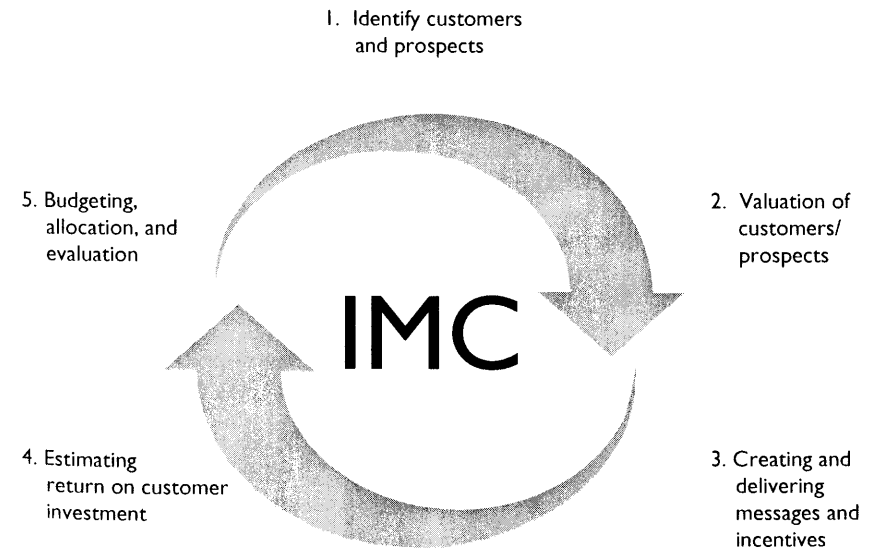


PART IV

STEP 3: PLANNING MESSAGES AND INCENTIVES



PLANNING MARCOM DELIVERY

Step 3 of the IMC process gets to the heart of any marcom activity: the creation and delivery of messages and incentives. Using the inputs from step 1 (customer identification) and step 2 (customer valuation), the marcom manager has all the necessary ingredients to begin developing a powerful and effective communication program. Much of the groundwork is already done: the marketer thoroughly understands the product or service for which the program is being developed, is aware of competitive offers, and understands the structure and operation of the marketplace in which the program will be delivered. For the creation of messages and incentives to begin, the manager must further understand how customers come into contact with the brand (*brand contacts*) and how that brand is perceived by them (*brand networks*). These are the topics of this chapter.

Brand Contacts

Traditionally, marcom managers began the communication process by determining the appropriate “creative” content of the message or incentive, then selecting a delivery system, such as advertising, before finally choosing specific delivery vehicles, such as broadcast television or magazine advertising. On the surface, this made sense. Since it was assumed that all customers were essentially the same, the use of mass media was

the obvious way to reach them. And since it was further assumed that only a limited number of delivery vehicles existed (print, broadcast, direct mail, and so on) and that most consumers would avail themselves of those vehicles at some time or other, it was up to the creative elements of any communication effort to make the brand stand out. Media selection was naturally considered less important and was therefore downplayed.

Today, however, there has been a virtual explosion of delivery systems. New media forms pop up almost daily, ranging from events and sponsorships to mouse pads to satellite sky beams to various options available on the Internet. Almost everything consumers see or hear—hats, clothing, cell phone displays, bus shelters—has been turned into a communication medium. The end result is that today creative—or what marketers say—is less important than how and where they say it. Because of this turnaround, IMC reverses traditional planning processes. The first order of business is to understand where customers or prospects might hear, see, or learn about the product or service and then use those points of contact that offer the greatest opportunity for relevance, receptivity, and response. Only then does the marketer determine creative, or what the message will say.

Analyzing Brand Contacts

Once marketers accept, as seen in previous chapters, that consumers' purchase behavior results from the sum total of all contacts with a brand—elements like word of mouth as well as the communication activities sent out by the firm—they see why it is critical to know exactly where, when, and how people and brands come into contact.

The customer “meets” or is touched by the brand in many ways, including but not limited to direct experience (either through previous purchase or sampling), contact with front-line employees, use of the physical product and services, or various forms of marketing communication.¹

A primary method marketers can use to understand such brand touch points is the *brand contact audit*. An audit helps identify how customers actually come in contact with the firm and its products or services, either through messages and incentives sent out by the marketing group

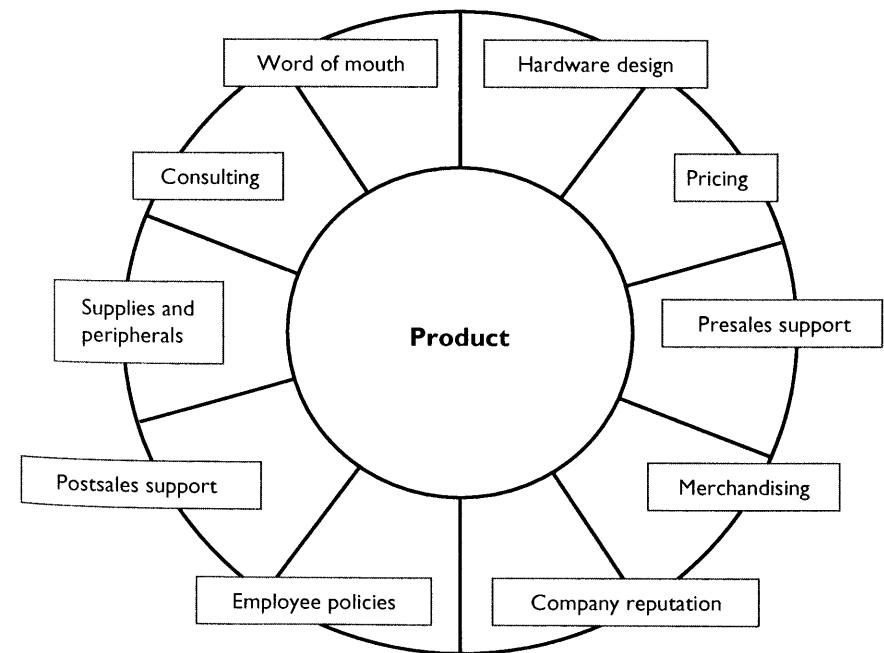
or through other forms of contact—like word of mouth or product usage—that are outside the marketer's control.

For purposes of conducting a brand audit, we define a *brand contact* as any element of the customer's experience with the entire product or service offering that he or she attributes to the brand. The simple test of a brand contact consists of two questions:

- If a particular element of the customer's experience with the brand goes well, who gets the credit?
- If an element of the customer's experience with the brand goes poorly, who or what gets the blame?

If the answer to either of these questions is “our company” or “our brand,” the experience is a brand contact. Exhibit 7.1 illustrates typical

Exhibit 7.1 The Whole Brand



From Lisa Fortini-Campbell, “Communications Strategy: Managing Communications for the Changing Marketplace” (presented at Northwestern University, Evanston, IL, October 19, 1999). Used with permission from Lisa Fortini-Campbell.

brand contacts for a technology product.² As shown, the whole brand consists of much more than just traditional communication elements. It includes employees, word of mouth, merchandising, postsales support, and so on. In short, it is all the ways a customer or prospect might have contact with the product or service before purchase, during use, and after experiencing the product in action.

BRAND CONTACTS AT CIGNA

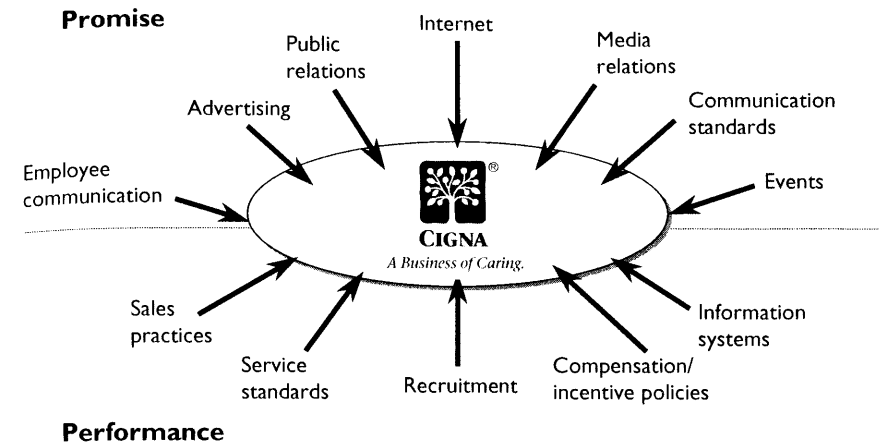
A program known as Aligning Performance with Promise at CIGNA Insurance is based on brand contacts. CIGNA believes that through its many communication systems it makes a series of promises to customers, prospects, employees, and other stakeholders. Those promises (contacts) are delivered wherever and whenever the company touches people or people touch the company, including advertising, employee communication, and so on. The touch points are summarized in Exhibit 7.2. Once CIGNA has identified all promises, it then tests how well it has met them. As shown, CIGNA analyzes its sales practices, its information systems, and even its employee recruitment practices in order to ascertain how effectively promises have been kept and how they can be kept in the future. All of these elements contribute to CIGNA's overall understanding of its brand contacts.³

Conducting a Brand Contact Audit

A brand contact audit enables the marketer to determine how and under what circumstances and conditions the customer or prospect comes in contact with the brand, product or service, or organization. Lisa Fortini-Campbell developed the following three-step process⁴:

1. Identify all brand contacts from the customer's or prospect's point of view, whether they are controllable or uncontrollable by the organization, and whether the marketer is directly responsible for them.

Exhibit 7.2 Aligning Promise and Performance



Used with permission from CIGNA Insurance.

In short, the marketer must develop a full inventory of the various forms of communication to which customers and prospects are exposed.

2. Organize and prioritize the brand contacts from the point of view of the customer or prospect. Fortini-Campbell identifies specific "moments of truth," decisive points that either spur the customer to embrace (because of a positive contact) or reject (because of a bad contact) the brand. This step involves identifying which contacts reinforce compelling brand impressions and which contribute to nonintegrated impressions that can drive customers away. The information is brought together in the chart shown in Exhibit 7.3.

The first column is a comprehensive list of all points of contact described in the first step of this process. It naturally includes all forms of outbound marketing communication, such as advertisements, brochures, in-store displays, and so on. It also includes such points of contact as a call to the customer service desk; the bill sent from the accounting department; interaction with delivery personnel and technicians; and third-party contacts, such as stories in the press, word of mouth from other users, and so on.

Exhibit 7.3 Whole Brand Contact Inventory

Brand contact	Importance evaluation	Impression evaluation	Customer expectation	Customer experience	Message sent	Resources currently allocated

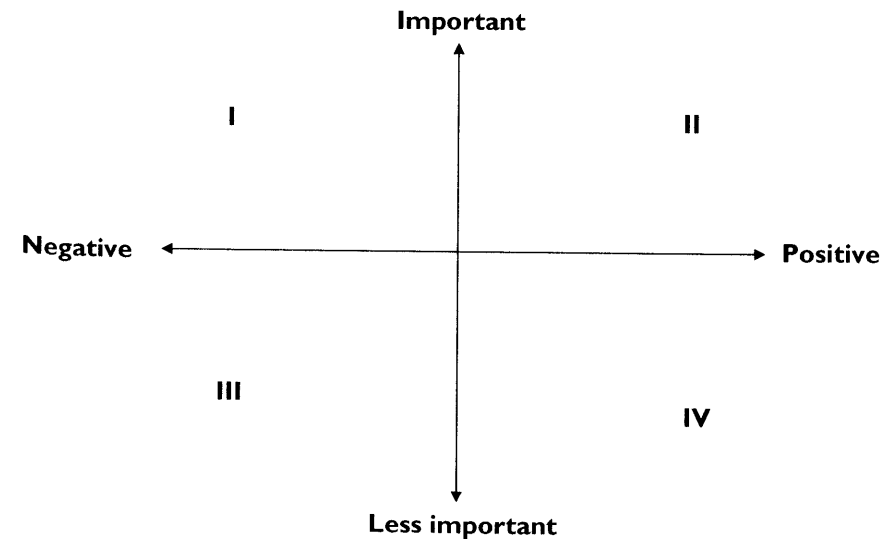
From Lisa Fortini-Campbell, "Communications Strategy: Managing Communications for the Changing Marketplace" (presented at Northwestern University, Evanston, IL, October 19, 1999). Used with permission from Lisa Fortini-Campbell.

In the second column, each point of contact is rated—high, medium, or low—to indicate its importance to the customer's evaluation of the brand. For example, product use or personal experience with the product or service is almost always more important than forms of media communication and thus would receive a higher rating.

The third column represents the impression left with the customer at the point of contact. That simply means identifying whether the impression left on the customer or prospect was positive (yes) or negative (no). Obviously, the IMC manager wants to generate more positive impressions than negative ones.

The information gathered in the first three columns is now plotted on a brand contact priority grid, shown in Exhibit 7.4. This is a simple way to identify which brand contacts are most important and should be managed first. The brand contacts in areas I and II, for instance, represent the first order of business for the marcom manager, while those in areas III and IV have lower priority.

Exhibit 7.4 Whole Brand Contact Priority Grid



From Lisa Fortini-Campbell, "Communications Strategy: Managing Communications for the Changing Marketplace" (presented at Northwestern University, Evanston, IL, October 19, 1999). Used with permission from Lisa Fortini-Campbell.

For long-term brand communication success, it is important that the message or messages the customer or prospect receives at all points of contact are fully integrated and aligned. That means the easiest way to improve those brand contacts in areas I and III of the grid is to align and integrate them with the positive contacts in areas II and IV. This integration and alignment process is necessary even if the contacts are difficult to manage or control. To resolve some nonintegrated and negative contacts, it may even be necessary to move resources from one budget area to another, thereby ensuring success for the brand going forward.

3. Develop a better customer experience at each point of contact. To do so, actual customer experience must be analyzed in great detail. This involves completing the last four columns in Exhibit 7.3, which pose the following questions:

- What do customers expect at each identified contact point? What level of quality or service do they associate with and expect from our brand? What level of knowledge and expertise do they expect? What image do they have of our brand and organization?
- What is the actual customer experience at each point of contact? That is, are we living up to their expectations, or are we delivering a different experience than what they had anticipated?
- What is the true message sent at the point of contact? That is, what does each contact point actually communicate about the brand, our company, and our commitment to the customer or prospect? Do we send a message of poor or slow service, in spite of our ad that promises fast and friendly service? Is the message consistent with what customers have been led to expect?
- What resources are we allocating to each point of contact, and is resource allocation commensurate with the contact point's importance and relevance to customers? Are we overspending on communication that has little impact, while underinvesting in points that customers feel are critical to their experience? Is there an expensive brand contact that actually has a negative

impact? (If so, the company is not only wasting money, but may be actually driving customers away by investing in this contact point.)

Once the inventory chart and priority grid have been completed, they can be used in a number of ways. Clearly, they are useful as the basis for deciding which points of contact will be most effective in delivering messages and incentives and in helping the marcom manager fashion the content of each communication. Beyond marcom applications, they are a useful starting point for developing a fairly sophisticated customer satisfaction measurement plan that identifies areas for reinforcement and improvement. For example, the inventory chart gives a broad understanding of the areas that should be included in a satisfaction initiative. Similarly, the priority grid provides guidance on how to weight each area or contact point. The analysis of customer expectations versus actual experience is a telling (and often painful) indication of critical gaps and misalignments within the organization's operations and communication efforts. Additionally, an examination of the priority grid can identify how well the firm's priorities line up with those of customers and prospects. Finally, the grid can help identify where resources are currently being allocated or distributed to customers and prospects and helps the manager identify areas of misallocation.

MATCHING EXPERIENCE TO EXPECTATION

Most companies are aware of gaps that exist between customer expectations and customer experience, yet few know how to close them. Brand Imprinting, a research group with branches in Detroit and Chicago, offers a methodology to remedy the situation. Through extensive interviews with customers, the firm seeks to determine not only how customers feel about a brand, but how they behave toward it. (Recall that it is behavior, not attitude, that is the basis for customer valuation.) Researchers are then able to deconstruct how demand occurred and map

out the customer purchase process. The firm can then demonstrate to the client the gap between what the client wants its brand image to be and what that image is in the mind of specific customers and why it exists. This type of customer-information feedback allows the client company to modify its selling process based on customers' image of the brand.

Let's look at an example. In a study for Audi in Florida, Brand Imprinting was assigned the task of understanding how the customer discovers the Audi brand. Researchers learned that this occurred primarily through curiosity of what the brand and automobile were all about. It seemed that curiosity, rather than expectation of the kind of car it was, triggered demand. Brand Imprinting reasoned that if curiosity leads customers to discover the brand, then the dealership experience is the most important aspect of the selling process. Yet as researchers followed customers through the buying process, they discovered that most cars on the showroom floor were locked. The prospect could not experience the interior of an Audi without finding a salesperson, thus violating the first expectation of "curiosity." Researchers further discovered that the test-drive experience helped transform curiosity into demand. With this insight, Audi was able to adjust the showroom experience by having dealers unlock the car doors and urge more people to test-drive its vehicles.

In another study, this time for teenage clothing company Union Bay, Brand Imprinting sought to determine how the brand should be portrayed at the retail level. Through observation of teenage shoppers and one-on-one interviews, researchers discovered that most teens were not confident when shopping. They had trouble determining which separates went together well or looked "cool." Brand Imprinting concluded that stores were somehow failing to help nonconfident shoppers fit in. Union Bay seized the opportunity to close the gap between expectation and experience. They helped department stores increase sales by placing shirts together with pants so that teens could easily see which pieces worked together as outfits.⁵

Discovering How and When Customers Want to Be Contacted

Everything we have discussed so far about how customers interact with brands shows that brand contacts are not under the exclusive control of the marketer. This means that to find out about effective brand touch points, the marketer needs to stop talking and start listening! For this reason, the IMC approach to message or incentive creation is to start off by determining how customers want to receive brand information. This requires a new method of customer research that revolves not around the brand or the organization but around the requirements of the customer. Research questions focus on how prospects would like to receive information or material from the company or about the brand. These alternative brand contact points are ranked based on the individual customer's preferences. The results are then matched against the firm's current delivery investments. In almost all the companies we have researched, we have found that 50 percent to 60 percent of the message delivery systems used by the firm do not align with customer preferences or desires. This means that—regardless of the communication message itself—marcom managers can potentially increase consumer response and decrease communication costs simply by aligning their delivery systems with customer preferences. The message to marketers is elegant in its simplicity: talk to customers and prospects when and where they want to hear from you, not at your own convenience!

One final point to consider when determining brand contacts: we recommend that marcom managers always keep in mind that people generally feel more comfortable—and therefore more receptive—when they feel they have some control over a situation. A recent study, for instance, found that when blood donors were allowed to choose which arm blood would be drawn from, they showed significantly less discomfort.⁶ Similarly, customers respond well to choice, whether they're deciding between an alarm clock and a wake-up call at a hotel or when to have their meal on an airplane. Not only does choice increase value in the eyes of the consumer, but it increases the value of the brand as well. Choice allows customers some control over brand contacts. If they can choose when and where they receive marketing communication, they typically are more active and involved in the process. When given

the choice between E-mail, telephone calls, or direct mail as delivery vehicles for marketing materials, customers feel some control. When the communication arrives, it is not rejected out of hand as unsolicited junk mail, but merits—and typically receives—closer inspection.

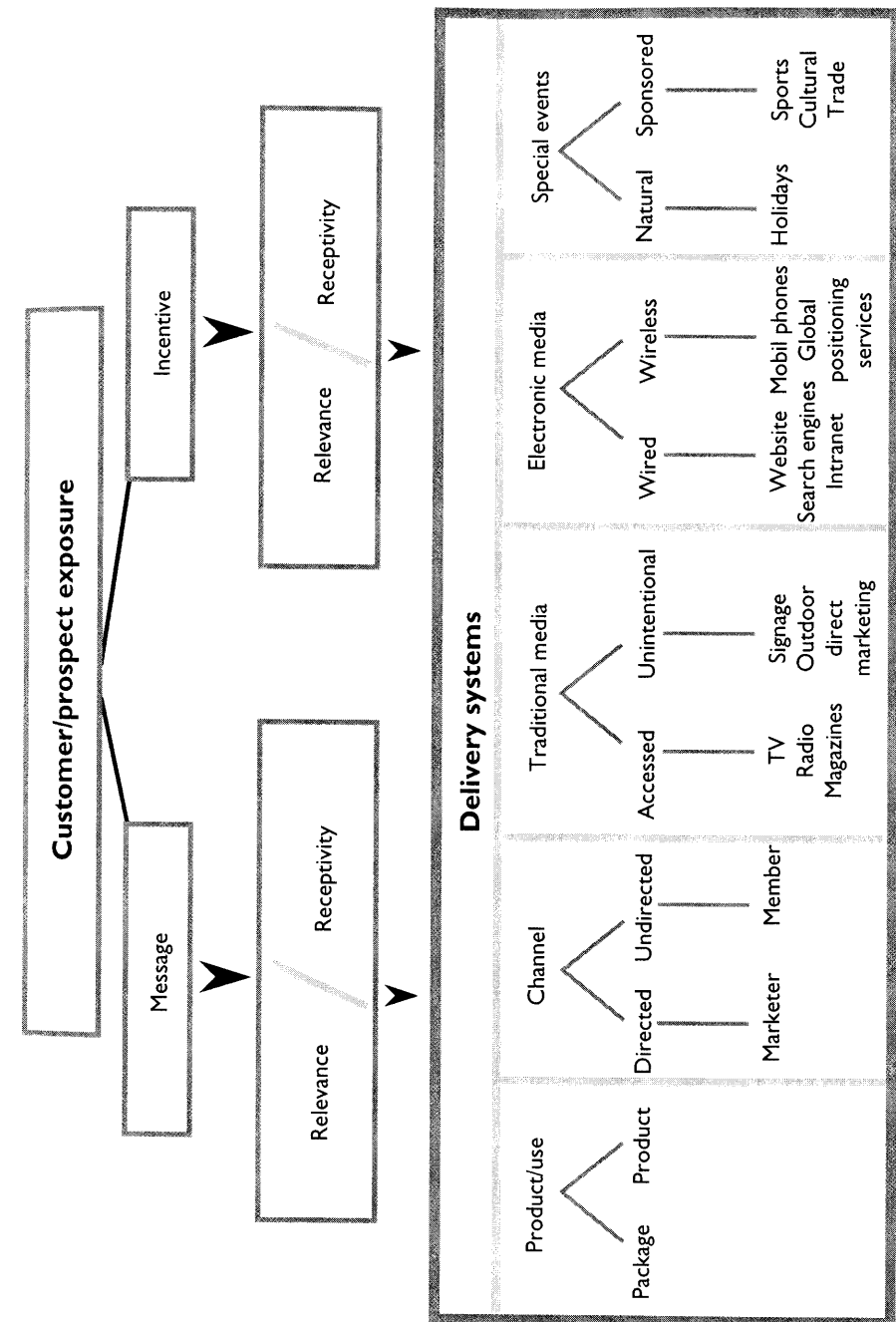
Determining the Relevance of and Receptivity to Brand Contacts

A brand contact is meaningful to customers and prospects on two conditions: it must be relevant to them, and it must be delivered when it is wanted or needed—that is, when customers are receptive to it.

For a brand contact to be relevant, it must be available to the customer or prospect when he or she wants or needs it, not when the marketer wants to make it available. Because they ignore this simple tenet, traditional marketing efforts have rightly been perceived by consumers as intrusive or interruptive. Marketers interrupt television dramas to advertise products or slice up a football game to allow for commercial breaks. For the most part, the only relevance in current marcom delivery systems is relevance to the marketer.

Receptivity is directly related to relevance. When a brand contact is relevant and comes at a time that is convenient to the customer or prospect, he or she will generally be receptive to it. People are most receptive to brand contacts when they either have a current or latent need to solve a problem or make a marketplace choice. For example, when a couple get engaged, they suddenly become receptive to brand contacts related to married life, such as setting up a house, decorating, and so on. As the wedding approaches, they seek out information that will help them make the most of their special day. During a specific window of time, the prospective bride and groom are very receptive to specific types of information. The marketer who wishes to offer relevant brand contacts at a time when customers and prospects are likely to be most receptive to them has a duty to know, understand, and identify not just when that window is going to open and close, but the form and method through which specific customers would like to receive information. This kind of relevance and receptivity planning is a key element of the IMC process and is illustrated in Exhibit 7.5.

Exhibit 7.5 IMC Model of Brand Contact Delivery Systems



Brand contact information can provide clues as to what customers or prospects may consider relevant about a brand as well as when they might be most receptive to communication about it. This leads directly to the selection of delivery systems most likely to be relevant and to which customers are likely to be receptive. As noted before, the choice of vehicles is not driven, as is the case in traditional marketing, by how marketers want to distribute their messages or incentives, but how customers are most likely to want to receive them. Thus, in an IMC plan, delivery efficiency takes on a new meaning. Instead of measuring media efficiency in terms of the cost of reaching so many thousands of consumers, cost is directly related to outcomes or behaviors that occur. That is, for the first time marketers are able to measure what it costs to achieve the desired behavior on the part of the customer or prospect.

WHY MEDIA INTEGRATION IS SO DIFFICULT

While over the last fifteen years, companies have made significant progress in integrating their marketing and communication processes, media planning has lagged woefully behind. Though marketers have recognized that the communications world has changed, most still try to develop media plans with the traditional tools of reach, frequency, duplication, and exposure. The problem is that these methods are not just inadequate, they are downright wrong for the changed environment in which businesses now operate.

Today's media planning approaches were designed for a marketplace in which each and every media impression was a separate and unique event. Media planning assumes nothing else is going on in the target audience's world except the media exposure at the specific time it appears; nothing else is happening in a consumer's life during the time a radio commercial is broadcast, a newspaper is opened, or a direct mail piece is delivered.

However, a recent study that Don Schultz and Joe Pilotta conducted and presented (in conjunction with BIGResearch) to

the Advertising Research Foundation clearly showed how wrong these assumptions are. Using a base of more than 7,500 individual responses gathered online and balanced demographically to reflect the U.S. census, consumers told Schultz and Pilotta the following:

- Those who simultaneously read magazines and listen to radio equal 50.7 percent.
- Those who read newspapers and watch TV at the same time equal 53.4 percent.
- Those who simultaneously watch TV and read magazines equal 50.4 percent.
- Those who watch TV (primary activity) while they are online equal 66.3 percent.
- Those who say they are online (primary activity) and watch TV simultaneously equal 75.2 percent.

What marketers really need today is a new approach to media planning, one that recognizes consumers' increasing ability to multitask and make use of a number of media simultaneously. They also need a media planning system that is based on measuring outcomes and results rather than delivery.

Who is going to enter this brave new world of media planning? We suspect it won't be the media themselves; they have too much invested in existing media planning approaches. It won't be the advertising or media services agencies, for that would require them to start all over building new systems. Nor will it likely be research organizations, since they have built their entire business on traditional media concepts.

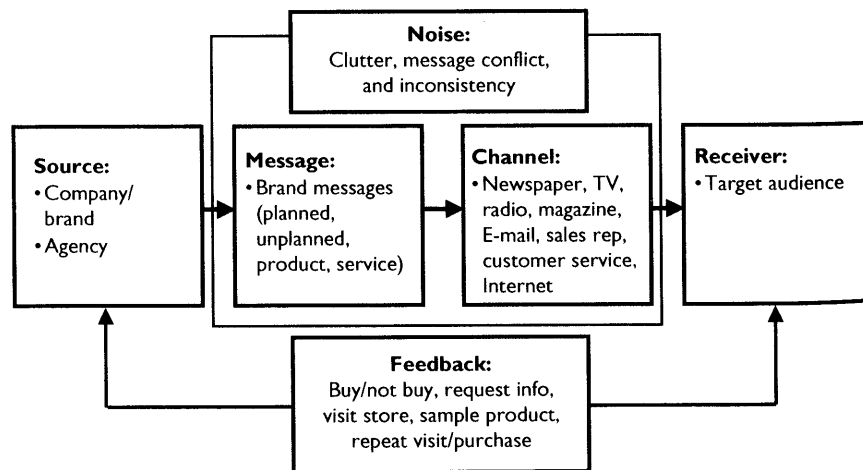
Our suspicion is that it will be a group of shiny-pants university professors, because by and large they are the ones who invented the current media planning systems some fifty years ago, as witnessed by media pioneers such as Broadbent, Agostini, Metherningham, and Sissors and Jones, among others. And they are one of the few groups that do not have a vested interest in seeing the systems remain the way they are.⁷

Reversing the Communication Flow

Historically, marketing communicators have relied on the outbound distribution of messages and incentives. That is, the organization decided what it wanted to say, developed messages or incentives, selected distribution forms and methods, and then sent those messages and incentives on their way. They then sat back and waited for customers and prospects to respond to or ignore their communication. Yes, there was “noise” in the process, caused by a wide variety of factors ranging from the receiver’s inability to decode the message to clutter in the media channels to interruptions and message conflict. And there was generally some type of feedback loop where the sender tried to determine some type of response from the intended audience such as whether they would buy the product or service, visit the retail store, repeat a purchase, and so on. The basic model, however, was and continues to be much the same as it is shown in Exhibit 7.6.

The problem, as we have already discussed, is that in the new interactive marketplace, the communication process has changed. Instead of

Exhibit 7.6 Traditional Outbound Marketing Communication Model

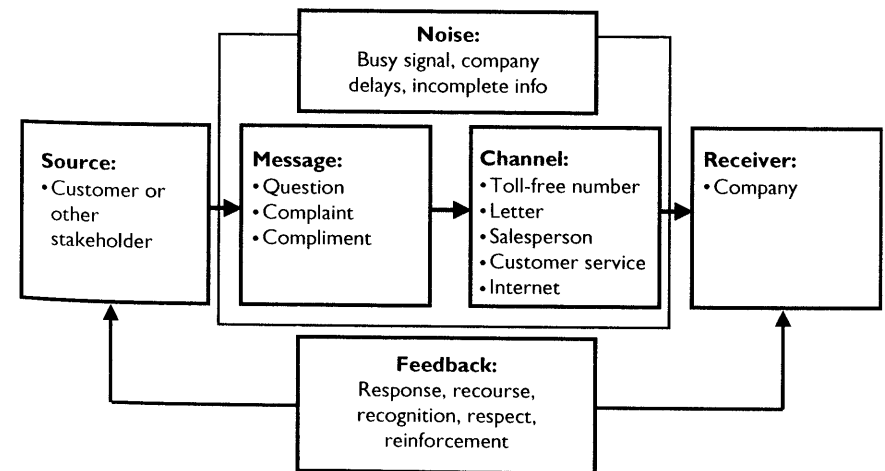


From Tom Duncan, *IMC: Using Advertising and Promotion to Build Brands*, 2002, McGraw-Hill. Reproduced with permission of The McGraw-Hill Companies.

the marketer being in control, power has shifted to the consumer. The customer or prospect becomes the message sender or message requester, and the organization is now the receiver and respondent. As an example, the customer or prospect can now access the marketer’s website; ask questions online; or raise issues with customer service about the product, service, offer, warranty, and the like. In short, the communication flow is reversed, as illustrated in Exhibit 7.7.⁸

In this reverse-flow model, channels change, too. Rather than consisting of traditional media forms, channels are those to which the customer or prospect has access, including toll-free numbers, letters, salespeople, customer service, the Internet, and so on. Noise still exists in these channels, of course, but that noise is now a busy signal on the telephone, delays in response from the organization, incomplete information packages, and so forth. The feedback loop changes as well. It is now driven by how well the organization responds to the customer or prospect. It includes such factors as response time, the opportunity for recourse by the customer or prospect, or what kind of respect the marketer gives the customer.

Exhibit 7.7 Customer-Initiated Inbound Communication Model



From Tom Duncan, *IMC: Using Advertising and Promotion to Build Brands*, 2002, McGraw-Hill. Reproduced with permission of The McGraw-Hill Companies.

Browsing through the Internet, on any given day, one can easily see that consumers can talk to companies. For example, Nordstrom has a live customer service representative who can answer questions over the Internet for inquiring customers. Ben & Jerry's invites comments, suggestions, and questions through its website. Toll-free numbers, websites, and mailing addresses are all mechanisms that offer customers a new freedom to talk with and to companies. These forms of inbound communication are a prerequisite for any company wishing to incorporate reverse communication into its marketing efforts. In short, the marketer must be prepared to *listen* as well as *talk* to respond to customers as well as communicate messages to or at them.

Recognizing Internal Brand Contacts

As noted in earlier chapters, IMC is an inclusive approach to marketing. This means that including every stakeholder involved in the brand—employees, channel partners, wholesalers, distributors, the financial community, shareholders, and other relevant stakeholders—is a crucial step in the overall success of an IMC program. Historically, most IMC programs have focused primarily on delivering external messages and incentives to customers and prospects. The assumption seems to have been that employees and other stakeholders would somehow “know about” or “get” the messages and incentives that were being delivered externally and would support and work to align their efforts to enhance the external communication programs that had been developed.

In our benchmarking work with best practice IMC companies, we found that to be incorrect. Commonly, employees are the last to know about marcom programs. Indeed, managers continually complain, as do customers, that employees are out of touch with or oblivious to the external marcom programs the firm is conducting. In too many cases, this is not the fault of the employee. It is the fault of the manager, who all too often leaves employees out of the communication loop. In our experience, unless specific programs and activities are designed to deliver the IMC programs directly to employees and other relevant stakeholders, they are often ignored. In some companies, human

resources thinks that marketing is responsible for internal communication, while marketing thinks it's the other way around. The result is that internal communication falls through the cracks, and even those employees on the front line—who constantly interface with customers, fielding questions and answering complaints—are commonly unaware of communication initiatives.

For an IMC program to be successful, then, it is vital for the marketer to recognize that brand contacts can be internal as well as external. Unless employees and partners understand the promises made to customers and prospects, they have no hope of delivering against them. The next question, then, is who is responsible for making internal communication happen?

Part of the difficulty in getting employees and other stakeholders into the communication loop is organizational structure. That is, marketing and communication managers generally do not have direct responsibility for internal communication, which traditionally lies in some other functional area such as employee communication, human resources, investor relations, or even people management. Where this is the case, the first task of the IMC manager is clear: to convince senior management of the importance of employee involvement and then convince functional specialists of the importance of communicating the IMC program to appropriate employees and stakeholders.

Professor Christian Gronroos, Hanken School of Economics in Helsinki, one of the pioneers in relationship marketing, sums it up neatly:

Most of the firm's marketing is carried out by “part-time” marketers. That is, employees who are charged with making, processing, delivering, providing customer service, billing, and so on. They are the persons who really carry out the marketing and communication programs for the organization. Trained marketers are too busy “doing marketing” to spend face-time with customers. It is these part-time marketers who are the front-line troops in the marketing team. They put life and meaning into what the firm and the brand really is and does. Yet, they have not been trained in marketing or communication and too often

don't know what the firm is promising customers or what they are supposed to deliver.⁹

Juliet Williams, chief executive officer of Strategic Management Resources in the United Kingdom, also puts the value of internal communication into perspective. Williams has developed over 150 case studies on the importance of employees and other stakeholders in carrying the IMC message to customers and consumers. She says:

Based on research, we have found that up to 40 percent of an organization's marketing and communication dollars can be either wasted or destroyed when the internal marketing and communication programs don't support or align with the external marketing and communication programs.¹⁰

Brand Networks

As we stated earlier in this chapter, customers and prospects have an easy and effective way of dealing with messages or incentives that are irrelevant to them: they simply ignore or reject them. Thus, the oft-stated challenge the marketer faces today is "Be relevant to customers and prospects or be gone!"

So, what does the struggle to be relevant require of the marketer? The answer lies in his or her ability to understand customers and prospects. This does not mean knowing who the customers and prospects are; rather it means knowing *how they think*. The reason is simple: one can only find out what is relevant to people and what they are likely to be receptive to if one knows the thought processes that lead them to ignore some messages while giving their attention to others.

Brand networks are the internal combinations of icons, thoughts, ideas, and experiences in the customer's or prospect's mind that converge to form an overall image or definition of a particular brand for that individual. Marketers might think of these interconnected elements as forming a network because, in terms of human physiology, that is what they are.

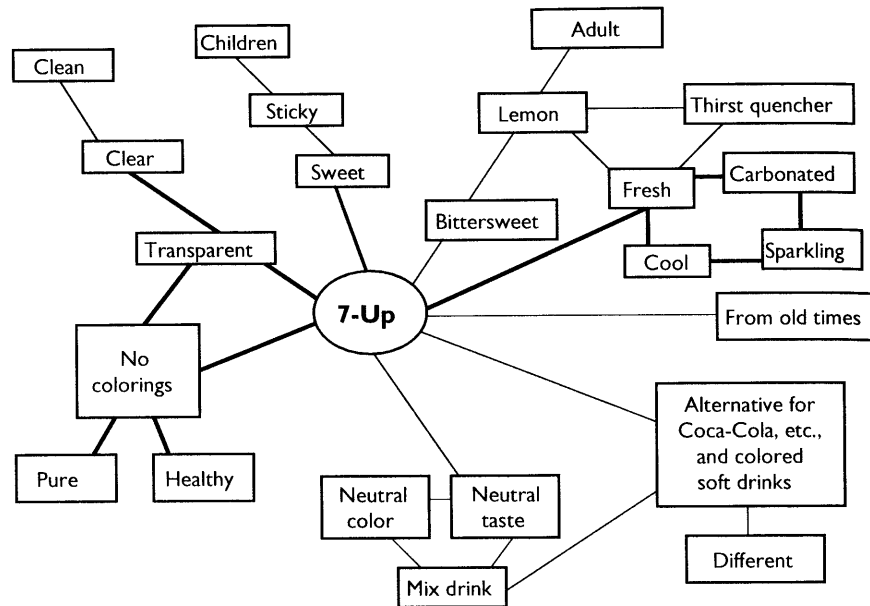
How Mental Brand Networks Operate

As a crude simplification, the human mind works through a set of inter-related series of neural networks in which individual nodes or neurons store bits and pieces of information. When two or more neurons collide or connect, they form a loop in which a new memory or concept is stored.

When an individual is exposed to marketing communication containing new information about a product, service, or anything else, previously stored information from any existing network is called up and the new information is added to it. This is then held in memory until more new information is collected and added, creating another new node. Thus, every individual has a series of connected nodes, forming brand networks in their minds. Some of these nodes are good for brands, some are bad. Some are strong and some are weak. They are constantly changing and adapting as new information is acquired and processed.

Our minds contain myriad associated concepts, perceptions, and ideas that are related to brands. Some of these associations are in conscious memory and easily retrieved and explained; others may be more subtle, residing in the unconscious recesses of the mind, and may require probing to come to the surface. Giep Franzen and Margot Bouwman have noted that some associations are straightforward and linear, for instance, Shredded Wheat to cereal to breakfast. Other associations are connected in a more complex, chainlike fashion, such as Perrier to mineral water to France to stylish. Franzen and Bouwman provide an example based on interviews conducted in the Netherlands regarding associations with 7-Up. It is shown in Exhibit 7.8. Each associative network consists of a link of subnetworks, with the strength of the associations depicted by the weight of the connecting lines. The researchers concluded, "Each brand is usually associatively connected to one or more products, which in turn are represented in our memory in the form of associative networks."¹¹

In reality, brand networks can become quite complex and understanding them requires extensive research. A complete discussion of brand network research is beyond the scope of this text, but we rec-

Exhibit 7.8 7-Up Brand Network

From Giep Franzen and Margot Bouwman, *The Mental World of Brand: Mind, Memory, and Brand Success*, World Advertising Research Center, 2001. Reprinted by permission of World Advertising Research Center.

commend that marketers investigate brand associations along several distinct dimensions reflecting the brand's functionality, personality, symbolism, and supporting organizational culture. For our purposes, it is sufficient to state that brand networks are the basis for all brand and marketing communication storage in the human mind. If the customer or prospect has nothing stored away about the brand, product, or service, it is difficult to add new concepts or get new messages embedded. They simply have no relevance for there is no connection to be made in the mind. The same is true of marketing communication. For example, when customers or prospects are exposed to some type of brand communication, they immediately pull up the brand network for that product or service. They then mentally test the new information against what they already know. If it fits, they may add it to the network. If it does not, they will likely reject it.

How Brand Networks Create Relevance

By now, the connection between brand networks and the creation of relevance in the mind of the consumer is clear. Customers have certain needs, wants, and desires. They may actively seek to solve a problem by examining marketing communication as an information source. For example, when a couple decide to purchase a new washer and dryer, they typically review newspaper ads, ask friends and neighbors, look through *Consumer Reports*, or gather information in many other ways. They add all the information they find to their brand network for washers and dryers. Because it comes at a time when they are receptive to information about washers and dryers, any marketing communication about the appliances has increased relevance for them.

Consider what happens when the same couple are simultaneously bombarded with marcom materials from automobile manufacturers. Knowing they can't buy a new washer and dryer and a new car at the same time, the couple finds less relevance in the marketing communication from the automobile manufacturers. Yes, they may store some information away and refer to it at some later time, but for the present, automobile communication is simply not relevant for them. Washer and dryer information is. This example begins to show the connection between relevance and receptivity and how brand contacts and brand networks influence what people purchase or don't purchase, what they ignore and to what they pay attention. Most of all, it shows why it is so critically important for the marcom manager to understand the customers and prospects with whom she or he will be attempting to communicate.

A recent example is even more compelling. A study conducted by the University of Michigan looked at customer service in 175 companies. Researchers found that McDonald's was one of the poorest performers in customer service, costing the company up to \$750 million per year.¹²

How can one of the world's most valuable brands be losing so much money? It's easy, according to the study. On any given day, 11 percent of McDonald's customers are dissatisfied. About 70 percent of dissatisfied customers are further dissatisfied with the way their complaint is handled. More than half of all dissatisfied customers visit McDonald's

less frequently as a result and tell as many as ten other people about their unsatisfactory experience. If these dissatisfied consumers add up everything they know to be true about McDonald's in their minds, they start to realize that their brand network doesn't match McDonald's current communication: "We love to see you smile." This noted inconsistency resonates with consumers and the McDonald's brand is damaged. While the company is still a fast-food giant, it loses an estimated \$750 million a year as a result of this marcom inconsistency. Even for McDonald's, that's a lot of money.

One final note on brand networks. It is clear that customers test the various communication or contact elements they encounter on a regular basis. If they have a certain brand network stored away and the company then presents conflicting information through its marcom program, the customer or prospect can make one of two choices:

- Accept the new information and change his or her brand network
- Ignore the new information and stick with what he or she knows and has stored away

Similarly, if the brand communicator presents two radically different messages through two types of marcom delivery systems (one message in mass media and a different message in a special event being held that weekend), which of the two should the customer believe? Which should be stored in the brand network? Maybe the best choice is for the customer or prospect to simply ignore both messages since they have no alignment or integration. This is a simple but very powerful argument for integration of marketing communication at all levels and by all groups that are attempting to communicate with customers and prospects.

How Brand Contacts Relate to Brand Networks and Vice Versa

Earlier in the chapter, we defined brand contacts as the touch points at which the customer or prospect comes in contact with the brand. Brand networks are the ideas and associations the customer takes away as a

result of those points of contact. Brand contacts and brand networks thus combine to determine the customer's or prospect's knowledge, feelings, and perceptions about the brand.

Brand networks exist for any brand in any category. Without a network of ideas related to the brand, there simply is no brand image in the minds of customers or prospects. Brand contacts can add to, reinforce, change, or even diminish those brand networks. Thus, one of the key skills for the marcom manager developing an IMC program is the ability to uncover, understand, and influence the brand networks of customers and prospects through the careful management of brand contacts.

Moving On

Our discussion of brand contacts and brand networks moves us toward completing step 3 of the IMC process, for without knowing how people receive and accept information about brands and how they absorb that information, marketers cannot hope to deliver messages and incentives that influence their behavior. The next chapter takes us further along the same path—using identified consumer insights to begin creating effective messages and incentives.