

MODULE 1

Integrated Marketing Communications

- *Can anyone name some elements of marketing communications?*
- *What is IMC?*
- *Some elements of MARCOM are*
- *Advertising*
- *Sales Promotion*
- *Direct Marketing*
- *Public Relations*
- *IMC is coordinating all the promotional and other marketing activities that communicate with a firm's customers and other stakeholders*
- *The key here is coordination or integration*
- *Why integration?*
- *Consistency, else confusion*
- *Clarity, else confusion*
- *Impact, since diff tools have diff strengths*
- *The tools of IMC thus need to be integrated*
- *Why are AD, SP, PR and DM clubbed together?*
- *All communicate*
- *All aim to persuade; Persuasion is the aim*
- *E.g. Wooing a girl involves different activities, seemingly unrelated!*
- *Should never deviate from a brand's position*
- *Let us have a look at each tool*

Advertising

- *It is any paid form of non-personal communication link, initiated by an identified marketer, to establish or continue exchange relationships with customers and at times, with other stakeholders*

- *Why advertise? What are some objectives of advertising?*

Objectives of Advertising

- *Build Awareness*
- *TOMA factor important given today's time pressures*
- *In the Introductory phase of the PLC*
- *Position a product/brand*
- *Build preference*
- *Differentiate your product/brand*
- *The primary purpose of Advertising is to position your product*
- *David Ogilvy, founder of Ogilvy and Mather*
- *Differentiation is achieved as a result of advertising*



- *Build Brand Equity*
- *Brand Equity is the monetary value one can attach to a brand*
- *You take the factories, the mortar, the machines; just give me the brands (John Stuart Mills, Quaker Oats Co.)*

- *Think of MRF, Surf, Liril, Marlboro, Coke, Pepsi*
- *Without advertising, would they have been as strong?*
- *Brand-building is the goal of marketing and takes a lot of time*
- *Advertising helps in brand-building*
- *To make people buy*
- *overnight sale cannot be expected advertising is a long term investment however, in the long run, this should increase sales otherwise, this is not good advertising Maruti did not advertise for long Now paying the price, maybe*

To remind consumers about existence

- *For instance, Coke and Pepsi*

Build company image

- *Called corporate advertising*

A positive side effect of advertising is cross-subsidising media

- *Without ad, India Today would cost Rs. 100!*
- *All TV would be Pay-per-view, like boxing matches*
- *A very useful social function in a democracy*
- *The next time you see a commercial, be glad!*

The Ad Agency

- *There are 3 depts in an agency*
- *Creative*
- *Media Planning*
- *Client Servicing*
- *Advertising is a tough job, make no mistake*

- *Often the first guy to be blamed is the agency, an outsider*

Sales Promotion

A direct inducement that offers an extra value or incentive for a product, to the trade or consumer, with the objective of creating an immediate sale. Thus, there can be two types, consumer-oriented or trade-oriented. Let us look at both

Consumer-Oriented Sales Promotion Coupon

- *Very popular in West, not so much here*

Sampling

- *Very useful in generating trial*
- *Ariel used this successfully*

Premium

- *Buy Horlicks, get Mug free*
- *Very popular, “freebie” used like “promos”*

Price off

- *Again, very popular since easy to do*

Rebate

- *Get a mail-in rebate of \$5 off*
- *Widely used by durables industry in the West*

Bonus Packs

- *150 gms + 50 gms free Colgate*

Frequency Programme

- *Like airlines, stores, hotels*

Contests and sweepstakes

- *Plethora of them in the World Cup*

Trade-Oriented Sales Promotion Trade Allowances

- *offer cash payments for good display, promotion*
- *many companies will give franchisees support for good infrastructure, display, shelf display*

Incentives

- *quantity discounts*
- *cash discounts*
- *encourage the reseller to stock more*
- *apply “stock pressure”*

Contests

- *The # 1 dealer wins a trip to Thailand and back for two*
- *monthly contests*
- *product-wise contests*

Cooperative Advertising

- *share the cost when channel members advertise your brand*

Ad Vs. SP

- *What are some differences between AD&SP?*
- *Advertising is long-term focused while SP is short-term*

- Advertising is hard to measure, while SP is easy to measure
- Advertising gives you a reason to buy, while SP gives you an incentive to buy
- Ratio of AD:SP used to be 75:25 40 years back, now is 25:75 in the west
- Due to short-term pressures
- Differentiation getting harder
- Retailer becoming stronger
- Trend will happen in India too at some point
- A major issue is that too much SP damages brand equity
- I am studying this at present

Direct Marketing

- Direct marketing is defined as any communication to a consumer that is designed to generate a *behavioural* response
 - Usually it is used to sell e.g. Dell, Amazon
 - Also the case with personal selling
- Communication may be direct
 - Direct mail
- Or thru mass medium
 - TV e.g. direct-response advertising

DM – Why?

- Why DM? Why is DM so popular? What are its pluses?
- All of us are “members” of some sort of “club”
 - Lots of us own mobile phones
 - Credit cards
 - Phones
 - Cable TV
- So easy for marketers to target offers
 - A database is essential for direct marketing
- We live in a “digitised society”

- Useful for marketers!
- Growth of DM syndicates
 - Lots of companies make money selling lists
- Technology
 - Imagine a Dell, Amazon 20 years back
 - Impossible for them to do DM
 - One more reason for shift from advertising
- Time Pressure
 - Direct mail comes to you
- Improved image of the DM industry
 - From shady, pushy telemarketing to sophisticated DM
 - It is now “kinda cool & sexy” to do DM
 - Dell, Mercedes
- Poor experience with distribution channels
 - E.g. Japan where there is a maze of channels
 - Or take the case of Dell computer

Public Relations

- PR is an activity that fosters goodwill between an organization and its publics, or stakeholders
- PR, managed effectively can be useful
- PR, managed poorly can be damaging
 - E.g. Microsoft funding to cut funds for the Justice Dept!
- This way, a double-edged sword
- More than any other tool, PR rebounds on you
- What are some major pluses with PR?
- Why PR?
- From consumer-centric organisation to stakeholder Management e.g. Wal-Mart, Reliance
- PR it is that targets other stakeholders
- Credibility present

- PR is generally more credible than advertising
- Especially publicity
- PR managers however have really bad reputations – “spin doctors”
- A curious paradox

- Less Expensive
 - If used effectively
 - Like James Bond movies, for instance
 - Microsoft does this brilliantly
- Can cut back on costly ad spending
 - For instance, Great Lakes Institute of Management gets lots of press while we are PR-shy
- Build company image
 - Sony, Intel, GE
 - Tatas are very effective at this e.g. recently JRD’s centenary year
- Can create positive buzz for the company
 - Everyone is talking about you
 - For instance, get a famous person as Chief Guest
 - Similar to what Saarang does for IITM
- IMC is crucial
- Communication is vital, reaching out is harder and harder
- Integration key, else confusion
- We have just touched the tip of the iceberg here

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