling to the restaurant. If she does not believe the message, she will ignore or forget the information, and no new linkage results. A third possibility is that the consumer recalls the advertisement at a later time and decides to try Ruby Tuesday. If the food is great, then the link is established at that point. If it is not, the consumer continues thinking that Ruby Tuesday does not offer good food.

Marketing Messages

From a marketing perspective, it is easier to strengthen linkages that already exist. Adding new linkages or modifying linkages will be more difficult (see Figure 3.5). Regardless of how information is presented, repetition remains important due to the limitations of short-term memory. Consumers are exposed to hundreds of marketing messages daily. Only a few are processed into long-term memory.

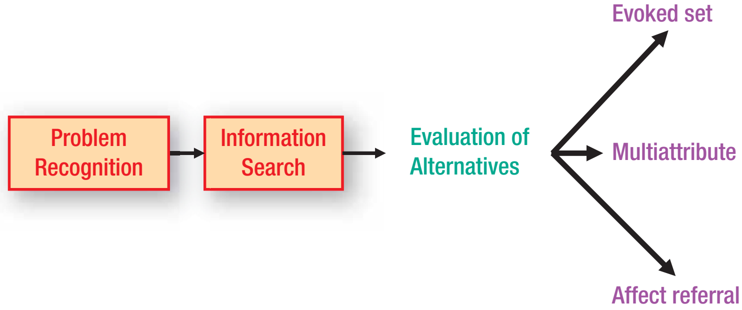
Cognitive mapping and persuasion techniques designed to change attitudes or tap into strongly held values are two key ingredients of any IMC program. When the marketing team understands the needs and attitudes of the target market, messages can be structured to meet those needs. The message should capture the consumer's attention by exposing him to messages that travel effectively through a core mental processing channel or peripheral channels, either through logic or alluring emotional appeals.

Creatives attempt to design ads that reach the linkages consumers have already made between a product and other key ideas. For example, for a long time a linkage



◄ **FIGURE 3.5**
The Roles of Marketing Messages in Cognitive Mapping

FIGURE 3.6 ▶
Methods of Evaluating Alternatives



existed between Cadillac and quality, as witnessed by the advertising and promotional phrase "This product is the *Cadillac* . . . [of all products in the market]." Common linkages exist between products and ideas such as quality, value, low cost, expense, fun, sex, danger, practicality, exoticness, and others. Carefully planned marketing campaigns identify linkages that entice the consumer to buy a brand and to believe in or be loyal to that brand in the future. This advantage remains as the consumer considers various purchasing alternatives.

2 What three models explain how individuals evaluate purchasing alternatives?

EVALUATION OF ALTERNATIVES

The third step in the consumer buying decision-making process, expanded in Figure 3.6, is the evaluation of alternatives. Three models portray the nature of the evaluation process: (1) the evoked set approach, (2) the multiattribute approach, and (3) affect referral. Understanding how consumers evaluate choices helps the firm's marketing team develop materials that lead consumers to favor a given brand.

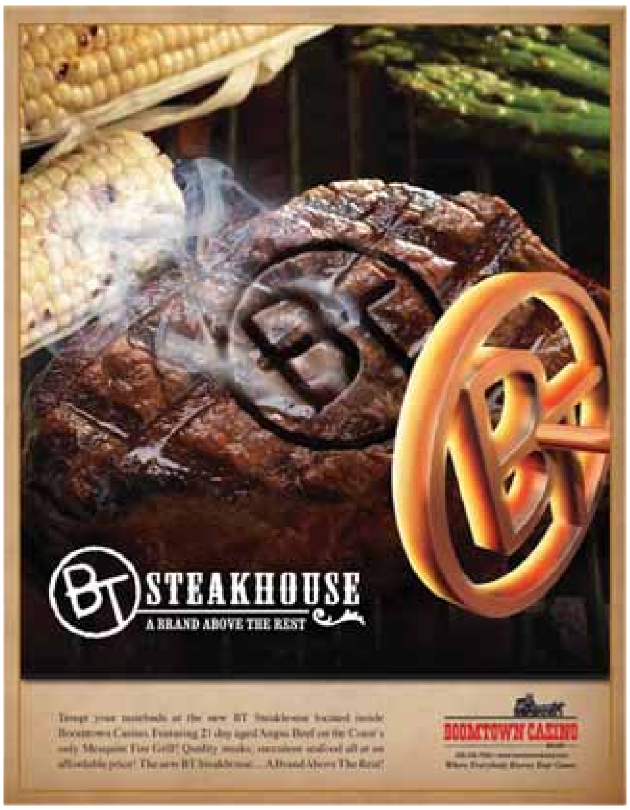
The Evoked Set Method

A person's **evoked set** consists of the brands the individual considers in a purchasing situation. An evoked set might be reviewed during both the information search and evaluation stages of the buying decision-making process. Two additional brand sets become part of the evaluation of purchase alternatives: the inept set and the inert set. The **inept set** consists of the brands that are part of a person's memory that are *not considered* because they elicit negative feelings. These negative sentiments are normally caused by a bad experience with a vendor or particular brand. They can also originate from negative comments made by a friend or by seeing an advertisement that the potential customer did not like.

The **inert set** holds the brands that the consumer is aware of but the individual has neither negative nor positive feelings about them. Using the terms from cognitive mapping, these brands have not been entered into any map, or they only have weak linkages to other ideas. The lack of knowledge about these brands usually eliminates them as alternatives. In other words, in most purchase situations the only brands considered are those in the evoked set.

Placing a brand name in the evoked sets of consumers may be the primary goal of a marketing message. Doing so requires promoting the brand name and that brand's primary benefit extensively and consistently using multiple media and other venues. The consumer should see the brand name frequently in as many locations as possible. Then, to make sure the name becomes part of an evoked set, the concepts described related to cognitive mapping can be employed. By tying the brand with its primary benefit, the intent is to embed the brand's name into the consumer's long-term memory. The message should be designed to establish or reinforce linkages between benefit and the brand name. When a

▼ One goal of this advertisement for BT Steakhouse is to move the brand from a consumer's inert set to the evoked set to be considered the next time the person dines out.



Source: Courtesy of Gremillion & Pou.

TABLE 3.1 The Multiattribute Model

Product	Characteristics				
Computer	Price	Style	Service contract	Software	Memory storage
Telephone	Price	Style	Speed dial	Caller ID	Cordless feature
Car	Price	Style	Safety	Room	Other features
T-bone steak	Price	Age	Fat content	Degree cooked	Seasonings
Sunglasses	Price	Style	UV protection	Durability	Prescription lenses
Sofa	Price	Style	Foldout bed	Stain resistance	Color
Credit card	Interest rate	Fees	Billing cycle	Access to ATM	Credit limit

Consider each item. Which characteristic is most important to you personally? Least important?

consumer evaluates alternatives using his evoked set and the company's brand becomes the part of the set being considered, the advertisement has been successful.

The Multiattribute Approach

Another model of consumer evaluations of purchasing alternatives is the multiattribute approach. It may be most useful for understanding high-involvement types of purchases. Consumers often examine sets of product attributes across an array of brands. The multiattribute model suggests that a consumer's attitude toward a brand is determined by:[10]

- The brand's performance on product or brand attributes
- The importance of each attribute to the consumer

The higher a brand rates on attributes that are important to the consumer, the more likely it becomes that the brand will be purchased. Table 3.1 notes various products, along with some of the characteristics that affect their selection. Each has potentially a lesser or greater value to individual consumers. Case 1 at the end of this chapter demonstrates the multiattribute model.

From an integrated communication standpoint, providing consumers with information about a brand's performance on criteria that are likely to be used is the key. This can be achieved on a brand's Web site, where consumers often gather information about high-involvement decisions. Brochures and print ads can also be prepared; however, getting them into the hands of consumers just as they desire information presents the greatest challenge.

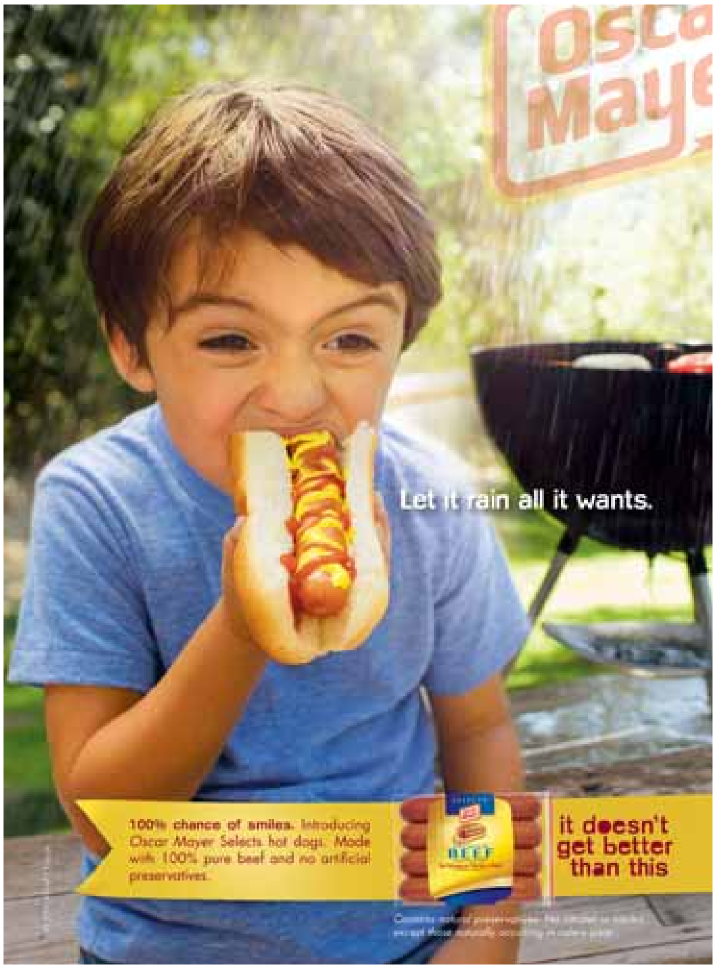
In advertising, creatives often feature a product with multiple benefits by designing a series of messages. Advertisements highlight price, style, service contract, software, memory, storage, or other product features. Only one or two of these benefits should be presented in each message. Otherwise, the advertisement becomes overloaded with information. Consumers who see commercials featuring one or two benefits are able to learn about a brand's characteristics. Over time, consumers obtain sufficient information to evaluate the product.

▼ **The multiattribute model is used in the purchase of high-involvement products, such as automobiles.**

Source: Courtesy of Joplin Globe.

Affect Referral

A third model of consumer evaluations of purchase alternatives, **affect referral**, suggests that consumers choose brands they like the best or the ones with which they have emotional connections. The individual does not evaluate brands or think about product attributes. Instead, he buys the brand he likes the best or the one that incites positive feelings. Toothpaste, ketchup, soft drinks, and candy are



Source: Courtesy of Kraft Foods. Oscar Mayer is a registered trademark of Kraft foods and is used with permission.

▲ For some consumers, Oscar Mayer represents the best brand of hot dogs and will be purchased using the affect referral approach.

some of the products consumers normally select in this way. These purchases typically have low levels of involvement. They also tend to be frequently purchased products.

The affect referral model also explains purchases of higher priced and "socially visible" products. The emotional bond that has been established between the consumer and the brand leads to a purchase under those circumstances.

The affect referral model explains three things. First, using this approach to product evaluation saves mental energy. A quick choice is easier than going through the process of evaluating every alternative. Some purchases do not deserve much effort. The affect referral model explains those situations.

Second, a multiattribute model approach might have been used previously when making a purchase. The person has already spent a great deal of time considering various product attributes, deciding which are most critical, and reaching a decision. Going through the process again would be "reinventing the wheel." For example, a teenager buying jeans may have already spent considerable time evaluating styles, prices, colors, durability levels, and "fit" of various brands. After making the purchase, the teen continues to purchase the same brand as long as the experience remains positive. The affect referral model explains this buying behavior. Making a repurchase becomes simple and convenient.

Third, consumers often develop emotional bonds with brands. In terms of the purchase decision, an emotional bond with a product can be the strongest and most salient factor in the decision.[11] It is more important than any attribute or benefit the product can offer. Successful brands establish emotional bonds with consumers. A bond generates brand loyalty, enhances brand equity, and reduces brand parity. Consequently, consumers do not evaluate alternatives because of the bond with the brand. Harley-Davidson has developed such a bond with many of its customers. For these individuals, their feelings toward Harley-Davidson are so strong that they do not even think about other alternatives. The affect referral model explains this outcome.

TRENDS IN THE CONSUMER BUYING ENVIRONMENT

3 What trends are affecting the consumer buying environment?

Studying the steps consumers take while making purchasing decisions helps create effective marketing communications. The environment in which purchases are made continually changes and evolves. Several trends in the consumer buying environment affect purchasing patterns. Some are listed in Figure 3.7.[12]

Age Complexity

Technology has changed the way children grow up. Children are bombarded with advertisements, video games, television shows, movies, and a myriad of other images from an early age. Most know a great deal about sex by the age of 12. Female teenagers, and even preteens, wear skimpy, revealing fashions. Many believe children are "growing up" at a much earlier age.

At the other end of the spectrum, some adults refuse to "grow old." They wear fashions that resemble those worn by college students. They still drive sports cars or convertibles. Many middle-aged adults apparently do not want to grow old, acting like younger people

- Age complexity
- Gender complexity
- Individualism
- Active, busy lifestyles
- Cocooning
- Pleasure pursuits
- Health emphasis

FIGURE 3.7
Trends Affecting Consumer Buying Behavior

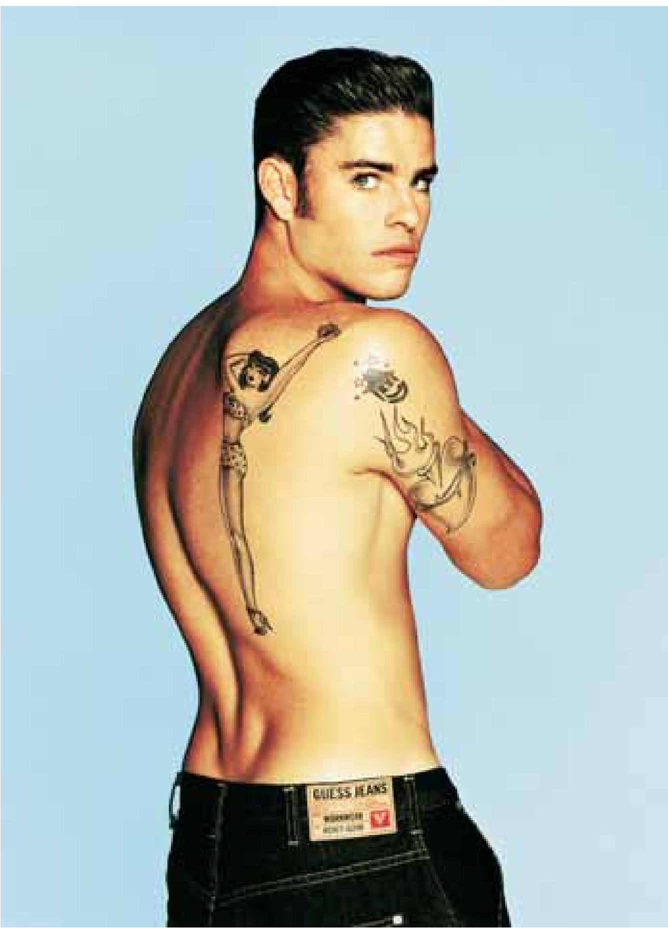
and buying products normally purchased by them. This trend challenges marketers to create messages that reflect these behaviors but do not offend or confuse more traditional middle-aged persons.

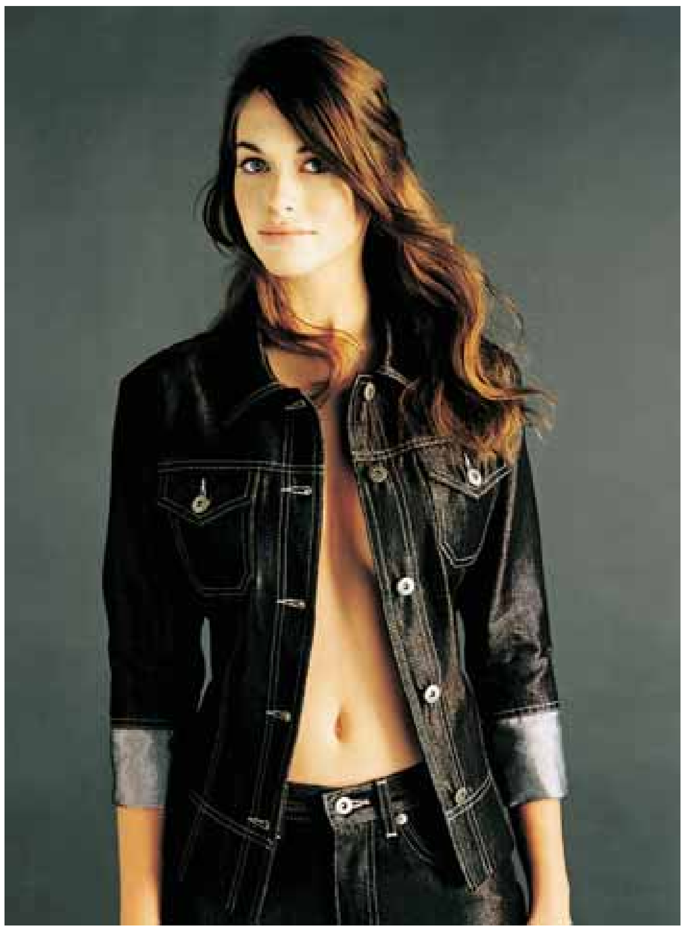
Gender Complexity

Gender complexity means that the traditional roles, lifestyles, and interests of men and women have become blurred. Many women attend college, delay marriage, and wait to start families. Some do not marry nor have children, choosing instead to focus on moving up the corporate ladder.

Men, meanwhile, are more likely to play an active role in parenting, help with household chores, and do more of the shopping. Since 1985, a shift in the number of men who are the primary household shopper has occurred. Almost one-third of men are now the principal shopper. Males spend 38 percent of all grocery dollars.[13] Companies such as General Foods that would normally advertise groceries to women now consider men in terms of what they buy and how they shop. In the past, an automaker such as Ford would target ads to men. Such an approach is no longer useful. Women either purchase the vehicle or have a major influence on the one that is chosen.

Understanding the issues created by age and gender complexities, Guess created these two advertisements.





Source: Courtesy of Guess.

Individualism

Individualism has become more pronounced, especially in goods and services. Customers want companies to develop products just for them. To meet this trend, Nike now allows consumers to design their own shoes using the company's Web site. Levi Strauss allows for personalized jeans, made to fit the exact measurements given to them by the consumer, again over the Internet. Recognizing this trend, food manufacturers have increased the varieties, sizes, and flavors of foods. In the beverage industry, a total of 450 new products were introduced within a single year. Many of these new beverages were health-related items, touting that they were vitamin fortified, organic, all natural, or low calorie.[14]

Active, Busy Lifestyles

Active lifestyles have had a dramatic impact on consumer behaviors. In one survey, 47 percent of respondents stated that they would prefer additional free time over more money. The recent recession caused many individuals to work longer hours in order to protect their jobs. Many people focus less on material possessions and more on experiences with friends and family.[15]

Time pressures account for increases in sales of convenience items, such as microwave ovens, drive-through dry-cleaning establishments, and one-stop shopping outlets, most notably big box superstores. People on the go use mobile phones, Blackberries, and answering machines to make sure they stay in touch with others and do not miss any messages during busy days. The demand for convenience continues to increase.

Cocooning

Another side-effect of a busy and hectic lifestyle is cocooning. The stress of long hours at work and additional hours spent fighting commuter traffic has led many individuals to retreat and cocoon in their homes, which includes making the home environment as soothing as possible. Until recently, cocooning was demonstrated by major expenditures on elaborate homes, expensive sound systems, satellite systems with big-screen televisions, swimming pools, saunas, hot tubs, gourmet kitchens with large dining rooms, decks and porches, and moving to the country or to a gated community.

The recent recession led to changes in many marketing messages, emphasizing a positive home environment at a low cost. Others focused on being frugal to rebound from financial loses. Some ads featured the utility of shopping from home to avoid the hustle and bustle of malls and traffic.

Changes in Family Units

Divorce and remarriage have altered many family units. Remarried divorcees represent about 10 percent of the population. Divorcees tend to develop a new outlook on life. They often desire to cocoon, which changes their purchasing patterns. This group, called *second chancers,* is usually between the ages of 40 and 59 and has a higher household income. Second chancers are more content with life than are average adults. They tend to be happy with their new families but also have a different life focus. Second chancers spend less time trying to please others and more time seeking fuller, more enriching lives for themselves and their children or spouse. Although the home and cocooning continue to be a major emphasis, entertainment and vacation services also appeal to this group.[16]

Pleasure Pursuits

Some people handle the stress caused by a hectic, busy lifestyle through occasional indulgences or pleasure binges such as expensive dinners out and smaller luxury purchases. Pleasure pursuits also include "getaway" weekends in resorts and on short cruises. These self-rewarding activities make the consumer feel that all the work and effort is "worth it."

Many people respond to stress through exciting adventures. From theme parks to virtual reality playrooms, consumers enjoy the mental relaxation of experiencing things that seem almost unreal. Many gambling establishments cater to these more exotic types of vacations. IMAX theaters generate a much more exciting experience than do normal movie theaters. As the technology of fantasy continues to develop, more firms enter the marketplace to profit from consumer desires to "get away from it all."

Source: Courtesy of Necomer, Morris & Young, Inc.

▲ With the emphasis on health and remaining active, St. Francis Medical Center promotes knee replacement following an injury or arthritis.

Health Emphasis

The U.S. population continues to age, leading to two trends: (1) a blossoming interest in health and (2) maintaining youthful appearance. Many consumers try to develop a balanced lifestyle with an emphasis on nutrition, exercise, and staying active.[17]

Developing better eating habits has changed many families. Kraft, which faced this new landscape, combated rising concerns about obesity by shifting its approach. The company began to produce more healthy, diet-oriented foods. In addition, Kraft reduced the fat content in over 200 products. The marketing message was changed to promote Kraft foods as part of a proper diet.[18]

Although consumers desire healthier foods, they also want convenience. Busy lifestyles mean consumers are less willing to cook from scratch. They prefer prepared foods that can be assembled easily and cooked quickly. Products that combine health attributes with convenience are likely to sell well.[19]

In sum, these new trends in the consumer buying environment create several challenges for marketing experts, as shown in Figure 3.8. The activity will be to monitor changes so that the company is not surprised by them. Second, companies create goods and services that are compatible with changing values. Third, marketing messages can be designed to reflect and build on the values people express. Incorporating new trends into the marketing program may be undertaken while at the same time being careful not to alienate any current customers who might not like the trends.

BUSINESS-TO-BUSINESS BUYER BEHAVIOR

4 How do the roles played by various members of the buying center and the factors that influence them impact business purchases?

In business-to-business purchases, *people* still make the decisions. At the same time, when selling to a business organization, the marketing team knows that normally several individuals are involved. Further, corporate policies create restrictions and decision rules that affect purchasing activities. Factors such as costs, quality, and profit considerations also influence the final choice.

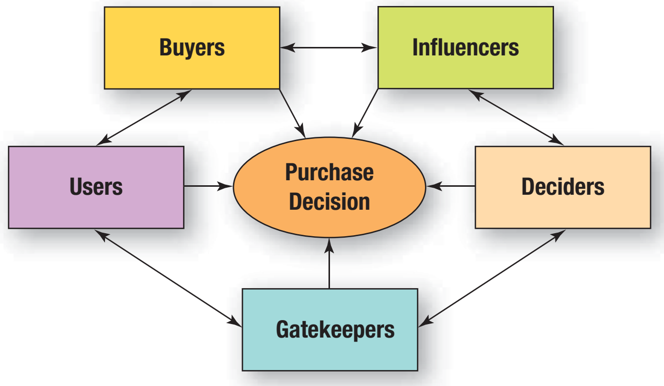
The **buying center** consists of the group of individuals making a purchase decision on behalf of a business. This complicates buying decisions. The buying center contains five different purchase roles, as shown in Figure 3.9. The five roles are:

- **Users**—Members of the organization who actually use the good or service
- **Buyers**—Individuals given the formal responsibility of making the purchase

- Monitor consumer environment for changes.
- Create goods and services that are compatible with the changes.
- Design marketing messages that reflect the changes.

◀ **FIGURE 3.8**
Marketing Responses to Changing Trends in the Consumer Buying Environment

FIGURE 3.9 ▶
The Buying Center



- **Influencers**—People who shape purchasing decisions by providing the information or criteria utilized in evaluating alternatives, such as engineers
- **Deciders**—Individuals who authorize the purchase decisions
- **Gatekeepers**—Individuals who control the flow of information to members of the buying center

These five roles often overlap. Also, several individuals can occupy the same role in a buying center, especially for large or critical purchases. It is not unusual for a variety of members of the organization to serve as influencers, because these roles usually are not fixed and formal.

The purchasing process will be unique in each organization. It also varies within an organization from one purchase decision to the next. Salespeople calling on a business must be able to locate members of the buying center and understand their roles in the process. When these roles change from one purchase situation to another, the marketing and selling task becomes more complex.[20]

FACTORS AFFECTING BUSINESS BUYING CENTERS

The behaviors of members in the buying center are influenced by a series of organizational and individual factors.[21] These influences change the manner in which decisions are made and often affect the eventual outcome or alternative chosen.

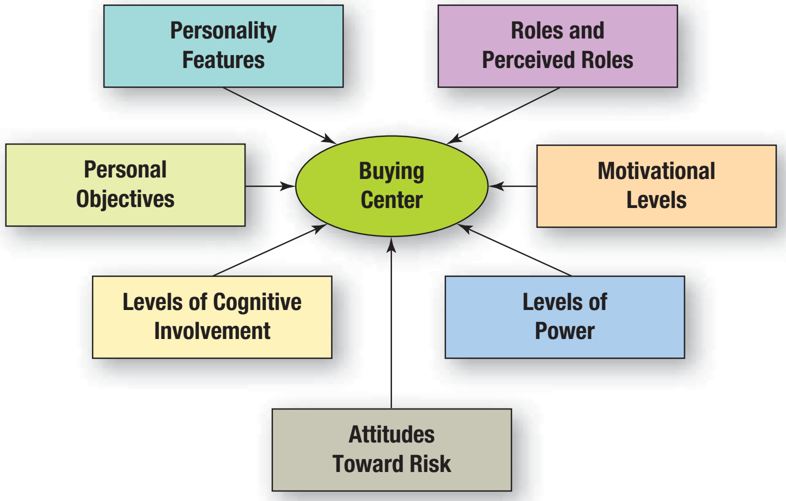
Organizational Influences

Several organizational factors affect the ways employees make purchasing decisions for a company. The factors include the company's goals and its operating environment (recession, growth period, lawsuits pending, etc.). Decisions are further constrained by the organization's finances, capital assets, market position, the quality of its human resources, and the country in which the firm operates.

Studies of organizational decision-making indicate that employees tend to adopt *heuristics,* which are decision rules designed to reduce the number of viable options to a smaller, manageable set. Company goals, rules, budgets, and other organizational factors create heuristics. One decision rule often employed is *satisficing,* which means that when an acceptable alternative has been identified it is taken and the search ends. Rather than spending a great deal of time looking for an optimal solution, decision makers tend to favor expedience.[22]

Individual Factors

At least seven factors affect each member of the business buying center (see Figure 3.10).[23] Each impacts how the individual interacts with other members of the center.



◄ **FIGURE 3.10**
Individual Factors Affecting Members of the Buying Center

Personality

Many facets of personality exist. A decisive person makes purchase decisions in a manner different from someone who vacillates. Confidence, extroversion, shyness, and other personality traits affect both the person performing the decision-making role and others in the process. An aggressive "know-it-all" type affects the other members of a decision-making team. Such a personality feature does not always benefit the organization. An extrovert tends to become more involved in the buying process than a more introverted individual. The extrovert spends more time talking, and the introvert spends more time listening to sellers. The introvert might be too timid with salespeople, and consequently might not ask important questions.

Roles

The roles people play are influenced by an individual's age, heredity, ethnicity, gender, cultural memberships, and patterns of social interaction. Roles are socially constructed, which means people define how they intend to play roles as part of a negotiation process with others. A person's perception of how the role fits into the buying center process and the overall organization affects how the individual becomes involved in the purchase.

A buying center member who views his role as merely giving approval to decisions made by the boss (the decider) does not actively participate. Members who believe their inputs are valued and are being solicited become more active. One person might believe that his role is to provide information. Another might perceive her role as being the person who synthesizes information provided by vendors and then relating the information to the buying center to save time. Roles and perceptions of roles are major factors determining how members of the buying center engage in the decision.

Motivation

A person's degree of motivation depends on the match of the individual's goals to the organization's. A factory foreman with a personal goal of becoming the vice president of operations will be more likely to become involved in the purchasing decisions that affect his performance and that of his department. A purchasing agent who has been charged by the CEO to reduce expenses will take a more active role to ensure that cost-cutting selections are made. Many individuals are motivated by the need for recognition. Then the goal of making successful purchasing decisions becomes to ensure that others recognize the effort, because the person believes a link exists between recognition and promotions or pay raises.

Level of Power

A person's derives her level of power in the buying process from the role in the buying center, official position in the organization, and the impact of the purchase decision on a

Source: Courtesy of SubZero and Wolf, The Richards Group, Photography credit–Robb Debenport.

▲ An advertisement for Sub-Zero directed toward business buyers for refrigeration units, containing the message: "Fresh is everything."

specific job. When a particular purchase decision directly affects an employee, she may try to gain more power through the buying process. For instance, a factory foreman has greater power within the buying center in the purchase of raw materials, whereas the maintenance foreman has more power in the purchase of maintenance supplies. In these situations, each strives to influence the decision that affects his or her area.

Risk

Many vendors are chosen because buyers believe the choice represents the lowest risk. Risk avoidance leads buyers to stay with current vendors rather than switching. In marketing to businesses, reducing risk is a priority, especially when signing large contracts or when a purchase might affect company profits. People tend to believe that taking risks, especially when a failure follows, affects performance appraisals, promotions, and other outcomes.

Levels of Involvement

Both consumer buyer behaviors and business buying behaviors are influenced by levels of cognitive involvement. Individuals with higher levels of cognitive capacity seek more information prior to making decisions. They also ask more questions when interacting with a salesperson. They spend more time deliberating prior to making decisions. Clearly-stated message arguments help persuade both consumers and business buyers with higher cognitive levels.

Personal Objectives

Motives, personality types, perceptions of risk, and the other individual factors influence personal objectives. These objectives can lead buyers to make purchases that help them politically in the organization, even when they are not the best choice. For example, if someone knows his boss is friends with a particular vendor, the buyer might choose that vendor even when others offer higher quality, lower prices, or both. Personal objectives in buying decisions can be tied to getting promotions, making rivals look bad, "brown-nosing" a boss, or the genuine desire to help the organization succeed.

In sum, a buying center consists of a complex set of relationships. Members can serve different roles and may play more than one role. Understanding these dynamics helps when marketing to businesses. The marketing team identifies who will make the decision, how the decision will be made, and any forces or factors that might affect the decision-making process. Examining the organizational and individual influences makes it possible to design a communications program that reaches the key people at the right time.

5 What types of business-to-business sales are made?

TYPES OF BUSINESS-TO-BUSINESS SALES

Business buyers make different types of purchasing decisions. The marketing team adapts to the type of decision being made. Three categories of buying activities are: (1) straight rebuy, (2) modified rebuy, and (3) new task.[24]

A **straight rebuy** occurs when the firm has previously chosen a vendor and places a reorder. This routine process involves only one or a few members of the buying center. Often the purchasing agent (buyer) and the users of the product are the only persons aware of a rebuy order. The user's role in this purchase situation is to ask the buyer to replenish the supply. The buyer then contacts the supplier and places the order. Little or no evaluation of alternatives or information takes place. These purchases often take place electronically.

When making a **modified rebuy**, the buying team considers and evaluates alternatives. As identified in Figure 3.11, a modified rebuy purchase can be made for four different reasons. First, when a company's buyers are *dissatisfied with the current vendor*, they look for new options. A greater the level of dissatisfaction creates a strong enticement to examine new possibilities. Second, if a new company offers what is perceived by a member of the buying center to be a *better buy*, the purchase decision may be revisited.

A third type of modified rebuy occurs at the *end of a contractual agreement*. Many organizations, as dictated by corporate policy, must ask for bids each time a contract is written. This situation often occurs when governmental and nonprofit organizations make purchases. The final reason for a modified rebuy is that the people in the company assigned to make the purchase might have only *limited or infrequent experience with the good or service*. When a company purchases delivery trucks, the typical time between decisions may be 5 to 7 years. This creates a modified rebuy situation, because many factors change over that amount of time. Prices, product features, and vendors (truck dealerships) change rapidly. Also, in most cases the composition of the buying group will be different. Some may have never been part of the decision to purchase delivery vehicles.

In **new task** purchasing situations, the company considers a good or service for the first time or it has been a long time since the last purchase. Further, the product involved is one with which organizational members have no or extremely little experience. This type of purchase normally requires input from a number of buying center members. A considerable amount of time is spent gathering information and evaluating vendors. In many cases, vendors are asked to assist in identifying the required specifications.

Source: Courtesy of 3M/SPD.

▲ **A 3M advertisement directed to businesses for Premium-Performance Packaging Tape.**

THE BUSINESS-TO-BUSINESS BUYING PROCESS

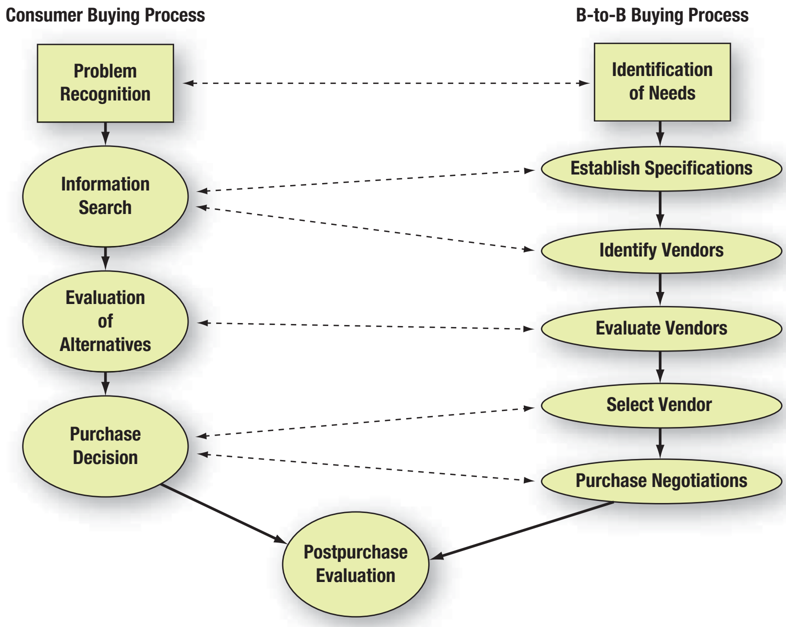
❻ What are the steps of the business-to-business buying process?

The steps involved in the business-to-business buying process are similar to those made by individual consumers. In new task purchasing situations, members of the buying center tend to go through each of the seven steps as part of the buying decision-making process. In modified rebuy or straight rebuy situations, one or more of the steps may be eliminated.[25] Figure 3.12 compares the consumer buying process to the business-to-business buying process.

- Dissatisfaction with current vendor.
- A different vendor makes an attractive offer.
- End of contractual arrangement with current vendor.
- Individuals involved in decision process have no or little experience with the product.

◀ **FIGURE 3.11**
Reasons to Make a Modified Rebuy

FIGURE 3.12 ▶
A Comparison of the Business-to-Business Buying Process to the Consumer Buying Process



Identification of Needs

Just as consumers identify needs (hunger, protection, social interaction), businesses also make purchases because of needs ranging from raw materials to professional services. The manner in which business needs are determined is often different.

▼ Sales of rental equipment offered by Scott is based on consumer demand for the products and services.

Source: Courtesy of French Creative Group, Ltd.

Many business needs are created by derived demand. **Derived demand** is based on, linked to, or generated by the production and sale of some other good or service.[26] The demand for steel used in automobiles is largely based on the number of cars and trucks sold each year. When the demand for vehicles goes down during a recession or downturn, the demand for steel also declines. Steel manufacturers find it difficult to stimulate demand because of the nature of derived demand. Derived demand results from purchases of raw materials used in the production of goods and services, such as steel, aluminum, concrete, plastic, petroleum products (e.g., jet fuel for airlines), construction materials, and others. Derived demand also exists for services. Most of the demand for mortgages depends on housing sales.

Once a need has been recognized, the order will be placed with the current vendor, if a straight rebuy is being made. When the purchase is a modified rebuy or new task, members of the buying center move to the next step.

Establishment of Specifications

In a new task purchase, the most complete specifications are spelled out. Many times, various vendors assist the buyer in developing clear specifications. In modified rebuy situations, specifications are examined to ensure that they are current and that they still meet the company's needs. Occasionally, specifications are changed, but normally these are only minor alterations.

Identification of Vendors

Once specifications have been identified, potential vendors are located and they are asked to submit bids. In most business situations, written, formal bids are required. A vendor's ability to write a clear proposal often determines whether the company will present a successful bid. Effective proposals spell out prices, quality levels, payment terms, support services, and any other condition requested by the company.

Vendor Evaluation

Evaluations of vendors normally occur at two levels. The first level, an *initial screening* of proposals, narrows the field of vendors down to three to five competitors. The number of people from the buying center involved in the initial screening depends on the dollar value of the bid and whether the product is critical to the firm's operation. As dollar values increase and the product becomes more critical, the number of individuals from the buying center involved also rises. Minor choices are often delegated to a single individual.

The second level of evaluation occurs as the firm undertakes a *vendor audit.* An audit is especially important when members of the company seek to develop a longer-term relationship with a supplier. Vendors that are the primary sources for critical components or raw materials recognize that long-term bonds benefit both the vendor and the purchasing firm. Members of the audit team often include an engineer, someone from operations, a quality-control specialist, and members of the purchasing department. The goal of the audit is to evaluate potential suppliers and each company's ability to meet demand, provide the level of quality needed, and deliver the product on time.

Vendors are people, just as members of the buying center are people. Attitudes, values, opinions, and first impressions influence evaluations made about vendors. All messages, including bids and proposals, should be carefully designed to create favorable impressions.

Vendor Selection

Once company officials have carefully studied all of the vendors and the bids have been considered, it is time to make a final choice. In the decision-making process, members of the buying center experience the individual and organizational pressures presented earlier. The selection criteria used include quality, delivery, performance history, warranties, facilities and capacity, geographic location, technical capability, and per-dollar value.[27] It is unlikely that a single vendor will be deemed superior across all selection criteria. Consequently, the marketing team for each seller emphasizes the company's specific strengths as part of its presentation. In reality, however, politics and other similar forces impact the final decision.

Negotiation of Terms

In most purchasing situations, negotiation of terms will be a formality, because most of the conditions have already been worked out. Occasionally, however, changes are made at this point in a contract or purchase. These tend to be minor and are normally negotiated by the purchasing agent. When the final agreement is set, goods are shipped or services provided. Assuming no further complications, the buying process is complete until the next cycle begins.

Postpurchase Evaluation

In the business-to-business arena, the postpurchase phase represents a marketing opportunity. Vendors that provide high-quality products, make follow-up calls, and offer additional services often move into a straight rebuy situation. They avoid going through the process again, because they are the chosen vendor unless something changes. Even for products that are purchased occasionally, the firm that gives attention to the postpurchase component of the selling process gains an edge the next time a purchase is made.

7 How does dual channel marketing expand a company's customer base and its sales?

DUAL CHANNEL MARKETING

Firms sell virtually the same goods or services to both consumers and businesses in **dual channel marketing**.[28] The approach fits several situations. Perhaps the most common scenario occurs when a product sold in business markets is then adapted to consumer markets. New products often have high start-up costs, including R&D expenditures, market research, and other tasks. Businesses tend to be less price sensitive than retail consumers, which makes it logical to approach them first.

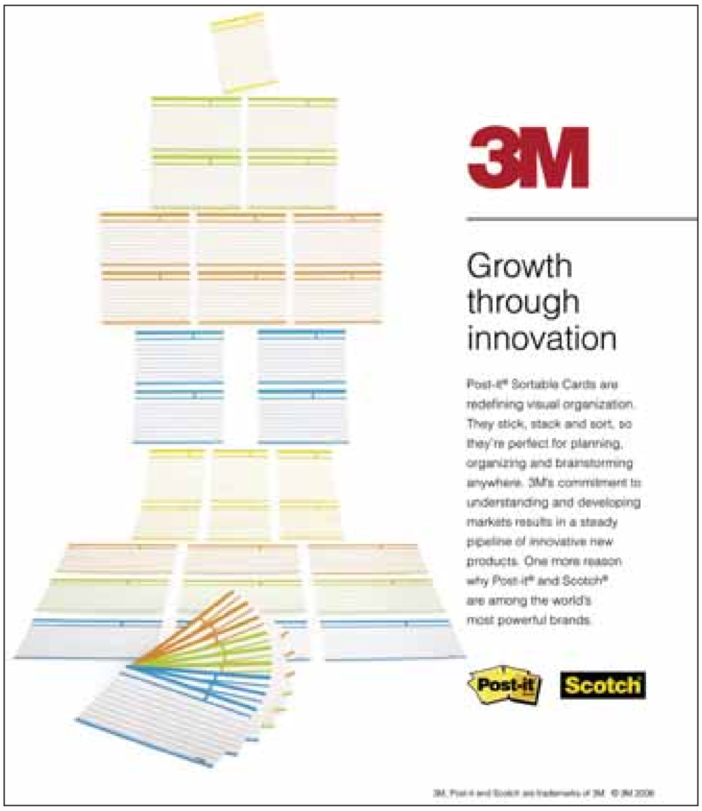
As sales grow, economies of scale emerge. Larger purchases of raw materials combined with more standardized methods of production make it possible to enter consumer markets. The benefits of economies of scale entice manufacturers to sell products previously supplied to the business sector in the retail markets. Products including digital cameras, calculators, computers, fax machines, and mobile phones were first sold to businesses and then later to consumers.

To make the move to the retail arena possible, prices must come down and products need to be user-friendly. For example, consumers can now have their photos put on a CD rather than obtain prints. The imaging technology developed by Kodak and Intel was first sold to various businesses and now is offered to retail customers. By forming an alliance with Intel, Kodak brought the cost down and developed the economies of scale necessary for consumer markets.

Spin-Off Sales

Another type of dual channel marketing—spin-off sales—occurs when individuals who buy a particular brand at work have positive experiences and, as a result, purchase the same brand for personal use. This situation often takes place with computers and computer software. Favorable feelings about more expensive items can also result in spin-off sales. A salesperson who drives a company-owned Buick for work might like it so well that one is purchased for personal use. Holiday Inn's marketing team discovered that many of its private stays come from business-related spin-offs. Approximately 30 percent of Holiday Inn's business customers also stay with the chain on private vacations.[29]

▼ 3M Post-It Sortable Cards are sold to retail customers and in business-to-business markets.



Source: Courtesy of 3M/SPD.

Marketing Decisions

In dual channel marketing, a primary decision will be made about how to represent the product in each channel. The firm can either emphasize similarities between the two markets or focus on differences. Consumers and businesses looking for the same benefits and product features receive marketing messages that are quite similar. When consumers and business buyers value different product attributes or desire different benefits, the marketing strategy team customizes messages for the separate markets. When there are substantial differences between the two channels, the typical tactics are to:

- Use different communication messages
- Create different brands
- Use multiple channels or different channels

In some instances, the product attributes are the same, but the value or benefit of each attribute differs. Messages then focus on the benefits each segment derives from the product. Mobile phones marketed to businesses stress area coverage and service options. For consumers, mobile phone marketing messages may center on the fashionable design of the product, ease of use, or price.

To avoid confusing individuals who might see both messages from the same producer, companies may utilize dual branding. For instance, when Black & Decker launched a professional line of power tools, the DeWalt brand name was chosen. This avoided confusion with the Black & Decker name.

In most cases, business customers and consumers seek the same basic benefits from products. In these situations, a single approach for both markets will be used. Tactics include:

- Integrating communications messages
- Selling the same brand in both markets
- Scanning both markets for dual marketing opportunities

In addition to creating economies of scale, integrating consumer markets has another advantage: the potential to create synergies. Synergies arise from increased brand identity and equity. An image developed in the consumer market can then be used to enter a business market, or vice versa. Using one brand makes it easier to develop brand awareness and brand loyalty. A business customer who uses a company-owned American Express Card may obtain a card from the company for personal use.

Scanning both types of customers for new opportunities is part of dual channel marketing. For example, the firm Intuit, which sells Quicken software, discovered that individuals who use Quicken at home were willing to use a similar version for their small businesses. Capitalizing on this advantage, Quicken added features including payroll and inventory control to its business software package while maintaining the easy-to-use format. By identifying business use for a consumer product, Quicken adapted the product and captured 70 percent of the small-business accounting software market.[30]

Dual channel marketing can create a major competitive advantage as products are sold in both markets. A complete IMC planning process includes the evaluation of potential business market segments as well as consumer market segments. Firms that integrate messages across these markets take major steps toward reaching every potential customer.

INTERNATIONAL IMPLICATIONS

8 How can a company overcome international differences when adapting to buying processes?

Selling to consumers and businesses requires the marketing team to understand cultural differences related to products, messages, and selling techniques. A *cultural assimilator* will be a valuable member of the marketing team in international projects. Individual buyers and members of companies from other countries exhibit cultural differences as they consider purchasing alternatives.

It is helpful to understand the nuances of the purchasing process for transactions that take place in foreign countries. For example, at domestic U.S. trade shows it is unlikely that an actual purchase will be finalized. Instead, information is collected and transferred between the buyer and the seller. At international trade shows, however, sales are often completed. Higher-ranking members of the purchasing company attend the shows and want to complete transactions. Knowing these kinds of differences helps a company succeed in international trade.

Building a powerful brand is important in any IMC program. A strong brand means the product becomes part of the consumer's initial set of brands to consider when making a purchase. A powerful brand crosses national boundaries and becomes part of an effective GMIC program. Successful global brands are built over time. It takes a combination of high-quality products and effective marketing communications to reach that point.

In business-to-business marketing, a visible global brand presence is equally crucial. The existence of multiple vendors, increasing perceptions of brand parity, and growing use of the Internet make it impossible for a company to succeed using only price differentiation. To combat such situations, a strong brand is a necessity in the global environment. A strong brand increases the chances of being selected. As Robert Duboff writes, "It is no longer sufficient to be a great company; *you must be a great brand.*"[31]

INTEGRATED CAMPAIGNS IN ACTION

Argent Financial

Argent Financial Group provides comprehensive financial services and products to individuals, families, and friends. Argent is fast growing into a large corporation, but it still operated as a smaller organization. As a result, its marketing efforts were reactive rather than strategic and planned. Little coordination across subsidiaries and between offices took place.

The objective for the marketing agency, Emogen Marketing Group, was to define and promote a single brand that would increase Argent's brand recognition and value. After brainstorming with the client, Emogen suggested the following brand identity statement: "Argent is a wealth management firm comprised of highly qualified professionals helping clients manage, grow and protect assets."

Based on the brand identity statement, Emogen suggested that the new campaign stress: (1) high values, trust, and expertise; (2) relationships, not performance; and (3) that client satisfaction grows when using a single advisor. From these ideas came the new campaign tagline "Be informed, not sold."[32]

Source: Courtesy of Emogen Marketing Group.

▲ **The value proposition for the new Argent Campaign was "Be informed, not sold."**

Your instructor has additional information about the ads, visuals, and displays used in this campaign.

SUMMARY

Buyer behaviors are part of the purchasing process in both consumer markets and business-to-business transactions. An effective IMC program accounts for the ways in which goods and services are purchased in both markets. The goal is to tailor marketing messages to target audiences in the appropriate media.

The consumer buying decision-making process consists of five steps. Marketing experts are aware of each step and prepare effective communications that lead most directly to the decision to buy. For the purposes of creating effective marketing communications, two of the most important are the information search stage and the evaluation of alternatives stage.

After recognizing a want or need, a consumer searches for information both internally and externally. Marketing messages attempt to place the product or service in the consumer's evoked set of viable prospects. The more involved the customer is in the search, the more likely the product will have a longer-lasting impact once purchased. Those with greater needs for cognition are attracted to the process of thinking through a decision. Those with a greater degree of enthusiasm for shopping spend more time analyzing the available alternatives. Customers consider the benefits and costs of searches and make decisions regarding how extensively they will seek information.

Evoked sets, attitudes and values, and cognitive maps explain how an individual evaluates various purchasing choices. Evoked sets reveal which products receive consideration. Attitudes and values predispose consumers toward some products and companies and away from others. Cognitive maps help the customer link thoughts about a company with other experiences. Marketing experts try to identify consumer attitudes and values that affect purchase decisions and make sure they do not offend prospects with messages. Stronger ties can be built with customers when the good or service is favorably attached to strongly held attitudes and values.

Marketers face an evolving buying decision-making environment. New cultural values and attitudes, time pressures, and busy lifestyles influence what people buy, how they buy, and the manner in which they can be enticed to buy. Many families try to isolate themselves from everyday pressures by cocooning. They also try to escape through indulgences and pleasure binges, by finding excitement or fantasy, and by planning to meet social needs. An aging baby boom population is more focused on lasting values and on health issues. Marketing experts can address these needs and lead customers to purchases based on them.

By understanding business buyer behaviors, the marketing team constructs a more complete and integrated marketing communications program. Business purchases are driven by members of the buying center. These members include users, buyers, influencers, deciders, and gatekeepers. Each role is important, even when a single person plays more than one role. Members of the buying center are human beings. This means they are influenced by both organizational and individual factors that affect various marketing decisions.

Business-to-business sales take three forms. A straight rebuy occurs when the firm has previously chosen a vendor and intends to place a reorder. A modified rebuy occurs when the purchasing group is willing to consider and evaluate new alternatives. This decision is usually based on dissatisfaction with a current vendor. A new task purchase is one in which the company buys a good or service for the first time and the product involved is one with which organizational members have no experience.

The business-to-business buying process is similar to the consumer purchase decision-making process. A more formal purchasing process includes formal specifications, bids from potential vendors, and a contract finalizing the purchasing agreement.

Dual channel marketing means that the firm sells virtually the same goods or services to both consumers and businesses. Dual channel marketing creates both economies of scale and synergies for the vendor company. It also enhances the chances that a product will be sold to every available customer. The challenge to the marketing team is to create strong and consistent marketing messages to every potential buyer, accounting for how buyer behaviors are present in purchasing processes.

KEY TERMS

involvement The extent to which a stimulus or task is relevant to a consumer's existing needs, wants, or values.

need for cognition A personality characteristic an individual displays when he or she engages in and enjoys mental activities.

enthusiasm for shopping Customers who like to shop will undertake a more in-depth search for details about goods and services.

attitude A mental position taken toward a topic, person, or event that influences the holder's feelings, perceptions, learning processes, and subsequent behaviors.

values Strongly held beliefs about various topics or concepts.

cognitive maps Simulations of the knowledge structures embedded in an individual's brain.

evoked set Consists of the set of brands a consumer considers during the information search and evaluation processes.

inept set Part of a memory set that consists of the brands that are held in a person's memory but that are *not considered,* because they elicit negative feelings.

inert set Part of a memory set of brands that hold the brands that the consumer has awareness of but has neither negative nor positive feelings about.

affect referral A purchasing decision model in which the consumer chooses the brand for which he or she has the strongest liking or feelings.

buying center The group of individuals who make a purchase decision on behalf of a business.

straight rebuy Occurs when the firm has previously chosen a vendor and intends to place a reorder.

modified rebuy The company buying team considers and evaluates new purchasing alternatives.

new task The company buys a good or service for the first time, and the product involved is one with which organizational members have no experience.

derived demand Demand based on, linked to, or generated by the production and sale of some other good or service.

dual channel marketing Selling virtually the same goods or services to both consumers and businesses.

compensatory heuristics A purchasing decision model that assumes that no one single brand will score high on every desirable attribute and that individual attributes vary in terms of their importance to the consumer.

conjunctive heuristics A purchasing decision model that establishes a minimum or threshold rating that brands must meet in order to be considered.

phased heuristics A purchasing decision model that is a combination of the compensatory and conjunctive heuristics models.

REVIEW QUESTIONS

1. What are the five steps of the consumer buying decision-making process? Which two steps are the most important with regard to developing quality integrated marketing communications?
2. What is the difference between an internal search and an external search in a purchasing decision?
3. Define attitude. What are the three main components of attitude, and how are they related to purchasing decisions?
4. How do values differ from attitudes? Name some personal values related to purchasing decisions.
5. Explain what a cognitive map models.
6. What is an evoked set? Why are evoked sets, inept sets, and inert sets important to the marketing department?
7. What are the key features of the multiattribute approach to evaluating purchasing alternatives?

8. What is meant by affect referral? When is a person likely to rely on such a cognitive approach to evaluating purchasing alternatives?
9. What new trends in the consumer buying environment affect consumer purchasing decisions?
10. Name and describe the five roles played in a buying center.
11. What organizational and individual factors affect members of the business buying center?
12. Describe the three main forms of business-to-business sales.
13. Name the steps in the business-to-business buying process.
14. Describe dual channel marketing and explain why it is important to a company's well-being.

CRITICAL THINKING EXERCISES

Discussion Questions

1. For college students and other individuals with compulsive buying behaviors, a primary influence is the family. Often one or both parents are compulsive shoppers. Families that display other forms of dysfunctional behaviors, such as alcoholism, bulimia, extreme nervousness, or depression, tend to produce children who are more inclined to exhibit compulsive shopping behaviors. Why do dysfunctional behaviors among parents produce compulsive shopping behavior among children? Another component of compulsive buying behaviors is self-esteem. Again, self-esteem is partly inherited, but it also develops in the home environment. How would self-esteem be related to compulsive shopping behaviors? What influences other than family might contribute to compulsive shopping behaviors? If an individual has a tendency to be a compulsive shopper, what can (or should) be done?
2. Think about the way you purchase products and consider a recent purchase that involved an external search. Discuss your ability to search, the need for cognition, your personal level of shopping enthusiasm, and the perceived costs versus the perceived benefit of the search. How much time did you spend in the external search, and what was the outcome?
3. Study the list of personal values presented in Figure 3.3. Identify the five most important to you. Rank them from first to last. Beside each value, identify at least two products you have purchased to satisfy those values. Then, gather into small groups of three to five students. Using the information from your list of values, discuss differences among members of the group. Identify a way to send a marketing message that will appeal to the top value from each person's list.
4. Cultural values and norms are constantly changing. Talk to your parents, grandparents, and friends and identify cultural values and norms that you believe have changed in the last 10 years. Are the values and norms you hold different from those held by your parents and grandparents? If so, why? What caused these changes to occur?
5. Review the three methods of evaluating alternatives. For each method, discuss a recent purchase you made using that method. Which method did you tend to use the most? Why?
6. A member of the buying center for a large shoe manufacturer tries to purchase soles for shoes from an outside vendor (or vendors). Study the individual and organizational factors that affect buying center members. Discuss the effect of each factor on the roles of members in the shoe company's buying center. How does the factory foreman's role differ from that of the purchasing agent? How do these roles differ from the company president's role?
7. A purchasing agent for a clothing manufacturer is in the process of selecting a vendor (or vendors) to supply the materials to produce about 30 percent of its clothes. The clothing manufacturer employs about 300 people. As the audit nears completion, what factors are most important to the purchasing agent?

INTEGRATED LEARNING EXERCISES

1. Consumers and businesses conduct external searches when they lack sufficient internal knowledge to make a wise decision. Assume you have $50,000 to $70,000 to spend on a sailboat. Locate four Web sites that sell sailboats. Select one in your price range. Why did you select that particular brand? What features are attractive to you? Would you want any additional information before making a final purchase decision?
2. Almost everyone has an opinion about tattoos. Some attitudes are positive, whereas others are negative. Few are neutral. Go to **www.tattoos.com** and examine the material that is on the Web site. Did this information modify your attitude toward tattoos? What factors on the Web site influenced your attitude? Find at least one additional Web site of a company that offers tattoos. Discuss the components of the Web site in terms of which components of attitude it is trying to influence: cognitive, affective, or conative.
3. United Raw Material Solutions, Inc. is a business-to-business marketplace that brings together buyers and sellers of textiles, petrochemicals, plastics, and electronics. Access the Web site at **www.urms.com**. Which members of the buying center would be most interested in this site? What services and benefits do you see for buyers? For suppliers?

4. Examine the following Web sites. What kind of information is provided? Which component of attitude is the site designed to affect: cognitive, affective, or conative?
   a. Kenneth Cole (**www.kennethcole.com**)
   b. Starbucks (**www.starbucks.com**)
   c. Cadillac (**www.cadillac.com**)
   d. IKEA (**www.ikea.com**)
   e. Baby Gap (**www.babygap.com**)
5. A member of the buying center has been asked to gather information about possible shipping companies for international shipments. Visit the following Web sites. What companies have the most appealing Web sites? Beyond online materials, what additional information do they need to supply to the buying center in order to win the contract?
   a. ABC India Limited (**www.abcindia.com**)
   b. SR International Logistics, Inc. (**www.srinternational.com**)
   c. Falcon Transportation & Forwarding Corp. (**www.falcontrans.com**)
   d. Global Freight Systems (**www.globalfreightsystems.com**)

STUDENT PROJECT

Creative Corner

A local travel agency has decided to advertise in the student newspaper on your campus to promote spring break packages. They have hired you to perform the creative work. They are not sure which type of advertising approach to use. The agency knows that attitude consists of three parts: cognitive, affective, and conative. They also know that an advertisement can appeal to any one of the attitude components. The agency's management team is not sure which component to use. Consequently, they have asked you to design three advertisements, with one designed to appeal to the cognitive component of attitude, the second to the affective component, and the third to the conative component. After you have finished designing the ads, discuss the pros and cons of each and make a recommendation to the travel agency about which one to use. The ads should be for a 5-day spring break vacation on the beach in Fort Lauderdale, Florida.

CASE 1 CHOOSING A SMARTPHONE: OPTIONS AND ALTERNATIVES

Smartphones have been around in one form or another since 1993. The difference between then and now is that early smartphones were primarily used as business devices and were prohibitively expensive for most consumers. Spurred by the enormous success of the iPhone, today's smartphones are sleek multimedia devices popular with mass consumers.

Different brands of smartphones have different operating systems (OSs), the engine of a smartphone. One important attribute of an OS is the user interface, which is how one accesses the smartphone's various features and capabilities. Another parameter to consider is the availability of applications ("apps") available for purchase or free download. The following sections describe some of the more popular smartphone OSs.

Symbian 3. Users of Nokia smartphones will probably be familiar with the Symbian 3 OS. Virtually all Nokia smartphones, as well as some offered by Sony Ericsson, Samsung, and LG, are based on this OS. Nokia has improved the user interface of its newer smartphones, as demonstrated by the Nokia N8. However, critics say that it falls short compared to other OSs, such as Android, in terms of intuitiveness. Nokia's renewed push to the developer ecosystem indicates that it is battling hard in the face of stiff competition. In addition, it does not have the range of apps offered by Android and the iPhone.

Android. Google's offering in the smartphone OS market was designed for great overall performance, simplicity, and sensible functionality. Android interfaces have been praised as being beautiful and intuitive. Further, Andriod is the only platform that even comes close to challenging the number and variety of iPhone apps. Apps created in-house for Android (Gmail, Google Calendar, and Google Maps) are brilliantly designed and sync flawlessly with users' online accounts. Android is available on a large number of smartphones, including the HTC Desire.

Source: © Martin Hahn–Fotolia.com.

▲ The sleek design of today's smartphones mean they appeal to mass consumers.

Windows Phone 7. The new mobile OS from Microsoft has been one of the most anticipated developments in the smartphone market. Called Windows Phone 7, initial reviews indicate that Microsoft is right on target with its new OS. Phones such as the Samsung Omnia 7 seem to achieve both functionality and ease of use due to the introduction of new elements such as "live tiles" and "hubs." Live tiles are links to applications and features that are dynamic and update in real time (e.g., the tile for an e-mail account would display the number of unread messages). Hubs are locations where similar media are stored (e.g., the Pictures hub shows photos captured with the device's camera and stored in the user's Facebook photo albums). Being a completely new OS means that it will not have a well-loaded app store to begin with. However, Microsoft is pursuing developers aggressively, and one can expect a lot of improvement in application availability.

BlackBerry OS 6. The big player in the business smartphone market relies on the sturdy BlackBerry OS to power its handsets. Its strength is more in its robustness than its ease of use. The new version of the BlackBerry OS is a significant upgrade, featuring a more functional home screen and a more touch-friendly interface. The BlackBerry Torch is the first BlackBerry smartphone to use it so far. Application availability, through BlackBerry's App World, is not as great as those of other OSs. However, all the major apps in App World cater to BlackBerry's lucrative market of business users.

iPhone OS. The iPhone was a revolutionary device that has forever changed the way we look at phones. Apple is the expert at designing beautiful and intuitive interfaces, and it seems to have hit the jackpot with the iPhone OS. Successive versions have improved usability even further with the latest launch of iPhone 4. With the highest number of apps of any app store, Apple is the clear leader and offers an astounding choice of apps to iPhone users. Virtually every possible category in the App Store is loaded with hundreds of applications.

Kelli is evaluating five smartphones. Table 3.2 provides a multi-attribute evaluation approach that she has developed. In addition to the attributes of user interface and application availability, she is also considering other attributes, such as camera (megapixel), display size (inches), and design. Each attribute receives a score in terms of importance to Kelli using a scale of 1 to 10, with 10 being the most important. The five smartphones are then evaluated on a 10-point scale for each attribute, and 10 indicates the highest performance.

Using a **compensatory heuristics** method, Kelli assumes that no one single brand scores high on every attribute and that individual attributes vary in importance. With this model, Kelli will purchase the brand with the highest compensatory score, which is calculated by multiplying each attribute score by its importance, and then summing the total, as shown at the bottom of Table 3.2.

Using the **conjunctive heuristics** method, a threshold minimum rating is established. A brand is eliminated if an important attribute is rated lower than a certain number. For example, Kelli has rated "User interface" as very important (rating of 5). She may decide to eliminate any smartphone with a rating lower than 8. In her situation, the Nokia N8 and the BlackBerry Torch 9800 would be eliminated because they scored only a 7. This process is followed until one brand is left.

The phased **heuristic approach** combines the two methods. Any brand with a low score on any criterion is eliminated first. Then, if a tie exists, the conjunctive heuristics method (see above) is used to decide between the two remaining contenders.

TABLE 3.2 Example of a Multiattribute Evaluation Approach for a Smartphone

Attribute	Importance	Nokia N8	HTC Desire	Samsung Omnia 7	BlackBerry Torch 9800	iPhone 4
User interface	5	7	9	9	7	9
Application availability	4	5	8	4	5	9
Camera (megapixel)	4	9	5	5	5	5
Display size (inches)	3	7	8	9	6	7
Design	4	8	7	7	6	8
Compensatory score		**144**	**149**	**136**	**117**	**154**

Consumers make purchase decisions using one of these methods, or some other approach. Each competitor seeks to highlight the advantages of its approach in order to maintain current customers and attract new ones.

1. Use Table 3.2 to explain the purchase decision Kelli will make using the following methods: (1) conjunctive heuristics, (2) compensatory heuristics, and (3) phased heuristics. Elaborate on which brand is chosen and which brands are not and explain why.
2. Create a similar table for two of the following products that you have recently purchased. Explain which method of evaluation could be used for each purchase decision.
   a. An automobile
   b. A high-end restaurant
   c. Life insurance
   d. A new pair of jeans
3. For each product listed in question 2, identify a recent purchase. Explain the process you used to make the purchase decision. Which heuristic model did you use?

Sources: "The Ultimate Smartphone Shootout—Symbian vs. Android vs. Windows Mobile vs. BlackBerry vs. iPhone," Pluggd.In (**www.pluggd.in/smartphone-comparison-symbian-vs-android-vs-windows-mobile-vs-blackberry-vs-iphone-297/**, accessed November 8, 2010); CNET Asia (**http://asia.cnet.com/reviews/mobilephones/**, accessed November 8, 2010); *PCWorld* (**www. pcworld.com/products/phones.html**, accessed November 8, 2010).

CASE 2 RYMCO: THE BLUE OCEAN STRATEGY

Rasamny-Younis Motor Company S.A.L. (RYMCO) is a joint stock company that was established in 1957 in Lebanon. The company operates a chain of independent showrooms and has an automotive dealership arrangement with auto manufacturers in the United States, Japan, Europe, and China such as Nissan Motors, GM, Renault, Nissan Diesel (UD), FAW, and Kawasaki. After 41 years of private ownership, RYMCO went public in 1998, becoming the first and only automotive dealer to be listed on the Beirut Stock Exchange.

In 2003, RYMCO renovated its showrooms, with Nissan CEO Carlos Ghosn attending a grand reopening ceremony. In 2004, RYMCO went on to launch its Infiniti boutique in the heart of downtown Beirut, becoming the first to open a separate facility for Infiniti outside of North America. In 2005, Abdo Sweidan, the newly appointed managing director of RYMCO, received the President's Award from Nissan's Carlos Ghosn.

RYMCO experienced 74 percent growth from 2005 to 2006. It controlled 21.3 percent of the Lebanese market, maintaining its number one position. Then, 2008 was another record year. RYMCO became the fastest-growing automotive dealer in Lebanon, increasing sales by 85.7 percent, moving 4,273 units in 2007 to 7,932 units in 2008. No other dealer has been able to achieve this volume in Lebanon. In 2009, RYMCO expanded into overseas markets, gaining the right to distribute the Infiniti brand of cars in London. It also began stocking Nissan and Infiniti vehicles in free zone areas in Syria.

According to Sweidan, RYMCO's success is based on its ability to understand customer buying behavior and respond to their needs. RYMCO developed its "Blue Ocean Strategy" based on the cornerstone of value innovation. With this strategy, any product, delivery, or service innovation must create and raise customer value by focusing only on features that are perceived beneficial by customers. The strategy pillar aims to shift the buyer decision of the purchase of a new or used car from a product perspective toward a comprehensive offer of greater value in a one-stop-shop solution for one great brand coupled with multiple financial services.

To implement its strategy, RYMCO arranged several alliances and partnerships with banks, insurance firms, electronics outlets, and TOTAL, for fuel and oil, with the purpose of offering customers a convenient single package that leverages costs to customers' benefit. RYMCO then ran a series of IMC messages using outdoor advertising, TV commercials, radio spots, print ads, and SMS messages informing customers about the benefits of the one-stop shop. The messages were informative in nature, highlighting monthly payments for a package that included oil and gas for up to 45,000 km, insurance coverage for 2 years, and car registration fees and taxes.

1. How would a consumer's level of involvement, need for cognition, and level of information search affect the purchase of a new car?
2. Explain how cognitive mapping could be used to demonstrate a customer's reaction to RYMCO's one-stop-shop package.
3. Did RYMCO succeed in using the informative approach in its IMC messages? Explain.
4. Which model best explains the evaluation of alternatives when it comes to cars: the evoked set model, the multiattribute approach, or affect referral?

15 Evaluating an Integrated Marketing Program

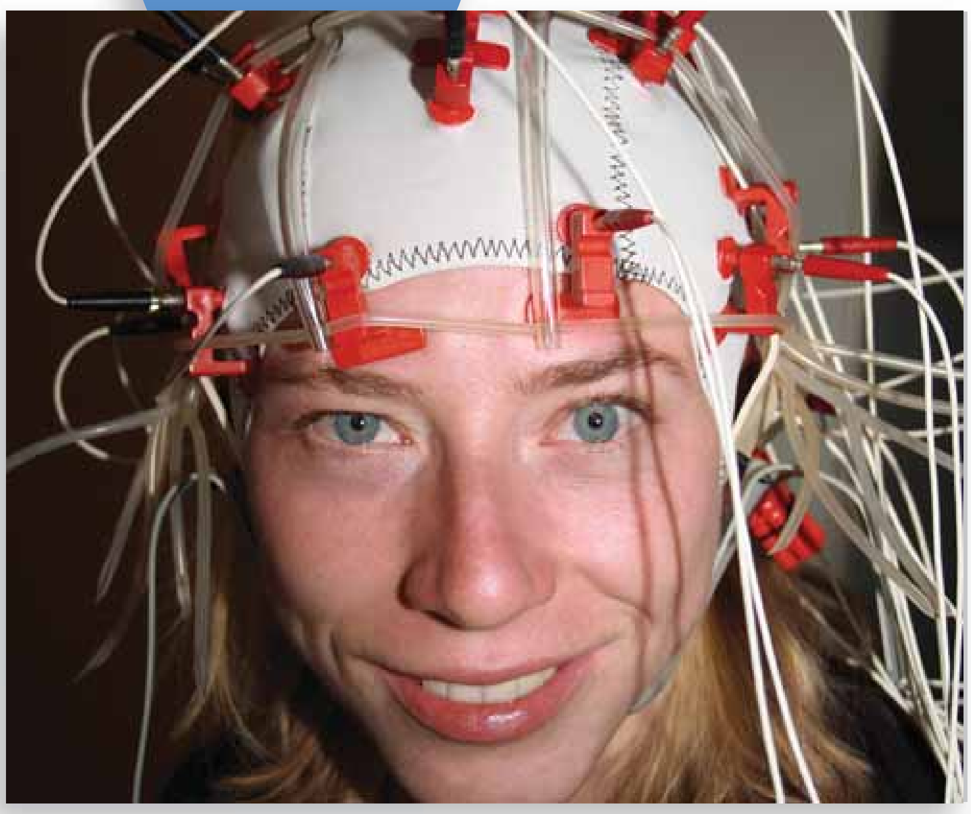
SANDS RESEARCH, INC.

Neuromarketing on the Cutting Edge

If any one theme emerges from the interviews with members of the various advertising agencies featured in this textbook, it would be that companies demand clear and convincing evidence that marketing and advertising actually work. Tangible measures such as increases in store traffic, Web site hits, coupons redeemed, and sales provide behavioral evidence. Many times, of course, other factors influence these outcomes, and a time lag, from when the ad ran to when the behavior occurred, also be involved.

Advertising agencies continue to look for methods to refine the development and delivery of marketing messages. Many techniques are available, including day-after-recall tests and studies of brand perceptions and loyalty. What remains is finding real-time data suggesting that an advertisement has captured and kept a viewer's attention.

▼ Sands Research uses EEG sensors to study brain activity created by viewing advertisements or marketing materials.



Source: Shutterstock

Sands Research, Inc., led by its chairman and chief science officer, Dr. Steve Sands, is a leading neuromarketing firm. The company is a pioneer in developing applications that use cognitive neuroscience technology to provide unique insights into consumer responses to television and print advertisements, product packaging, and digital media. By combining its technology with before and after questionnaires, Sands Research provides a comprehensive, objective analysis of the viewer's engagement in the marketing material being presented by an advertiser.

Recently, Dr. Sands announced a breakthrough in the rapidly growing area of applying neuroscience to market research. Sands Research uses high-density arrays of EEG (electroencephalograph) sensors to capture brainwave activity across the full brain at 10,000 times a second, per sensor. In essence, this means the firm has the ability to study the impact a message has on capturing a person's attention and track times of peak interest as the person stays engaged with that message.

Traditional methods of analyzing the impact of an advertisement use rating statements and open-ended questions that tend to be verbally

CHAPTER OBJECTIVES

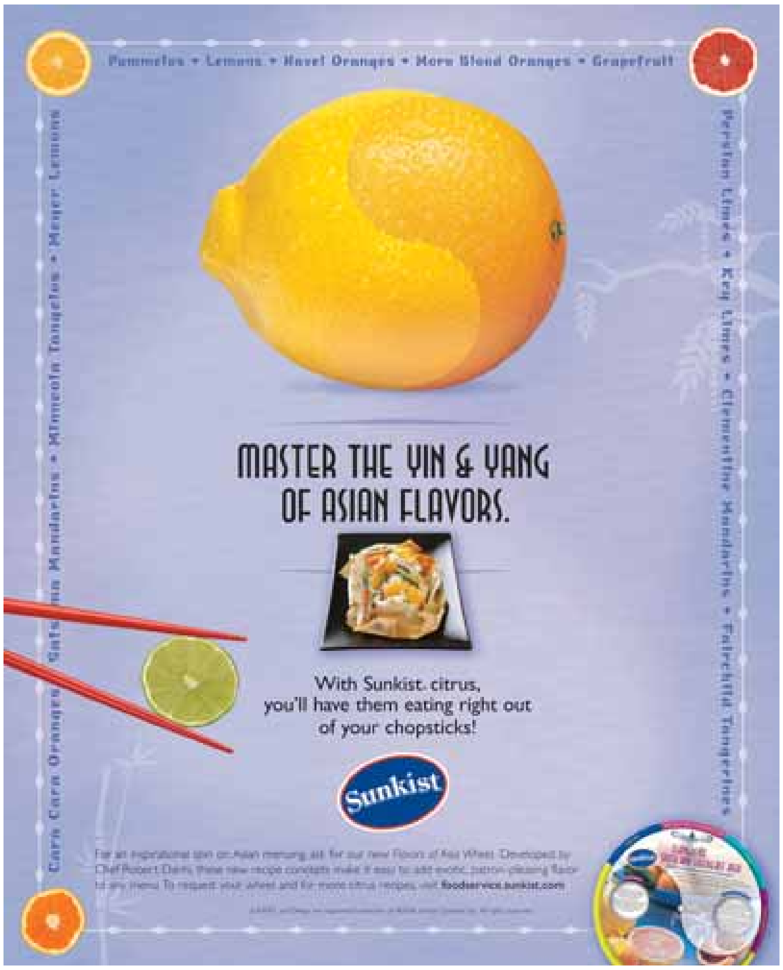
After reading this chapter, you should be able to answer the following questions:

1. What are the three broad categories of evaluation tools that can be used to evaluate IMC systems?
2. How do marketing teams match evaluation methods with IMC objectives?
3. What forms of message evaluations can be conducted to assess IMC programs?
4. Which evaluation criteria are suggested by the positioning advertising copytesting (PACT) system?
5. How do online evaluation systems assist advertising managers in assessing the quality of a firm's Internet activities?
6. What types of behavioral evaluations can be employed to assess IMC programs?
7. What criteria should be used to assess the overall IMC program?
8. How are evaluation programs adjusted to match international operations?

biased. They may also fail to completely measure the impact of the nonverbal components of commercials, including music and visuals. Creative people have long suspected that traditional research approaches, such as day-after-recall testing, unfairly reward overly rational advertising and penalize emotional executions.

Research suggests that when commercials quickly capture attention, they tend to generate more "peak" moments during the run. Peak moments of attention increase positive feelings toward commercials and potentially influence recall. Peaks are likely to occur when:

- Important news, such as the announcement of a strong price promotion, is provided.
- Inciting incidents, typically involving a moment strongly charged with negative emotion to set up a joke or storyline, appear.
- Surprising moments or turning points in stories take place.
- The delivery of climatic moments or punch lines occurs.



Source: Courtesy of Sunkist Growers.

▲ **Through cognitive neuroscience, Sands Research better understands how consumers process the information and visuals contained in this Sunkist advertisement.**

The value of these new techniques may be enhanced through the understanding that three different memory systems may be involved in developing a person's view of a brand: knowledge memories, emotion or episodic memories, and action or procedural memories of bodily experiences and physical sensations. Evidence from these studies suggests that these memories might be stored in different parts of the brain.

Consequently, a rational and verbal memory might be reported but emotional or episodic memories may not. This would explain the under-reporting of the impact of musical and visual cues in advertisements.

The full impact of these new technologies has yet to be realized. At the least, Sands Research suggests the company can help an advertiser create an advertisement with the greatest potential for capturing attention from storyboard to the run of the commercial. And, an exciting new era in marketing measurement may be well underway.[1]

1 What are the three broad categories of evaluation tools that can be used to evaluate IMC systems?

OVERVIEW

John Wanamaker, a well-known nineteenth-century department store owner, was one of the first to use advertising to attract customers to his store. He once remarked, "I know half the money I spend on advertising is wasted, but I can never find out which half." Evaluating the effectiveness of advertising has become increasingly difficult. In today's environment, company executives demand measurable results because of the high costs of advertising campaigns. The challenge for advertising account executives and others who prepare ads is offering evidence that those campaigns are successful.

To meet the growing insistence for accountability, research and media experts spend time and energy seeking to develop new and accurate measures of success. These measures, known as **metrics**, should accurately portray the effectiveness of a marketing communications plan, which is not an easy task.

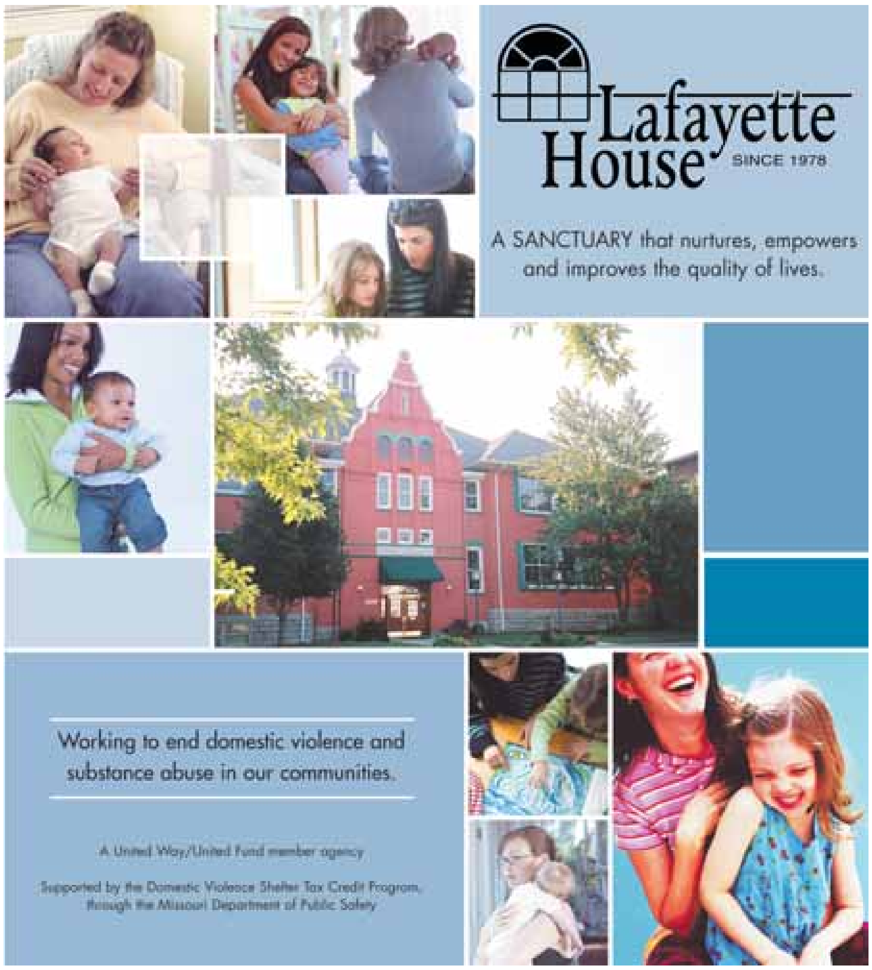
This final chapter considers the various methods available for evaluating components of an IMC program. Three broad categories of evaluation tools can be used to evaluate IMC systems: message evaluations, online evaluations, and respondent behavior evaluations.

Message evaluation techniques examine the message and the physical design of the advertisement, coupon, or direct marketing piece. Message evaluation procedures include the study of actors in advertisements as well as the individuals who speak in radio ads. A message evaluation program considers the cognitive components associated with an ad, such as recall and recognition, as well as emotional, attitudinal, and behavioral intention responses.

Online evaluation metrics examine online advertising and marketing campaigns. The Internet provides a unique set of metrics not available with traditional media. In addition to click-throughs, companies can track such metrics as dwell rate and dwell time. The Internet provides highly accurate, real-time measures of consumer reactions.

Respondent behavior evaluations address visible customer actions, including store visits, inquiries, or actual purchases. This category contains evaluation techniques

▼ This advertisement for the Lafayette House could be evaluated using either a message evaluation or a respondent behavior technique.



Source: Courtesy of Joplin Globe.

that are measured using numbers, such as the number of coupons redeemed, the number of hits on a Web site, and changes in sales.

The emphasis on providing compelling proof that advertising actually works has led to a greater emphasis on respondent behaviors. Higher sales, increases in store traffic, a greater number of daily Internet hits on a Web site, and other numbers-based outcomes appeal to many managers. At the same time, message evaluations, online metrics, and behavioral responses help the marketing manager and advertising team build short-term results and achieve long-term success.

MATCHING METHODS WITH IMC OBJECTIVES

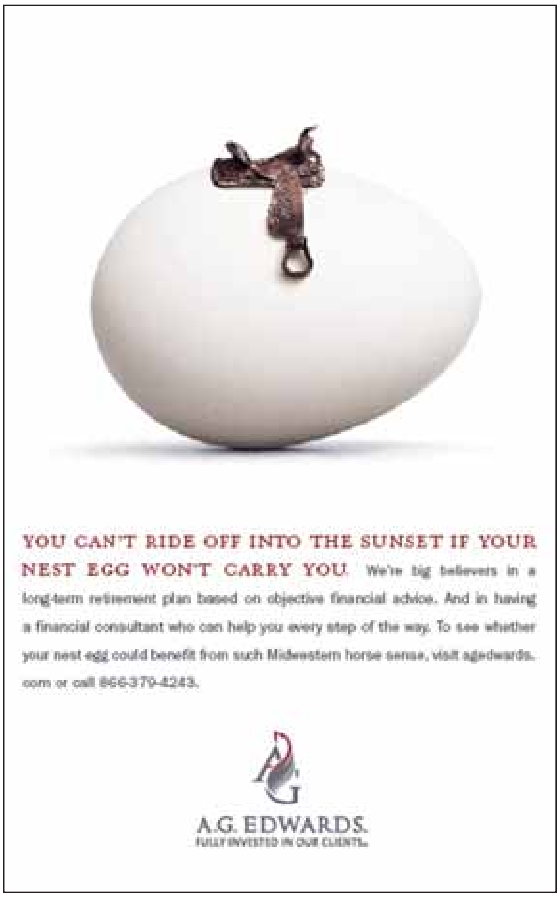
2 How do marketing teams match evaluation methods with IMC objectives?

Methods of evaluation are chosen to match the objectives being measured.[2] An advertising campaign with the objective of increasing customer interest in and recall of a brand will be measured using the level of customer awareness as the metric. Normally, this means the marketing team measures awareness before, during, and after the ads have run. At other times, objectives vary. Redemption rates measure the success of a campaign featuring coupons, which means behaviors (purchasing) rather than cognitive processes (recall) are being tested. Redemption rates reveal the number of items purchased, with and without coupons.

Several levels are used to analyze an advertising or IMC program. They include the following:

- Short-term outcomes (sales, redemption rates)
- Long-term results (brand awareness, brand loyalty, or brand equity)
- Product-specific awareness
- Awareness of the overall company
- Affective responses (liking the company and a positive brand image)

▼ Careful planning prior to launching a campaign can help a company such as A.G. Edwards better evaluate the effectiveness of advertising.



Source: Courtesy of A.G. Edwards, Inc.

The temptation may arise to overemphasize the first factor, short-term outcomes, without considering the long-term impact of a campaign or marketing program. The company endeavors to maintain a voice that carries across campaigns over time. Consider Budweiser's advertising. Many ads achieved short-term success because they were funny. Over time, Anheuser-Busch has maintained a strong and consistent voice by using humor to promote products, from the Budweiser frogs and lizards to the "Whazzup" team, the "True" campaign, and more recent radio ads glorifying odd habits and occupations.

In light of the overall marketing and advertising goals, the marketing manager then considers the various options for evaluating advertising. Evaluation procedures are selected prior to launching a campaign. An ad placed in a trade journal can contain a code number, a special telephone number, or a special Internet microsite to track responses. For coupons, premiums, and other sales promotions, code numbers are printed on each item to identify the source.

In general, careful planning prior to initiating an IMC program makes evaluation of the campaign easier and more accurate. At the same time, the evaluation of a specific advertisement or marketing piece may be difficult, because many factors affect the outcome being measured. For instance, a retailer may run a series of newspaper and radio ads to boost store traffic. In order to measure the impact of the ads, the retailer keeps records of store traffic before, during, and after the campaign. Unfortunately, the traffic count may be affected by other factors, even something as simple as the weather. If it rains for 2 days, the traffic count will probably be lower. Further, the store's chief competitor may

Source: Courtesy by permission of Maidenform, Inc.

▲ A storyboard for a Maidenform TV advertisement.

3 What forms of message evaluations can be conducted to assess IMC programs?

run a special sale during the same time period, which also affects traffic. A TV program, such as the season finale of a major series, or even a special program at the local high school (commencement, school play), could have an impact. In other words, many extraneous factors might affect results. When reviewing an advertising program, these factors should be considered.

Performing one specific analysis normally does not adequately assess the influence of the impact of an advertisement on a company's image. Even though store traffic was low, the ad may have been stored in the buyer's long-term memory, which may make a difference later. Conversely, the same ad may have been awkward or in some way offensive. The store owner may believe the weather affected the outcome instead of a poor advertising design. Consequently, company leaders consider short- and long-term implications when assessing an IMC program.

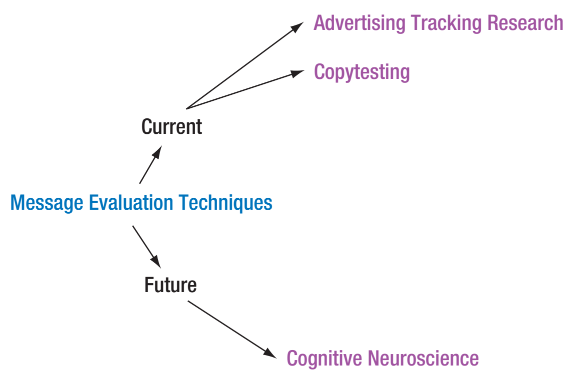
MESSAGE EVALUATIONS

Evaluation or testing of advertising communications occurs at every stage of the development process. This includes the concept stage before an advertisement is produced. Testing at that stage often involves soliciting the opinions of a series of experts or from "regular" people. Ads can be tested after the design stage is complete but prior to development. Television commercials can be designed using a **storyboard**, which is a series of still photographs or sketches outlining the structure of the commercial. Print ads can be analyzed using artist sketches.

Although ads and marketing pieces can be tested prior to production, most advertising agencies perform a small amount of pretesting, primarily due to the lack of reliable test results. According to Elena Petukhova from The Richards Group advertising agency, "We really don't trust the results of pretests using boards because the format makes a difference. Consumers are used to seeing the finished product, so when you show them a mockup or sketch they tend not to see it very positively. It is difficult for them to make the transition to what the ad will look like after production, and in their minds they compare it to finished ads, which produce low evaluation scores. Whenever possible, we wait until after production to test ads."[3]

As shown in Figure 15.1, the primary methods used by companies and advertising agencies to evaluate advertising and ad campaign messages are advertising tracking

FIGURE 15.1 ▶
Evaluating Advertising Messages



research and copytesting. Each fits with different circumstances, advertising methods, and IMC objectives.

Advertising Tracking Research

A common method of evaluation involves tracking an advertisement by one of the advertising research firms, such as Nielsen IAG or Millward Brown. Tracking research examines ads that have launched. It is an in-market research method that monitors a brand's performance and advertising effectiveness. Tests can be performed at specific times or intervals or continuously. Ad tracking provides a general measure of the effect of the media weight (i.e., spending level), the effectiveness of the media buys, and the quality of the ad's message and execution. By using ad tracking, the relative impact of a message compared to the competition and over time can be examined.

Nielsen IAG provides ad tracking. The company offers a syndicated database of real-time brand and ad performance tracking based on more than 210,000 program television episodes and 250,000 commercials. In addition to television ads, the service can be used to evaluate Internet ads and in-cinema campaigns. Nielsen conducts thousands of surveys daily measuring viewer engagement with TV programs and the effectiveness of each advertisement on network and cable television channels.[4]

Ad Tracking Methodology

With ad tracking, research respondents are usually shown a brief portion of an advertisement or a few stills from a TV ad with the brand name removed or not visible. Respondents are asked if they recognize the company, which measures brand and ad recognition. They are then asked to identify the brand being advertised, which measures unaided brand awareness. When they are unable to correctly identify the sponsor, they are given a list of brands and asked to identify the correct brand, which measures aided brand awareness. In addition to recognition and unaided and aided brand awareness, tracking research also measures:

- Memorability
- Likability
- Unaided and aided message recall
- Unaided and aided campaign recall

Similar techniques are now available for magazines. Mediamark Research & Intelligence's AdMeasure tracks recall and response to advertisements in every issue of 200 magazine titles. Affinity has produced a competing service, the American Magazine Study Print Ad Ratings, which tracks ad measurements across 125 magazine titles.[5]

The Richards Group employs Nielsen IAG to provide ad tracking research for television ads for its clients, which include Motel 6, Home Depot, Chick-fil-A, and Bridgestone. IAG tracks every ad for The Richards Group's clients as well as for each brand's major competitors. This allows for comparisons with the competition and tracks performance over time.

▼ **Tracking measures can now be used to evaluate print ads in magazines, in addition to television and the Internet.**

Source: Courtesy of Newcomer, Morris & Young, Inc.

Report Cards and Benchmarks

According to Dave Snell of The Richards Group, the tracking by Nielsen IAG offers a continuous "report card" as well as a "benchmark." Within the second or third week of a new campaign, the ad tracking research provides two types of information about a new advertisement's performance. First, it shows how the new ad performs in comparison to the brand's competitors. Second, it indicates show how well the advertisement performed in relation to those from previous campaigns.

Nielsen IAG also builds a benchmark for a company as it measures ad performance over months and years. These benchmark data are extremely valuable when a new campaign launches. New ads are compared to previous ones along various dimensions to ensure the ads performed as expected. Using the benchmark from previous ads provides a better indicator of performance than would comparisons with competitors or ads for similar products.

The tracking service can also “help us to know when wear-out is beginning to set in,” says Dave Snell. Measuring the ads’ effectiveness on a biweekly basis and graphing those measures indicates when an advertisement starts to lose its impact. At that point, the agency and client can switch to a new campaign, bring back a previous ad, or modify the current commercial.

According to The Richards Group’s Elena Petukhova, the one disadvantage of ad tracking services is that they do not provide any diagnostics. The data indicate how the ad performs in relation to the competition, against previous ads, and over time. They do not provide information about why an advertisement did not perform well. Other types of research are used to find out why an advertisement failed. In essence, ad tracking research indicates when an advertisement has worn out or is not performing, but it does not tell the agency what to do.

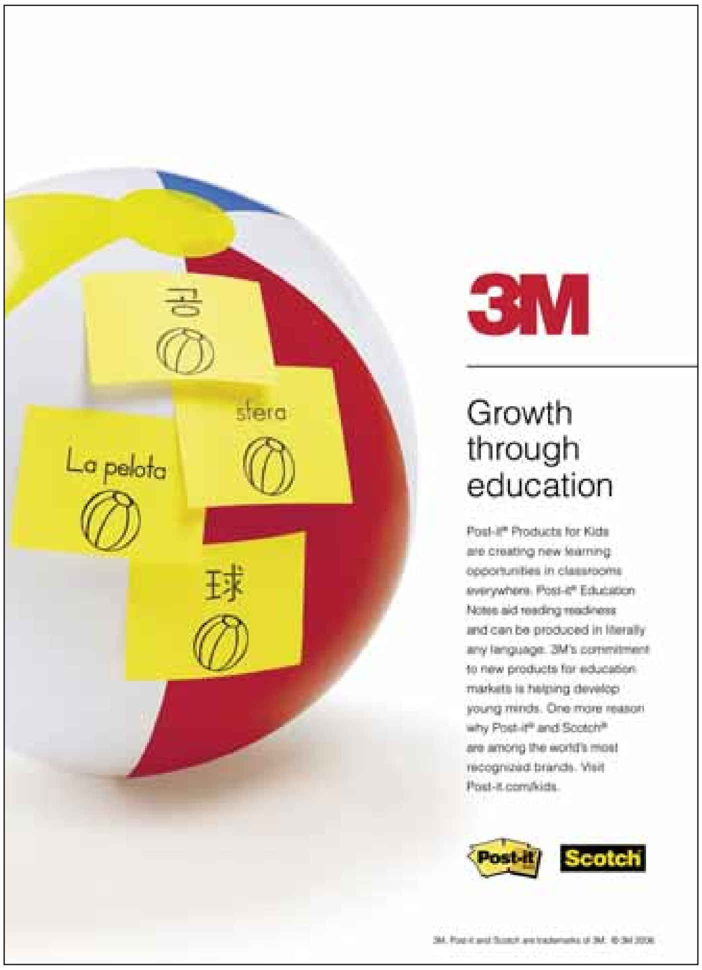
Copytesting

The second form of message evaluation, copytesting, assesses the finished marketing piece or one in the final stages of development. **Copytests** elicit responses to the main message of the ad as well as the format used to present the message.

Three common copytesting techniques are portfolio tests, theater tests, and online tests. A **portfolio test** displays of a set of print ads, one of which is the ad being evaluated. A **theater test** displays of a set of television ads, including the one being evaluated. The individuals who participate do not know which piece is under scrutiny. Both techniques mimic reality in the sense that consumers normally are exposed to multiple messages, such as when a radio or television station plays a series of commercials in a row or when a set of newspaper ads appears on a single page. The tests also allow researchers to compare the target piece with other marketing messages. For these approaches to yield the optimal findings, all of the marketing pieces shown must be in the same stage of development, such as preproduction ads or finished ads.

The use of the Internet is quickly replacing both the portfolio and theater tests for copytesting. Online copytesting costs less and produces more immediate results. Millward Brown is one of several advertising research firms that use online testing procedures, including copytesting. Typically, an agency client will perform copytests five to eight times per year. Copytests provide an advertising agency with the in-depth potential of an ad under ideal circumstances. When tests are conducted online, consumers pay more attention to the ad than they would for a television show, radio program, or while reading a magazine. Therefore, copytesting results offer a measure of the ad’s potential when it receives the viewer’s complete, 100 percent attention.

▼ Copytesting provides valuable input for advertising agencies and clients such as 3M about the effectiveness of ads.



Source: Courtesy of 3M/SPD.

Copytesting are used for finished ads that have already been launched. Millward Brown typically copytests the ad using 150 respondents. Quantitative questions that are asked address issues such as:

- Breakthrough ability
- The brand message and image
- How memorable the ad and brand are
- How enjoyable the ad is
- What the ad communicates
- How well it communicates the intended message
- Potential responses (i.e., likelihood of making a purchase)
- Persuasive power of the ad
- Engagement of the viewer with the ad and brand

Testing Emotional Reactions

In addition to these measures, Millward Brown provides a second-by-second emotional reaction chart that shows how viewers feel about an advertisement to be shown on television. As they watch the ad on a computer screen, respondents move the computer mouse to indicate their feelings, one direction for positive feelings the other direction for negative feelings. By superimposing these 150 emotional reaction tests onto one graph, the client sees how the feelings and emotions of the respondents change throughout the advertisement. This information is quite valuable, because it indicates when emotions change. Although the test does not measure the level of emotion but rather changes in emotion, these data provide sufficient evidence for the agency to develop hypotheses or best practice ideas to assist in making future advertisements.

Verbatim Comments

The final piece of information provided to clients by Millward Brown and other agencies is the verbatim comments of the respondents. Each respondent is asked to present, in his or her own words, thoughts about the advertisement. According to The Richards Group's Dave Snell, "These verbatim comments are extremely valuable to us because it provides a written commentary on what people think about the ad and what thoughts are foremost from watching the ad."[6] Millward Brown asks a number of open-ended questions to engage respondents and gain a deeper understanding of their thought processes. The research team also asks respondents to tell the story of the ad, which provides additional valuable insights. According to Elena Petukhova, "It can tell you a lot about the ad, both positive and negative. It tells you what the customer sees and thinks and how the ad story came across to them."[7]

As noted, ad tracking does not generate information about why an ad did not perform well or what to do to correct it. Copytesting procedures can provide some of this information. Advertising creatives can then determine what to do next. By using continuous ad tracking and copytesting, an agency can build a benchmark for a particular client on an advertisement's performance. The agency can also gain ideas on what works and what does not for consumers for that particular product category and brand.

Copytesting Controversies

Some controversy regarding copytesting remains. A number of advertisers and marketers strongly believe that copytesting favors rational approaches over affective and

▼ Verbatim comments obtained through copytesting can be valuable when evaluating advertisements featuring celebrities, such as Spike Lee.

Source: Courtesy of Bozell Worldwide Inc.

conative (action-inspiring) methods. To correct this potential deficiency, some research firms have added emotional tests to copytesting procedures.

Further, some marketers believe copytesting prior to production stifles the creativity needed to produce ads that will stand out in the clutter. Recently, creatives working for brands including Nike, Volkswagen, Budweiser, and Target have been allowed to skip the copytesting phase of advertising design and move straight into production. Unless the client insists on preproduction copytests, a few agencies move directly into production and perform copytests after the ad launches. Many advertisers believe copytests are likely to lead to ad messages about the product benefits that are believable and understandable to members of a focus group or copytest panel. Most consumers in focus groups will know little, if anything, about how to create an effective advertisement. It does not make sense to have them serve as final judges of an ad's quality.

Although a number of marketing professionals do not favor using copytests at all, the majority believe they are necessary, primarily due to accountability issues. When the time comes to support a decision for a high-dollar advertising campaign, advertising agency and company executives want evidence that supports the investment. Also, advertising agencies can use the results of copytesting to perfect future ads and campaigns by understanding what works and what does not work in a given marketplace.

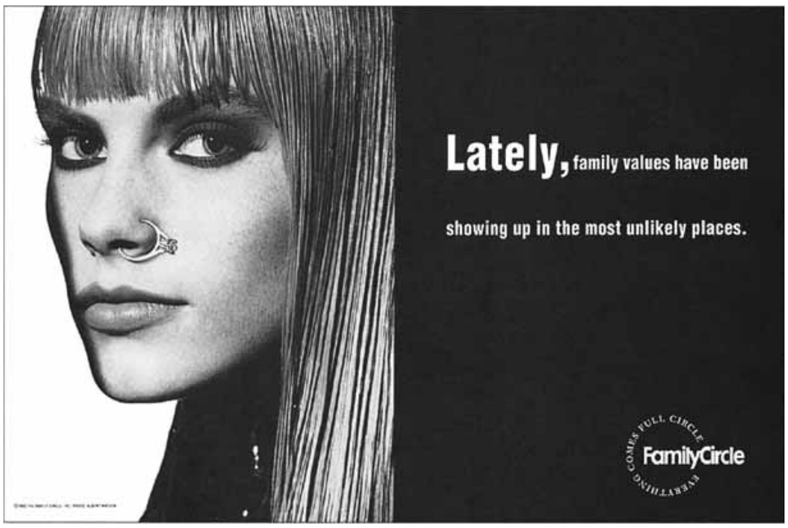
Emotional Reaction Tests

Many ads are designed to elicit emotional responses from consumers. Emotional ads are based on the concept that ads eliciting positive feelings are more likely to be remembered. Also, consumers who have positive attitudes toward ads develop more positive attitudes about the product. This, in turn, should result in increased purchases.[8]

Measuring the emotional impact of an advertisement can be difficult. The simplest method involves asking questions about an individual's feelings and emotions after viewing a marketing communication piece. An alternative method, a **warmth monitor**, relies on the concept that feelings of warmth are positive when they are directed toward an ad or a product. To measure warmth, subjects are asked to manipulate a joystick or the mouse on a computer while watching a commercial, moving one direction for warmer and another for cooler.[9]

The warmth meter was developed at the University of Hawaii. Individuals viewed advertisements in a theater-type lab featuring a big-screen television. Those who felt negatively about what they were watching pulled a joystick downward. Those who felt more positively pushed the joystick in the opposite direction. As they watched a commercial, the subjects constantly moved the joystick, thereby conveying their feelings during every moment of the ad. The results of the 20 participants were tallied into one graph and then placed over the commercial. This technology allowed the advertiser to see the parts of the ad that elicited positive emotions and which parts elicited negative emotions.[10]

▼ **Conducting emotional reaction tests would help *Family Circle* ensure that this advertisement will accomplish its objectives.**



Source: Courtesy of *Family Circle Magazine*, owned by the Meredith Corporation.

A similar technology has been developed by Reactions & Opinions, Inc., for use on the Internet. The company can poll 1,000 or more people who view an advertisement online. As individuals watch the ad on streaming video, the participants use a mouse to move a tab on a sliding scale from 1 to 10. When they like what they see, they slide the tab toward the 10. Those who do not like what they see slide the tab toward the 1. After the data have been collected, a graph can be superimposed over the advertisement. This shows the advertiser the likable and dislikable parts of the commercial. A major advantage of using the Internet is that subjects provide ratings at their convenience. If the agency needs a focus group to discuss the ad, subjects can be selected from the participants. The focus group session can even be held online.[11]

Most of the time, emotions are associated with a shorter-term event, such as a reaction to an advertisement. At the same time, emotions are strongly held in the memories of most people. A commercial that made a viewer angry may be retrieved, along with the accompanying anger, every time the individual remembers either the ad or the company. Advertisers can lessen the potential for a problem by examining emotional responses to ads before they are released.

Emotional advertising based on a substantial amount of pretesting led to a highly successful antismoking campaign in Minnesota. Using opinions generated from focus groups, ads were structured to show the devastating effects of smoking (lost vocal chords) and of secondhand smoke on children. The images were shown to groups of smokers and nonsmokers before being released because they were so dramatic and graphic. The net result was much stronger attitudes favoring smoke-free environments and additional calls to the state's quit-smoking hotline.[12]

Cognitive Neuroscience

In recent years, significant advances have occurred in **cognitive neuroscience**, a brain-image measurement process that tracks brain activity. As noted in the opening vignette for this chapter, it tracks the flow and movement of electrical currents in the brain. One study using cognitive neuroscience (psychophysiology) demonstrated that the currents in a subject's brain indicated a preference for Coke or Pepsi that are the same as for the product a person chooses in a blind taste test. According to neuroscientist Justin Meaux, "Preference has measurable correlates in the brain; you can see it." Richard Siberstein, an Australian neuroscientist, used physiological measurements of the brain to show that successful ads tend to generate higher levels of emotional engagement and long-term memory coding.[13]

Consider a sexually provocative advertisement under development. Members of a focus group may enjoy the ad but cover up these feelings by saying it was sexist and inappropriate. These responses may be due to the desire for social acceptance. In a copytest for the same ad, a respondent may also offer socially acceptable answers even though he is not face-to-face with the researcher. The individual may not move the computer mouse to report his true feelings in a study using an emotional monitor. The negative stigma attached to sex in advertising often affects self-reported reactions. A physiological arousal test, such as cognitive neuroscience, may be a better indicator of a person's true response. Many advertising researchers believe physiological arousal tests are more accurate than emotional reaction tests because physiological arousal cannot easily be faked.[14]

The most recent research in this area has been by companies such as EmSense, NeuroFocus, Sands Research, and OTX Research. These companies are experimenting with portable devices that measure both brain waves and biologic data. Coca-Cola used this methodology to select ads to run on the Super Bowl. Coke produced a dozen ads that were evaluated by the EmSense device. The EmSense device measures brain waves and monitors breathing, heart rates, blinking, and skin temperatures as consumers watch ads. Through these physiological measurements, Coca-Cola researchers were able to determine which ads to use during the Super Bowl. Some Super Bowl ads were modified to produce higher levels of emotions.[15]

Frito-Lay used neuroscience to test product packaging. The company discovered that matte beige bags of potato chips picturing potatoes and other healthier ingredients did not trigger anterior cingulated cortex activity (the area of the brain associated with guilt) as much as shiny potato chip bags.

Frito-Lay's chief marketing officer, Ann Mukherjee, said, "Brain-imaging tests can be more accurate than focus groups." After a focus group rejected a Cheetos advertisement, Frito-Lay tested the commercial using neuroscience methods. The ad featured a woman taking revenge on someone in a Laundromat by putting orange snack food in a dryer that was full of white clothes. The focus group participants felt the prank made Frito-Lay look mean-spirited. The neuroscience test showed women loved the commercial.[16]

The power of cognitive neuroscience is that it reveals physiological reactions to a message. It shows where brain activity occurs and, to some extent, the level of activity. It can identify times when a test subject becomes enthralled with a message. It also indicates when the person merely focuses on the logo or an attractive woman in the commercial. The methodology

▼ **Cognitive neuroscience tests can be used to study the impact of this advertisement for Maidenform.**

Source: Courtesy by permission of Maidenform, Inc.

identifies positive and negative emotions and the intensity of the emotions by the amount of neurons firing. This methodology enables scientists (and marketers) to understand the information being processed, where it is being processed, and how the individual reacted to the ad or marketing piece. Although still in its infancy, cognitive neuroscience offers great potential for evaluating advertising and marketing.

4 Which evaluation criteria are suggested by the positioning advertising copytesting (PACT) system?

EVALUATION CRITERIA

Each of the evaluation programs mentioned thus far require quality evaluation criteria. One helpful program, **positioning advertising copytesting (PACT),** was created to evaluate television ads. It was formulated by 21 leading U.S. advertising agencies.[17] Even though PACT examines the issues involved in copytesting television ads, the principles can be applied to any type of message evaluation system and all types of media. Figure 15.2 lists the nine main principles to follow when testing a written or verbal marketing communication piece.

First, no matter which procedure will be used, it should be *relevant to the advertising objective being tested.* For a coupon promotion designed to stimulate trial purchases, marketers should evaluate coupon's copy in order to determine its ability to stimulate those purchases. An evaluation of attitudes toward a brand requires a different instrument.

Researchers should agree on how the results are going to be used when selecting test instruments. They should also agree on the design of the test in order to obtain the desired results. This will be especially true during the preparation stage in an advertisement's development, because many tests are used to determine whether the advertisement eventually will be created.

The research team should also select a *cutoff score* to be used following the test. This prevents biases from affecting findings about the ad's potential effectiveness. Many advertising agencies use test markets for new advertisements before they are launched in a larger area. A recall method used to determine if people in the target market remember seeing the ad should have a prearranged cutoff score. In other words, the acceptable percentage may be established so that 25 percent of the sample should remember the ad in order to move forward with the campaign. When the percentage is not reached, the ad has failed the test.

Using multiple measures allows for more precise evaluations of ads and campaigns. A well-designed ad may fail one particular testing procedure yet score higher on others. Consumers and business buyers who are the targets of marketing communications are complex human beings. Various people may perceive individual ads differently. As a result, advertisers usually try to develop more than one measure to be certain greater agreement can be reached about whether the ad or campaign will succeed and reach its desired goals.

The test to be used should be *based on some theory or model of human response to communication,* which makes it more likely that the test will accurately predict the human response. Enhancing the odds that the communication will produce the desired

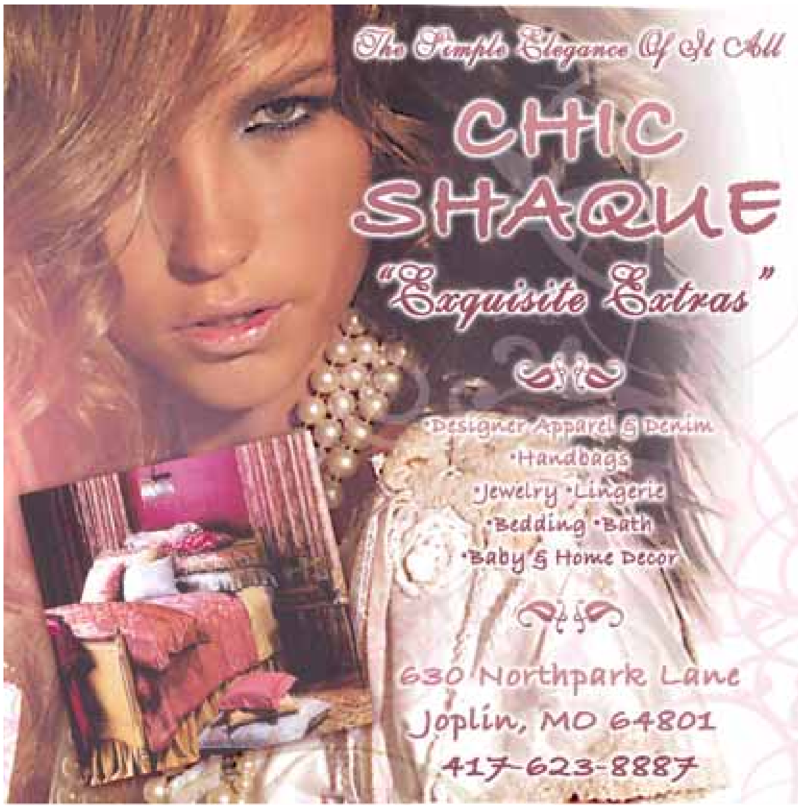
FIGURE 15.2 ▶
Copytesting Principles of PACT

- Testing procedure should be relevant to the advertising objectives.
- In advance of each test, researches should agree on how the results will be used.
- Multiple measures should be used.
- The test should be based on some theory or model of human response to communication.
- The testing procedure should allow for more than one exposure to the advertisement, if necessary.
- In selecting alternate advertisements to include in the test, each should be at the same stage in the process as the test ad.
- The test should provide controls to avoid biases.
- The sample used for the test should be representative of the target sample.
- The testing procedure should demonstrate reliability and validity.

Source: Based on PACT document published in the *Journal of Marketing* 11, no. 4 (1982), pp. 4–29.

results (going to the Web site, visiting the store, or making a purchase) when an ad launches becomes the objective.

Many testing procedures are based on a single exposure. Although in many cases this may be sufficient for research purposes, sometimes *multiple exposures* are necessary to obtain reliable test results. For complex ads, more than one exposure may be needed. The human mind only comprehends so much information in one viewing. The marketing team should make sure a person can and will comprehend the ad to determine whether the ad will achieve its desired effects.



Source: Courtesy of Joplin Globe.

▲ **Following the principles of PACT will ensure a better evaluation of this ad for Chic Shaque.**

Often ads are tested in combination with other ads to disguise the one being examined. Placing the test marketing piece in with others means the test subjects do not know which ad is being evaluated. This prevents personal biases from affecting judgments. To ensure valid results, *the alternative ads should be in the same stage of process development.* When ad copy is being tested prior to ad development, then the alternative ads should also be in the ad copy development stage.

Next, adequate controls are put in place to *prevent biases and external factors from affecting results.* To help control external factors, experimental designs are often used. When conducting experiments, researchers try to keep as many things as constant as possible and manipulate one variable at a time. With a theater test, the temperature, time of day, room lighting, television program, and ads shown can all be the same. Then, the researcher may display the program and ads to an all-male audience followed by an all-female audience. Changing a single variable (gender) makes it possible to see if the ad, in a controlled environment, was perceived differently by men as opposed to women.

This does not mean that field tests are ineffective. Testing marketing communications in real-world situations can be extremely valuable because they approximate reality. When conducting field tests, such as mall intercepts, those performing the testing seek to control as many variables as possible. Thus, the same mall, same questions, and same ads are shown. Then, age, gender, or other variables can be manipulated one at a time.

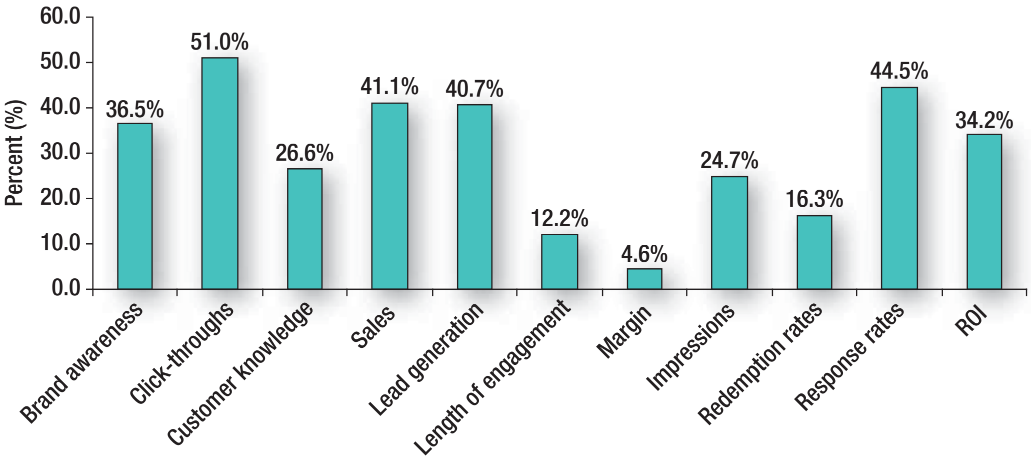
As with any research procedure, sampling procedures are important. The *sample being used should be representative of the target population.* A print ad designed for Spanish-speaking Hispanic Americans should be tested using a Spanish questionnaire or interview format.

Finally, researchers continually try to make tests *reliable and valid.* Reliable means "repeatable." In other words, if the same test is given five times to the same person, the individual should respond in the same way each time. If a respondent is "emotional" on one iteration of a warmth test and "neutral" when the ad is shown a second time, the research team will wonder if the test is reliable.

Valid means "generalizable." Valid research findings can be generalized to other groups. For instance, when a focus group of women finds an ad to be funny, and then a group of men reacts in the same way, the finding that the humor was effective becomes more valid. This would be an increasingly valuable outcome if the results were generalizable to people of various ages and races. Many times an ad may be reliable, or repeatable in the same group, but not valid or generalizable to other groups of consumers or business buyers.

The PACT principles are useful when designing tests of short-term advertising effectiveness. They are also helpful when seeking to understand larger and more long-term issues such as brand loyalty and identification with the company. The goal is to generate data that document what a company is doing works. When this occurs, the company and its advertising team have access to valuable information.

FIGURE 15.3 ▶
Methods of Measuring Effectiveness of Interactive Marketing



Source: Based on Larry Jaffe, "Follow the Money." *Promo* 20, no. 11 (November 2007 Sourcebook), pp. 5–10.

5 How do online evaluation systems assist advertising managers in assessing the quality of a firm's Internet activities?

ONLINE EVALUATION METRICS

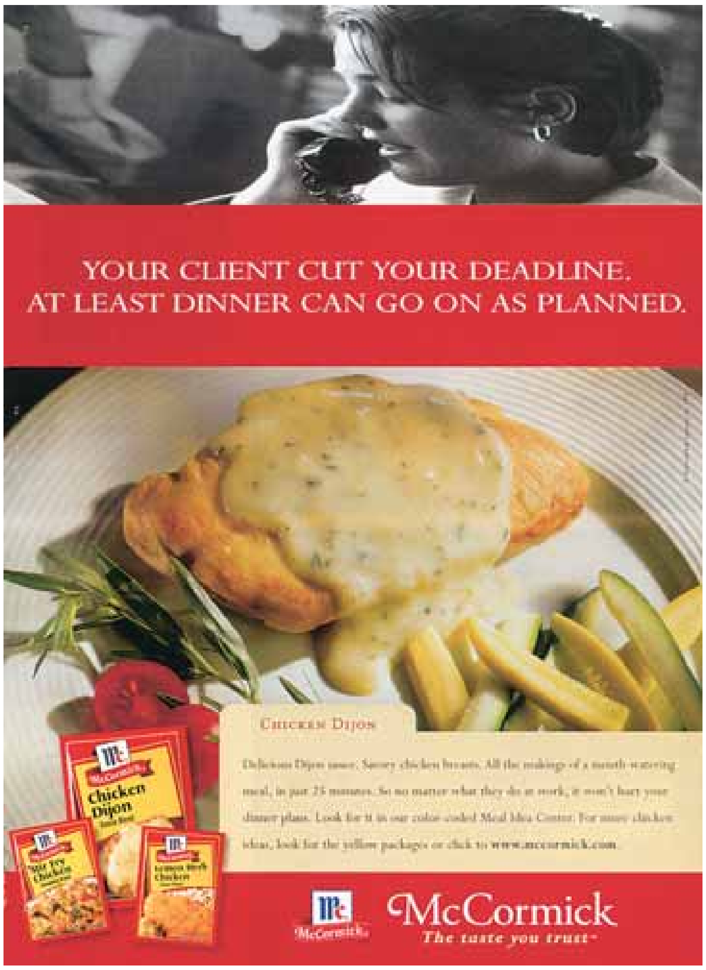
To evaluate interactive marketing communications from the Internet, a number of metrics are available that provide hard and soft data. Figure 15.3 identifies methods of measuring interactive marketing and the percentage of companies using each method.

Click-throughs remain the primary method used to measure the impact of online advertising. The number of click-throughs provides an idea of how many people who see an online ad click it and go to the Web site. Once there, additional metrics, such as length of engagement, dwell rate, dwell time, redemption rates, response rates, and sales, become available. Redemption rates and response rates occur when visitors to the site take an action. Sales occur when the individual makes the purchase online. *Dwell rate* measures the proportion of ad impressions that resulted in a user engaging with the ad, such as clicking it or just mousing over it. *Dwell time* measures the amount of time users spend engaged with a particular ad. *Length of engagement*, a newer metric, measures how long the person stays at a Web site. It represents a surrogate of a person's interest in the product and the site being visited.

AdKnowledge introduced an online management tool called MarketingMatch Planner to evaluate Internet advertising campaigns. MarketingMatch Planner software includes two components: Campaign Manager and Administrator. Campaign Manager records traffic to a site and performs postpurchase analysis. Administrators integrate Web ad-buy data and performance analysis with the firm's accounting and billing systems. In addition, MarketingMatch Planner can integrate third-party data, including audience demographics, from the following sources:

- MediaMetrix for basic demographics
- NetRatings for gross rating points (GRP) and other ratings instruments
- Psychographic data from SRI Consulting
- Web site ratings and descriptions from NetGuide
- Web traffic audit data from BPA Interactive[18]

▼ By using technology such as MarketingMatch Planner, the McCormick company tracks who went to the Web site to see the recipes.



Source: Courtesy of McCormick & Co., Inc.

Interactive data should be evaluated carefully. Results are viewed in light of the company's IMC objectives. An IMC objective of building brand awareness requires something other than Internet sales data to be assessed. An Internet ad might bring awareness to a brand but not lead to an online purchase. This occurs, for example, when a consumer or business uses the Internet to gather information but then makes the actual purchase at a retail store or by telephone. In that situation, the analysis of an Internet advertising campaign may not reflect all of the brand awareness or sales that the campaign generated.

One of the newest forms of online evaluations is measuring and monitoring *Web chat*. Web-scanning software allows marketers to gauge consumer reactions to a new advertising campaign, whether it is through traditional media or online.

Harrah's, a gaming and hospitality company, worked with the Ogilvy advertising agency to evaluate comments made on consumer reviews on the travel site TripAdvisor.com. Ogilvy also scanned reviews and comments on social media sites such as Facebook and Twitter to better understand people's views of casinos, hotels, and spas in general. Harrah's learned that travelers tended to chat about the view from their rooms, such as the view of the Las Vegas strip from the Paris Las Vegas hotel. The scan revealed that travelers also chatted about hotel amenities, including the size of the room, menu offerings, and other services. In response to this information, Harrah's changed the photo on the Paris Las Vegas hotel Web site to the Las Vegas strip. Information and photos on rooms, menus, and other services was also provided. These changes resulted in a notable increase in sales. In addition, Harrah's developed a TV, print, radio, and Web advertising campaign based on what was learned from Web chatter.[19]

BEHAVIORAL EVALUATIONS

6 What types of behavioral evaluations can be employed to assess IMC programs?

The first part of this chapter regarding message evaluations focuses on insights into what people think and feel. Some marketers contend that the only valid evaluation criterion is *actual sales*. An advertisement may be fun and enjoyable, but if sales do not increase sales, it was ineffective. The same reasoning applies to other marketing communication tools, such as consumer promotions, trade promotions, and direct marketing tactics.

It may be true that tangible results should be the bottom line of any marketing program; however, not all communication objectives can be measured using sales figures. Leaders of companies with low brand awareness may be most interested in the visibility and memorability aspects of a communication plan, even though a marketing program designed to boost brand awareness does not result in immediate sales.

Measuring the results of a consumer promotion campaign featuring coupons using sales figures is easier than measuring the results of a television advertising campaign. Consequently, effective promotions evaluations involve the study of both message and behavioral elements. In this section, various behavioral measures are discussed (see Figure 15.4).

Sales and Response Rates

Measuring changes in sales following a marketing campaign is relatively simple. Universal product codes (UPCs) and scanner data are collected by many retail outlets. These data are available on a weekly and, in some situations, daily basis. They are available for each store. Many retail outlets have access to real-time sales information that can be accessed at any point during the day.

- Sales
- Response rates
- Redemption rates
- Test markets
- Purchase simulation tests

FIGURE 15.4
Behavioral Measures

Scanner data make it possible for companies to monitor sales and help both the retailer and the manufacturer discover the impact of a particular marketing program. At the same time, extraneous factors can affect sales. In a multimedia advertising program, it would be difficult to know which ad moved the customer to action. A company featuring a fall line of jackets may be affected by a cold snap. If so, what caused the customer to buy—the ad or the weather? Firms utilizing trade and consumer promotion programs must account for the impact of both the promotion and the advertising when studying sales figures. Sales are one indicator of effectiveness; however, they may be influenced by additional factors.

As highlighted in Figure 15.5, advertisements are probably the most difficult component of the IMC program to evaluate, for several reasons. First, as just noted, it is difficult to distinguish *the effects of advertising from other factors.* Advertisements create short- and long-term effects, and consumers and businesses see them in many different contexts. The direct impact of one ad or one campaign on sales will be difficult to decipher.

Second, *advertising often has a delayed impact.* Many times consumers encounter ads and are persuaded to purchase the product, but will not actually make the buy until later, when they actually need the item. A woman may be convinced that she wants to buy a new pair of jeans in response to a sexy and effective advertisement by Calvin Klein. Still, rather than buying them herself, she leaves several well-placed hints for her husband before her next birthday, which could be several months later. The problem is that her husband may have purchased another brand or a different gift. So, she either waits for another special occasion for her husband to purchase the jeans or she makes the purchase herself at a later time.

Third, many times consumers may decide to make purchases based on an advertisement but *change their minds when they arrive at the retail store.* A competing brand may be on sale, the store could be out of the desired brand, or the salesperson could persuade the customer that another brand is better. In each case, the ad was successful on one level but another factor interfered before the purchase was made.

Fourth, *the brand being advertised may not be part of the consumer's evoked set.* Upon hearing or seeing the ad, however, the brand is moved into the evoked set. Thus, even when the brand is not considered at first, it will be in the future when the need arises or when the consumer becomes dissatisfied with a current brand.

Fifth, advertising is an essential component of building brand awareness and brand equity. Although sales may not be the result immediately, *the ad may build brand equity,* which, in turn, will influence future purchases.

Measuring the effects of trade and consumer promotions, direct marketing programs, and personal selling on actual sales is easier. Manufacturers can study the impact of trade promotions by observing changes in sales to the retailers at the time the promotions are being offered. The same holds true for consumer promotions, such as coupons, contests, and point-of-purchase displays. Many manufacturers' representatives push hard to get retailers to use the company's POP displays. At the same time, the retailer will be more interested in the effects of the display on sales. Using scanner data, both the retailer and the manufacturer can measure the impact of a POP display. Retailers normally use POPs that have demonstrated the ability to boost sales.

POPAI

To track the impact of POP displays, Anheuser-Busch, Frito-Lay, Procter & Gamble, and Warner-Lambert joined together as initial sponsors of a program developed by Point-of-Purchase Advertising International (POPAI). In the initial study, POPAI tracked 25

FIGURE 15.5 ▶
Reasons Advertising Is Difficult to Evaluate

- Influence of other factors
- Delayed impact of the ads
- Consumers changing their minds while in the store
- Whether the brand is in the consumer's evoked set
- Level of brand equity

- Changes in sales
- Telephone inquiries
- Response cards
- Internet responses
- Direct-marketing responses
- Redemption rate of sales promotion offers—coupons, premiums, contests, sweepstakes

◄ **FIGURE 15.6**
Responses to Marketing Messages That Can Be Tracked

different product categories in 250 supermarkets nationwide. Sponsors paid between $50,000 and $75,000 to receive customized data about the POP displays featuring particular brands. One advantage of using POPAI data is that each firm sees the impact of the POP for its brand and also receives comparative data showing how well the display fared against other displays. The POPAI program features a low cost. Sponsors of the POPAI program attained valuable data at a much lower cost than if they had sought the information on their own.[20]

A wide variety of responses to marketing communications programs are available besides sales. Figure 15.6 lists some of the responses that can be tracked.

Toll-Free Numbers

One method of measuring the impact of an advertisement, direct mailing piece, TV direct offer, or price-off discount to a business customer is assigning a toll-free number to each marketing piece. A great deal of information can be collected during an inbound call. Sales data can be recorded and demographic information gathered. Psychographic information then can be added by contacting various commercial services.

In business-to-business situations, a toll-free number provides contact names to help the vendor discover who performs the various functions in the buying center. As a result, a toll-free number provides sales data to determine which marketing program would be best and also can be used to generate valuable information that can be tied to the sales data. Knowing who responds to an offer helps a firm better understand its customers and the right approach for each target group.

Response Cards

Response cards collect customer information as the forms are filled out at the time of an inquiry. The primary disadvantage of response cards is that less data are obtained. Consequently, commercial sources are needed to obtain additional demographic and psychographic information, because response cards solicited from current customers contain information the firm may already have in its database.

Internet Responses

Internet responses are excellent behavioral measures. By using cookies, a marketing team obtains considerable information about the person or business making the inquiry. In addition, many times the person or business responding voluntarily provides a great deal of helpful information. Responses to direct advertising through Internet views may also be tracked.

The Canadian Tourism Commission tested direct-response ads that were placed on television, radio, direct mail, and online. Each ad used a different URL for viewers to access for additional information. To the tourist, there was no perceivable difference, because each URL took the person to the designated Canadian Tourism site. The Tourism Commission could easily track which ad the person viewed and which URL the person used. This made it possible to count the number of visitors from each of the direct-response advertisements.[21] The next section of this chapter presents more detail about online evaluation methods.

▼ One measure of effectiveness of this advertisement is the increase in the number of phone calls made to schedule a consultation.

Source: Courtesy of Joplin Globe.

Redemption Rates

Various kinds of redemption rates are used as behavioral effectiveness measures. Coupons, premiums, contests, sweepstakes, and direct-mail pieces can be coded to record redemption rates. Comparing a current campaign with previous campaigns makes it possible for a firm to examine changes made in the design or execution of an ad. The results are reviewed in light of positive or negative changes in redemption rates.

Immediate changes in sales and redemptions are one form of behavioral evaluation. An advertiser or company may use them and fail to see "the forest for the trees." One campaign, advertisement, or promotions program should be viewed in the context of all other marketing efforts. Behavioral measures are best when the team sees them as part of the bigger picture.

Test Markets

Test markets allow company leaders to examine the effects of a marketing effort on a small scale before launching a national or international campaign. An organization can examine several elements of a marketing communication program in one setting. If the test market is successful, the likelihood that the national campaign also will be effective increases. Test markets measure the effects of a campaign in a new country before launching a full-scale international effort. Test market programs are used to assess:

- Advertisements
- Consumer and trade promotions
- Pricing tactics
- New products

Test markets are cost-effective methods to analyze and make changes in marketing efforts before millions of dollars are spent on something that will not accomplish its objectives. Ads can be modified, promotions revised, and pricing policies revisited before undertaking a more widespread program. For example, McDonald's tested new ads that touted cleaner restaurants and friendlier service. The goal of the commercials was to test a campaign emphasizing McDonald's effort to improve in-store and drive-through service. Two television spots and one radio spot were produced and aired in Tampa and Seattle. Reactions from the test markets provided McDonald's marketing team and the advertising agency information about the impact of the ad campaign, the parts of the message that should be modified, and whether the campaign should be launched nationally.[22]

One major advantage of a test market is that it resembles an actual situation more than any of the other tests discussed thus far. Making sure that the site selected for the test market strongly resembles the target population will be the key. A product targeted toward senior citizens should be studied in an area with a high concentration of seniors.

The test market campaign should resemble the national or full marketing plan, if possible. A lengthy time lapse may cause a company to experience differing results. Marketers try to make sure the test market provides a mirror image of the actual marketing program.

A test market can be as short as a few days or as long as 2 to 3 years. A test that is too short may yield less reliable results. If the test market is too long, the national market situation may change and the test market may no longer be a representative sample. The greater drawback is that the competition can study what is going on. This gives them time to react to the proposed marketing campaign.

Competitive Responses

Competing companies can respond to a test market program in one of two ways. First, some firms may introduce a special promotion in the test market area in order to confound the results. This may reduce sales for the product, making the campaign appear to be less attractive than it actually was. The second approach involves not intervening in the test market, but instead using the time to prepare a countermarketing campaign. Firms that use this tactic are ready when the national launch occurs, and the impact may be that the test market results are not as predictive of what will happen.

Source: Getty Images–Thinkstock.

▲ Marketers can use scanner data to measure the results of a test market.

Scanner Data

Scanner data make it possible for results from test market campaigns to be quickly available. The figures can be studied to determine if test market results are acceptable. A firm also can design several versions of a marketing campaign in different test markets. Scanner data assist marketers in comparing the sales from each test market to determine which version works best. For example, in one test market the firm may present an advertising campaign only. In the second test market, coupons may be added to the ad program. In the third test market, a premium can be combined with advertising. The results from each area help the marketing team understand which type of marketing campaign to use.

Testing Prices

Other test markets examine different prices in different regions in order to determine the price to charge and the elasticity associated with that price. The marketing team might vary the size of the coupon or premium to discover the impact. Rather than making a change at the national level, company leaders modify the consumer promotion in selected markets.

Test markets provide the opportunity to test communication ideas in more true-to-life settings. Test markets can be used for trade and consumer promotions, direct marketing, and other marketing communication tools. They are not quite as accurate when assessing advertising, because changes in sales take longer and the test market program may not be long enough to measure the full impact. In any case, test markets are valuable instruments to use when examining specific marketing features and more general communications campaigns.

Purchase Simulation Tests

Instead of test markets, marketing researchers can employ purchase simulation tests. One cost-effective approach to examine purchase behaviors is the *simulated purchase test.* Research Systems Corporation (RSC) specializes in purchase simulation studies. RSC tests the impact of commercials by studying consumer behaviors in a controlled laboratory environment.

Consumers can be asked if they would be willing to buy products in a variety of ways, using various methods. They might be asked about purchase intentions at the end of a laboratory experiment. In this situation, however, intentions are self-reported and tend not to be an accurate predictor of future purchase behaviors. RSC does not request consumer opinions, ask them to describe their attitudes, or even ask if they plan to purchase the product. Instead, RSC creates a simulated shopping experience. Subjects are able to choose from a variety of products they would see on a store shelf. After completing a simulated shopping exercise, the subjects are seated and watch a television preview containing various commercials. The participants are asked to view the TV program as they would watch any TV show at home. The test ad is placed in with other ads, and the subjects do not know which ad is being tested.


Source: Getty Images–Thinkstock.

▲ Rather than field test markets, researchers can use simulated shopping exercises.

After completing the preview, the subjects participate in a second shopping exercise. Researchers then compare the products chosen in the first shopping trip to those selected in the second. Shifts in brand choices are at least partly due to the effectiveness of the advertisement, because it was the only variable that changed.

A major advantage of this methodology is that the test procedures do not rely on opinions and attitudes. Among other things, this means that RSC's procedure can be used in international markets as well as domestic markets.[23] In some cultures, subjects tend to seek to please the interviewer who asks questions about opinions and attitudes. As a result, the answers are polite and socially acceptable. The same subjects may also seek to provide answers they think the interviewer wants to hear. By studying purchases instead of soliciting opinions, subjects are free to respond in a more accurate fashion.

Any methodology designed to tap into behaviors rather than emotions and feelings has a built-in advantage. Opinions and attitudes change and can be quickly affected by other variables. Observing behaviors and changes in behaviors gets more quickly to the point of the experiment, which is whether the buyer can tangibly influenced by a marketing communications tool.

In summary, the systems designed to examine respondent behaviors are response rates, online metrics, test markets, and purchase simulation tests. Many of these programs are used in conjunction with one another and also with the message evaluation techniques described earlier. None of these approaches is used in a vacuum. Instead, the data generated and findings revealed are tested across several instruments and with numerous groups of subjects. In that manner, the marketing department manager and the advertising agency can try to heighten the odds that both short- and long-term goals can be reached through the ads, premiums, coupons, and other marketing communications devices used. Even then, the job of evaluation is not complete.

7 What criteria should be used to assess the overall IMC program?

EVALUATING THE OVERALL IMC PROGRAM

As has been noted throughout this textbook, the huge expenditures companies make on marketing communications has led CEOs and other executives to continue to push for greater accountability. These individuals, as well as stockholders and boards of directors, want to know what type of return results when a firm spends a large sum of money on an advertising campaign or other marketing activity. The idea is to try to discover the *return on investment (ROI)* of an advertising and promotions program.

One problem is that there is no agreement about what the ROI means when it is applied to a marketing program. No consensus exists regarding how to measure marketing ROI. In one study, more than 70 percent of marketers said it would be difficult to measure the impact of advertising and marketing on sales. The same number predicted that it would be extremely difficult for the marketing industry to reach any agreement on what constitutes ROI for marketing.

Table 15.1 lists some of the potential definitions of marketing ROI. The most common are behavioral responses, such as incremental sales, total sales, and market share. Notice that the measures used to set prices for advertising time and space, such as gross rating points delivered and reach/frequency achieved, are not often considered the best definition of ROI.[24]

TABLE 15.1 Definitions of ROI for Marketing

Definition of ROI	Percent Using
Incremental sales from marketing	66%
Changes in brand awareness	57
Total sales revenue from marketing	55
Changes in purchase intentions	55
Changes in market share	49
Ratio of advertising costs to sales	34
Reach/frequency achieved	30
Gross rating points delivered	25
Post-buy analysis comparing the media plan to its delivery	21

Source: Paul J. Cough, "Study: Marketers Struggle to Measure Effectiveness," *Shoot* 45, no. 29 (August 20, 2004), pp. 7–8.

This confusion will likely continue, even as company executives try to justify advertising and marketing expenditures. This means those in the marketing profession will keep trying to identify ways to measure the impact of marketing communications, ultimately in dollars and cents.

Many years ago, Peter Drucker outlined a series of goal areas that are indicative of organizational health. These goals match very well with the objectives of an IMC program and are listed in Figure 15.7.[25] As marketers struggle to find a way to measure ROI of marketing communication expenditures, understanding the various measures of overall health of an organization can provide valuable insight on how marketing communications contributes.

Market share has long been linked to profitability. It demonstrates consumer acceptance, brand loyalty, and a strong competitive position. The IMC planning process should help the marketing team understand both market share and the relative strengths and weaknesses of the competition. IMC programs are designed to hold and build market share.

Innovation includes finding new and different ways to achieve objectives. This applies to many marketing activities, including new and unusual trade and consumer promotions, public relations events and sponsorships, e-commerce and e-active programs, and the firm's advertising efforts.

Productivity reflects the industry's increasing emphasis on results. IMC experts are being asked to demonstrate tangible results from IMC campaigns. Both short- and long-term measures of the effects of advertisements and promotions demonstrate the "productivity" of the organization in terms of gaining new customers, building recognition in the marketplace, determining sales per customer, and through other measures.

Physical and financial resources are also important to an IMC program. Physical resources include the most up-to-date computer and Internet capabilities. The firm must provide sufficient financial resources to reach this goal. Scanner technologies and other devices that keep the firm in contact with consumers are vital elements in the long-term success of an IMC plan.

- Market share
- Level of innovation
- Productivity
- Physical and financial resources
- Profitability
- Manager performance and development
- Employee performance and attitudes
- Social responsibility

Source: Based on Peter Drucker, *Management: Tasks, Responsibilities, Practices* (New York: Harper and Row, 1974).

FIGURE 15.7
Measures of Overall Health of a Company

Profitability remains vitally important to the marketing department and the overall organization. Many IMC managers know that more than sales are at issue when assessing success. Sales must generate profits in order for the company to survive and thrive.

Manager performance and development is possibly an overlooked part of an IMC program. Effective marketing departments and advertising agencies must develop pipelines of new, talented creatives, media buyers, promotions managers, database Webmasters, and others in order to succeed in the long term. Also, new people must be trained and prepared for promotion for more important roles.

Employee performance and attitudes reflect not only morale within the marketing department, but also relations with other departments and groups. An effective IMC plan consists of building bridges with internal departments so that everyone is aware of the thrust and theme of the program. Satisfied and positive employees are more likely to help the firm promote its image.

Social responsibility can be linked to the long-term well-being of an organization. Brand equity and loyalty are hurt when the firm is known for illegal or unethical actions. Therefore, marketing leaders should encourage all of the members of an organization to act in ethical and socially responsible ways.

When these goals are being reached, the firm's IMC program is working well. Beyond these targets, IMC plans continually should emphasize the evolving nature of relationships with customers. Retail consumers and business-to-business buyers should be constantly contacted to find out how the company can best serve their needs.

Simply stated, every chapter in this book implies a series of key performance targets for IMC programs that should guide the actions of the marketing department and the advertising agency both in the short term and for the long haul. Firms that are able to maintain one clear voice in a cluttered marketplace stand the best chance of gaining customer interest and attention as well as developing long-term bonds with all key publics and stakeholders. An effective IMC program helps set the standards and measure performance and, in the end, becomes the model for marketing success for the entire organization.

8 How are evaluation programs adjusted to match international operations?

INTERNATIONAL IMPLICATIONS

Many of the techniques described in this chapter are available worldwide. IMC programs should be assessed in several ways, including: (1) domestic results, (2) results in other countries, and (3) as an overall organization.

Individual advertisements and promotional programs are examined within the countries in which they appear. Due to differing standards regarding advertising content, they must be evaluated in light of local cultures and purchasing habits.

Many times, advertising and promotional programs must be assessed across national boundaries. For example, a campaign launched in Europe leads to evaluations in individual countries such as France, Spain, and Italy, but also as a collective, such as the European Union. Measures of attitudes are difficult to collect. Sales are easier to assess due to the use of the Euro in all of these nations; however, inflation rates and other statistics are affected by local conditions.

It is advisable to contract with local advertising agencies to discover which techniques are most viable in other countries. In some nations using coupons may be viewed as a sign of poverty, and users are either secretive or embarrassed about redeeming them. In those situations it helps to study results in light of the cultural norms that are present.

Numerous multinational conglomerates assess advertising and promotional efforts through regional offices. Pacific Rim information will be combined with information from Europe, Africa, and other places. The goal is to make sure an overall image and theme is projected worldwide.

SUMMARY

Assessing an IMC program often involves examining the effects of individual advertisements. These efforts are conducted in three major ways: (1) message evaluations, (2) online evaluation metrics, and (3) evaluating respondent behaviors. A wide variety of techniques can be used. Most of the time, marketing managers and advertisement agencies use several different methods in order to get the best picture of an ad's potential for success. Advertisements are studied before they are developed, while they are being developed, and after they have been released or launched.

The guiding principles for any marketing tool include agreement on how test results will be used, preestablishing a cutoff score for a test's results, using multiple measures, basing studies on models of human behaviors, using multiple exposures, testing marketing instruments that are in the same stage of development, and preventing as many biases as possible while conducting the test. Many times, it is difficult for certain members of the marketing team to be objective, especially when they had the idea for the ad or campaign. In these instances, it is better to retain an outside research agency to study the project.

Message evaluations can be made at every stage of the development process. Methods that may be employed include advertising tracking research, copytesting, emotional reaction tests, and cognitive neuroscience.

Positioning advertising copytesting (PACT) is primarily used to evaluate television advertisements. Nine key principles are involved. The principles may be applied to any type of message evaluation system and all types of media.

Online evaluation metrics include the use of click-throughs, dwell rates, dwell time, and length of engagement. Interactive data are carefully evaluated in light of the company's IMC objectives. The newest form of evaluation is measuring and monitoring Web chat.

Behavioral evaluations consist of sales and response rates, toll-free number responses, response cards, Internet responses, and redemption rates. Test markets may be used to assess advertisements, consumer and trade promotions, pricing tactics, and acceptance of new products. Purchase simulation tests are cost-effective methods to analyze the impact of advertising and promotion on immediate consumer purchase responses.

IMC plans are general, overall plans for the entire company. Therefore, more general and long-term criteria should be included in any evaluation of an IMC program. When the IMC theme and voice are clear, the company is achieving its long-range objectives, the principles stated in this book are being applied efficiently and effectively, and the company is in the best position to succeed at all levels, including in all international operations.

KEY TERMS

metrics Measures that are designed to accurately portray the effectiveness of a marketing communications plan.

message evaluation techniques Methods used to examine the creative message and the physical design of an advertisement, coupon, or direct marketing piece.

online evaluation metrics Methods used to examine online advertising and marketing campaigns.

respondent behavior evaluations Methods used to examine visible customer actions, including making store visits, inquiries, or actual purchases.

storyboard A series of still photographs or sketches that outlines the structure of a television ad.

copytests Tests that are used to evaluate a marketing piece that is finished or is in its final stages prior to production.

portfolio test A test of an advertisement using a set of print ads, one of which is the ad being evaluated.

theater test A test of an advertisement using a set of television ads, including the one being evaluated.

warmth monitor A method to measure emotional responses to advertisements.

cognitive neuroscience A brain-image measurement process that tracks brain activity.

positioning advertising copytesting (PACT) Principles to use when assessing the effectiveness of various messages.

REVIEW QUESTIONS

1. What are the three categories of evaluation tools that can be used to evaluate IMC systems?
2. What common IMC objectives are matched with methods of evaluation?
3. What are message evaluations?
4. What is advertising tracking research? What does it help the marketing team assess?
5. Describe the use of portfolio tests and theater tests in copytesting programs.
6. What is a warmth monitor? What does it measure?

7. Describe the advantages and uses of cognitive neuroscience as a method for evaluating advertising and marketing programs.
8. What are the positioning advertising copytesting principles that are used to help advertisers prepare quality ads and campaigns?
9. Define the terms click-throughs, dwell rate, dwell time, and length of engagement. How are these measures used to evaluate marketing communications?
10. What are the primary forms of behavioral evaluations that can be used to test advertisements and other marketing pieces?
11. How are behavioral responses to marketing messages measured?
12. What items can be evaluated using test markets?
13. Describe a purchase simulation test.
14. Name and describe the criteria that can be used to assess the impact of the overall IMC program, as noted in this chapter.
15. What differences occur when international marketing programs are assessed?

CRITICAL THINKING EXERCISES

Discussion Questions

1. Create an advertising approach for one of the following products. Put the idea down in three or four sentences. Organize a small focus group of four other students in your class or individuals you know. Ask them to evaluate your advertising concept. What did you learn from the exercise?
   a. Retail pet store
   b. Baseball caps
   c. Computers
   d. Sweaters
   e. Watches
2. Pick out five print advertisements. Organize a small focus group of four to five other students in your class or individuals you know. Ask the group to discuss the ads. What do they like? What do they dislike? Write a summary of the evaluation of the ad and the process you used.
3. Form a group of five other students or individuals. Ask each person to write down two advertisements they enjoyed and their reasons. Ask individuals to write down two advertisements they dislike and their reasons. Finally, ask them to write down an advertisement they believe is offensive and their reasons. Ask each student to read his or her list comparing ads that were liked, disliked, or were considered to be offensive. What common elements did you find in each category? What were the differences?
4. Are sales figures important when evaluating integrated marketing communications? How should hard data such as redemption rates and store traffic be used in the evaluation of marketing communications? In terms of accountability, how important are behavioral measures of IMC effectiveness?
5. From the viewpoint of a marketing manager of a large sporting goods manufacturer, what types of measures of effectiveness would you want from the $5 million you pay to an advertising agency for an advertising campaign? Knowing that evaluation costs money, how much of the $5 million would you be willing to spend to measure effectiveness? What type of report would you prepare for your boss?
6. A clothing manufacturer spends $6 million on trade promotions and $3 million on consumer promotions. How would you measure the impact of these expenditures? If an agency was hired to manage these expenditures, what type of measures would you insist the company utilize?
7. Look through a magazine. Make a record of how many advertisements include methods for measuring responses. How many list a code number, a toll-free number, or a Web site? Just listing a toll-free number or a Web site does not ensure that the agency or firm will know where the customer obtained that information. How can the advertising agency or firm track the responses from a specific advertisement in the magazine you examined?
8. In some Asian countries, it is improper to talk about oneself. Therefore, people often are too embarrassed to answer questions about feelings and emotions. Those who do answer the questions would tend to provide superficial answers. Explain the advantages of a simulated purchasing test methodology in this situation. What other methods of evaluating feelings and emotions could an agency use in Asian countries?

INTEGRATED LEARNING EXERCISES

1. Pick three print or television advertisements that provide Web site URLs. Visit each site. Was the Web site a natural extension of the advertisement? What connection or similarities did you see between the Web site and the advertisement? Do you think your response was tracked? How can you tell?
2. Decision Analysts, Inc., is a leading provider of advertising and marketing research. The company's Web site is **www.decisionanalyst.com**. Access the site and investigate the various services the company offers. Examine the advertising research services that are available. Write a short report about how advertising research services provided by Decision Analysts could be used.
3. Reactions & Opinions, Inc., offers ad testing through the warmth meter technology discussed in this chapter. Access the Web site at **www.reactionsopinions.com**. Review how Reactions & Opinions conducts advertising research and write a report on when and how Reactions & Opinions could

be utilized for advertising research. What are the advantages and disadvantages of each research methodology offered?

4. Ipsos-ASI (**www.ipsos-asi.com**) is an advertising research firm with a high level of expertise in ad testing and measurements. Access the company's products and services. What services are offered? When would the various services be used? How would each be used?
5. AdKnowledge and comScore are two firms that excel at measuring Internet traffic and Internet advertising. Access the Web sites at **www.adknowledge.com** and **www.comscore.com**. What services does each company offer? Which companies do you like the best? Why? Describe a research project that you feel each company could do successfully to assist in advertising or Internet research.
6. Nielsen IAG measures the effectiveness of advertisements, marketing programs, and product placements. Access the Nielsen IAG Web site at **http://en-us.nielsen.com/tab/product_families/iag**. What type of services does the company offer? Pick one of the company's products and write a report on how it can be used by a company such as Reebok, John Deere, or Sony.
7. Millward Brown provides marketing and advertising evaluations. Access the company's Web site at **www.millwardbrown.com**. Describe the various services offered by the company. Suppose you want to evaluate an advertising campaign for Sunkist. Identify and discuss what Millward Brown tools you would use.

STUDENT PROJECT

Creative Corner

After leaders at PepsiCo and Starbucks became concerned about the diminishing supply of fresh, clean water, they teamed together to sell Ethos Water. The product's distribution has expanded, and it is now sold in major grocery stores, convenience stores, and drug stores. The goal of Ethos Water is to ensure that children throughout the world have clean water.

Access the Ethos Water Web site at **www.ethoswater.com**. After reviewing the site, design a print ad for a magazine aimed at college students in your area. When you have finished designing the ad, trade your ad with another student or ask him or her to show it to 10 students not enrolled in this class. Explain to the student how to conduct a copytest to gather attitudes and opinions about the ad. Before conducting the copytest, make a list of questions that you want to ask. Some suggestions are:

1. Have you ever heard of Ethos Water?
2. What do you think is the primary message of this advertisement?
3. Does the copy make sense? Is it understandable?
4. Does the visual attract your attention?
5. What types of feelings does the ad elicit?
6. How likely would you be to access the Ethos Water Web site for more information?
7. What is your overall evaluation of the advertisement?

It is important that someone else conduct the copytest for you to gain honest answers. Respondents are less likely to be honest, especially about any negative feedback, if you show them the advertisement and they know you designed it.

CASE 1 HANES: EVALUATION AND BRAND LOYALTY

Kelsey Van Sickle proudly accepted the promotion to brand manager for the Hanes line of men's undergarments. The line includes undershirts, briefs, boxers, and boxer briefs. The line has been widely distributed in a variety of stores, ranging from Kohl's and JCPenney to less expensive retailers.

The Hanes tagline "Wait 'til we get our Hanes on you" has served the company well. Brand awareness remains high. Kelsey was interested in enhancing or improving brand loyalty. She had all of the marketing tools at her disposal, including bonus packs, coupons, contests or sweepstakes, price-off deals, plus several incentives to be offered to retail stores, most notably cooperative advertising.

The advertising agency employed by Kelsey had recently encountered a public relations problem. Celebrity endorser Charlie Sheen had run into legal problems and was dropped. Sheen and basketball legend Michael Jordan appeared in a series of humor-based commercials for Hanes products.

The agency and Kelsey viewed the moment as an opportunity. Kelsey suggested that a new campaign should be developed, perhaps one more focused on product quality. She wondered whether greater long-term loyalty emerges from perceptions of quality as opposed to simply competing based on price or consumer promotions. She concluded that a well-designed consumer promotions program might enhance an advertising campaign.

The primary competitors for Hanes men's underwear may be found in three areas. First, higher-priced products designed to entice wealthy or fashion-conscious consumers are available in stores such as Saks Fifth Avenue. Second, comparable products, especially those produced by Fruit of the Loom, are on the market. Hanes competes for both consumer loyalty and shelf space with these items. Third, lower-end and generic undergarments are often sold side-by-side with Hanes and Fruit of the Loom.

Kelsey charged the advertising agency with engaging in some basic product and brand research. She wanted focus groups with members that purchase Hanes to tell her why they buy the items. She also wanted them to explain whether they were brand loyal or if buying Hanes was simply a habit that could be influenced by consumer promotions. Finally, she wanted to know what kinds of advertisements would cause them to take the time to watch the commercial and pay attention to its content.

Pricing was an additional concern. In 2008, a major recession had begun that reached many countries. Kelsey had heard that consumers had trended to more cost-conscious purchases, even for basic clothing necessities such as underwear. She wondered if an optimal price-quality perception could be established for Hanes.

Source: Thinkstock Royalty Free.

▲ **Kelsey suggested a new campaign for the Hanes line of men's underwear she now managed.**

1. What IMC objectives are important to Kelsey?
2. What types of message evaluation techniques should Hanes and the advertising agency use when developing the next set of commercials for television and print (magazines)?
3. Are there any online evaluation metrics that would be valuable to Kelsey's efforts?
4. What types of respondent behavior evaluations should Hanes and the advertising agency employ for the next set of commercials?
5. Which consumer promotions should Hanes use? How should they be evaluated?
6. What long-term IMC criteria should be used to assess the Hanes men's underwear brand?

CASE 2 BRAND SOUTH AFRICA: EVALUATION AND BRAND LOYALTY

In 2004, Sepp Blatter, the president of FIFA (Fédération Internationale de Football Association), announced that South Africa had won the right to host the 2010 World Cup. Skeptics were concerned whether South Africa would have everything ready in time. Some even doubted that an African country was capable of staging a first-class world sporting event and transform the stadia, airports, and infrastructure in time.

Solid integrated marketing ensured that South Africa was not only selected to host the games, but that people were also inspired to visit and invest in the country and continue to do so long after the last kick of the ball in the final. It was a defining moment for South Africa and for Africa as a whole that was made possible by coordinated and timed marketing and aligned messages under the Brand South Africa initiative.

In addition to the ambitious infrastructure projects, preparing for the 2010 World Cup encompassed domestic and regional mobilization, communications, tourism, hospitality, and transport. The question was whether South Africa could maintain the momentum after the event. Could the country use the World Cup as a platform to help underpin its economic future?

South Africans were justly proud of what they had achieved; hosting the event radically altered the world's view of the country. It received a boost in reputation that encouraged inward investment. South Africa managed to rebrand itself as a key tourist destination, one very much based around the development of global sports events as a business model. Upgrading had cost the country some $5.3 billion, around a third of which was recouped during the staging of the event alone.

Predictions from tourism experts suggest that South Africa will attract an extra 1.5 million overseas tourists by 2015. This is in addition to an additional 500,000 flying in from other African countries and 200,000 by overland routes.

To put the potential rewards for success into perspective, the advertising economy in South Africa received a massive boost of $200 million from global brands such as Nike and Pepsi. Nike, which was not an official sponsor of the World Cup, ran a campaign on a 30-story building in Johannesburg. A vast digital screen on the building was used to display messages sent via Facebook and Twitter to appear alongside images of football stars signed to Nike. It is believed that South Africa's economy actually grew by 3 percent in 2010, much of which must be attributed to the World Cup success.

Behind the Brand South Africa initiative is the International Marketing Council of South Africa, which stated that the country had shown that together they could achieve anything.

1. What is South Africa's primary IMC objective?
2. What types of message evaluation techniques should the Brand South Africa approach use when developing the next major promotional project?
3. Are there any online evaluation metrics that would be valuable to South Africa's efforts?
4. What types of respondent behavior evaluations should Brand South Africa employ for the next promotional project?
5. What types of consumer promotions should South Africa use? How should they be evaluated?
6. What long-term IMC criteria should be used to assess the impact of Brand South Africa?

Source: © SK Bakker–Fotolia.com.

▲ **Solid integrated marketing by Brand South Africa helped the country to win the bid for the 2010 World Cup and become a key tourist destination.**

Sources: Brand South Africa, The International Marketing Council of South Africa (**www.brandsouthafrica.com**, accessed November 17, 2010); SouthAfrica.info (**www.southafrica.info**, accessed November 17, 2010).