



Management School

Key Concept Overview

Tools of Integrated Marketing
Communications – Part 2

KMGT 678
Integrated Marketing
Communications

Week 5

Key Concept

Integrated Marketing Communications

This week continues with the same focus as Week 4, where the promotional mix was introduced. As discussed last week, the various elements of the promotional mix should not be viewed as a separate set of elements by which organisations can communicate with potential and current customers. Instead, it represents a combination of promotional methods that can be tailored to the particular needs of the organisation.

Sales promotions

Traditionally, sales promotion was viewed as a promotional activity that provided customers direct incentives to purchase a product. Customers are encouraged through the use of coupons, discounts, etc. to purchase a product or service. The remainder of this section will briefly consider the tools of sales promotion.

Coupons

Coupons represent an effort by a company to induce customers to purchase a product as a result of a price reduction. According to Clow and Baack (2010) 323 billion coupons were distributed in the US in 2009. However, only 3 billion were redeemed within 1 year, representing a redemption rate of 0.93%. In addition to experiencing low redemption rates, coupons have other drawbacks. They are prone to counterfeiting, and use of coupons results in lost revenues for companies that rely heavily on them as a promotional tool.

Premiums

Premiums are prizes or gifts offered to customers who purchase a company's products/services. However, in order for a premium to be effective, it must be valued by the customer. In addition, the premium should reinforce the company's image.

Sampling

Sampling is another popular method often used to entice people to purchase products. Most samples are provided free of charge. However, because samples are usually free to customers, they represent significant costs to the companies that use them. Because of this, companies need to consider the potential benefits of a sampling campaign and weigh these against the costs incurred.

Price-off-price reduction

Price-off-price reduction occurs when a company offers discounts on some of its goods and services for a limited time. Price-offs can stimulate consumer demand for products/services; however, it is important to acknowledge that price-offs result in lower profit margins. Marketers also need to be careful that over-use of discounts and price reductions does not negatively impact a brand's image. A brand may become associated with the low price only. Therefore, discounts and reductions should be short-term methods employed as part of the integrated marketing communications mix.

Trade promotions

Trade promotions may be viewed as a form of business-to-business (B2B) sales promotion, where manufacturers and retailers are given incentives to purchase goods that will be used for re-sale.

Trade shows

Trade shows are used extensively in B2B marketing programmes. These trade shows offer the manufacturer an opportunity to meet directly with a retailer. A trade show also offers a manufacturer the chance to meet new customers. Importantly, trade shows allow insights into what competitors are doing. Clow and Baack (2010) identified five types of buyers at trade shows:

- Educational seekers
- Reinforcement seekers
- Solution seekers
- Buying teams
- Power buyers

As the list implies, the demands of these individual groups varies. Furthermore, it is important that those who use trade shows as a promotional tool are aware of the needs of these buyer groups and focus their efforts on the best way to cater to the needs of each group.

Merchandising: in-store marketing

The preceding sections and the Week 4 Key Concept Overview looked at the range of promotional tools used by organisations to communicate with customers. These tools entail a large lay-out of money, often with unpredictable returns. However, 70% of buying decisions are made in store. Yet, the funds devoted to in-store merchandising represent a relatively small percentage of overall advertising and marketing budgets (Clow and Baack, 2010).

Point of purchase (POP) advertising is the final opportunity to influence customers' buying behaviour. It is estimated that 75% of customers are open to new experiences

as they browse along supermarket aisles (Shimp and Andrews, 2013). This figure represents a significant opportunity for organisations to communicate with customers who will potentially consume their goods/services.

Packaging

Packaging is something used to both protect and sell a product. As shoppers browse the contents of a supermarket aisle, packaging informs the customer of product contents and can communicate the value of a product to the customer. As such, packaging also represents a form of advertising beyond functional protection. Given the importance of packaging, it is, therefore, understandable that the design, shape and colour of the packaging have received a great deal of attention in the integrated marketing communications industry.

Take, for example, the role of colour in packaging. Recall Week 3, where the psychology of consumer buying was explored. When it comes to packaging, the same association between stimuli and decision-making is applied. Colours affect people emotionally and psychologically. For example, the colour red is associated with stimulation, energy and activity. Therefore, it is no coincidence that Coca-Cola cans and bottles are dominated by this colour.

Likewise, orange is a colour associated with foods, explaining why Uncle Ben's rice packaging is mostly orange. Shimp and Andrews (2013) have outlined their VIEW model that proposes the criteria of effective packaging. In their model, packaging must be:

- **Visible;**
- **Informational;**
- **Emotion creating; and**
- **Workable (functional).**

Personal selling

The Integrated marketing communications mix is used to persuade consumers to purchase products/services. Personal selling is the most effective form of persuasion. However, a major drawback of personal selling is that it is also very expensive form of persuasion. The traditional door-to-door salesperson may be a thing of the past; however, direct and personal selling still takes place via the Internet through targeted selling efforts.

Much research has been undertaken to try and establish the characteristics of good salespeople; however, this research did not result in conclusive findings. Weitz's (1981) disruptive innovation proposed that successful selling is contingent on a number of factors, such as:

- The resources available to the salesperson;

- The relationship between the salesperson and the customer; and
- The complexity of the buying task.

References

Clow, K. & Baack, D (2010) *Integrated advertising, promotion, and marketing communications*. Global ed./4th ed. New York: Pearson Education.

Shimp, T.A. & Andrews J.C. (2013) *Integrated marketing communications in advertising and promotion*. 9th ed. Mason, OH: South-Western Cengage Learning.

Weitz, B. A. (1981) 'Effectiveness in sales interactions; a contingency framework', *Journal of Marketing*, 45 (1), pp.85-103.