

BACHELORS IN COMMERCE - ENTREPRENEURSHIP

Semester II

**Communicating and Delivering Value and Conducting Marketing
Responsibly for Long Term Success (Unit 4)**

Table of Contents

DESIGNING AND MANAGING INTEGRATED MARKETING COMMUNICATION	4
The Role, Marketing Mix and Process of Marketing Communication	4
Developing Effective Marketing Communication	6
Selecting the Marketing Communication Mix	8
Managing the Integrated Marketing Communication	10
MANAGING MASS COMMUNICATIONS	11
Developing and Managing an Advertising Program	11
Sales Promotion and Events	12
Public Relations	13
MANAGING DIGITAL COMMUNICATIONS	16
Online Marketing and Social Media	16
Word of Mouth	18
Mobile Marketing	18
MANAGING PERSONAL COMMUNICATIONS	20
Direct Marketing	20
Customer Databases and Database Marketing	21
Designing and Managing Sales Force	22
<i>Sales Force Structure</i>	23
Principles of Personal Selling	26
DESIGNING AND MANAGING INTEGRATED MARKETING CHANNELS	28
Role of Marketing Channels	28
Channel – Design and Management Decisions	29
Channel – Integration and Systems	31
E-Commerce Marketing Practices	31
M-Commerce Marketing Practices	31
Conflict, Cooperation and Competition	32
MANAGING, RETAILING, WHOLESALING AND LOGISTICS	33
Retailing	33
Private Labels	33
Wholesaling	34
Market Logistics	34
Trends in Marketing Practices	35

Internal Marketing	35
Socially Responsible Marketing	35
Marketing Implementation and Control	36
The Future of Marketing	36
Questions	37

DESIGNING AND MANAGING INTEGRATED MARKETING COMMUNICATION

Consumers today have access to a lot of information and also have option to choose what communication to receive and what not to receive. To effectively reach and influence target markets, holistic marketers are creatively employing multiple forms of communications.

Oreo's global brand positioning focuses on "milk's favorite cookie" and "moments of togetherness" using different communications in different countries. In the United States, the highly successful "Celebrate the Kid Inside" campaign was buoyed by celebrations of the brand's 100th anniversary. Ads and in-store contests created a birthday party atmosphere and focused on the "twist, lick, and dunk" method of eating Oreos with milk. The 100-day "Daily Twist" promotion paired the brand in online and print ads with various cultural images, icons, and events, such as Elvis Presley week, the Mars Rover, Gay Pride week, and Bastille Day. The Oreo birthday page on Facebook received 25 million likes, and U.S. sales increased 25 percent. When a power outage darkened the stadium during the Super Bowl in February 2013 for more than half an hour, a tweet for the brand was quickly sent—"Power Out? No problem. You can still dunk in the dark."—that became the social media talk of the game. In India, launch ads featured a father and son in the "twist, lick, and dunk" ritual. Parents there used social media to sign an "Oreo Togetherness Pledge" promising to spend more quality time with their children. An Oreo Togetherness Bus roamed the country providing a platform for parents and children to catch fun family moments. Through these various communications in different markets, Oreo is establishing a strong global positioning.

The Role, Marketing Mix and Process of Marketing Communication

Marketing communication introduces the consumers to the product, who makes the product and what the company and the brand stand for. Marketing communication also links the brands to people, locations, events, experiences, emotions and so on. It thus establishes a brand image that often motivates the customer to buy the brand.

Technology has today not just increased the reach of the customer with the brand, it has also made the entire process dynamic. What we mean here is that the speed of the communication has increased as also the content and hence the retention capacity has

reduced. The consumer needs to be continuously reminded of the brand without affecting the privacy of the consumer, as the latter also has the remote control to block the communication from the brand.

The marketing communications mix consists of a mix of advertising, sales promotion, events and experiences, public relations and publicity, online, social media and mobile marketing, direct and database marketing and personal selling. Marketing communication activities in every medium contribute to brand equity and drive sales in many ways: by creating brand awareness, forging brand image in consumers' memories, eliciting positive brand judgments or feelings, and strengthening consumer loyalty.

Marketing communications activities must be integrated to deliver a consistent message and achieve the strategic positioning. The starting point in planning them is a communication audit that profiles all interactions customers in the target market may have with the company and all its products and services. For example, someone interested in purchasing a new smart phone might talk to friends and family members, see television ads, read articles, look for information online, and look at smart phones in a store. The marketing communication aims at increasing the buyer involvement with the product. The buyer involvement is reflected in the buyer's following relationship with the brand in the ascending order:

- Brand awareness
- Brand knowledge
- Brand liking
- Brand preference
- Brand conviction
- Brand purchase

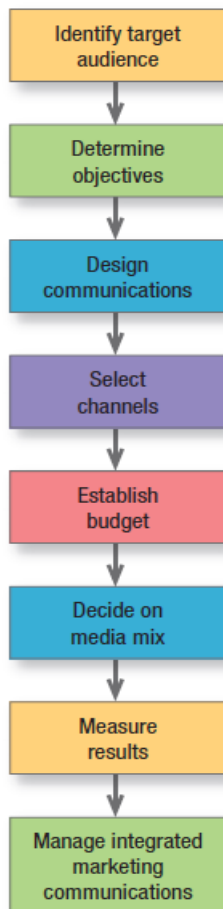
To increase the odds of success for a communications campaign, marketers must ensure that the:

- right consumer is exposed to the right message at the right place at the right time
- ad draws the consumer attention but does not distract from the intended message
- ad reflects the consumer's level of understanding of and behaviors with the product and the brand

- ad correctly positions the brand in terms of desirable and deliverable points-of-difference and points-of-parity
- ad motivates consumers to consider purchase of the brand
- ad creates strong brand associations with all these stored communications effects so they can have an impact when consumers are considering making a purchase

Developing Effective Marketing Communication

Effective marketing communication begins with identification of the target audience . The message in the marketing communication should be aimed at establishing a need for the product, thus creating a motivation to buy the product. The overall communication should be aimed at increasing the brand awareness, brand attitude and should overall influence the overall purchase of the brand.



Steps in Developing Effective Communications

Communication is “what to say”, “how to say” and “who should say it”. Communications effectiveness depends on how well a message is expressed as well as on its content. If a communication is ineffective, it may mean the wrong message was used or the right one was poorly expressed. Creative strategies are the way marketers translate their messages into a specific communication. Selecting an efficient means to carry the message becomes more difficult as channels of communication become more fragmented and cluttered. Communications channels may be personal and nonpersonal. Personal communications channels let two or more persons communicate face to face or person to audience through a phone, surface mail, or e-mail. They derive their effectiveness from individualized presentation and feedback and include direct marketing, personal selling, and word of mouth. Word of mouth can be particularly effective for smaller businesses, with whom customers may feel a more personal relationship. Nonpersonal channels are communications directed to more than one person and include advertising, sales promotions, events and experiences, and public relations.

Communications’ budget can be calculated on the basis of:

- **Affordability:** this ignores the role of marketing communications as an investment and their immediate impact on sales volume
- **Percentage of sale method:** The percentage-of-sales method has little to justify it. It views sales as the determiner of communications rather than as the result. It leads to a budget set by the availability of funds rather than by market opportunities. It discourages experimentation with countercyclical communication or aggressive spending. Dependence on year-to-year sales fluctuations interferes with long-range planning.
- **Competitive parity method:** This approach is also problematic. There are no grounds for believing competitors know better. Company reputations, resources, opportunities, and objectives differ so much that communications budgets are hardly a guide. And there is no evidence that budgets based on competitive parity discourage communication wars.
- **Objective and task method:** The most defensible approach, the objective-and-task method, calls upon marketers to develop communications budgets by

defining specific objectives, identifying the tasks that must be performed to achieve these objectives, and estimating the costs of performing them.

For e.g. Suppose XYZ wants to introduce a new natural energy drink, called ABC, for the casual athlete. Its objectives might be as follows:

- 1. Market share goal. The company estimates 50 million potential users and sets a target of attracting 8 percent of the market—that is, 4 million users.*
 - 2. Target percentage of the market to be reached by advertising. The advertiser hopes to reach 80 percent of the market (40 million prospects) with its advertising message.*
 - 3. Expected percentage of aware prospects to be persuaded to try the brand. The advertiser would be pleased if 25 percent of aware prospects (10 million) tried ABC. It estimates that 40 percent of all triers, or 4 million people, will become loyal users. This is the market share goal.*
 - 4. Calculate the number of advertising impressions per 1 percent trial rate. The advertiser estimates that 40 advertising impressions (exposures) for every 1 percent of the population will bring about a 25 percent trial rate.*
 - 5. Calculate the number of gross rating points to be purchased. A gross rating point is one exposure to 1 percent of the target population. Because the company wants to achieve 40 exposures to 80 percent of the population, it will want to buy 3,200 gross rating points.*
 - 6. Calculate the necessary advertising budget on the basis of the average cost of buying a gross rating point. Suppose it costs an average of 3,277 to expose 1 percent of the target population to one impression.*
- Then 3,200 gross rating points will cost 10,486,400 (= 3,277 × 3,200) in the introductory year.*

Selecting the Marketing Communication Mix

Companies must allocate their marketing communications budget over the eight major modes of communication:

- Advertising:
Advertising reaches geographically dispersed buyers, can build up a long-term image for a product (Coca-Cola ads) is pervasive, dramatic and the advertiser can choose the aspects of the brand and product on which to focus communications..

Certain forms of advertising such as TV can require a large budget, whereas other forms such as newspaper do not. The mere presence of advertising might have an effect on sales. E.g. ByJu's Consumers might believe a heavily advertised brand must offer "good value." But it's risky to make generalizations about it.

- Sales promotion:

Companies use sales promotion tools—coupons, contests, premiums, and the like—to draw a stronger and quicker buyer response, including short term effects such as highlighting product offers and boosting sagging sales.

Sales promotion tools can draw attention and may lead the consumer to the product. The incentives can give value to the consumer. Also it gives a distinct invitation to engage in the transaction now.

- Events and experiences:

A well-chosen event or experience can be seen as highly relevant because the consumer is often personally invested in the outcome. The live, real-time quality, events and experiences are more actively engaging for consumers and are typically an indirect soft sell.

- Public relations and publicity:

A well-thought-out program coordinated with the other communications-mix elements can be extremely effective, especially if a company needs to challenge consumers' misconceptions as a public relations and publicity effort tends to earn high credibility and has the ability to reach hard-to-find buyers. Public relations can tell the story behind a company, brand, or product.

- Online and social media marketing: This can be described as a rich, interactive and up-to-date information tool to connect with the consumers.

- Mobile marketing: This is timely, influential and pervasive tool to reach the customer.

- Direct and database marketing: This is a personal, proactive and a complementary tool to connect to the customer.

- Personal selling has the advantage of being personalized and also relationship oriented and response-oriented tool to connect with the buyer.

Within the same industry, companies can differ considerably in their media and channel choices. Consumer marketers tend to spend comparatively more on sales promotion

and advertising; business marketers tend to spend comparatively more on personal selling. In general, personal selling is used more with complex, expensive, and risky goods and in markets with fewer and larger sellers (hence, business markets). Some consumer marketers use the sales force mainly to collect weekly orders from dealers and to see that sufficient stock is on the shelf. Yet an effectively trained company sales force can help in increasing the stock position, build enthusiasm, conduct missionary selling (sign up more dealers) and manage key accounts.

Advertising, events and experiences, and publicity followed by personal selling to gain distribution coverage and sales promotion and direct marketing to induce trial, have the highest cost-effectiveness and most effective in the introduction stage of the product life cycle. In the growth stage, demand generation can be thru through word of mouth and interactive marketing. Advertising, events and experiences, and personal selling all become more important in the maturity stage. In the decline stage, sales promotion continues strong, other communication tools are reduced, and salespeople give the product only minimal attention.

Measuring the effectiveness of the marketing communications mix is critical and requires checking if the members of the target audience recognize or recall the communication, how many times they saw it, points recalled, opinion about the communication, and changes between previous and current attitudes toward the company, brand, and product. The communicator should also collect behavioral measures of audience response, such as how many people bought the product, liked it, and talked to others about it.

Managing the Integrated Marketing Communication

The wide range of communication tools, messages, and audiences available to marketers makes it imperative that companies move toward integrated marketing communications (IMC) that recognizes the added value of a comprehensive plan to evaluate the strategic roles of a variety of communications disciplines and that combines these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of discrete messages. They must adopt a 360-degree view of consumers to fully understand all the different ways communications can affect behavior.

MANAGING MASS COMMUNICATIONS

Even as of January 2021, only about 60% of the global population is connected by internet. Though social media has grown immensely popular, there is still a big chunk of customers who can't be reached. Mass Media is therefore still a medium of choice to reach these customers and hence cannot be ignored.

Developing and Managing an Advertising Program

In developing an advertising program, marketing managers must always start with the five Ms viz. mission, money, message, media and measurement. An advertiser should have a clear idea of the main mission of the advertising program i.e. is it for providing information or persuading the customers to buy and so on. While the mission will give input to the message that a company can include in the ad, the money decision will influence the type of media and the scale of customers that the advertiser can try to reach. The mission will also set the advertising objectives as to whether the advertisement should be informative, persuasive, for reminder or for reinforcement of particular message about the product.

The stage of the product life cycle, market share, consumer base, competition, advertising frequency and the product sustainability will be some of the main factors in the decision for the advertising budget. The product and the overall market will decide the elasticity of the advertising campaign.

For e.g. the TV advertising budget had a measurable effect on sales only half the time. The success rate was higher for new products and line extensions than for established brands and when there were changes in copy or in media strategy (such as an expanded target market). When advertising increased sales, its impact lasted up to two years after peak spending. Long-term incremental sales were approximately double those in the first year of an advertising spending increase. Hence companies like Colgate in India have continuously tweaked their product 'Colgate Total' to have something new to talk about in their ads.

Advertisers employ both art and science to develop the message strategy or positioning of an ad—what it attempts to convey about the brand—and its creative strategy—how it expresses the brand claims. They use three steps: message generation and evaluation, creative development and execution, and social-responsibility review.

The ad's impact depends not only on what it says but, often more important, on how it says it. Creative execution can be decisive. The choice of media is also critical in deciding the success of the advertising. Reach is most important when launching new products, flanker brands, extensions of well-known brands, and infrequently purchased brands or when going after an undefined target market. Frequency is most important where there are strong competitors, a complex story to tell, high consumer resistance, or a frequent purchase cycle.

For e.g. toothpaste is regularly purchased, the segment has lot of competition and the main buyers are generally the ladies who are more reachable by the mass media. The structure, media, content and frequency of their ads clearly reflect the market understanding of Colgate, which has in turn led to its #1 position in the Indian market.

Sales Promotion and Events

Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive. Sales promotion objectives derive from communication objectives, which derive from basic marketing objectives for the product.

For consumers, sales promotion objectives include encouraging more frequent purchases or purchase of larger-sized units among users, building trial among nonusers, and attracting switchers away from competitors' brands. If some of the brand switchers would not have otherwise tried the brand, promotion can yield long-term increases in market share. Ideally, consumer promotions have short-run sales impact and long-run brand equity effects. On the other hand, for retailers, objectives include persuading retailers to carry new items and more inventory, encouraging off-season buying, encouraging stocking of related items, offsetting competitive promotions, building brand loyalty, and gaining entry into new retail outlets. Finally for the sales force, objectives of promotion include encouraging their support of a new product or model, encouraging more prospecting, and stimulating off-season sales.

The promotion planner should take into account the type of market, sales promotion objectives, competitive conditions, and each tool's cost-effectiveness. The manufacturer

promotions in the auto industry, for instance, are rebates, gifts to motivate test-drives and purchases, and high-value trade-in credit. Retailer promotions include price cuts, feature advertising, retailer coupons, and retailer contests or premiums. The growing power of large retailers has increased their ability to demand trade promotion. The manufacturer's sales force and its brand managers are often at odds here. The sales force says local retailers will not keep the company's products on the shelf unless they receive more trade promotion money, whereas brand managers want to spend their limited funds on consumer promotion and advertising. Manufacturers often find it difficult to police retailers to make sure they are doing what they agreed to do and increasingly insist on proof of performance before paying any allowances.

Manufacturers face several challenges in managing trade promotions.

Often in deal period, ambitious retailers may do forward buying or diverting. While the first is okay, the second needs to be curtailed. Manufacturers do this by limiting the amount they will sell at a discount or by producing and delivering less than the full order in an effort to smooth production.

Events are often used to highlight the relevance of a product by identifying with a particular target market or lifestyle. Sponsorship of events can lead to reinforcing the significance of a product, reinforce its perception, enhance corporate image, express commitment to community on social issues, entertain key customers or simply promote the product.

Public Relations

A company must relate constructively to customers, suppliers, and dealers. It must also relate to a large number of interested publics. A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations (PR) include a variety of programs to promote or protect a company's image or individual products. A company should always take concrete steps to manage successful relationships with its key public. The public relations department that often monitor the attitudes of the organization's publics and distributes information and communications to build goodwill. The best PR departments counsel top management to adopt positive programs and eliminate questionable practices so negative publicity doesn't arise in the first place.

They perform the following five functions:

1. Press relations—Presenting news and information about the organization in the most positive light
2. Product publicity—Sponsoring efforts to publicize specific products
3. Corporate communications—Promoting understanding of the organization through internal and external communications
4. Lobbying—Dealing with legislators and government officials to promote or defeat legislation and regulation
5. Counseling—Advising management about public issues as well as company positions and image during good times and bad.

Public relations (PR) includes a variety of programs designed to promote or protect a company's image or its individual products. Marketing public relations (MPR), to support the marketing department in corporate or product promotion and image making, can affect public awareness at a fraction of the cost of advertising and is often much more credible. The main tools of PR are publications, events, news, community affairs, identification media, lobbying, and social responsibility.

As the power of mass advertising weakens, marketing managers are turning to MPR to build awareness and brand knowledge for both new and established products. MPR is also effective in blanketing local communities and reaching specific groups, and it can be more cost-effective than advertising. Increasingly, MPR takes place online, but it must be planned jointly with advertising and other marketing communications. Clearly, creative public relations can affect public awareness at a fraction of the cost of advertising. The company doesn't pay for media space or time but only for a staff to develop and circulate stories and manage certain events. *An interesting story picked up by the media can be worth millions of dollars in equivalent advertising.* Some experts say consumers are five times more likely to be influenced by editorial copy than by advertising.

The following is an example of an award-winning PR campaign.

On Independence Day in 2017, Bajaj Avenger released a 1.44-minute video that packed a solid punch. The impactful campaign showed women riding bikes, cruising down roads at night and doing whatever they deem fit without any fear. At the end of the moving video, a quote by Mahatma Gandhi fills the screen:

“The day women can walk freely on the roads at night, the day we can say that India has achieved independence.”

On YouTube alone, the video has over 11 million views. On Facebook, the campaign crossed 5.7 million views. It asserts that even small and sweet things have immense power. The campaign gives a crystal-clear view of the influence of good PR and managed to get more than 50+ PR stories written about it.

Bajaj Avenger Independence day Film | #RideYourIndependence | Bajaj Avenger

<https://youtu.be/BtPpnOKDo4g>

MANAGING DIGITAL COMMUNICATIONS

In the face of the Internet revolution, marketing communications today increasingly occur as a kind of personal dialogue between the company and its customers.

Companies must ask not only “How should we reach our customers?” but also “How should our customers reach us?” and “How can our customers reach each other?” New technologies have encouraged companies to move from mass communication to more targeted, two-way communications. As a result, consumers can now play a much more participatory role in the marketing process. Consider how PepsiCo has engaged the consumer in marketing communications for its various brands.

The newest and fastest-growing channels for communicating and selling directly to customers are digital. The Internet provides marketers and consumers with opportunities for much greater interaction and individualization. Very few marketing programs can be considered complete without a meaningful digital component.

Online Marketing and Social Media

Websites, search ads, display ads and email are some of the main categories of online marketing. Online marketing communications have many advantages. Marketers can easily trace their effects by noting how many unique visitors or “UVs” click on a page or ad, how long they spend with it, what they do on it, and where they go afterward. The Internet also offers the advantage of contextual placement, which means marketers can buy ads on sites related to their own offerings. They can also place advertising based on keywords customers type into search engines to reach people when they’ve actually started the buying process.

However certain software powered websites can also generate bogus clicks, thus misleading the marketers with a hyped figure of the number of visitors to the site. There is also a risk of hacking and vandalism of the online messages. But the pros clearly can outweigh the cons, and the Internet is attracting marketers of all kinds. Digital advertising continues to show much more rapid growth than traditional media.

Search engine optimization (SEO) is a very important concept to be studied in online marketing. Search engine optimization (SEO) describes activities designed to improve the likelihood that a link for a brand is as high as possible in the rank order of all nonpaid links when consumers search for relevant terms. SEO is a crucial part of

marketing given the large amount of money marketers are spending on search. A number of guidelines have been suggested as part of SEO as well as paid search. Digital ads and interstitials are growing in popularity.

Social media is an important part of digital marketing. Social media are a means for consumers to share text, images, audio, and video information with each other and with companies, and vice versa. Social media allow marketers to establish a public voice and presence online. They can cost-effectively reinforce other communication activities. Because of their day-to-day immediacy, they can also encourage companies to stay innovative and relevant. Marketers can build or tap into online communities, inviting participation from consumers and creating a long-term marketing asset in the process. Online committees and forums, blogs and social networks are the main social media platforms.

E-commerce startup Dollar Shave Club sells a low-priced monthly supply of razors and blades online according to three different plans. The key to the company's launch was an online video. Dubbed the "best startup video ever" by some and the winner of multiple awards, the 90-second Dollar Shave Club video garnered millions of views on YouTube and gained thousands of social media followers in the process. In the quirky, irreverent video, CEO Michael Dubin rides a forklift, plays tennis, and dances with a fuzzy bear while touting the quality, convenience, and price of the company's razors and blades. Dubin has observed, "We are presenting a new business, a good idea, a funny video and tapped the pain point for a lot of consumers." While it was securing several hundred thousand customers, the company was also able to raise more than \$20 million in venture capital.

Embracing social media, harnessing word of mouth, and creating buzz also require companies to take the good with the bad. When Frito-Lay's "Do Us a Flavor" contest invited U.S. fans to suggest new potato chip flavors for a chance to win a huge cash prize, the Facebook app for submissions crashed the first day due to high traffic. The promotion got back on track, though, with the winner, Cheesy Garlic Bread-flavored chips, joining earlier winners from other countries such as Caesar salad-flavored chips in Australia and shrimp chips in Egypt. The Frito-Lay example shows the power and speed of social media, but also the challenges they pose to companies.

The reality, however, is that whether a company chooses to engage in social media or not, the Internet will always permit scrutiny, criticism, and even “cheap shots” from consumers and organizations. By using social media and the Internet in a constructive, thoughtful way, firms at least have a means to create a strong online presence and to better offer credible alternative points of view if negative feedback occurs. And if the firm has built a strong online community, members of that community will often rush to defend the brand and play a policing role over inaccurate or unfair characterizations.

Word of Mouth

Word of mouth (WOM) is a powerful marketing tool. Word-of-mouth marketing finds ways to engage customers so they will choose to talk positively with others about products, services, and brands. Viral marketing is a form of online word of mouth, or “word of mouse,” that encourages people to exchange online information related to a product or service. With user-generated content sites such as YouTube, Vimeo, and Google Video, consumers and advertisers can upload ads and videos to be shared by millions of people.

LinkedIn and Netflix are some of the popular examples of using word of mouth publicity. LinkedIn recommendations are examples of word of mouth. Netflix, is another example, that used word of mouth marketing to make binge-watching popular with its organic tagline Netflix and chill. The company promoted it on social media which became a huge success.

Mobile Marketing

Mobile marketing is an increasingly important form of interactive marketing by which marketers can use text messages, software apps, and ads to connect with consumers via their smart phones and tablets. Mobile ad spending was almost \$18 billion worldwide in 2013. With the increased capabilities of smart phones, however, mobile ads can be more than just a display medium using static “mini-billboards.” Much recent interest has been generated in mobile apps—bite-sized software programs that can be downloaded to smart phones. Apps can perform useful functions—adding convenience, social value, incentives, and entertainment and making consumers’ lives a little or a lot better. In a short period of time, thousands of apps have been introduced by companies large and small. Many companies are adding apps to their marketing toolkit.

One can browse, view product details, read reviews, and purchase millions of products on Amazon shopping app. Whether you're buying gifts, reading reviews, tracking orders, scanning products, or just shopping, the Amazon Shopping app offers more benefits than shopping on Amazon via your desktop.

Because traditional coupon redemption rates have been declining for years, the ability of mobile to make more relevant and timely offers to consumers at or near the point of purchase has piqued the interest of many marketers. These new coupons can take all forms, and digital in-store signs can dispense them to smart phones. Although the cookies that allow firms to track online activity don't typically work in wireless applications, technological advances are making it easier to track users across their smart phones and tablets too. With user privacy safeguards in place, marketers' greater knowledge of cross-screen identities (online and mobile) can permit more relevant, targeted ads. New measurement techniques are also aiding the adoption of mobile marketing.

For e.g. It has now almost a standard to launch popular television programs on the corresponding channel apps. Shark Tank India, the latest launch of SonyTV is now available for people to binge watch thru the app.

MANAGING PERSONAL COMMUNICATIONS

Personalizing communications is saying and doing the right thing for the right person at the right time are critical for marketing effectiveness.

Direct Marketing

Direct marketing is the use of consumer-direct (CD) channels to reach and deliver goods and services to customers without using marketing middlemen. Direct marketers can use a number of channels to reach individual prospects and customers: direct mail, catalog marketing, telemarketing, interactive TV, kiosks, Web sites, and mobile devices. They often seek a measurable response, typically a customer order, through direct-order marketing. Direct marketing has been a fast-growing avenue, partly in response to the high and increasing costs of reaching business markets through a sales force. Sales produced through traditional direct marketing channels (catalogs, direct mail, and telemarketing) have been growing rapidly, along with direct-mail sales, which include sales to the consumer market, B-to-B, and fund-raising by charitable institutions.

Direct marketing can reach prospects at the moment they want a solicitation and therefore be noticed by more highly interested prospects. It lets marketers test alternate media and messages to find the most cost-effective approach. Direct marketing also makes the company's offer and strategy less visible to competitors. Finally, direct marketers can measure responses to their campaigns to decide which have been the most profitable. Direct marketing must be integrated with other communications and channel activities. Successful direct marketers view a customer interaction as an opportunity to up-sell, cross-sell, or just deepen a relationship. They make sure they know enough about each customer to customize and personalize offers and messages and develop a plan for lifetime marketing to each valuable customer, based on their knowledge of life events and transitions. They also carefully orchestrate each element of their campaigns.

Most direct marketers apply the RFM (recency, frequency, monetary amount) formula to select customers according to how much time has passed since their last purchase, how many times they have purchased, and how much they have spent since becoming a customer

Customer Databases and Database Marketing

A customer database is an organized collection of comprehensive information about individual customers or prospects that is current, accessible, and actionable for lead generation, lead qualification, sale of a product or service, or maintenance of customer relationships. Database marketing is the process of building, maintaining, and using customer databases and other databases (of products, suppliers, or resellers) to contact, transact, and build customer relationships.

A **customer mailing list** is simply a set of names, addresses, and telephone numbers. A customer electronic mailing or e-mail list may literally be just names and e-mail addresses. A customer database, however, contains much more information, accumulated through customer transactions, registration information, telephone queries, cookies, and every customer contact. Ideally, a customer database also contains the consumer's past purchases, demographics (age, income, family members, birthdays), psychographics (activities, interests, and opinions), mediagraphics (preferred media), and other useful information.

A typical business database contains business customers' past purchases; past volumes, prices, and profits; buyer team members' names (and ages, birthdays, hobbies, and favorite foods); status of current contracts; the supplier's estimated share of the customer's business; competitive suppliers; assessment of competitive strengths and weaknesses in selling and servicing the account; and relevant customer buying practices, patterns, and policies. Typically, companies can use their databases in five ways to identify prospects, put the appropriate offer to the appropriate customer, strengthen customer loyalty, reactivate purchases, avoid serious customer mistakes.

Database marketing is most frequently used by business marketers and service providers that routinely collect masses of customer data, like hotels, banks, airlines, and insurance, credit card, and phone companies. Other types of companies that invest in database marketing are those that favor cross-selling and up-selling (such as Amazon.com) or whose customers have highly differentiated needs and are of highly differentiated value to the company. Database marketing will not however work for one-in-a-lifetime purchase or for products where the unit of sale is too small and the collection of data is too expensive. Database marketing will also not work where there is

no direct contact between the seller and the ultimate buyer. Further not all customers may like companies tracking their personal information.

Designing and Managing Sales Force

The original and oldest form of direct marketing is the field sales call. To locate prospects, develop them into customers, and grow the business, most industrial companies rely heavily on a professional sales force or hire manufacturers' representatives and agents. Although no one debates the importance of the sales force in marketing programs, companies are sensitive to the high and rising costs of maintaining one, including salaries, commissions, bonuses, travel expenses, and benefits. Not surprisingly, companies are trying to increase sales force productivity through better selection, training, supervision, motivation, and compensation.

A salesperson could be a 'Deliverer' like that of Dominos' or an 'Order taker' who takes the order behind the counter. A salesperson could also be a 'missionary' (pharmaceutical medical representative). Such a person doesn't take order, instead help in building goodwill or educating the actual or the potential user. A salesperson could also be a 'technician' with a high level of technical knowledge (the engineering salesperson who is primarily a consultant to client companies). A salesperson could also be a 'Demand Creator' who relies on creative methods for selling tangible products (vacuum cleaners, cleaning brushes, household products) or intangibles (insurance, advertising services, or education). A salesperson could also be a 'solution vendor' whose expertise is solving a customer's problem, often with a system of the company's products and services (for example, computer and communications systems).

Thus a salesperson can be performing any of the following tasks:

- **Prospecting:** Searching for prospects or leads
- **Targeting:** Deciding how to allocate their time among prospects and customers
- **Communicating:** Communicating information about the company's products and services
- **Selling:** Approaching, presenting, answering questions, overcoming objections, and closing sales
- **Servicing:** Providing various services to the customers—consulting on problems, rendering technical assistance, arranging financing, expediting delivery

- Information gathering. Conducting market research and doing intelligence work
- Allocating. Deciding which customers will get scarce products during product shortages

Companies must deploy sales forces strategically so they call on the right customers at the right time in the right way, acting as “account managers” who arrange fruitful contact between people in the buying and selling organizations.

Sales Force Structure

A company that sells one product line to one end-using industry with customers in many locations would use a territorial structure. A company that sells many products to many types of customers might need a product or market structure. Some companies need a more complex structure and adopt some combination of four types of sales force:

- (1) a strategic market sales force assigned to major accounts;
- (2) a geographic sales force calling on customers in different territories;
- (3) a distributor sales force calling on and coaching distributors; and
- (4) an inside sales force marketing and taking orders online and via phone.

Established companies need to revise their sales force structures as market and economic conditions change.

Various policies and procedures guide the firm in recruiting, selecting, training, supervising, motivating, and evaluating sales representatives to manage its sales force.

One survey revealed that the top 25 percent of the sales force brought in more than 52 percent of the sales. It's a great waste to hire the wrong people. The average annual turnover rate of sales reps for all industries is almost 20 percent. Sales force turnover leads to lost sales, the expense of finding and training replacements, and often pressure on existing salespeople to pick up the slack. The background and experience variables or even current status, lifestyle, attitude, personality, and skills of the salespeople have not shown a strong relationship with the sales performance. However composite tests and assessment centers that simulate the working environment and assess applicants in an environment similar to the one in which they would work, have been more effective predictors of high performance.

Today's customers expect salespeople to have deep product knowledge, add ideas to improve operations, and be efficient and reliable. These demands require companies to make a much greater investment in sales training.

The key indicators of sales performance:

(1) average number of sales calls per salesperson per day,

(2) average sales call time per contact,

(3) average revenue per sales call,

(4) average cost per sales call,

(5) entertainment cost per sales call,

(6) percentage of orders per hundred sales calls,

(7) number of new customers per period,

(8) number of lost customers per period, and

(9) sales force cost as a percentage of total sales.

Here's an example of how a manager should evaluate a salesperson's performance.

Form for Evaluating Sales Representative's Performance				
Territory: Midland Sales Representative: John Smith	2011	2012	2013	2014
1. Net sales product A	\$251,300	\$253,200	\$270,000	\$263,100
2. Net sales product B	423,200	439,200	553,900	561,900
3. Net sales total	674,500	692,400	823,900	825,000
4. Percent of quota product A	95.6	92.0	88.0	84.7
5. Percent of quota product B	120.4	122.3	134.9	130.8
6. Gross profits product A	\$50,260	\$50,640	\$54,000	\$52,620
7. Gross profits product B	42,320	43,920	55,390	56,190
8. Gross profits total	92,580	94,560	109,390	108,810
9. Sales expense	\$10,200	\$11,100	\$11,600	\$13,200
10. Sales expense to total sales (%)	1.5	1.6	1.4	1.6
11. Number of calls	1,675	1,700	1,680	1,660
12. Cost per call	\$6.09	\$6.53	\$6.90	\$7.95
13. Average number of customers	320	24	328	334
14. Number of new customers	13	14	15	20
15. Number of lost customers	8	10	11	14
16. Average sales per customer	\$2,108	\$2,137	\$2,512	\$2,470
17. Average gross profit per customer	\$289	\$292	\$334	\$326

Total sales increased every year (line 3)

This does not necessarily mean Smith is doing a better job. The product breakdown shows he has been able to push the sales of product B further than the sales of product A (lines 1 and 2), though A is more profitable for the company. Given his quotas for the two products (lines 4 and 5), Smith could be increasing product B sales at the expense of product A sales.

Gross profits on total sales actually decreased by \$580 (line 8), though he increased total sales by \$1,100 between 2013 and 2014 (line 3),

Sales expense (line 9) shows a steady increase, though total expense as a percentage of total sales seems to be under control (line 10).

The upward trend in total dollar expense does not seem to be explained by any increase in the number of calls (line 11), though it might be related to success in acquiring new customers (line 14). Perhaps in prospecting for new customers, this rep is neglecting present customers, as indicated by an upward trend in the annual number of lost accounts (line 15).

The last two lines show the level and trend in sales and gross profits per customer. These figures become more meaningful when compared with overall company averages. If Smith's average gross profit per customer is lower than the company's average, he could be concentrating on the wrong customers or not spending enough time with each customer. A review of annual number of calls (line 11) shows he might be making fewer annual calls than the average day, might be poor at sales planning and routing, or might be spending too much time with certain accounts. Even if effective in producing sales, the rep may not rate highly with customers.

Success may come because competitors' salespeople are inferior, the rep's product is better, or new customers are always found to replace those who dislike the rep. Managers can glean customer opinions of the salesperson, product, and service by mail questionnaires or telephone calls. Sales reps can analyze the success or failure of a sales call and how they would improve the odds on subsequent calls. Their performance could be related to internal factors (effort, ability, and strategy) and/or external factors (task and luck).

Principles of Personal Selling

The SPIN method works great in converting prospects to customers and also in building long-term relationship with customers.

1. Situation questions—These ask about facts or explore the buyer's present situation. For example, "What system are you using to invoice your customers?"
2. Problem questions—These deal with problems, difficulties, and dissatisfactions the buyer is experiencing. For example, "What parts of the system create errors?"
3. Implication questions—These ask about the consequences or effects of a buyer's problems, difficulties, or dissatisfactions. For example, "How does this problem affect your people's productivity?"
4. Need-payoff questions—These ask about the value or usefulness of a proposed solution. For example, "How much would you save if our company could help you reduce errors by 80 percent?"

Further following are the six steps in effective selling:

- Prospecting and qualifying

- Pre-approach
- Presentation and demonstration
- Overcoming objections
- Closing
- Follow-up and maintenance

The principles of personal selling and negotiation are largely transaction-oriented because their purpose is to close a specific sale. But in many cases the company seeks not an immediate sale but rather a long-term supplier–customer relationship. Today’s customers prefer suppliers who can sell and deliver a coordinated set of products and services to many locations, who can quickly solve problems in different locations, and who can work closely with customer teams to improve products and processes.

Salespeople working with key customers must do more than email or call only when they think customers might be ready to place orders. They should get in touch at other times and make useful suggestions about the business to create value. They should monitor key accounts, know customers’ problems, and be ready to serve them in a number of ways, adapting and responding to different customer needs or situations.

DESIGNING AND MANAGING INTEGRATED MARKETING CHANNELS

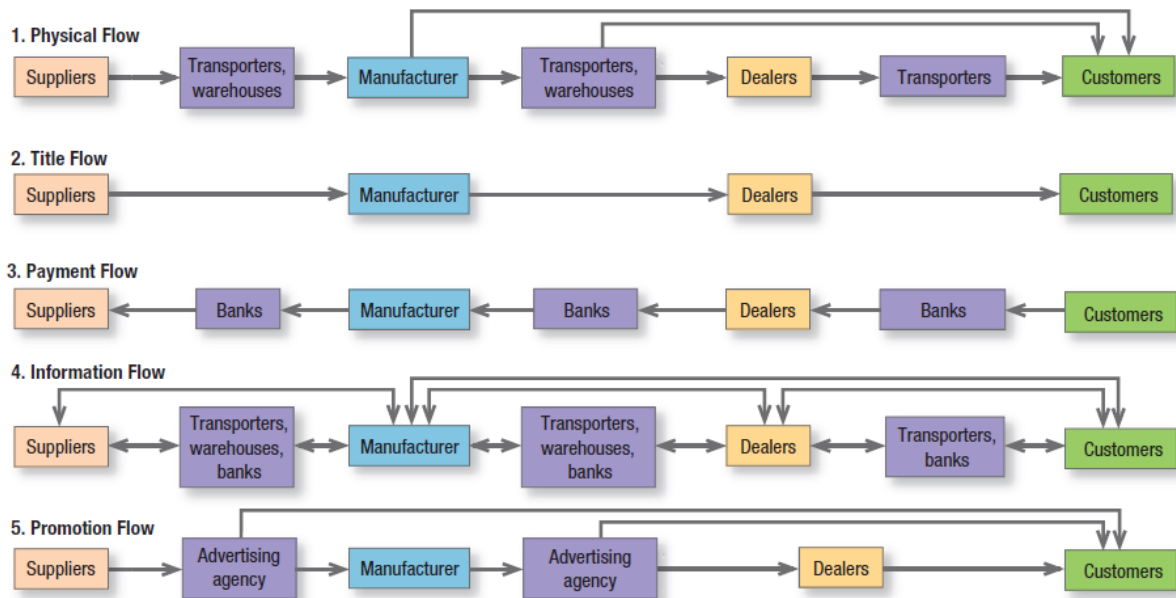
With the advent of e-commerce (selling online) and m-commerce (selling via mobile phones and tablets), customers are buying in ways they never have before. Companies today must build and manage a continuously evolving and increasingly complex channel system and value network. Marketing channels are sets of interdependent organizations participating in the process of making a product or service available for use or consumption. They are the set of pathways a product or service follows after production, culminating in purchase and consumption by the final end user. A marketing channel system is the particular set of marketing channels a firm employs, and decisions about it are among the most critical ones that managements face.

The channels chosen affect all other marketing decisions. The company's pricing depends on whether it uses online discounters or high-quality boutiques. Its sales force and advertising decisions depend on how much training and motivation dealers need. In addition, channel decisions include relatively long-term commitments with other firms as well as a set of policies and procedures. *For example, when an automaker signs up independent dealers to sell its automobiles, it cannot buy them out the next day and replace them with company-owned outlets.* But at the same time, channel choices themselves depend on the company's marketing strategy with respect to segmentation, targeting, and positioning.

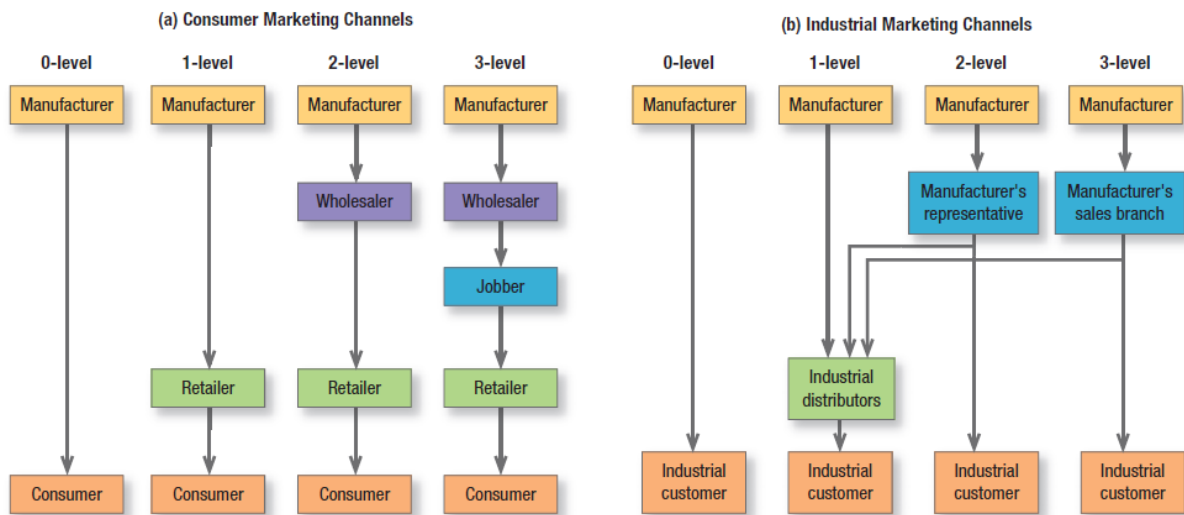
Role of Marketing Channels

A marketing channel performs the work of moving goods from producers to consumers. It overcomes the time, place, and possession gaps that separate goods and services from those who need or want them. Members of the marketing channel perform a number of key functions.

The following figure shows (Five) Marketing Flows in the Marketing Channel for Forklift Trucks:



The producer and the final customer are part of every channel. We can use the number of intermediary levels to designate the length of a channel. The following figure illustrates several consumer-goods marketing channels of different lengths.



Channel – Design and Management Decisions

To design a marketing channel system, marketers analyze customer needs and wants, establish channel objectives and constraints, and identify and evaluate major channel alternatives. Consumers may choose the channels they prefer based on price, product assortment, and convenience as well as their own shopping goals (economic, social, or experiential). Channel segmentation exists, and marketers must be aware that different consumers have different needs during the purchase process. Even the same consumer,

though, may choose different channels for different reasons. Channels produce five service outputs viz. desired lot size, waiting and delivery time, spatial convenience (the convenience of buying, servicing or replacing a product), product variety and service backup (credit, delivery, installation, repairs).

Marketers must adapt their channel objectives to the larger environment. When economic conditions are depressed, producers want to move goods to market using shorter channels and without services that add to the final price. Legal regulations and restrictions also affect channel design. U.S. law looks unfavorably on channel arrangements that substantially lessen competition or create a monopoly.

Each channel—from sales forces to agents, distributors, dealers, direct mail, telemarketing, and the Internet—has unique strengths and weaknesses. Sales forces can handle complex products and transactions, but they are expensive. The Internet is inexpensive but may not be as effective for complex products. Distributors can create sales, but the company loses direct contact with customers. Several clients can share the cost of manufacturers' reps, but the selling effort is less intense than company reps provide. Channel alternatives differ in three ways: the types of intermediaries, the number needed, and the terms and responsibilities of each.

After a company has chosen a channel system, it must select, train, motivate, and evaluate intermediaries for each channel. It must also modify channel design and arrangements over time, including the possibility of expansion into international markets. **To customers, the channels are the company.**

Consider the negative impression customers would get of McDonald's, Shell Oil, or Mercedes-Benz if one or more of their outlets or dealers consistently appeared dirty, inefficient, or unpleasant.

Channel power is the ability to alter channel members' behavior so they take actions they would not have taken otherwise. A producer must periodically review and modify its channel design and arrangements. The distribution channel may not work as planned, consumer buying patterns change, the market expands, new competition arises, innovative distribution channels emerge, and the product moves into later stages in the product life cycle. International markets pose distinct challenges, including

variations in customers' shopping habits and the need to gain social acceptance or legitimacy among others, but opportunities do exist.

Channel – Integration and Systems

A conventional marketing channel consists of an independent producer, wholesaler(s), and retailer(s). Each is a separate business seeking to maximize its own profits, even if this goal reduces profit for the system as a whole. No channel member has complete or substantial control over other members. A vertical marketing system (VMS), by contrast, includes the producer, wholesaler(s), and retailer(s) acting as a unified system. One channel member, the channel captain, sometimes called a channel steward, owns or franchises the others or has so much power that they all cooperate. Stewards accomplish channel coordination without issuing commands or directives by persuading channel partners to act in the best interest of all. Another channel development is the horizontal marketing system, in which two or more unrelated companies put together resources or programs to exploit an emerging marketing opportunity. Each company lacks the capital, know-how, production, or marketing resources to venture alone, or it is afraid of the risk. The companies might work together on a temporary or permanent basis or create a joint venture company. For example, many supermarket chains have arrangements with local banks to offer in-store banking.

E-Commerce Marketing Practices

E-commerce uses a Web site to transact or facilitate the sale of products and services online. Online retail sales have exploded, and it is easy to see why. Online retailers can predictably provide convenient, informative, and personalized experiences for vastly different types of consumers and businesses. By saving the cost of retail floor space, staff, and inventory, they can also profitably sell low-volume products to niche markets. While consumers often go online to try to find lower prices, online retailers in fact compete in three key aspects of a transaction: (1) customer interaction with the Web site, (2) delivery, and (3) ability to address problems when they occur.

M-Commerce Marketing Practices

Marketers are using a number of new and traditional practices in m-marketing. Understanding how consumers want to use their smart phones is critical to understanding the role of advertising. Given the small screen and fleeting attention paid,

fulfilling advertising's traditional role of informing and persuading is more challenging for m-commerce marketers. On the plus side, consumers are more engaged and attentive with their smart phones than when they are online. Promotions are a different story. Consumers often use their smart phones to find deals or capitalize on them: the redemption rate for mobile coupons (10 percent) far exceeds that of paper coupons (1 percent). For retailers, research has shown that mobile promotions can get consumers to travel greater distances within a store and make more unplanned purchases.

The fact that a company can pinpoint a customer's or employee's location with GPS technology raises privacy issues. Like so many new technologies, such location-based services have potential for good and harm and will ultimately warrant public scrutiny and regulation.

Conflict, Cooperation and Competition

All marketing channels have the potential for conflict and competition resulting from goal incompatibility, poorly defined roles and rights, perceptual differences, and interdependent relationships. Companies can try to manage conflict through dual compensation, superordinate goals, employee exchange, co-optation, and other means. Channel arrangements are up to the company, but certain legal and ethical issues to be considered include exclusive dealing or territories, tying agreements, and dealers' rights.

MANAGING, RETAILING, WHOLESALING AND LOGISTICS

The more successful use strategic planning, state-of-the-art technology, advanced information systems, and sophisticated marketing tools. They segment their markets, improve their market targeting and positioning, and connect with their customers through memorable experiences, relevant and timely information, and of course the right products and services. In this section, we consider marketing excellence in retailing, wholesaling, and logistics.

Retailing

Retailing includes all the activities in selling goods or services directly to final consumers for personal, nonbusiness use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Any organization selling to final consumers—whether it is a manufacturer, wholesaler, or retailer—is doing retailing. It doesn't matter how the goods or services are sold (in person, by mail, by telephone, by vending machine, or online) or where (in a store, on the street, or in the consumer's home). Retailing is a fast-moving, challenging industry.

Private Labels

Store brands now account for one of every five items sold in U.S. supermarkets, drug chains, and mass merchandisers. In one study, seven of 10 shoppers believed the private-label products they bought were as good as, if not better than, their national-brand counterparts, and virtually every household purchases private label brands from time to time. The stakes in private-label marketing are high. Why do intermediaries sponsor their own brands? First, these brands can be more profitable. Intermediaries may be able to use manufacturers with excess capacity that will produce private-label goods at low cost. Other costs, such as research and development, advertising, sales promotion, and physical distribution, are also much lower, so private labels can generate a higher profit margin. Retailers also develop exclusive store brands to differentiate themselves from competitors. Many price-sensitive consumers prefer store brands in certain categories. These preferences give retailers increased bargaining power with marketers of national brands. They are however different from generics.

Generics are unbranded, plainly packaged, less expensive versions of common products such as spaghetti, paper towels, and canned peaches. They offer standard or lower quality at a price that may be as much as 20 percent to 40 percent lower than nationally advertised brands and 10 percent to 20 percent lower than the retailer's private-label brands. The lower price is made possible by lower-cost labeling and packaging and minimal advertising and sometimes lower-quality ingredients.

Wholesaling

Wholesaling includes all the activities in selling goods or services to those who buy for resale or business use. It excludes manufacturers and farmers because they are engaged primarily in production, and it excludes retailers. Wholesalers (also called distributors) pay less attention to promotion, atmosphere, and location because they are dealing with business customers rather than final consumers. Second, wholesale transactions are usually larger than retail transactions, and wholesalers usually cover a larger trade area than retailers. Third, wholesalers and retailers are subject to different legal regulations and taxes.

Wholesalers' sales forces help manufacturers reach many small business customers at a relatively low cost. build the assortments their customers need, achieve savings for their customers by buying large carload lots and breaking the bulk into smaller units hold inventories. Wholesalers' also reduce inventory costs and risks to suppliers and customers. provide quicker delivery to buyers because they are closer to the buyers. Finally wholesalers finance customers by granting credit and finance suppliers by ordering early and paying bills on time, providing market intelligence and absorbing some of market risks.

Market Logistics

The market logistics task today calls for integrated logistics systems (ILS), which include materials management, material flow systems, and physical distribution, aided by information technology (IT). Producers of physical products and services must decide on market logistics—the best way to store and move goods and services to market destinations and to coordinate the activities of suppliers, purchasing agents, manufacturers, marketers, channel members, and customers. Major gains in logistical efficiency have come from advances in information technology.

MANAGING HOLISTIC MARKETING FOR THE LONG RUN

Healthy long-term growth for a brand requires holistic marketers to engage in a host of carefully planned, interconnected marketing activities and satisfy a broad set of constituents and objectives. Marketers must also consider a wide range of short- and long-term effects of their actions. Corporate social responsibility and sustainability have become priorities for many.

Trends in Marketing Practices

With globalization, deregulation, market fragmentation, consumer empowerment, environmental concerns, and all the remarkable developments in communication technology, the world has unquestionably become a very different place for marketers. Now more than ever, marketers must think holistically and use creative win-win solutions to balance conflicting demands. They must develop fully integrated marketing programs and meaningful relationships with a range of constituents. They must do all the right things inside their company and consider the broader consequences in the marketplace.

Internal Marketing

Internal marketing requires that everyone in the organization accept the concepts and goals of marketing and engage in identifying, providing, and communicating customer value. Only when all employees realize their job is to create, serve, and satisfy customers does the company become an effective marketer. Under the marketing concept, all departments need to “think customer” and work together to satisfy customer needs and expectations. Yet departments define company problems and goals from their own viewpoints, so conflicts of interest and communications problems are unavoidable. Many companies now focus on key processes rather than on departments because departmental organization can be a barrier to smooth performance. They appoint process leaders, who manage cross-disciplinary teams that include marketing and salespeople. Marketers thus may have a solid-line responsibility to their teams and a dotted line responsibility to the marketing department.

Socially Responsible Marketing

Effective internal marketing must be matched by a strong sense of ethics, values, and social responsibility. Taking a more active, strategic role in corporate social

responsibility is thought to benefit not just customers, employees, community, and the environment but also shareholders. The most admired and most successful companies in the world abide by high standards of business and marketing conduct that dictate serving people's interests, not only their own.

Procter & Gamble has made "brand purpose" a key component of the company's marketing strategies. The company has launched a number of award-winning cause programs to support its brands, such as with Downy fabric softener's "Touch of Comfort," Tide laundry detergent's "Loads of Hope," and Secret deodorant's "Mean Stinks."

Marketing Implementation and Control

Great marketing companies know the best marketers thoughtfully and creatively devise marketing plans and then bring them to life. Marketing implementation and control are critical to making sure marketing plans have their intended results year after year. Marketing implementation is the process that turns marketing plans into action assignments and ensures they accomplish the plan's stated objectives. Marketing control is the process by which firms assess the effects of their marketing activities and programs and make necessary changes and adjustments.

The Future of Marketing

To succeed in the future, marketing must be more holistic and less departmental. Marketers must achieve wider influence in the company, continuously create new ideas, and strive for customer insight by treating customers differently but appropriately. They must build their brands more through performance than promotion. They must go electronic and win through building superior information and communication systems.

The coming years will see:

- The demise of the marketing department and the rise of holistic marketing
- The demise of free-spending marketing and the rise of ROI marketing
- The demise of marketing intuition and the rise of marketing science
- The demise of manual marketing and the rise of both automated and creative marketing
- The demise of mass marketing and the rise of precision marketing.

Questions

1. Explain Integrated Marketing Communication using any brand where it has been used. (understand, analyze and apply)
2. Elaborate on any mass communications exercise carried out in India. (analyze and apply)
3. Explain with example how digital communication is better than regular marketing in the current business scenario. (understand and analyze)
4. Explain using a particular product how personal selling will benefit more than any other form of selling. (understand and apply)
5. Can JioMart defeat DMart? Explain your answer. (understand and apply)