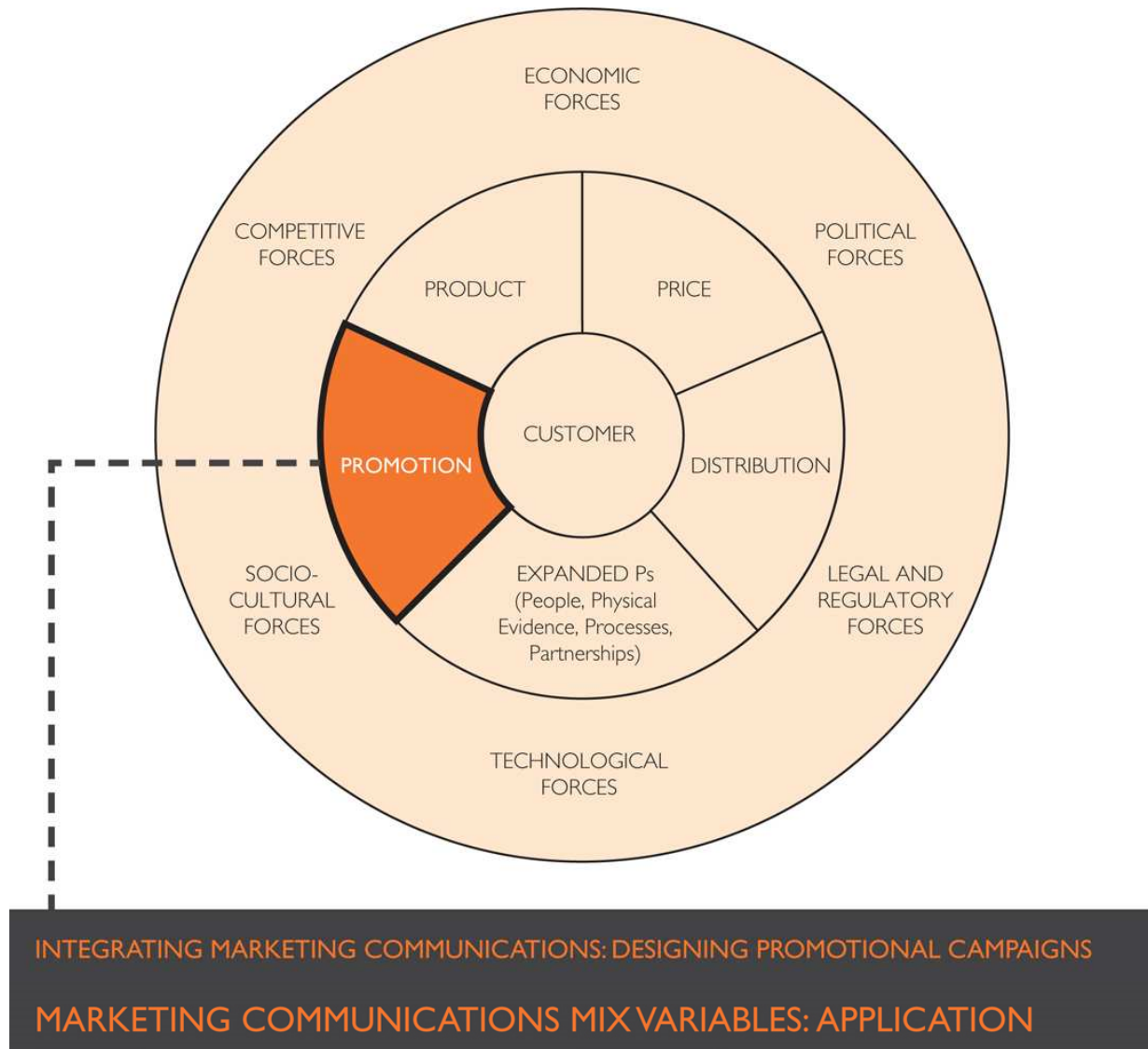




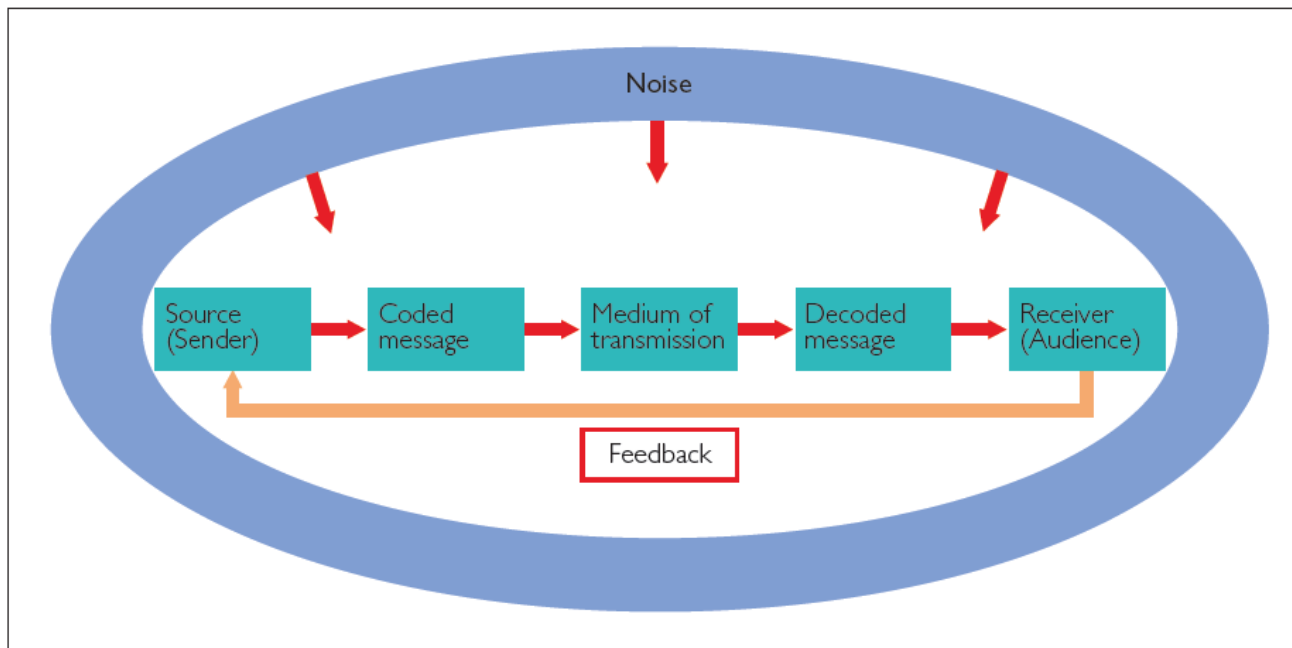
Learning Objectives:

- Explain the general communication process
- Understanding the concept of Integrated Marketing Communications (IMC)
- Understand the factors involved in setting an IMC program
- Discuss and understand the characteristics of the IMC tools



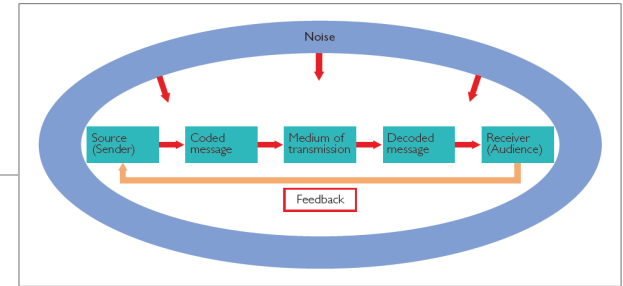
What is Promotion?

- **Promotion** – *Communication* to build and maintain relationships by informing and persuading one or more audiences



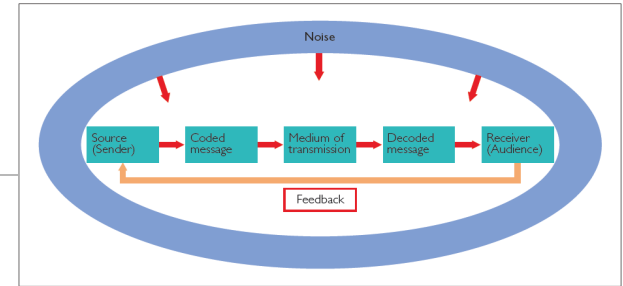
(Figure 12.2, Pride 2e, p. 416)

Communication Process



- **Communication** – A sharing of meaning: the transmission of information
- **Source/sender** – A person, group or organisation with a meaning it tries to share
- **Encoding process** – Converting meaning into a series of signs or symbols that are meaningful to the intended receiver
- **Communications channel** – The medium of transmission that carries the encoded message from the source to the receiver or audience
- **Channel capacity** – The limit on the volume of information a communication channel can handle effectively

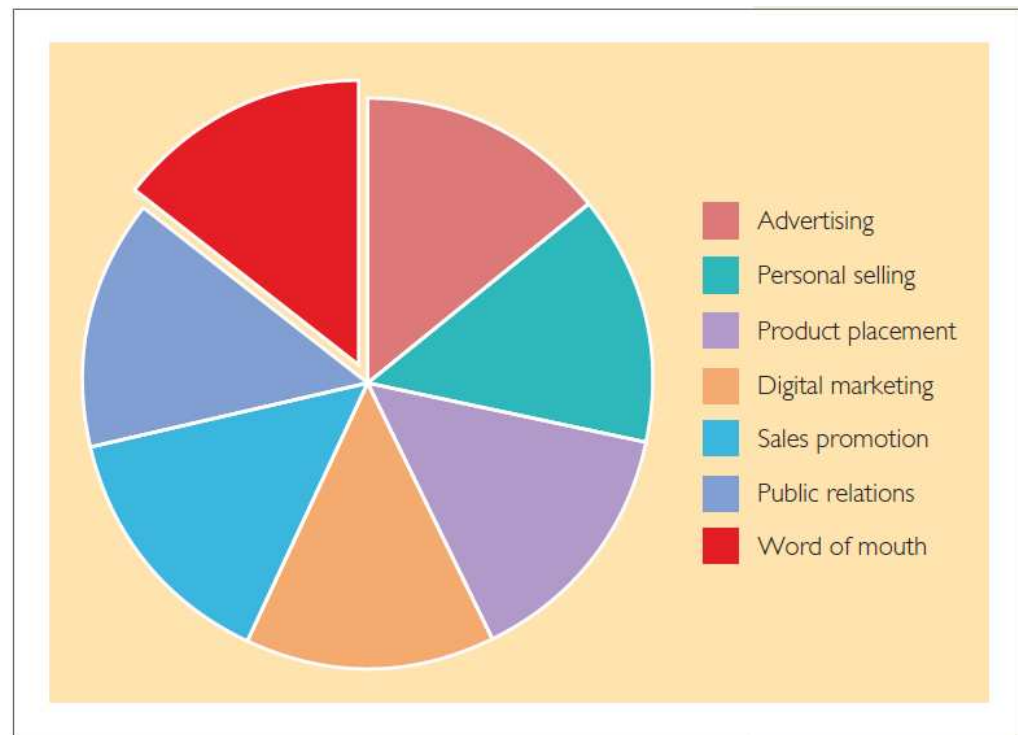
Communication Process



- **Decoding process** – Converting signs or symbols into concepts and ideas
- **Receiver** – The individual, group or organisation that decodes a coded message
- **Noise** – Anything that reduces a communication's clarity and accuracy
- **Feedback** – The receiver's response to a message

The Marketing Communications Mix

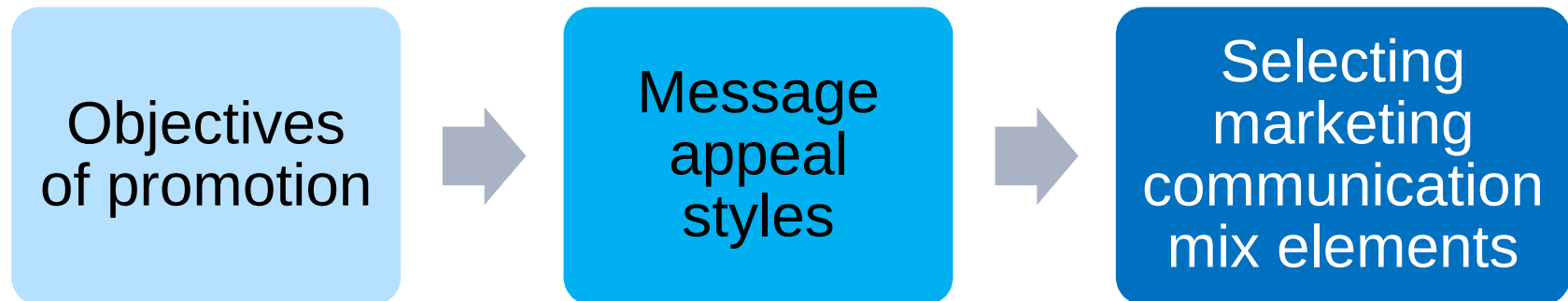
- A combination of marketing communication methods used to promote a specific product
 - Advertising
 - Personal selling
 - Product placement
 - Digital marketing
 - Sales promotion
 - Public relations
 - also
 - Word-of-mouth



(Figure 13.1, Pride 2e, p. 453)

Integrated Marketing Communications (IMC)

- **IMC** – The coordination of promotional efforts for maximum informational and persuasive impact on customers
- Factors Involved in Setting an IMC Program





Objectives of Promotion

➤ To inform

- Create awareness
- Identify prospects

➤ To persuade

- Stimulate demand
- Encourage product trial
- Reduce sales fluctuations

➤ To remind

- Retain loyal customers
- Combat competitive promotional efforts



Message Appeal Styles

➤ Rational appeal

- Promotes factual information

➤ Emotional appeal

- Stir emotions such as humour, fear, warmth, irritation and sexual arousal

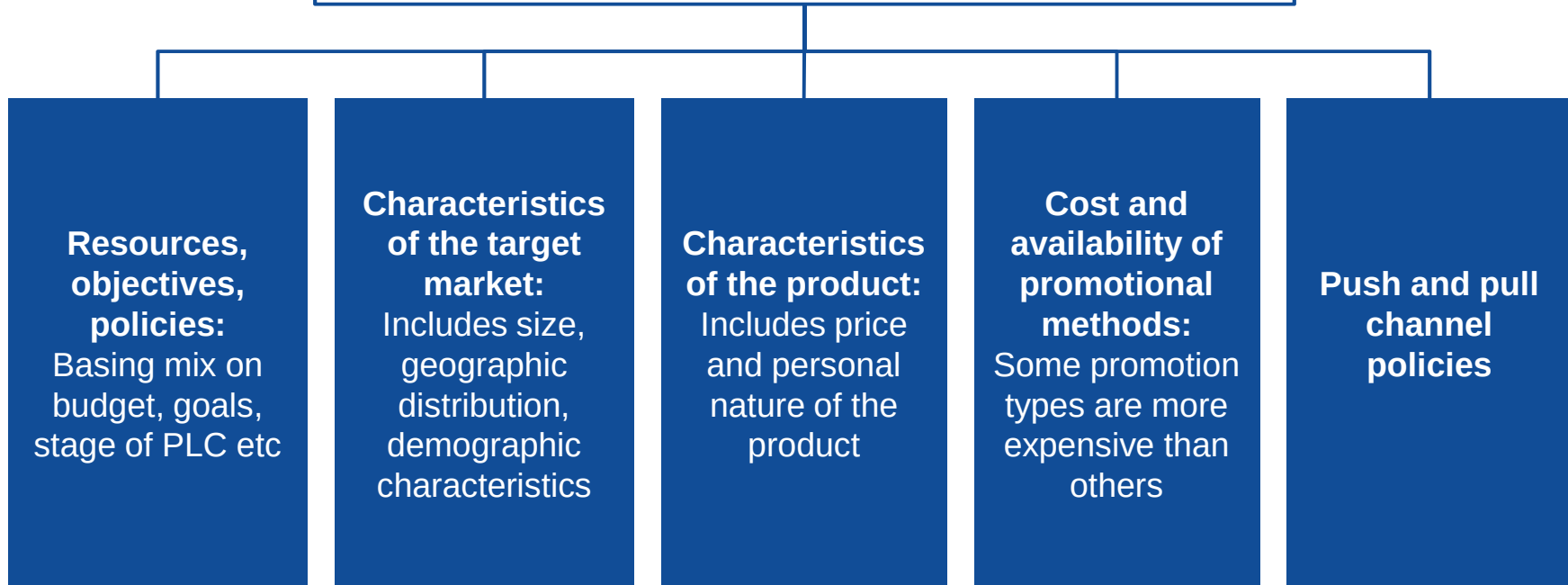
➤ Moral appeal

- Relies on our sense of 'what is right or wrong'



Selecting Elements for the Marketing Communications Mix

Factors and conditions affecting the selection of elements that an organisation uses for a specific marketing communication mix





Product Life Cycle and Promotion Strategy

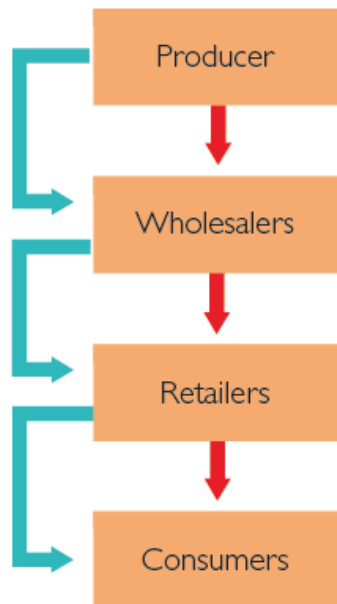
PLC stage	Introduction	Growth	Maturity	Decline
Key challenges	Customers are unaware of the new product type. You have to bear the cost of 'educating' them as no substitute products available yet	Competitors/ substitute product emerging. Aim for loyal clientele	Many competitors results in cuts in profit margins	Number of competitors reducing but as volume of sales reduces the related costs increase
Promotional strategy	Aim at the needs of early adopters	Make the mass market aware of the brand benefits	Use promotion as a vehicle for differentiation among otherwise similar brands	Emphasise low price to reduce stock
Promotional emphasis	High, to generate awareness and interest among early adopters and persuade dealers to stock the brand	Moderate, to let sales rise on the sheer momentum of word-of-mouth recommendations	Moderate, since most buyers are aware of brand characteristics	Minimum expenditures required to phase out the product
Consumer sales and promotion expenditures	Heavy, to entice target groups with samples, coupons, and other inducements to try the brand	Moderate, to create brand preference (advertising is better suited to do this job)	Heavy, to encourage brand switching, hoping to convert some buyers into loyal users	Minimal, to let the brand coast by itself

Source: Pride, W and Ferrell, OC, *Foundations of Marketing*, 4th Edition, 2010, Cengage Learning; Dhalla, NK and Yuspeh, S, 1976, 'Forget the product life cycle concept', *Harvard Business Review*, January–February, p. 104.



Push and Pull Channel Policies

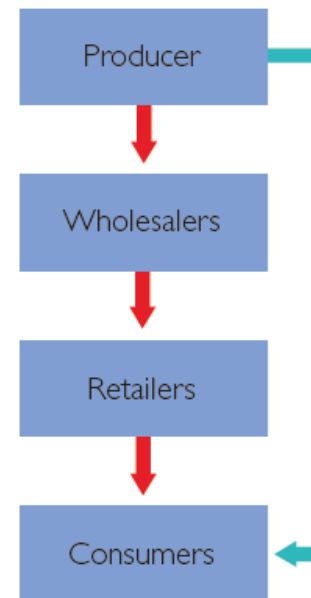
Push policy – promoting a product only to the next institution down the marketing channel



↓ Flow of
products

↓ Flow of
communications

Pull policy – promoting a product directly to consumers to develop strong consumer demand that pulls products through the marketing channel



Marketing Communication Tools

Marketing communications mix variables	Short definition
Advertising	Paid non-personal communication about an organisation and its products transmitted to a target audience through mass media
Personal selling	Paid for personal presentations aiming to inform and/or persuade the customers
Public relations (PR)	Communication efforts used to create and maintain favourable relations between an organisation and its stakeholders
Sales promotion (SP)	An activity and/or material meant to induce resellers or salespeople to sell a product or consumers to buy it
Product placement	The strategic location of products or product promotions within entertainment content (such as movies) to reach the product's target market
Digital marketing	Marketing communications mix elements that rely on digital technology, e.g. mobile coupons or banner advertisements.
Word-of-mouth communication (WOM)	Personal, informal exchanges of information that customers share with one another about products, brands and companies

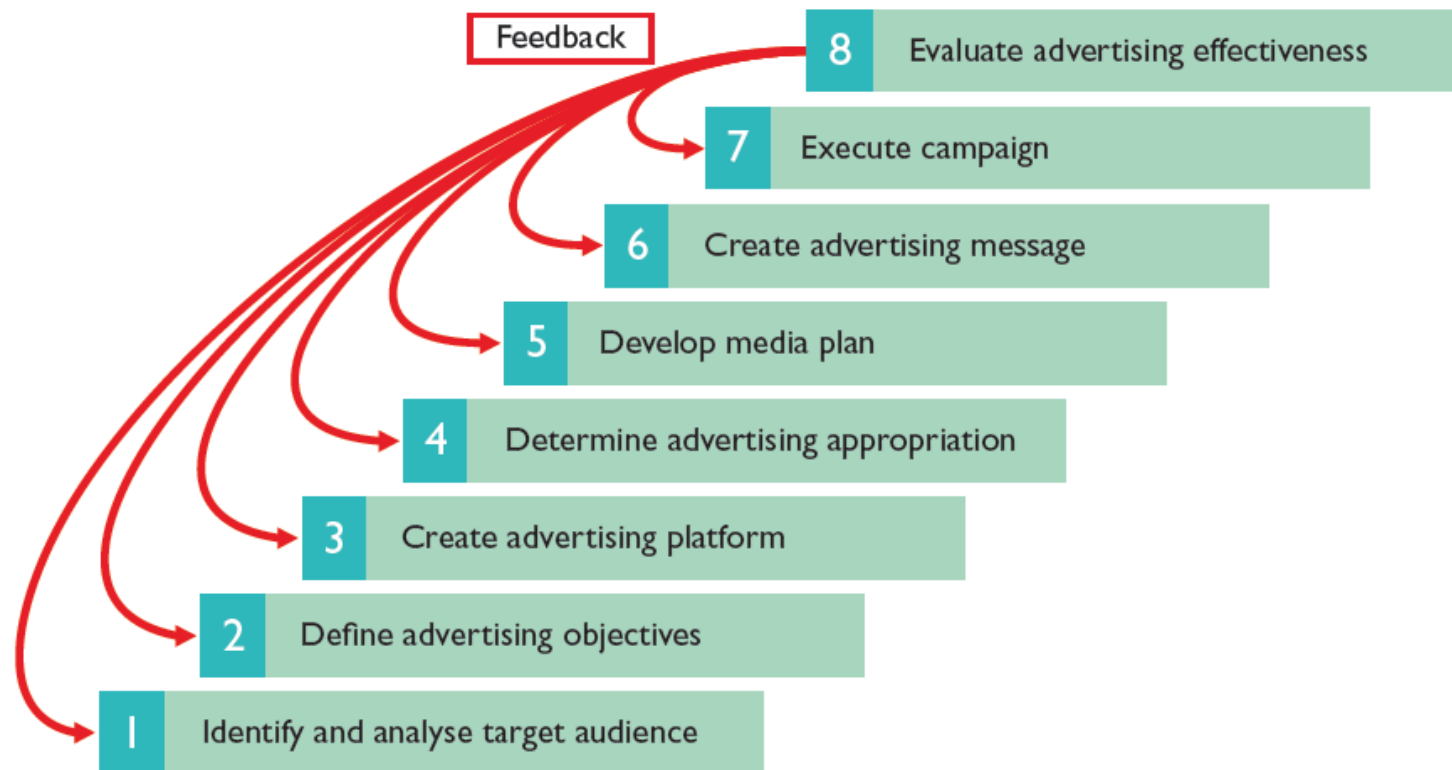
(Table 12.2, Pride 2e, p. 427)

Advertising

- **Advertising** – Paid non-personal communication about an organisation and its products transmitted to a target audience through mass media
 - TV
 - Radio
 - Internet
 - Newspapers
 - Magazines
 - Direct mail
 - Outdoor displays
 - Signs on vehicles

Developing an Advertising Campaign

- **Advertising campaign** – A series of ads in various advertising media reaching a particular target audience



(Figure 13.2, Pride 2e, p. 454)

Developing the Media Plan

Medium	Advantages	Disadvantages
Newspapers	Reaches large audience; purchased to be read; geographic flexibility; short lead time; frequent publication; favourable for cooperative advertising, merchandising services.	Not selective for socioeconomic groups or target market; short life; limited reproduction capabilities; large advertising volume limits exposure to any single advertisement.
Magazines	Demographic selectivity; good reproduction; long life; prestige; geographic selectivity when regional issues are available; read in leisurely manner.	High costs; 30- to 90-day average lead time; high level of competition; limited reach; communicates less frequently.
Direct mail	Little wasted circulation; highly selective; circulation controlled by advertiser; few distractions; personal; stimulates actions; use of novelty; relatively easy to measure performance; hidden from competitors.	Very expensive; lacks editorial content to attract readers; often thrown away unread as junk mail; criticised as invasion of privacy; consumers must choose to read the ad.
Radio	Reaches 95 per cent of consumers; highly mobile and flexible; very low relative costs; ad can be changed quickly; high level of geographic and demographic selectivity; encourages use of imagination.	Lacks visual imagery; short life of message; listeners' attention limited because of other activities; market fragmentation; difficult buying procedures; limited media and audience research.



Developing the Media Plan



Medium	Advantages	Disadvantages
Television	Reaches large audiences; high frequency available; dual impact of audio and video; highly visible; high prestige; geographic and demographic selectivity; difficult to ignore. Digital TV offers greater flexibility and allows for better targeting.	Very expensive; highly perishable message; size of audience not guaranteed; amount of prime time limited; lack of selectivity in target market.
Internet	Immediate response; potential to reach a precisely targeted audience; ability to track customers and build databases; highly interactive medium.	Costs of precise targeting are high; inappropriate ad placement; effects difficult to measure; concerns about security and privacy.
Yellow Pages	Wide availability; action and product category oriented; low relative costs; ad frequency and longevity; non-intrusive.	Market fragmentation; extremely localised; slow updating; lack of creativity; long lead times; requires large space to be noticed.
Outdoor	Allows for frequent repetition; low cost; message can be placed close to point of sale; geographic selectivity; operable 24 hours a day; high creativity and effectiveness.	Message must be short and simple; no demographic selectivity; seldom attracts readers' full attention; criticised as traffic hazard and blight on countryside; much wasted coverage; limited capabilities.

Sources: William F. Arens, *Contemporary Advertising* (Burr Ridge, IL: Irwin/McGraw-Hill, 2011); George E. Belch and Michael Belch, *Advertising and Promotion* (Burr Ridge, IL: Irwin/McGraw-Hill, 2011).

(Table 13.2, Pride 2e, p. 458)

Evaluating Advertising Effectiveness

- Pretest – Evaluation of ads performed before a campaign begins
- Consumer panel – A panel of a product's actual or potential buyers who pretest ads
- Post-test – Evaluation of advertising effectiveness after the campaign
 - Recognition test – A post-test in which respondents are shown the actual advertisement and asked whether they recognise it
 - Unaided recall test – A post-test in which respondents identify advertisements they have recently seen but are given no recall clues to help them remember

Types of Advertising We Should Be Aware of

COMPARATIVE ADVERTISING

Compares a sponsored brand with one or more identified brands on the basis of one or more product characteristics

REMINDER ADVERTISING

Reminds consumers about an established brand's uses, characteristics and benefits

Product Placement

- **Product placement** – Strategic location of products within TV programs or other entertainment media content to reach the product's target market
 - Subtle and powerful communication
 - Easy to use, and effective, as audiences are already pre-segmented by their choice of viewing
 - Can add realism to programs, and can be misleading – but still big business!
 - Falls outside the traditional consumer protection laws and professional codes of conduct

Public Relations(PR)

- **Public relations** – Communication efforts used to create and maintain favourable relations between an organisation and its stakeholders
 - Mainly aim to enhance the image of the total organisation or to maintain positive public perceptions
- Because of the benefits of good PR, it is essential that organisations evaluate the effectiveness of their PR campaigns
- Marketers should have policies and procedures in place to manage unpleasant situations and negative events
 - However, PR should not be viewed as tools to be used only during crisis

Publicity-Based PR Tools

- **Publicity** – Communication in a news story form about the organisation, its products, or both, and transmitted through a mass medium at no charge

NEWS RELEASE

A short piece of copy publicising an event or a product

PRESS CONFERENCE

A meeting used to announce major news events to the media

FEATURE ARTICLE

A manuscript of up to 3000 words prepared for a specific publication

CAPTIONED PHOTOGRAPH

A photo with a brief description of its contents

Sponsorship

- **Event sponsorship** – when an organisation contributes financially to a special event to gain positive publicity
- Common types of sponsorship
 - Social sponsorship – to influence customer perceptions of their socially responsible/ethical merits or to improve their image
 - Arts sponsorship
 - Sport sponsorship
- Typical objectives for sponsorship: enhancing the brand image and customers' perception of the brand

Personal Selling

- **Personal selling** – Paid personal communication that attempts to inform customers and persuade them to purchase products in an exchange situation
 - Most precise focus on sales prospects and interpersonal communication is most effective
 - Often the closest relationship with customers
 - Provides greatest freedom to adjust message
 - Usually most expensive element in the promotion mix
 - Feedback from salespeople can improve the marketing mix

Sales Promotion

- **Sales promotion** – An activity and/or material meant to induce resellers or salespeople to sell a product, or get consumers to buy it
- A direct inducement that offers extra value or incentive to the sales force, business market or end consumer, with the primary objective of creating an immediate sale.
- If properly designed, sales promotion can build short-term excitement and long-term consumer relationships.

Sales Promotion Methods

Consumer sales promotion methods

- Coupons and cents-off offers
- Refunds and rebates
- Frequent-user incentives
- Point-of-purchase materials and demonstrations (signs, display racks)
- Free samples and premiums
- Consumer games, contests and sweepstakes

Trade sales promotion methods

- Trade allowance
- Cooperative advertising and dealer listing
- Free merchandise and gifts
- Premium (push) money
- Sales contests

Word-of-Mouth (WOM) Communication

- **Word-of-mouth communication** – Personal, informal exchanges of information that customers share with one another about products, brands and companies
- Strictly speaking, WOM is not part of an organisation's marketing communication mix since the message is not fully controlled by the organisation
- Increasingly customers are going online to share opinions about goods, services and companies
- Not effective in all product categories



Summary:

- Promotion is the communication to build and maintain relationships by informing and persuading one or more audiences. Marketers should understand how different stages in the communication process can guide the design of promotional campaign
- Integrated Marketing Communications (IMC) is the coordination of promotion and other marketing efforts to ensure maximum informational and persuasive impact on customers
- Marketers need to understand the factors involved in setting an IMC program
- Marketers need to appreciate the power of each of the marketing communication tools as well as how to use each of them. The tools include advertising, product placement, public relations, sponsorship, personal selling and sales promotion