

Principles of Marketing

A Global Perspective

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Communicating
Customer Value:
Integrated Marketing
Communications
Strategy

The Promotion Mix

- **The promotion mix** is the specific blend of advertising, sales promotion, public relations, personal selling, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships.
- **Major Promotion Tools**
 - Advertising
 - Sales promotion
 - Public relations
 - Personal selling
 - Direct marketing



The Promotion Mix

Major Promotion Tools

- **Advertising** is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.
 - Broadcast
 - Print
 - Internet
 - Outdoor



The Promotion Mix

Major Promotion Tools

- **Sales promotion** is the short-term incentives to encourage the purchase or sale of a product or service.
 - Discounts
 - Coupons
 - Displays
 - Demonstrations



The Promotion Mix

Major Promotion Tools

- **Public relations** involves building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.
 - Press releases
 - Sponsorships
 - Special events
 - Web pages



The Promotion Mix

Major Promotion Tools

- **Personal selling** is the personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
 - Sales presentations
 - Trade shows
 - Incentive programs



The Promotion Mix

Major Promotion Tools

- **Direct marketing** involves making direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships – by using direct mail, telephone, direct-response television, e-mail, and the Internet to communicate directly with specific consumers.
 - Catalog
 - Telemarketing
 - Kiosks



Integrated Marketing Communications

The Changing Communications Environment:

- Major factors are changing the face of MC
 - Shift away from mass marketing – *develop focused marketing programs to build closer relationships with customers in more narrowly defined micromarkets*
 - Improvements in information technology – *speed the movement toward segmented marketing*

The Shifting Marketing Communications Model

- Less broadcasting and more narrowcasting
 - Advertisers are shifting budgets away from network television to more targeted cost-effective, interactive, and engaging media.



Integrated Marketing Communications

The Need for Integrated Marketing Communications

- **Integrated marketing communication** is the integration by the company of its communication channels to deliver a clear, consistent, and compelling message about the organization and its brands.
- Integrated marketing communication calls for recognizing all contact points (brand contact) where the customer may encounter the company and its brands.

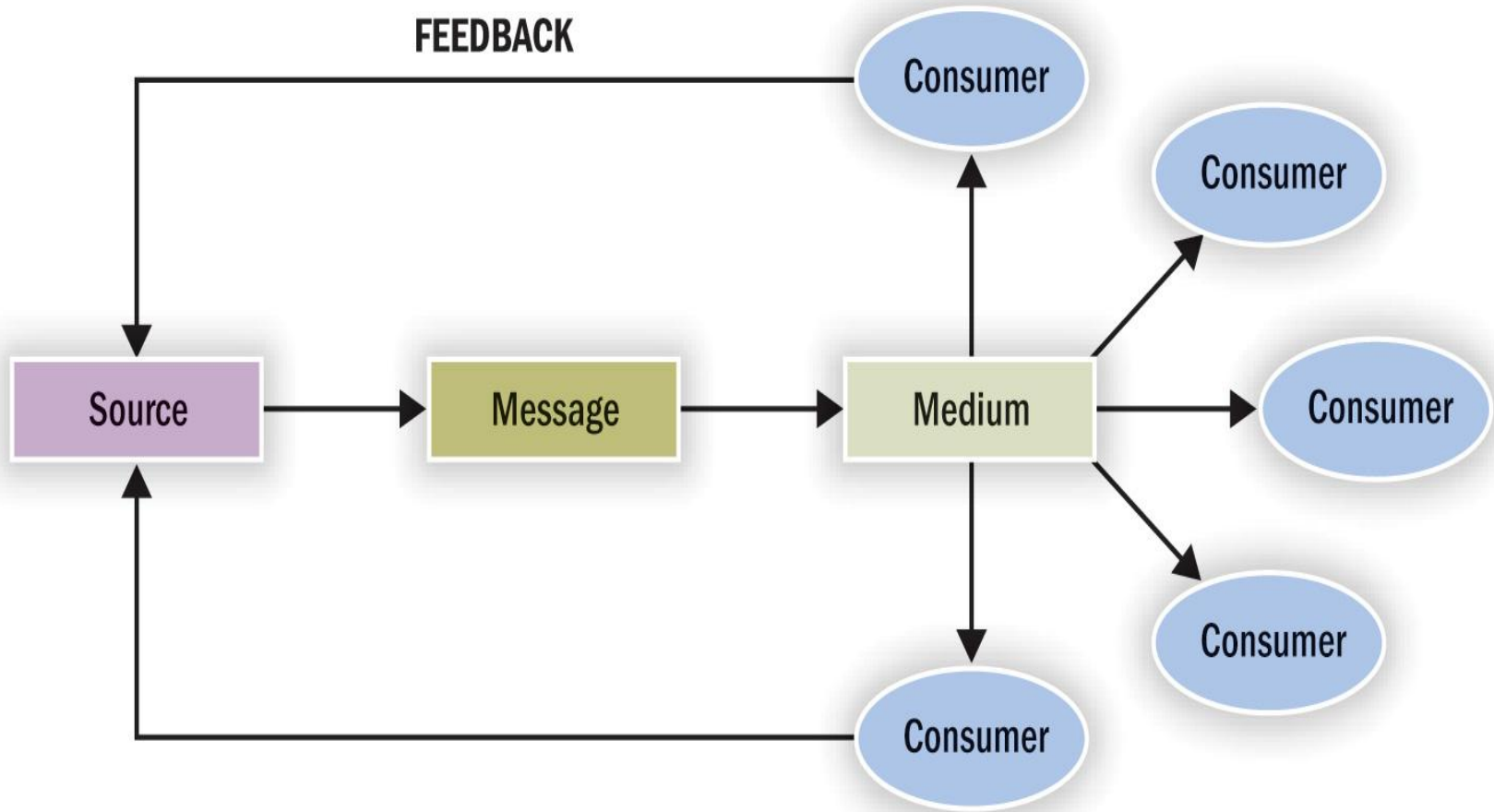


A View of the Communications Process

- IMC involves identifying the target audience and shaping a well-coordinated promotional program to obtain the desired audience response.
- Marketers are moving toward viewing communications as managing the customer relationship over time.
- How communication works: nine elements

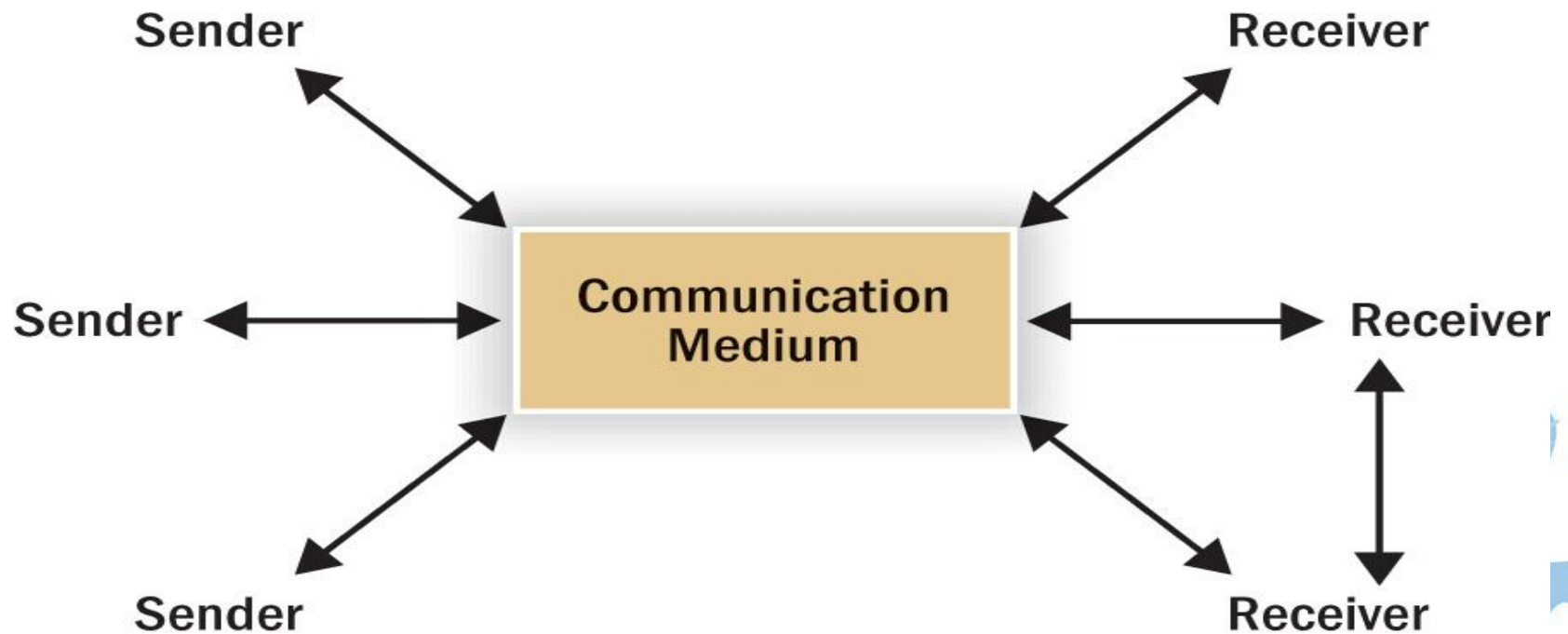


Traditional Communication Model

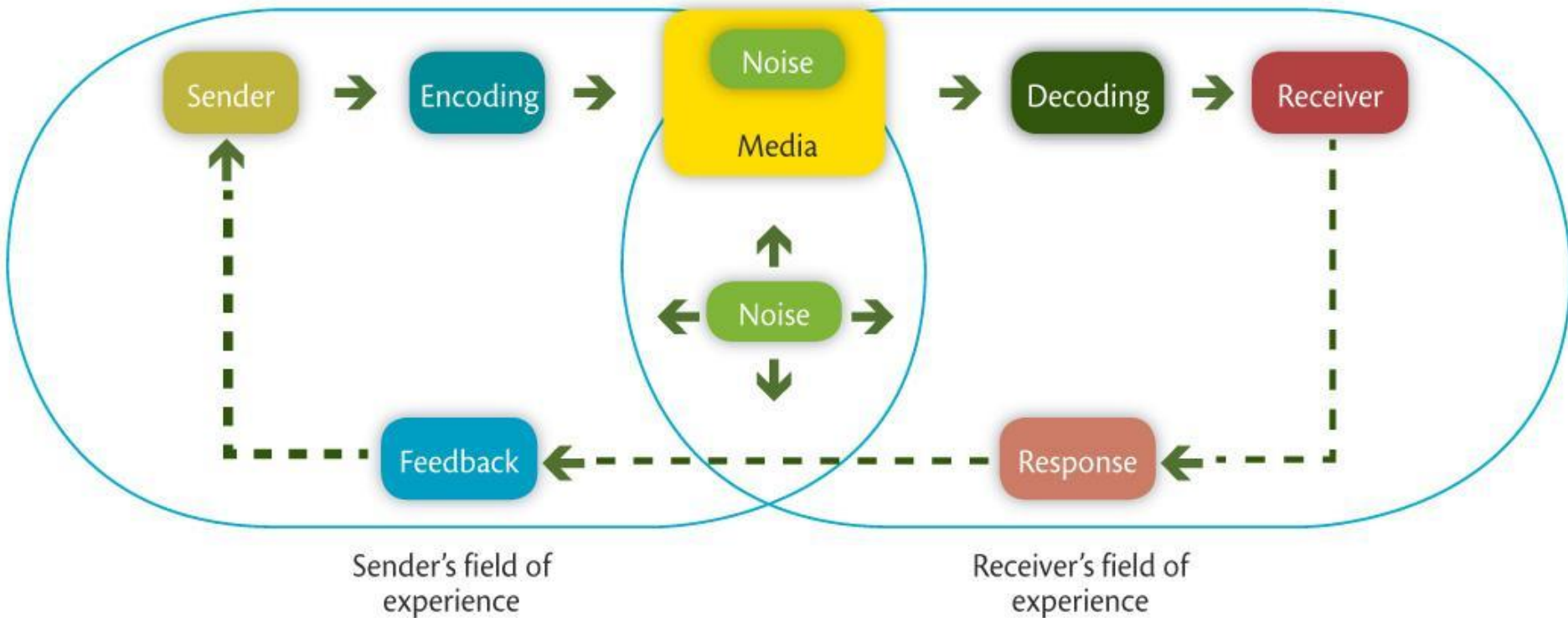


Updated Communications Model

- Consumers are now proactive in communications process
 - VCRs, DVRs, video-on-demand, pay-per-view TV, Caller ID, Internet



A View of the Communications Process



Communications Process

- **Sender** is the party sending the message to another party.
- **Encoding** is the process of putting thought into symbolic form.
- **Message** is the set of symbols the sender transmits.
- **Media** refers to the communications channels through which the message moves from sender to receiver.
- **Decoding** is the process by which the receiver assigns meaning to the symbols.
- **Receiver** is the party receiving the message sent by another party.
- **Response** is the reaction of the receiver after being exposed to the message
- **Feedback** is the part of the receiver's response communicated back to the sender
- **Noise** is the unplanned static or distortion during the communication process, which results in the receiver's getting a different message than the one the sender sent



A View of the Communications Process

- For a message to be effective, the sender's encoding must mesh with the receiver's decoding process.
- Best messages consist of words and other symbols that are familiar to the receiver.
- Marketers may not share their consumer's field of experience but must understand the consumer's field of experience.



Steps in Developing Effective Communication

Effective Communication

1. Identify the target audience
2. Determine the communication objectives
3. Design a message
4. Choose media
5. Select the message source
6. Collect feedback



Steps in Developing Effective Communication

Identifying the Target Audience

- **Marketing communications** begins with a clear target audience to answer these questions:
 - What will be said (*message content*)
 - How it will be said (*message structure, format*)
 - When it will be said
 - Where it will be said
 - Who will say it (*source*)



Steps in Developing Effective Communication

Determining the Communications Objectives

- Marketers seek a purchase response that result from a consumer decision-making process that includes the stages of buyer readiness.



Steps in Developing Effective Communication

Designing a Message

- AIDA Model: Get **A**ttention - Hold **I**nterest - Arouse **D**esire - Obtain **A**ction
- **Designing** includes the message content, structure and format.
 - Message content—what to say
 - Message structure—how to say it
 - Message format—through what way to express



Steps in Developing Effective Communication

Designing a Message

- **Message content** is an appeal or theme that will produce the desired response.
 - **Rational appeal** relates to the audience's self-interest.
 - **Emotional appeal** is an attempt to stir up positive or negative emotions to motivate a purchase.
 - **Moral appeal** is directed at the audience's sense of right and proper.



Steps in Developing Effective Communication

Choosing Media

- Personal communication
- Non-personal communication



Steps in Developing Effective Communication

Personal Communication

- **Personal communication** involves two or more people communicating directly with each other.
 - Face-to-face, Phone, Mail, E-mail, Internet chat
- **Personal communication** is effective because it allows personal addressing and feedback.
- Control of personal communication
 - Company - *salespeople*
 - Independent experts - *Consumer advocates, Buying guides*
 - Word of mouth – *Friends, Neighbors, Family*



Steps in Developing Effective Communication

Personal Communication

- **Opinion leaders** are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts social influence on others.
- **Buzz marketing** involves cultivating opinion leaders and getting them to spread information about a product or service to others in their communities.



Steps in Developing Effective Communication

Non-Personal Communication Channels

- **Non-personal communication** is media that carry messages without personal contact or feedback—including major media, atmospheres, and events—that affect the buyer directly.
 - **Major media** include print, broadcast, display, and online media.
 - **Atmospheres** are designed environments that create or reinforce the buyer's leanings toward buying a product.
 - **Events** are staged occurrences that communicate messages to target audiences - *Press conferences, Grand openings, Exhibits, Public tours*



Steps in Developing Effective Communication

Selecting the Message

- The message's impact on the target audience is affected by how the audience views the communicator.
 - Celebrities, e.g. athletes, entertainers
 - Professionals, e.g. health care providers



Steps in Developing Effective Communication

Collecting Feedback

- Involves the communicator understanding the effect on the target audience by measuring behavior resulting from the behavior.



Setting the Total Promotion Budget and Mix

Setting the Total Promotion Budget

- Affordable budget method
- Percentage-of-sales method
- Competitive-parity method
- Objective-and-task method



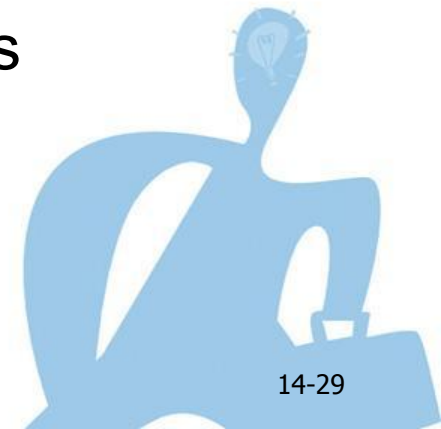
Setting the Total Promotion Budget and Mix

- **Affordable budget method** sets the budget at an affordable level.
 - Ignores the effects of promotion on sales
- **Percentage-of-sales method** sets the budget at a certain percentage of current or forecasted sales or unit sales price.
 - Easy to use and helps management think about the relationship between promotion, selling price, and profit per unit
 - Wrongly views sales as the cause than the result of promotion



Setting the Total Promotion Budget and Mix

- **Competitive-parity method** sets the budget to match competitor outlays.
 - Represents industry standards
 - Avoids promotion wars
- **Objective-and-task method** sets the budget based on what the firm wants to accomplish with promotion and includes
 - Defining promotion objectives
 - Determining tasks to achieve the objectives
 - Estimating costs



Setting the Total Promotion Budget and Mix

Shaping the Overall Promotion Mix

The Nature of Each Promotion Tool

- Advertising
- Personal selling
- Sales promotion
- Public relations
- Direct marketing



Setting the Total Promotion Budget and Mix

- **Advertising** reaches masses of geographically dispersed buyers at a low cost per exposure and enables the seller to repeat a message many times; is impersonal, cannot be directly persuasive as personal selling, and can be expensive.
- **Personal selling** is the most effective method at certain stages of the buying process, particularly in building buyers' preferences, convictions, and actions and developing customer relationships.



Setting the Total Promotion Budget and Mix

- **Sales promotion** includes coupons, contests, cents-off deals, and premiums that attract consumer attention and offer strong incentives to purchase. It can be used to dramatize product offers and to boost sagging sales.
- **Public relations** is a very believable form of promotion that includes new stories, features, sponsorships, and events.
- **Direct marketing** is a non-public, immediate, customized, and interactive promotional tool that includes direct mail, catalogs, telemarketing, and online marketing.



Setting the Total Promotion Budget and Mix

Promotion Mix Strategies

- **Push strategy** involves pushing the product to the consumers by inducing channel members to carry the product and promote it to final consumers.
 - Used by B2B companies



Setting the Total Promotion Budget and Mix

Promotion Mix Strategies

- **Pull strategy** is when the producer directs its marketing activities toward the final consumers to induce them to buy the product and create demand from channel members.
 - Used by B2C companies



Setting the Total Promotion Budget and Mix

Integrating the Promotion Mix: Checklist

- Analyze trends—internal and external.
- Audit the pockets of communication spending throughout the organization.
- Identify all customer touch points for the company and its brands.
- Team up in communications planning.
- Create compatible themes, tones, and quality across all communications media.
- Create performance measures that are shared by all communications elements.
- Appoint a director responsible for the company's persuasive communications efforts.



Socially Responsible Marketing Communication

- Communicate openly and honestly with consumers and resellers.
- Avoid deceptive or false advertising.
- Avoid bait and switch advertising.
- Conform to all regulations.
- Follow rules of “fair competition.”
- Do not offer bribes.
- Do not attempt to obtain competitors’ trade secrets.
- Do not disparage competitors or their products.

