Learning Objective 01
Integrated Marketing Communications

Marketing Communications
Messages that deal with buyer–seller relationships

Promotions - Communications Mix between buyers and sellers. Function of informing, persuading and influencing a consumer’s purchase decision

THE COMMUNICATIONS PROCESS

Sender
Encoding By Sender
Tools/Channel
Decoding By Receiver
Receiver

Feedback
Noise

Target Audience

Learning Objective 02
Objectives of Promotion

1. Provide Information
Remains a fundamental objective of promotions. Marketers use both print and non-print mediums for this purpose

2. Stabilize Sales
Sales fluctuate due to cyclical, seasonal or due to irregular demand. One of the objectives of promotions is to stabilize these variations

3. Accentuate the Products Value
Can explain the greater ownership utility of a product to buyers, thereby accentuating its value and justifying a higher price in the marketplace. The promotional message must build brand image and equity at the same time to deliver a call to action

4. Increase Demand
Sales promotions are directed towards increasing primary demand (desire for a general product category) for a product. Promotions are also directed at increasing selective demand (desire for a specific brand within a product category)

5. Differentiate the Product
When consumers regard a firm’s products as different in some way from those of competitors. When a differentiated demand is created it provides more flexibility in marketing strategy in changing prices

Integrated Marketing Communications (IMC) – coordination of all promotional activities to produce a unified, customer focused promotional message

Attention – The promotional message should get the potential customers attention

Interest – It should seek to arouse interest in the good or service

Desire – Convince the buyer of the product’s ability to satisfy his or her needs

Action – the promotional activities should attempt to produce action in the form of purchase or more favorable attitude leading to future purchases

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Learning Objective 03
Elements of the Promotional Mix

Promotional Mix – Subset of the marketing mix in which marketers attempt to achieve the optimum blending of the elements of personal and non-personal selling to achieve promotional objectives.

Non Personal Tools are promotion that includes advertising, product placement, sales promotions, direct marketing, guerrilla marketing and public relations – all conducted without being face to face with the buyer.

Personal Selling Tools

Personal Selling
- Is the oldest form of promotions tracing back to the beginning of trading and commerce
- Personal selling refers to interpersonal influence process involving a seller’s promotional presentation conducted on a person to person basis with the buyer
- It is a direct form of promotion that may be conducted face to face, over the phone, through video conferencing or through interactive computer links
- Careers in personal sales may include estate, insurance, financial investment or selling various products

Advertising
- Paid non personal communication through various media about a business, not for profit organization, product or idea by sponsor identified in a message that is intended to inform, persuade or remind members of a particular audience
- Works well when needed to communicate with mass consumption base and geographically dispersed markets

Product Placement
- Form of promotion in which a marketer pays a motion picture or television program owner a fee to display a product prominently in the film or show
- Some firms have moved to next generation of product placements in video games, twitter etc.

Sales Promotions
- Marketing activities other than personal selling, advertising, guerrilla marketing and public relations that stimulate consumer purchasing and dealer effectiveness
- Includes displays, trade shows, coupons, contests, samples, premiums, product demonstrations. These are expected to provide a short term incentives
- Trade promotions are promotions that appeals to marketing intermediaries

Public Relations and Publicity
- Firm’s communication and relationship with its various publics
- Publics include customers, suppliers, stockholders, employees, general public etc.
- Publicity is a part of public relations which is non-paid for communication about the company or product, generally in some media form

Direct Marketing
- Use of direct communication to a consumer or business recipient designed to generate a response in the form of an order, a request for further information or visit a place of business to purchase specific goods or services
- Includes direct mail, telemarketing, direct response advertising, electronic media etc.

Non Personal Selling Tools

Non Personal Tools
- Are promotion that includes advertising, product placement, sales promotions, direct marketing, guerrilla marketing and public relations – all conducted without being face to face with the buyer.

See table 13.2 in page 406 for advantages and disadvantages of the above promotional mix elements.
Factors Influencing the Effectiveness of the Promotions Mix

- **Nature of the Market** – the target audience has a major impact on the choice of a promotional method and the choice of promotional mix tools
- **Nature of the Product** – staple goods, shopping goods vs. specialty goods require different forms of promotional methods to reach out towards its target audience due to the nature of its applications and usage
- **Stage in the Product Life Cycle** – The stage in the PLC will require different forms of promotional techniques to support the delineation of the product to the market
- **Price** – High prices often project an image of quality and promotions should also conform to this. Similarly low priced products may require mass advertising initiatives
- **Funds Available for Promotions** – The promotions budget will determine the types of promotional activities that could be initiated and its intensity
- **See table 13.3 for a summary of the above across personal and non-personal tools**

**Budgeting for Promotions Strategy**

- **Percentage of Sales Method** – method of promotional budgeting in which a dollar amount is based on a percentage of past or projected sales
- **Fixed Sum Per Unit Method** – method of promotional budgeting in which a pre-determined amount is allocated to each sales or production unit
- **Meeting Competition** – method of promotional budgeting that simply matches competitor’s outlays
- **Task Objective Method** – Development of a promotional budget based on evaluation of the firm’s promotional objectives. The communication goals needs to be first established. Having done that the amount and type of promotional activities required needs to be set to achieve those activities

**Learning Objectives 05/06**

**Developing an Optimal Promotions Mix and Promotions Budgeting**

**Pulling and Pushing Promotional Strategies**

- **Promotional effort by the seller directed to members of the marketing channel. The intention is for the marketing channel to stock up and eventually promote the products to the final customers, pushing stocks through the channel. Personal selling efforts and trade promotions are effective promotional tools for this purpose**
- **Promotional effort by the seller to stimulate final user demand, which then exerts pressure on the distribution channel. Marketers attempt to stimulate demand with the use of impersonal selling tools such as advertising, direct marketing, public relations, consumer promotions, product placements. When customers pull stock from the channel, they in turn will place orders with the marketer to fill their shelves**

**Measuring the Effectiveness of Promotion**

- **Direct Sales Results Test**: Method for measuring promotional effectiveness based on the specific impact on sales revenues for each dollar of promotional spending
- **Indirect Evaluation**: Method for measuring promotional effectiveness by concentrating on quantifiable indicators of effectiveness such as recall and readership

**Measuring Online Promotions**

- **Cost Per Impression** – measurement technique that relates the cost of an ad to every thousand people who view it
- **Cost per Response (Click throughs)** – Direct marketing technique that relates the cost of an ad to the number of people who click it
- **Conversion Rate** – The percentage of visitors to a website who make a purchase

**Value of Marketing Communications**

- **Social Importance** – Helps promote consumer choice; achieve social objectives through campaigns, preforms informative and an educational task
- **Business Importance** – encourage attitude changes, brand loyalty that results in business results. Helps sustain short term and long terms business success
- **Economic Importance** – provides employment opportunities for millions of people. Helps achieve economies of scale by helping promote volume sales

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Learning Objective 04
Public Relations, Publicity and Sponsorships

**PUBLIC RELATIONS**
- Firm’s communications and relationships with its various publics
- Publics include customers, suppliers, stockholders, employees, general public etc.
- It is an efficient, indirect communications channel through which a firm can promote products, the organization's corporate image.
- It plays a larger role going beyond a mere promotional mix element

**Outcome of Public Relations**

**Publicity**
- Publicity is a part of public relations which is a non-paid form of communication about the company or product, generally in some media form
- If advertising is the hammer, publicity is the nail
- Messages generated through publicity is more credible than paid advertising forms

**Sponsorships**
- Relationship in which an organization provides funds or in-kind resources to an event or activity in exchange for a direct association with that event or activity
- The sponsor purchases access to the activity's audience as well as the image associated with the activity
- Sponsorships are seen in commercial, not for profit and in sports, concerts, art exhibitions, causes that support humanitarian issues etc.

**Marketing Public Relations**
- Narrowly focused public relations activities that directly support marketing goals
- Involves an organization's relationship with consumers or other groups about marketing concerns that can play a proactive or a reactive role

**Non Marketing Public Relations**
- Organizational messages about general management issues
- When companies make decision that affect any of its publics, public relations activities will be helpful to manage relations

**Tools Used For Public Relations**
- Press Releases, Kits, Press Conferences
- Corporate Events
- Speeches at Company Events, Meetings
- Various Corporate Communication Opportunities (Annual Reports)

**How sponsorship differs from Advertising**
- Both advertising and sponsorships are non-personal selling tools, they are different in many ways
- Sponsorships are much more cost efficient except for in very large events
- Marketers have little control over sponsored events in comparison to advertising
- The audience react to sponsorships in an appreciating way since it provides a recognizable benefit (themselves or a group that they care for)
- Sponsors also get the benefit of media coverage

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Learning Objective 04 (Continued)
Direct Marketing

**DIRECT MARKETING**

- An element that is growing fast in terms of its application
- Both B2C and B2B marketers rely on direct mail
- Opens up new international markets through the use of different forms of digital marketing tools
- It goes beyond pursuing goals beyond creating product awareness. It persuades people to place orders, request for more information, visit a store, call a toll free number etc.
- Databases are important part of direct marketing. Growth in database marketing has made this a more productive and a cost effective method

**Direct Mail**
- Communications in the form of sales letters, postcards, brochures, catalogues and the like conveying messages directly from the marketer to the customer
- It is able to select a narrow target market, achieve intensive coverage, send messages quickly, choose from various formats, provide complete information and personalize each mailing piece
- However the pre reader cost of direct mail is high, effectiveness depends on the quality of the mailing list and some customers object to what they call junk mail

**Catalogues**
- Advantages of catalogue shopping for consumers include convenience, time saving, availability, amount of information, special interest, and less sales pressure, could be done at any time without relying on shopping hours
- As for the marketer, the ability to target niche markets and being able to display a large number of products are distinctive advantages

**Telemarketing**
- Promotional presentation involving the use of the telephone on an outbound basis by salespeople or on an inbound basis by customers who initiate calls to obtain information and place orders
- New predictive dialler divisors have improved telemarketing’s efficiency and reduce costs by automating the dialing process
- The federal government regulations on telemarketing activities have somewhat created challenges to use this medium

**Direct Marketing via Broadcast Channels**
- Three formats used include brief direct response ads on television or radio, ads in home shopping channel and infomercials
- Direct response ads provide product descriptions and toll free numbers for ordering
- Homeshopping channel uses a television channel as direct marketing in which a variety of products are offered and consumers can order them directly by phone or online.
- Infomercials – paid 30 minute product commercial that resembles a regular television program

**Electronic Direct Marketing Channels**
- There are many commercial advertisements that are appearing on the computer screens
- Web advertising, receiving periodic e-mails, banner ads on cell phones, use of social media are a few popular methods
- Electronic media deliver data instantly to direct marketers and help them track customers buying cycles quickly
- Customer acquisition programs online cost less than traditional programs

**Other Direct Marketing Channels**
- Print media such as newspapers, magazines although may not support direct marketing as much as web or telemarketing media, they are still critical to the success of direct marketing campaigns
- Marketers can place ads in print media and include toll free numbers for customers to place orders
- Kiosk provide another direct marketing opportunity to access products in store based environments