Principles of Marketing

Communicating Customer Value: Integrated Marketing Communications Strategy

Learning Objectives

After studying this chapter, you should be able to:

1. Discuss the process and advantages of integrated marketing communications in communicating customer value

2. Define the five promotion tools and discuss the factors that must be considered in shaping the overall promotion mix

3. Outline the steps in developing effective marketing communications

4. Explain the methods for setting the promotion budget and factors that affect the design of the promotion mix

Chapter Outline

1. **The Promotion Mix**
2. **Integrated Marketing Communications**
3. **A View of the Communications Process**
4. **Steps in Developing Effective Communication**
5. **Setting the Total Promotion Budget and Mix**
6. **Socially Responsible Marketing Communication**

The Promotion Mix

The promotion mix is the specific blend of advertising, public relations, personal selling, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships

The Promotion Mix

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 New Marketing Landscape

Major factors affecting change toward segmented marketing

- Shift away from mass marketing
- Improvements in information technology

Integrated Marketing Communications

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 Communications

The Need for Integrated Marketing Communications

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

Integrated marketing communication 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

A View of the Communications Process

The Communications Process

1. Sender
2. Encoding
3. Message
4. Media
5. Decoding
6. Receiver
7. Response
8. Feedback
9. Noise

A View of the Communications Process

The 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

A View of the Communications Process

The Communications Process

Media is 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

A View of the Communications Process

The Communications Process

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

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

A View of the Communications Process

The Communications Process

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 the message
4. Choose the 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
- How it will be said
- When it will be said
- Where it will be said
- Who will say it

Steps in Developing Effective Communication

Determining the Communications Objectives

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

- Awareness
- Knowledge
- Liking
- Preference
- Conviction
- Purchase

Steps in Developing Effective Communication

Designing a Message

AIDA Model

- Get **A**ttention
- Hold **I**nterest
- Arouse **D**esire
- Obtain **A**ction

Steps in Developing Effective Communication

Designing a Message

Designing includes the message content and structure

- Message content—what to say
- Message structure and content— how to say it

Steps in Developing Effective Communication

Designing a Message

Message content is an appeal or theme that will produce the desired response

- Rational appeal
- Emotional appeal
- Moral appeal

Steps in Developing Effective Communication

Designing a Message

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

Choosing Media

Personal communication involves two or more people communicating directing with each other

- Face-to-face
- Phone
- Mail
- E-mail
- Internet chat

Steps in Developing Effective Communication

Choosing Media

Personal communication is effective because it allows personal addressing and feedback

Control of personal communication
- Company
- Independent experts
- Word of mouth

Steps in Developing Effective Communication

Choosing Media
Personal Communication

Company
- Salespeople

Independent experts
- Consumer advocates
- Buying guides

Word of mouth
- Friends
- Neighbors
- Family

Steps in Developing Effective Communication

Choosing Media
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.

Steps in Developing Effective Communication

Choosing Media
Personal Communication

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

Steps in Developing Effective Communication

Non-Personal Communication Channels

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

Steps in Developing Effective Communication

Non-Personal Communication Channels

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
  - Athletes
  - Entertainers
- Professionals
  - 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

Setting the Total Promotion Budget

Affordable budget method sets the budget at an affordable level

- Ignores the effects of promotion on sales

Setting the Total Promotion Budget and Mix

Setting the Total Promotion Budget

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

Setting the Total Promotion Budget

Competitive-parity method sets the budget to match competitor outlays

- Represents industry standards
- Avoids promotion wars

Setting the Total Promotion Budget and Mix

Setting the Total Promotion Budget

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

Setting the Total Promotion Budget

Objective-and-task method forces management to spell out its assumption about the relationship between outlays and results but is difficult to use

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

Shaping the Overall Promotion Mix

The Nature of Each Promotion Tool

Advertising reaches masses of geographically dispersed buyers at a low cost per exposure and enables the seller to repeat a message many times

Advertising is impersonal, cannot be directly persuasive as personal selling, and can be expensive

Setting the Total Promotion Budget and Mix

Shaping the Overall Promotion Mix
The Nature of Each Promotion Tool

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

Shaping the Overall Promotion Mix
The Nature of Each Promotion Tool

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.

Setting the Total Promotion Budget and Mix

Shaping the Overall Promotion Mix
The Nature of Each Promotion Tool

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 federal, state, and local 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

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