PART 1: THE CONTEXT OF MARKETING COMMUNICATION

HOW MARKETING COMMUNICATION EVOLVED

- Marketing (AMA): the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.
  - Exchange of value.
  - Idea that the “key to achieving organisational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors” (Borch).
- IMC plays an important role in marketing by informing customers of an org’s product/service and convincing them of its ability to satisfy their needs/wants.

- Initial focus of marcoms was ADVERTISING ¼ billion spent on advertising annually.
- Functions:
  - Communicate & interact.
  - Engage & involve.
  - Brand awareness.
  - Brand equity.
  - Brand image.
- TODAY: push-pull marketplace.

Marketing focuses on relationships and value

- Relationship marketing: focus for orgs to develop & sustain l-t relationships w/ individual customers by creating, communicating and delivering value.
  - Value: customer’s perception of all benefits of a product/service weighed against all costs of acquiring/consuming it.
- Trends contributing to movement towards relationship marketing:
  i. Consumers desire superior customer value.
  ii. Consumers desire personalised products/services that are tailored to their specific needs/wants.
    - Advances in IT have enabled mass customisation.
  iii. More cost-effective to retain customers than to acquire new ones
- The marketing mix

  - Marketing mix – 7 Ps:
    1. PRODUCT
    2. PRICE
    3. PROMOTION \rightarrow focus of IMC
    4. PLACE (distribution)
    5. PEOPLE
    6. PROCESSES
    7. PHYSICAL EVIDENCE
Integrated marketing communication

The evolution of IMC

- **Consumer changes**
  - Trend of ad sceptics (Generation Y).
  - Increasing interaction with media and advertising.
  - Greater disposable income and less time.

- **Advertising changes**
  - Traditional advertising agencies responding to IMC movement by acquiring PR, sales promotion and direct-marketing companies.
  - Decline in mass media advertising.

Current direction of IMC

INTEGRATED MARKETING COMMUNICATIONS (IMC)

- Strategic mix/coordination of marketing communication tools.
- Seeks to coordinate and project all of an org's marketing communication activities in order to convey a consistent, unified image/positioning/message to marketplace and internally w/in company.
- Ongoing strategic process that helps companies identify the most appropriate/effective methods for communicating & building relationships w/ customers/other stakeholders.
- “A concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.” (American Association of Advertising Agencies).
- GOAL: to generate s-t financial returns and build l-term brand/shareholder value.
- Driven by technological advances.

IMC vs traditional advertising

**Major characteristics of the IMC revolution incl:**
- Growing understanding of the value of strategically integrating communication functions.
- Shift of expenditure from media advertising to other forms of marketing communication.
  - \( \rightarrow \) esp. online and consumer- and trade-oriented sales promotions.
- Shift in marketplace power from manufacturers to retailers.
- Rapid growth and development of database marketing.
- Demands for greater accountability from advertising agencies and changes in the way agencies are compensated.
- Rapid growth of the Internet.

Integration and IMC

- **Integration** – management process that can be both a functional task of coordination and a strategic tool.
- Two types of integration:
  a) **Message integration**: verbal and visual consistency – integrating logo, corporate colours, image, shared personality etc.
  b) **Strategic integration**: brings together all elements of IMC mix; factors incl:
    - Coordination strategy
    - Common objectives
    - Contribution to corporate mission
    - Multiple communication disciplines
    - Multiple audiences
    - Shared budget, measures and outcome
    - Strong leadership and cross-functional team
Barriers to implementation of IMC

- Organisational structure (usually vertical) is not conducive to integration.
- Turf battles and agency egos disrupt cross-functional teamwork.
  - Support of top management, esp. CEO, is IMPORTANT.
- Lack of expertise in IMC.
- Lack of database development and absence of measurement tools.
- Reluctance of MMs to use one agency → may deter some orgs from severing l-t agency relationships.

Tools for IMC

- MMs must:
  1. Define target audience.
  2. THEN determine most appropriate/effective IMC tools to reach/engage target audience.
- Must consider all potential audience contact points.

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<th>Tools for IMC</th>
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| 1) Advertising | A paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future.  
  • ADVANTAGES:  
    o High pervasiveness  
    o Useful for companies whose products/services are targeted at mass consumer markets  
    o Most cost effective way to reach large audiences  
    o Ability to create brand image/equity quickly & convincingly |
| 2) Direct marketing | Org communicates one-on-one w/ target customers in order to generate an immediate response or initiate a transaction. |
| 3) Interactive and internet-marketing | Allow for a 2-way flow of info whereby users can participate in/modify the form & content of info they receive in real-time.  
  • Incl. the Internet, social media, mobile phones. |
| 4) Sales promotion | Marketing activities that provide extra value/incentives to sales force, distributors or ultimate consumer and can stimulate immediate sales.  
  a) CONSUMER-ORIENTED: targeted to ultimate product user.  
  b) TRADE-ORIENTED: targeted toward marketing intermediaries (e.g. distributors and retailers). |
| 5) Public relations | Management function which evaluates public attitudes, identifies policies/procedures of an individual/org w/ public interest, and executes a program of action to earn public understanding & acceptance.  
  • PURPOSE: to establish & maintain a positive company image. |
| 6) Sponsorship | Financial support of an org/person/activity in exchange for brand publicity and association. |
| 7) Personal selling | Person-to-person communication in which a seller attempts to assist or persuade prospective buyers to purchase company’s product/service. |
PART 2: HOW MARKETING COMMUNICATION WORKS

THE COMMUNICATION PROCESS

- Function of all elements of IMC: TO COMMUNICATE.
  - IMC strategy is implemented through various communications org sends to customers.
- Communication: passing of info or exchange of ideas.
- Factors that affect effectiveness of communication:
  - Nature of message.
  - Audience’s interpretation of message.
  - Environment in which message is received.
  - Receiver’s perception of source.
  - Medium used to transmit message.
- Major barrier to effective communication: LANGUAGE.

Model of communication

SOURCE
- = SENDER: person/org that has info to share w/ another person/group of people.
- MMs must choose a communicator whom receiver believes is knowledgeable/trustworthy.

ENCODING
- = source puts thoughts/ideas/info into symbolic form to represent message that will be delivered to the receiver.
- GOAL: to encode message in such a way that it will be understood by receiver.
  - i.e. using words/symbols/pictures that are familiar to target audience.
- Can be verbal, graphic, musical or animation.

MESSAGE
- = contains info/meaning source intends to convey.
- May be verbal or non-verbal, oral or written, or symbolic.
- Literal meaning (conscious) and symbolic meaning (subconscious).
- Focus on semiotics: studies nature of meaning and how it is conveyed in a communication.
  - From a semiotic perspective, every marketing message has 3 components.

CHANNEL
- = method by which communication travels from source to receiver.
  a) Personal channels: direct interpersonal (face-to-face) contact w/ target individuals.
    - Incl. sales people, face-to-face social channels, online social channels.
    - Generate word-of-mouth communication.
b) **Non-personal channels:** carry a message w/out interpersonal contact between sender and receiver.
   - = mass media/communications → sent to many individuals at one time.
   - 2 types:
     1. PRINT MEDIA
     2. BROADCAST MEDIA

**RECEIVER**
- = person w/ whom sender shares info → usually consumers in target market/audience who are exposed to message.

**DECODING**
- = process of transforming sender's message back into thought in order to understand it.
- Heavily influenced by receiver's frame of reference/field of experience: experiences/perceptions/attitudes/values receiver brings to communication situation.
- MMs should PRE-TEST ads to gain insight into how messages may be received.
- For effective communication to occur, message decoding process of receiver must match encoding of sender → i.e. receiver understands & correctly interprets what source is trying to communicate.
  - More likely when there is common ground between sender and receiver.

**NOISE**
- = extraneous factors that can distort or interfere w/ message's reception.
- Examples:
  - Errors that occur in encoding process → due to lack of common ground.
  - Actual distortion in tv/radio signal.
  - Distraction at the point of reception → e.g. during ad breaks.

**RESPONSE/FEEDBACK**
- Response: receiver's set of reactions after seeing/hearing/reading message.
- MMs interested in feedback: part of receiver's response that is communicated back to sender.
  - Closes loop in communications flow and lets sender monitor how intended message is being decoded & received.
  - Observable feedback
    - = purchasing behaviours – SALES, customer enquiries, coupon redemptions etc.
  - Non-observable feedback
    - = research-based measures – recall/awareness, message comprehension.

**Analysing the receiver**

**Identifying the target audience**

- First step of marketing communication process.
- Different levels of audience aggregation:
  1. **Individuals**
     - Have specific needs : communication must be tailored.
     - Often requires person-to-person communication → PERSONAL SELLING.
     - Advertising only used to attract audience’s attention → detailed message carried by salesperson.
     - e.g. life insurance, financial services, real estate.
  2. **Groups**
     - MMs must often communicate w/ a group of people who make/influence purchase decision.