

IMC – The coordination of promotional efforts to maximize the communication effect

Promotion is **communication that** builds and maintains favorable relationships by informing and persuading audiences to view an organization more positively and to accept its products. (Aim is to **stimulate product demand**)

Marketers also indirectly **facilitate favorable relationships** by focusing information about company activities and products on interest groups, current and potential investors, regulatory agencies, and society in general.

- Promotion of responsible use of potentially harmful products
- Promotion by companies that help selected groups
- Cause-related marketing efforts helps boost sale & generate good will
- Sponsor special events, often leading to news coverage

For maximum benefit from promotional efforts, marketers strive for proper planning, implementation, and control of communications

Combining specific methods to promote a product involves **promotion mix: advertising, personal selling, public relations** and **sales promotion**.

Advertising

- Advertising is a **paid non-personal communication** transmitted to a target audience through **mass media** such as television, radio, the Internet, newspapers, magazines, direct mail, outdoor displays and signs on mass transit vehicles.
- Individuals and organisations use advertising to promote goods, services, ideas, issues and people.
- Because advertising is a highly flexible promotional method, it can reach a large target audience or focus on a small, precisely defined segment.
- Advertising offers several benefits.
 - **Cost-efficient** when it reaches a vast number of people at a low cost per person.
 - lets the source **repeat** the message several times.
 - The visibility an organisation gains from advertising can **enhance its image**.
- Advertising also has several disadvantages.
 - Even though the cost per person reached may be low, the **absolute dollar outlay can be extremely high**, thus limiting and sometimes preventing the use of advertising in a promotion mix.
 - It **rarely provides rapid feedback**.
 - It is **difficult to measure the effects** of advertising on sales.
 - Advertising ordinarily has **less persuasive impact on customers than personal selling**.

Personal Selling

- A paid **personal communication** that seeks to inform customers and persuade them to purchase products in an exchange situation.
- Like advertising, personal selling has both advantages and limitations.
 - The cost is more than advertising, but it often have **greater impact on customers**.
 - Personal selling **provides immediate feedback**.
- The salesperson can take advantage of several types of communication in addition to verbal language.

- Body language
- Proxemic communication occurs when either party varies the physical distance that separates the two parties.
- Tactile communication is communicating through touching.

Public Relations

- Public relations is a **broad set of communication** efforts used to create and maintain favourable relationships between an org. and stakeholders by using annual reports, brochures, event sponsorship, etc.
- Publicity, another public relations tool, is non-personal communication in news story form about an organisation, its products, or both, that is transmitted through a mass medium at **no charge**.
- Public relations can be used to help **combat the negative effects of a crisis** or unpleasant situation.

Sales Promotion

- Sales promotion is an activity or material that acts as a direct inducement offering added value or incentive for the product to resellers, salespeople, or customers; **examples include free samples, premiums and coupons**.
- Marketers spend more on sales promotion than on advertising.
- Irregular, particularly when used to promote seasonal products.
- Marketers frequently rely on **sales promotion** to improve the effectiveness of other promotion-mix ingredients.

An effective promotion mix requires the right combination of advertising, personal selling, public relations and sales promotion.

Promotions link to marketing mix

Marketing involves making the product available in the right place and at a price acceptable to & communicating information to help customers determine if the product will satisfy their needs. These activities—product, pricing, distribution (place), and promotion—are known as the marketing mix because marketers decide what type of each element to use and in what amounts.

Promotion Variable

The promotion variable relates to activities used to inform individuals or groups about an organisation and its products.

- Promotion can be aimed at increasing public awareness of an organisation and of new, modified or existing products.
- Promotional activities can also educate customers about product features or urge people to take a particular stance on an issue.
- Be aware that promotion does not merely consist of advertisement

MARKETING MIX

A set of variables that a marketer can manipulated in creating an offering for exchange. Many different frameworks have been used by marketing scholars to teach marketing and all have been designed to be memorable. Traditionally know as 7Ps

A product is a bundle of attributes that when exchanged have value for customers, clients or society. A **product** can be **a good, a service, an idea or even a person offered for exchange**. Products cater to needs and wants. Needs are day-to-day survival requirements, while wants are desired but not required for survival.

Price (Will be mentioned in the following context)

Distribution or place : Many businesses sell their products directly to the public, but distribution usually also

involves partners such as wholesalers and retailers.

- Logistics: That part of the marketing process concerned with supply and transport
- Supply chain: Providing all of the raw materials and services

Promotion

'People' refers to Anyone coming into contact with the customer who can affect value for customers; This includes employees and other customers. Like the other factors, the people must be managed to maximise value for the customer.

Process refers to the systems used to create, communicate, deliver and exchange an offering. Everything from the way a product is conceived and designed to the way it is delivered including post-sales services.

Physical evidence refers to tangible cues that can be used as a means to evaluate service quality prior to purchase

DISTRIBUTION*

Distribution, involves the way products can be eventually 'placed' in the hands of the **final consumer** through a supply chain between producers and consumers (or organisational buyers in the case of business-to-business markets).

Distribution channels

Key orgs in the marketing intermediaries (channel), include *wholesalers*, *industrial buyers*, *agents* or *brokers*, and *retailers*. Intermediaries help producers achieve better results than producers can achieve when acting alone. Most distribution channels coordinate multiple modes of transport.

Distribution of goods

Physical distribution is the movement of physical products from the producer to the consumer. It involves:

Order processing

- All of the activities involved in managing the information required to receive, handle and fill a sales order.
- Efficient order processing is important to **minimise costs** and ensure customer satisfaction.

Inventory management

- Managing stocks of products to ensure availability to customers while minimising holding costs.
- Most businesses manage inventory by developing a trigger to reorder (the reorder point). This is based on order lead time, usage rate and safety stock. – Just-in-time (JIT)
- Holding only that stock which is about to be used or sold.

Warehousing

- Effective warehouse operations enable businesses to hold surplus and safety stock.
- Direct links between producers/consumers (internet), demand for customisation and speed of innovation work against company-owned warehouses.
- Distribution centre – A warehouse focused on moving rather than storing products.
- Cross-docking – Expediting the movement of goods from receipt to shipping.
- Materials handling – The physical handling of goods.

Transportation(Road transport; Rail transport; Sea freight; Air freight; Pipelines)

- Freight forwarders
- Specialist businesses that combine cargo from different businesses in order to achieve efficient load sizes.

Technology in physical distribution

e-distribution

- The full implementation of advanced
- Tele-communications technologies in the physical distribution process.

Radio frequency identification (RFID)

- Attaching small electronic tags to items or containers, enabling their movements being tracked.

The major activities involved in the **distribution of services**

Services products are usually produced at the time of consumption. Physical distribution is required for the physical inputs used in producing and delivering the service product, some services are delivered using infrastructure, and service businesses must ensure that the labour is available at the right time and the right quantities to ensure customers can be served.

Distribution of services

There are some key differences and similarities between 'service distribution' and 'physical distribution':

- ! Physical distribution is required for the physical inputs used in producing and delivering the service product.
- ! Some **services are delivered using infrastructure**.
- ! Service businesses must ensure that **labour is available** at the right time and the right quantities to ensure customers can be served.

The major aspects of retailing

Retailing describes any exchange in which the buyer is the ultimate consumer of the product. Distribution channel intermediaries that are primarily concerned with retailing are called 'retailers'. Retailers provide customers with time utility, place utility, form utility, advice and personal service, and exchange efficiencies. There is an enormous range of retailers, including general-merchandise retail stores, specialty retail stores, online retailers and numerous others.

Retailing

- Any exchange in which the buyer is the ultimate consumer of the product.
- Retailing excludes transactions in which the buyer intends to resell the product or use it in the making of another product.

Retailing strategy

- There are two aspects to retailing strategy:
- The marketing organisation must decide what retailing approach (or approaches) is suitable for its products
- The retailer must decide on location and positioning.

Location

For traditional stores, location determines:

- geographic area from which customers will be drawn
- proximity to competitors
- proximity to complementary retailers
- customer access to public transport and public parking
- Options tend to be the CBD, free-standing structures, shopping centres, community centres, regional centres, or factory outlet centre

Positioning

Retail positioning

- Identifying a gap in the market and targeting it by creating some distinguishing feature in the mind of customers.

Store image

- Important factor in attracting customers.

Benefits of retailers

Retailers add value for customers and producers by creating or providing:

- ! time utility (e.g. 24-hour supermarket)
- ! place utility (e.g. corner shop)
- ! form utility (e.g. hi-fi store)
- ! advice and personal service (e.g. Harvey Norman)
- ! exchange efficiencies

Types of retailers:

- General-merchandise retail stores
 - Offer a wide variety of products, e.g. department store, convenience store
- Specialty retailers
 - Carry just one or a small number of different types of products, but within that product line, they carry a great deal of variety.
- Online retailing (or e-tailing)
 - Involves selling to customers via the internet
- Mobile ecommerce
 - Uses a mobile phone to make purchases.

Direct marketing:

- Non-store retailing that promotes and sells products via mail, telephone or the web.
- The main types of direct marketing are online retailing, telemarketing, catalogue marketing, television shopping and direct response marketing.
- Mobile e-commerce is also an example of direct marketing.

One-to-One or None to One?

Door-to-door selling

- 'direct selling'. In the past, the salesperson would walk from door to door to promote products to the person at home. Usually, customers are now identified by other means and an appointment is made.

Automatic vending

- Use of machines to dispense a product; used for small, routinely purchased products.

Wheel of retailing

- The theory is that retailers enter the market with low costs, low margins and low prices, but move to high costs and high prices as they seek to compete with copiers, only to then have to compete with new low-price entrants.

The role of agents and brokers in the distribution channel

Agents and brokers bring together other participants in the distribution channel. Agents are engaged by buyers or sellers on an ongoing basis to represent them in negotiations with other distribution channel participants. The main types of agents are manufacturers' agents, selling agents, buying agents and commission merchants. Brokers, on the other hand, are engaged on a short-term or one-off basis to negotiate on behalf of buyers or sellers. They have a more limited role than agents, but their value is in their specialist knowledge and well-established contacts in the industries in which they work.

Agents

Marketing intermediaries engaged by buyers or sellers on an ongoing basis to represent them in negotiations with other parties in the marketing channel. The main types of agents are:

1. Manufacturers' agents
2. Selling agents
3. Buying agents
4. Commission merchants

Brokers

Marketing intermediaries engaged by buyers or sellers on a short-term or one-off basis to represent them in negotiations with other parties in the marketing channel
(e.g. insurance and mortgage brokers, stockbrokers)