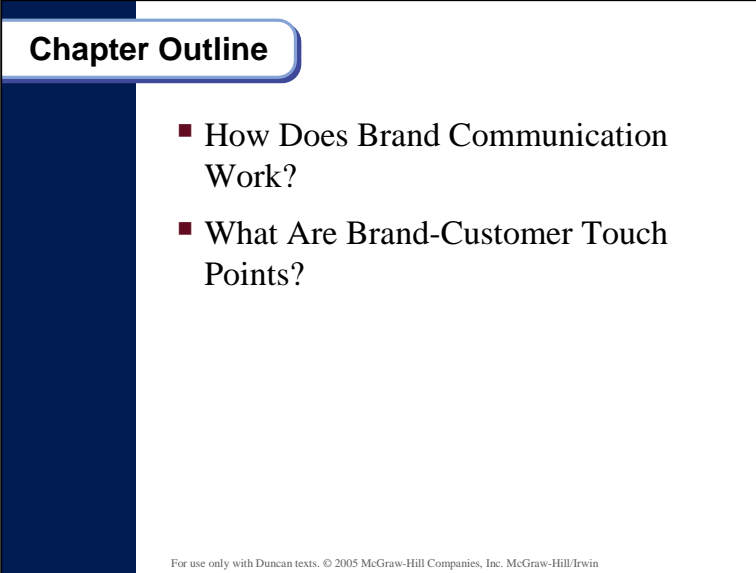# CHAPTER 4: HOW BRAND COMMUNICATION WORKS

Chapter Objective

To demonstrate the value of a brand and to discuss how brands and brand relationships are created and maintained.

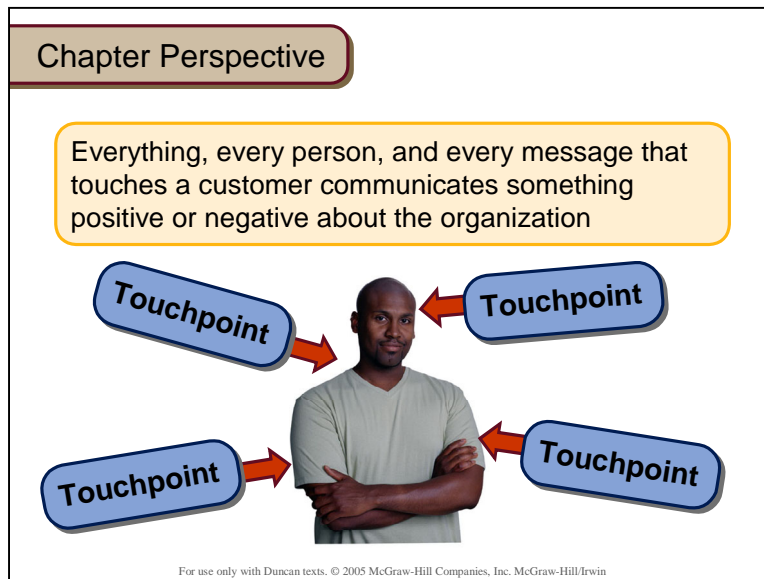## Chapter Key Points

Chapter Outline

- How Does Brand Communication Work?
- What Are Brand-Customer Touch Points?

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This chapter addresses three fundamental issues:

1) How do the elements of the basic communication model relate to marketing communication?
    - The chapter explains how the communication process works in general, and specifically for marketing communication.

2) What are the six components of communication and how do they relate to marketing communication?
    - The chapter identifies and explains each of the six components in detail.

3) What Are Brand-Customer Touch Points?
    - The chapter identifies some of the critical ways in which a brand "touches" a consumer.

Chapter Perspective

Chapter Perspective

Everything, every person, and every message that touches a customer communicates something positive or negative about the organization

Touchpoint

Touchpoint

Touchpoint

Touchpoint

The marketplace is a social system involving the interaction of people, companies and organizations. Communication involves the sending and receiving of messages. As this chapter will explain, there are many different ways a company or brand can communicate with or "touch" customers, prospects, and other stakeholders. What many companies overlook and fail to leverage are opportunities to have a dialogue with customers and prospects.

Companies sometimes believe that if they don't say anything or don't respond to a customer, they have avoided sending a brand message. Wrong! When a company CEO responds to a question from the media with, "No comment," a great deal has actually been communicated. What most people "hear" is that the CEO is scared to give the right answer or doesn't know the answer, both of which are bad messages to send. When a company chooses not to respond to a customer's complaint, that company has communicated very loudly and clearly that it doesn't care about its customers and is not willing to stand behind it products.

This is why we say a company and a brand cannot *not* communicate. The challenge then becomes *how* to manage brand communication in order to most cost-effectively accomplish the business and marketing objectives. To answer this question requires understanding how communication—and marketing communication—works which is what this chapter is about.

Opening Case: HB Ice Cream

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Opening Case: HB Ice Cream

Challenge: → To increase Irish ice cream consumption

Answer: → An IMC program for the HB brand, focusing on "togetherness" theme:
• New logo
• TV spot creating a "Love Weekend"
• Newspaper ad tie-ins
• On-street promotions

Results: → • 75% of 15–24 target age group became aware of new logo
• Similar campaigns now being used across Europe

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Challenge: To increase HB sales by increasing Irish ice cream consumption

Answer: An IMC program for the HB brand,   focusing on "togetherness" theme:
  - New logo
  - TV sponsorships creating a "Love Weekend" over the Valentines' Day holiday
  - Newspaper ad tie-ins
  - On-street promotions

Results:

- 75% of 15–24 target age group became aware of new logo in the first two weeks of the program
- Similar campaigns are now being used across Europe

Discussion Starters:
1) What is your favorite brand of ice cream?
2) What are some of the brands you think of as "old fashioned"?
3) If one of these older competitors hit you with a cool, hip new campaign, would you consider trying it instead of your regular brand?

Lecture Outline

I. How Does Communication Work?
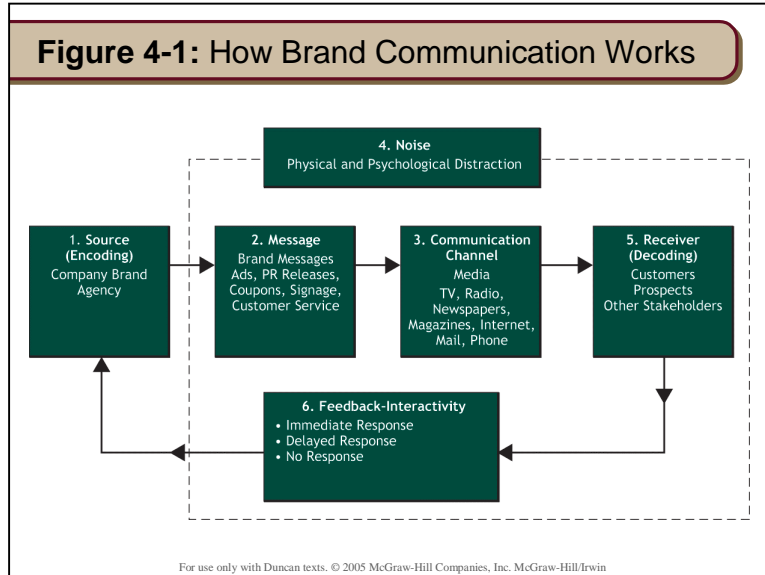
How Does Communication Work?

Communication:
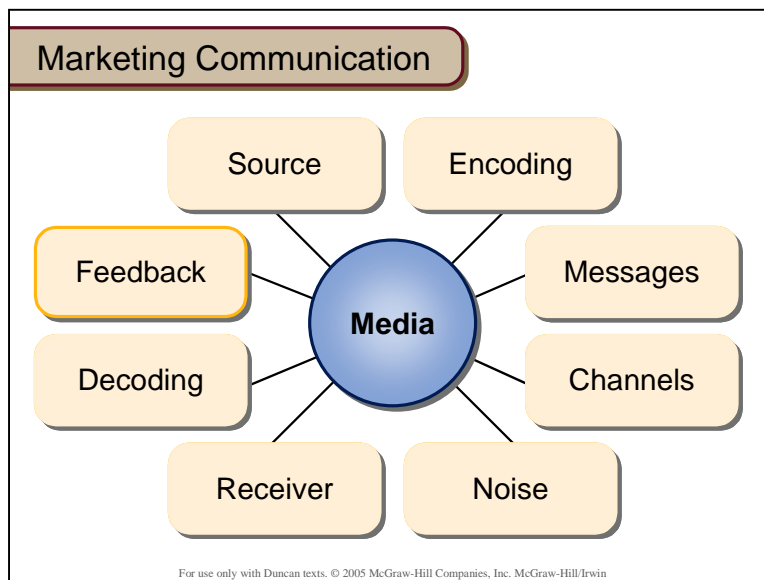*Creating and sending a message to an individual or organization*

For use only with Duncan texts. © 2005 McGraw-Hill Companies, Inc. McGraw-Hill/Irwin

A. Communication
   i. *Creating and sending a message to an individual or organization*
   ii. Communication model

Figure 4-1: How Brand Communication Works

4. Noise
Physical and Psychological Distraction

1. Source (Encoding)
Company Brand Agency

2. Message
Brand Messages
Ads, PR Releases, Coupons, Signage, Customer Service

3. Communication Channel
Media
TV, Radio, Newspapers, Magazines, Internet, Mail, Phone

5. Receiver (Decoding)
Customers
Prospects
Other Stakeholders

6. Feedback-Interactivity
• Immediate Response
• Delayed Response
• No Response

II. How Does Marketing Communication Work?

Marketing Communication

Source
Encoding
Feedback
Media
Messages
Decoding
Channels
Receiver
Noise

   i. Source
      1. Source is the marketer
         a. Key factor: is the source credible

   ii. Encoding
      1. Encoding usually performed by MC agencies

iii. Brand Messages
    1. Messages
        a. Any information or experience that impacts on how a brand is perceived

    2. Brand Messages (product)
        a. Make the brand look appealing

▷ **INSTRUCTOR IN-DEPTH INSIGHT: PRODUCT MESSAGES**

Insight: Products As Media

Product themselves—both goods and services—also perform as media because they carry brand messages. An example is a DVD of a Disney movie. The DVD is an entertainment product, but it is also a medium that carries the Disney brand name and says something about Disney.

Products themselves—both goods and services—also perform as media because they carry brand messages. The box of Tide you pick up at the store carries messages that help you form a judgment about the laundry powder inside. Another example are movies of Disney characters that are made by Disney and sold in its retail stores. The videotape is an entertainment product, but it is also a medium that carries the Disney brand name and says something about Disney. Products-as-media are important because they enable a brand and customer to interact.

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    3. Brand Messages (price)
        a. Should support the brand's image
            - Caution: don't make the brand appear "cheap"

    4. Brand Messages (distribution)
        a. Should also be consistent with the brand's image

- This is one reason some brands limit their distribution to certain stores—to be perceived as more exclusive

5. Brand Messages (promotion)
   a. Messages themselves send a signal to consumers
      - Caution: marketers have been helped—and hurt—by famous (and infamous) commercials

iv. Media Channels
   1. Traditional types
      a. TV, radio, newspapers, magazines, internet, mail, outdoor billboards

   2. Non-traditional
      a. Sports venues, placement in movies and TV shows
v. Noise
   1. MC takes place within environments with distractions
      a. Sometimes, distractions can be overwhelming
         - Some advertisers pulled their messages during the Iraq war
vi. Receiver
   1. The target audience
      a. Definition
         - The group that has significant potential to respond positively to a brand message
vii. Decoding
   1. The reverse of encoding
      a. Receivers attempt to interpret the intended message
         - Affected by receivers' field of experience
viii. Feedback
   1. Immediate
   2. Delayed
   3. No feedback

Tales From the Real World

When a brand message generates no feedback from consumers it is really providing some form of input.

In the real world, smart organizations don't believe in the "no news is good news" philosophy. They are proactive and immediately begin research with consumers to find out what they are thinking about brand messages—and why they are not responding.

When a brand message generates no feedback from consumers it really providing some form of input.

In the real world, smart organizations don't believe in the "no news is good news" philosophy. They are proactive and immediately begin research with consumers to find out what they thinking about brand messages—and why they are not responding.

III. <u>Brand-Customer Touchpoints</u>

Figure 4-3: Brand Touchpoints
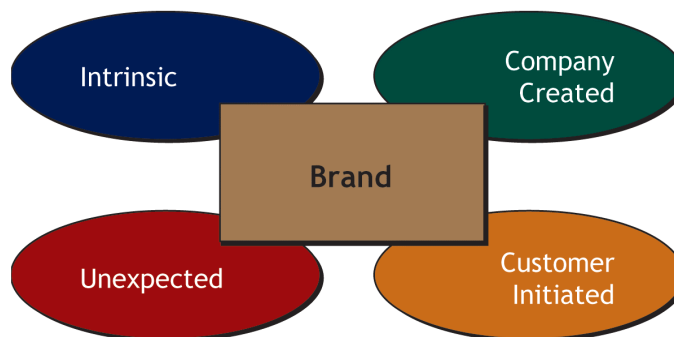
Intrinsic

Company Created

Brand

Unexpected

Customer Initiated

A. Touchpoints
   i. *Any situation in which a customer comes into contact with a brand or company*

▷ **INSTRUCTOR IN-DEPTH INSIGHT: FRIENDLY INTERFACES**

   Nicholas Negroponte, director of MIT's famed Media Lab, complains that most computer technicians focus on buttons, not users when it comes to make computers and software user friendly. He says that the human-computer " interface is not just about the look and feel of a computer. It is about the creation of personality, the design of intelligence, and building machines that can recognize human expression."
   The same idea should apply marketing. How easy is it for customers and other stakeholders to interact with a company? Is there a friendly interface? Negroponte recognizes that a computer interface is really about communication and that the best interface design is the one that comes closest to replicating the interaction between two people. Using this metaphor, marketing communication is the interface between customers and companies.

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   ii. 4 types

For use only with Duncan texts. © 2005 McGraw-Hill Companies, Inc. McGraw-Hill/Irwin
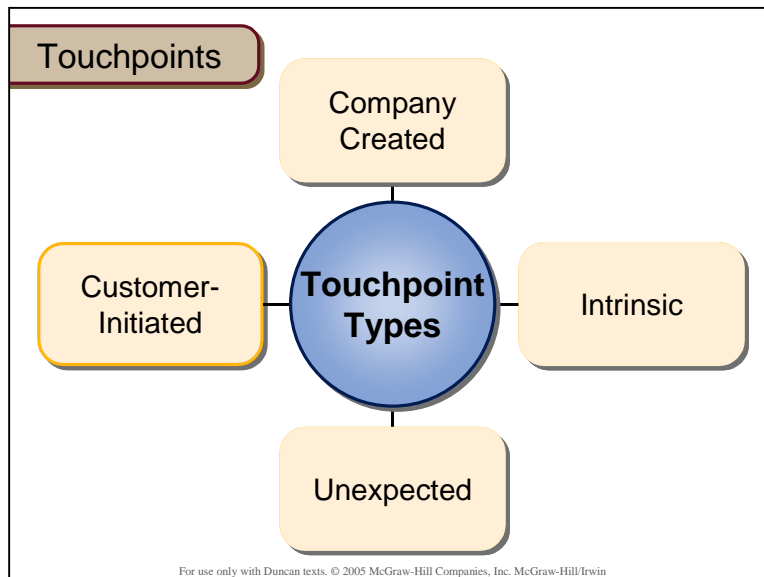
1. Company-created
   a. *Planned MC messages delivered by media*
      - Example: an ad placed by Lexus in *Time* magazine

IMC In Action: Volvo

IMC In Action: Volvo In Manila

Challenge: → Subtly sell the Volvo brand in Manila

Answer: → Create a new type of Volvo dealership:
• Coffee café
• Local bank
• Concerts and lectures
• Volvo cars and accessories

Results: → • Volvo cars selling well in the area
• The Volvo brand is now more appealing to a wider range of consumers

Challenge: To subtly sell the Volvo brand in Manila

Answer: Create a Volvo Conservatory with:
   » Coffee café
   » Local bank
   » Concerts and lectures

Results:
   – Volvo cars selling well in the area
   – Volvo brand is now more appealing to a wider range of consumers

2. Intrinsic
   a. *Interactions with a brand required during the process of buying and/or using that brand.*
      - Example: Company employee answering your call on a toll free reservation number

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▷ **INSTRUCTOR IN-DEPTH INSIGHT: MEASURING SERVICE QUALITY**

In an effort to better manage service quality, researchers have combined five service measures in a method nicknamed SERVQUAL. The five measures (sources of service messages) are tangibles, reliability, responsiveness, assurance, and empathy. The *tangibles* include the physical facilities that customers see and experience as well as the appearance of those providing the service. *Reliability* means consistency of performance. Does the company perform what it promises, and is this performance the same time after time? *Responsiveness* refers not only to how quickly a company responds but also to the quality of that response. *Assurance* is the ability of those performing the service to create within the customer a feeling of confidence and trust. *Empathy* means employees are perceived as feeling the customer's "pain."

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3. Unexpected
   a. Definition
      - Unanticipated references to the brand that are beyond the control or influence of the company
         - Example: negative word of mouth from a dissatisfied customer

> ▷ **INSTRUCTOR IN-DEPTH INSIGHT: CRISIS MANAGEMENT**

Another type of unexpected message is generated by company-related disasters. The crisis, disaster, or emergency is the most unwanted of unplanned messages, but crises are also a fact of life. Owners of fast-food restaurants closely follow stories about the shootings that occur periodically in public. The fact that millions of people each day walk into their stores means that their employees and customers are exposed to people with all sorts of problems. To minimize negative unplanned messages caused by news stories about shootings, fast-food chains have guidelines for district supervisors, store managers, and employees to follow when a crisis occurs.

One of the biggest corporate crises in recent years involved the automaker Ford and the tire manufacturer Firestone. Faulty Firestone tires were implicated in numerous crashes involving Ford's Explorer line of sport utility vehicles. Although not all companies face the same possibilities for having a crisis, every company should have a crisis management plan, a plan for handling the types of disasters that can be anticipated.
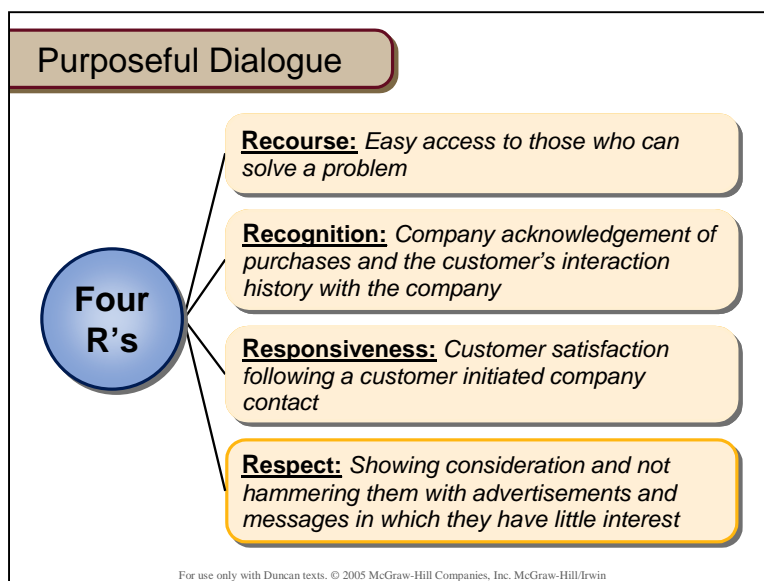
4. Customer-initiated
    a. *Whenever a customer (or prospect) contacts a company*
        - Example: A consumer tracks down a brand using an internet search engine—and contacts the company

iii. Interactive model of communication

iv. 4 Rs of Purposeful Dialogue

Purposeful Dialogue

Four R's

Recourse: *Easy access to those who can solve a problem*

Recognition: *Company acknowledgement of purchases and the customer's interaction history with the company*

Responsiveness: *Customer satisfaction following a customer initiated company contact*

Respect: *Showing consideration and not hammering them with advertisements and messages in which they have little interest*

1. Recourse
   - Easy access to those who can solve a problem
      a. Makes a promise to consumers

▷ **INSTRUCTOR IN-DEPTH INSIGHT: EASE-OF-SOLUTION**

Another critical aspect of recourse is ease-of-solution. A company's willingness to replace a product is negated if customers must fill out numerous forms, find receipts, send in the product at their own expense, and then wait weeks for a decision on the replacement. A manufacturer of telephones handles problems by having the customer mail the phone back to the company (at the customer's expense) and agree up front to a $35 service/handling charge. And customers learn of this policy only after they develop a problem. Think of the implied negative messages this policy sends: First of all, the product broke, so it did not meet performance expectations; second, there is no information on the product itself concerning what to do or where to send it, so customers must take the initiative to call the company; and finally, customers must go to a lot of trouble and expense to have the problem fixed.

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2. Recognition
   - Company acknowledgement of purchases and the customer's interaction history with the company

3. Responsiveness
   - Customer satisfaction following a customer initiated company contact

4. Respect
   - Showing consideration and not hammering them with ads and other messages in which they have little interest

IV. <u>Final Note</u>

A. Sticky Communication
  i. IMC encourages the creation of messages that involve consumers for a longer time…
  ii. …and that can be facilitated by new two-way communication technologies that foster a purposeful dialogue, including:
    1. Web site instant messaging and feedback
    2. 800 number interactions

Answers to Review Questions

1) The Basic Communication Model

a. List the key elements in a basic communication model and the order in which they occur.
   Answer: The key elements occur in the following order: First, a source, also called the sender, initiates the process. ext, the message is created, or encoded by the sender or one if its MC agencies. The next element is the message that is create, that can be a combination of words, pictures, actions, symbols, and events. The next element is the media through which the message is delivered. The next element is the receiver who sees, hears, or experiences the message. That person then engages in the decoding of the message, the sixth element of the process. Based on the decoding, the receiver will react to the message through some sort of feedback. The final element is noise, which consists of interferences or distractions that can negatively affect a message, its transmission and reception.

b. What is the difference between encoding and decoding?
   Answer: Encoding is the action of putting the desired message into a form that

consumers can understand, such as through a TV commercial or a magazine ad. It is usually performed by an MC agency on behalf of their client. Decoding, on the other hand, is the activity engaged in by consumers who see the message and attempt to translate what it means given their own life experiences.

c. Using the communication-based model of marketing, analyze the opening case and explain how the various elements in the case fit into the model.

Answer: There could be variety of different answers to this question, but here's one version: HB is the source, or sender. Their intention was to increase ice cream consumption by appealing to consumers' emotions. McCann-Erickson Dublin was the MC agency that HB hired to create, or encode, the message, which turned out to be the theme of "natural togetherness." The media chosen to convey the message combined three elements--a TV spot, a local media launch event, and on-the-street promotional activity--so that consumers were involved with a 360-degree communication program for the new brand identity. Members of HB's target audience were the receivers of the message, and studies indicated that 75% of them correctly decoded the message because they provided feedback to researchers that they were aware of HB's new identity. Evidence of noise also exists: in the 25% of the target audience who were not aware of the campaign. For some reason, they did not see the message or were distracted in some way from fully understanding it.

2) Everything Sends a Message

a. Explain the statement: "Everything a company does, and sometimes what it doesn't do, can send a power brand message."

Answer: Using the 4Ps of marketing as a basis, it's easy to understand that even one poorly executed element of the marketing mix has the potential to weaken the others. And it could happen from any aspect. For example, an excellent product, selling at the right price, and promoted very effectively could still fail if brand does not gain adequate distribution in retail establishments that aren't a good fit with its image.

b. How do product, price, and place brand messages differ? Identify your favorite brand and give an example of how each type of message impacts on your perception of that brand.

Answer: Each of these elements represents a part of the overall brand marketing mix. Even though a package, the price, or the distribution of a brand do not fit our normal idea of an "ad" for the brand, they all communicate something.

Answers to the second part of the question will vary widely. One good idea is ask students to identify their favorite brand and discuss how each of the 4Ps communicates something. For example, Gateway, a brand popular on many college campuses communicates the following: its physical product and packaging, as well as much of its promotion say "cow;" its pricing says "affordable,"and its distribution says "online and Country Stores."

c. Develop a list of products for which your perception of value is the most important decision factor in whether or not you buy them. Now create a list of products you buy based on price and another based on perceived quality. What are the differences among the three lists? What do these lists say about your personality and values?

Answer: This is a good question to get students to think about the differences between the three concepts. In this case, it might be more manageable to have the entire class generate a list of 10-15 product types that can be written on the board. Then, it might be useful to form small groups and ask the groups to discuss forming lists of 5 products in each category. Then ask the groups to list their ratings on the board and discuss differences between each group's responses.

d. How are messages delivered in an IMC program?

Answer: Media are the channels for delivering IMC program messages. most messages are carried by TV, radio, newspapers, magazines, internet, mail, and outdoor boards. Many of these types of media can be used to reach not only mass audiences, but smaller specialized markets.

e. Give an example of a non-traditional media opportunity that you have experienced. Was it effective in commanding your attention?

Answer: Answers will vary widely, but that is the benefit of asking students to each voice their own example. It will demonstrate the wide breadth of non-traditional media that are used by marketers. One non-traditional device that is used to communicate events on many college campuses is writing messages in chalk on heavily-traveled sidewalks between classroom buildings.

f. Find an advertisement in one of the magazines you read that you find confusing. Explain why this ad gave your problems decoding its meaning.

Answer: This is a good way to illustrate several of the communication model concepts. For example, some ads may be confusing to students because they are not in the target for the brand (i.e. they are not the intended receivers). Others may be in the target, but find the ad confusing because the sender encoded it poorly. And others may be distracted from the intended message by an adjoining ad—an example of noise.

g. Explain how perception works. What does it mean to say that perception is reality?

Answer: Perception is what consumers believe about your brand. Since many of these beliefs are the result of communication, it is critical to create messages that consumers will perceive in a positive light. That positive feeling will help foster a positive perception of the overall brand.

Perceptions often are reality for brands because consumers purchase products based on these beliefs. If brand perceptions are weak, consumer demand is also likely to be weak.

h. What role does purposeful dialogue have in building a brand? What brand-customer touchpoints offer the greatest opportunity to have purposeful dialogue.

Answer: Purposeful dialogue can be instrumental in building a brand because it fosters communication that is mutually beneficial for the customer and the company. Over time, such a dialogue builds trust and respect on both sides.

The answer to the second part of the question can vary by each customer. Some customers prefer receiving brand information by mail, others electronically; some wish to meet with sales representatives only on certain days. However, unless a marketer asks for this information and makes it available to everyone in the company who has contact with these customers, they will not perceive brand messages as being respectful of their time.

i. Does interactivity strengthen or weaken a brand relationship? Explain.
    Answer: *Interactivity strengthens any relationship, not just one between a brand and its customers. The key reason is that humans appreciate <u>talking with</u> each other and not being <u>talked to</u> exclusively. By communicating interactively, in a two-way communication dialogue that sends and receives messages from customers (and other stakeholders), companies have a greater opportunity to develop long-term, profitable relationships.*

3) Touch Points

a. Define the term brand-customer touch point and explain the difference between the four types. Analyze the HB Ice Cream case for examples of touch points. If one or more is not discussed explicitly in the case, then recommend a way to introduce that element into the next year's campaign
    Answer: *Any situation in which a customer comes into contact with a brand or company is a brand-customer touch point. The touch point concept suggests that there are many kinds of brand messages besides those delivered solely with the media commonly associated with promotion.*

In the HB ice cream case, for example, only the company-created touchpoints of advertising fit the typical mold because it relied on planned MC messages delivered by media. On the other hand, the case illustrates how other types of touch points are critical. Specifically, the new HB logo, featured on packaging and signage, would be an example of an intrinsic touch point because it would be part of interactions with the brand required during the process of buying and/or using that brand. Likewise, word of mouth about the "Love Weekend" would be an example of an unexpected touchpoint because it could come from people who aren't affiliated with a brand and have nothing to gain or lose from its success or failure. And finally, an example of a customer-initiated touch point would be the family holiday contest that provided the opportunity for consumers to contact HB to enroll.

b. Working in a small group, develop a list of touch points for your college or university that a potential student might encounter. Analyze the messages delivered at those points, and prioritize them in terms of their importance to prospective students.

*Answer: This should be very relevant to students. One helpful way to approach the task
would be to assign different types of touchpoints for each group to focus upon.
Specifically, assign one or two groups to each of the following: company-
created; intrinsic; unexpected; and customer-initiated.*

c. Explain what happened when you or a friend called a company to complain about a product.
Did the company make use of this touch point to get additional feedback from you?
*Answer: Again, answers will vary widely. One helpful way of quantifying responses would
be to ask students to name their brand, discuss their experience, and rate it on a
1-10 scale. Results could then be written on the board to provide insights into
how different brands perform on this measure.*

Chapter Challenge

Writing Assignment
You have been asked to advise a club on how to manage its communication program.
Develop for the club its own communication model and explain how the model can help the
club identify its communication problems and develop better communication programs and
activities.

Presentation Assignment
For a small retail business, develop a presentation that shows how understanding the
communication model can help the retailer develop better communication with customers
and prospects. Develop an outline of the key points you want to present. Give the
presentation to your class or record it on a videotape (audiotape is also an option) to turn in to
your instructor, along with the outline.

Internet Assignment
Have you ever had a bad experience traveling by air? Or a good experience? Did you make
an effort to complain to or compliment the company? There are a number of websites that
handle complaints on behalf of travelers for a fee, particularly the complaints that can result
in ticket refunds. The Department of Transportation has set up an electronic in-basket for
complaints about two particular topics, airline pricing and overbooking (go to
www.oig.dot.gov). The Better Business Bureau of New York also compiles complaints from
its site (www.newyork.bbb.org) and relays them to the Department of Transportation. Travel
agency OneTravel.com has set up a website (www.1travel.com) with complaint channels and
consumer-affairs materials. Consult two of these websites and compile their advice and your
own ideas on how to write both a complaint letter and a compliment letter.

Research Assignment
The Dawar and Parker book notes that a lot of marketing communication messages, as well as other marketing mix decisions, are really designed to be signals to customers. Consult the articles and books listed above, and others you find on the concept of marketing signals and how they work. Find a brand for which you can compare advertising as a signal of the product's quality to other signals such as the price of the product and the place where it is distributed. What are their relative effects as quality signals? Do the signals send conflicting messages? Which signals seem to have the most impact? Write up the results of your analysis in a short paper for your instructor.

IMC Plan Team Assignment
At this stage in their semester-long project, it would be helpful to reflect on the material from the chapter and conduct an audit of their client's existing company-customer touchpoints. This audit will encourage more in-depth analysis of the client's business and elicit some very helpful implications for recommendations in the final plan.

IMC Final Project Checklist #4

Due Date:_____

☐ **Your Agency Name:**

☐ **Company-Customer Touchpoint Audit**

a) List at least 4 specific examples for each section
b) Rate each specific example on a 1-10 scale (10 = Superior)
c) Provide rationale for your rating and suggest its implication for your plan
  (i.e. "The 800 help line rates a 2 for poor because it does not currently operate on weekends; plans must be made to staff it during this critical time when many consumers find it convenient to call for brand information")

~ **Company-created** *(i.e. planned MC messages delivered by media including ads, brochures, and websites)*

~ **Intrinsic** *(i.e. interactions with a brand required during the process of buying and/or using that brand.*

~ **Unexpected** *(i.e. unanticipated references that are beyond the control of the company, including current word-of-mouth about the client)*

~ **Customer-initiated** *(i.e. whenever a customer (or prospect) contacts a company)*