Communication

Communication as a company function

- Defining, planning and managing the corporate image towards the internal and external stakeholders
- Corporate communication
  - Internal communication (company's workers)
  - External (environment, name, website)
    - Institutional (the whole company)
    - Economic and financial

Communication as an element of the marketing mix

- Marketing communications (offered goods)
  - Communication plan as a part of the marketing mix
  - Positioning of the product; Branding; Stimulating the demand
- Product or food chain communications

Communication

Communication as a process

- A transactional process between two or more parties whereby meaning is exchanged through the intentional use of symbols (and signs)
    - Sender
    - Signal: message and medium
    - Receiver

    - Information
    - Persuasion
    - Mutual understanding (*relational marketing*)

The Communications Process

Source: Kotler et al., Principles of marketing
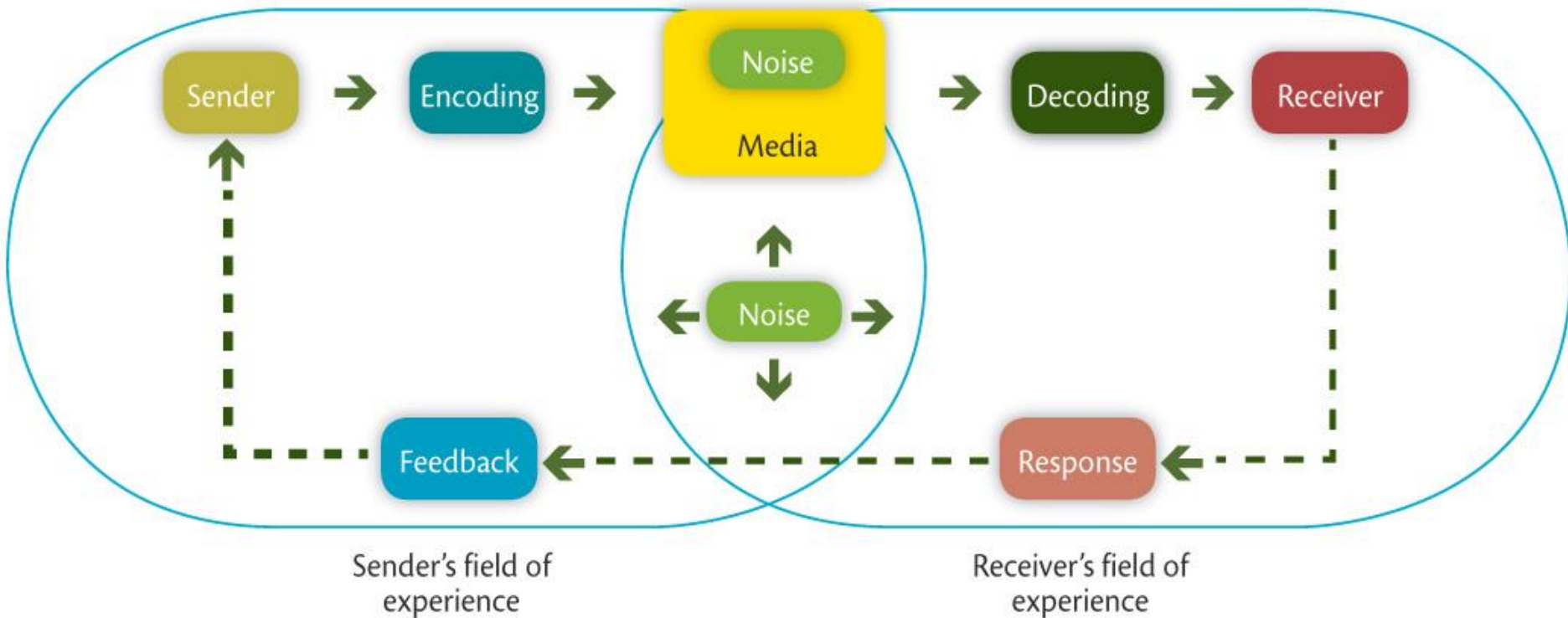
The Communications Process

- **Sender** is the party sending the message to another party.
- **Encoding** is the process of putting thought into symbolic form.
- **Message** is the set of symbols the sender transmits.
- **Media** refers to the communications channels through which the message moves from sender to receiver.
- **Decoding** is the process by which the receiver assigns meaning to the symbols.
- **Receiver** is the party receiving the message sent by another party.
- **Response** is the reaction of the receiver after being exposed to the message
- **Feedback** is the part of the receiver's response communicated back to the sender
- **Noise** is the unplanned static or distortion during the communication process, which results in the receiver's getting a different message than the one the sender sent

The Communications Process

- **Sender**
  - Credibility (competence and reliability)
  - Pleasure (fame, familiarity, similarity, attraction)
  - Rewards and punishments
- **Signal**
  - Content of the message
    - Desired effects: cognitive dimension = knowledge; affective dimension = positive attitude, preference; conative dimension = conviction, purchase)
    - Consumer benefits
    - Reasons why
  - Tone of the message (humour, fear)
  - Structure of the message (mono- or bi-dimensional approach)
  - Repetition of the communication
  - The meaning of colours for food products

The Communications Process

- For a message to be effective, the sender's encoding must mesh with the receiver's decoding process.

- Best messages consist of words and other symbols that are familiar to the receiver.

- Marketers may not share their consumer's field of experience but must understand the consumer's field of experience.

Steps in Developing Effective Communication

<u>Effective Communication</u>

1. Identify the target audience
2. Determine the communication objectives
3. Design a message
4. Choose media
5. Select the message source
6. Collect feedback

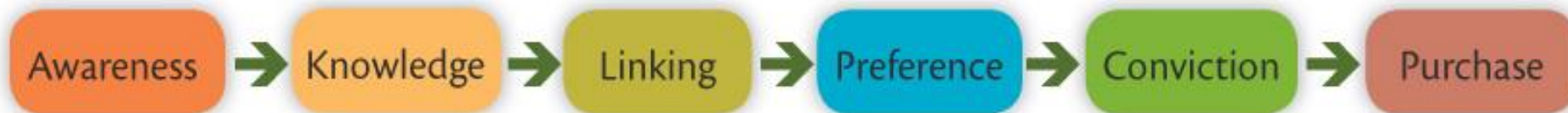# Steps in Developing Effective Communication

Identifying the Target Audience

- **Marketing communications** begins with a clear target audience to answer these questions:
  - What will be said *(message content)*
  - How it will be said *(message structure, format)*
  - When it will be said
  - Where it will be said
  - Who will say it *(source)*

Steps in Developing Effective Communication

Determining the Communications Objectives

- Marketers seek a purchase response that result from a consumer decision-making process that includes the stages of buyer readiness.

- The hierarchy of the communication effects

Awareness → Knowledge → Linking → Preference → Conviction → Purchase

Source: Kotler et al., Principles of marketing

Steps in Developing Effective Communication

Designing a Message

- AIDA Model: Get **A**ttention - Hold **I**nterest - Arouse **D**esire - Obtain **A**ction

- **Designing** includes the message content, structure and format.

  – Message content—what to say

  – Message structure—how to say it

  – Message format—through what way to express

Steps in Developing Effective Communication

Designing a Message

- Message content is an appeal or theme that will produce the desired response.

    - Rational appeal relates to the audience's self-interest.

    - Emotional appeal is an attempt to stir up positive or negative emotions to motivate a purchase.

    - Moral appeal is directed at the audience's sense of right and proper.

The communication

- **Mass communication**
  - Are media that carry messages without personal contact or feedback
  - It is possible to quantify only the response of the whole target
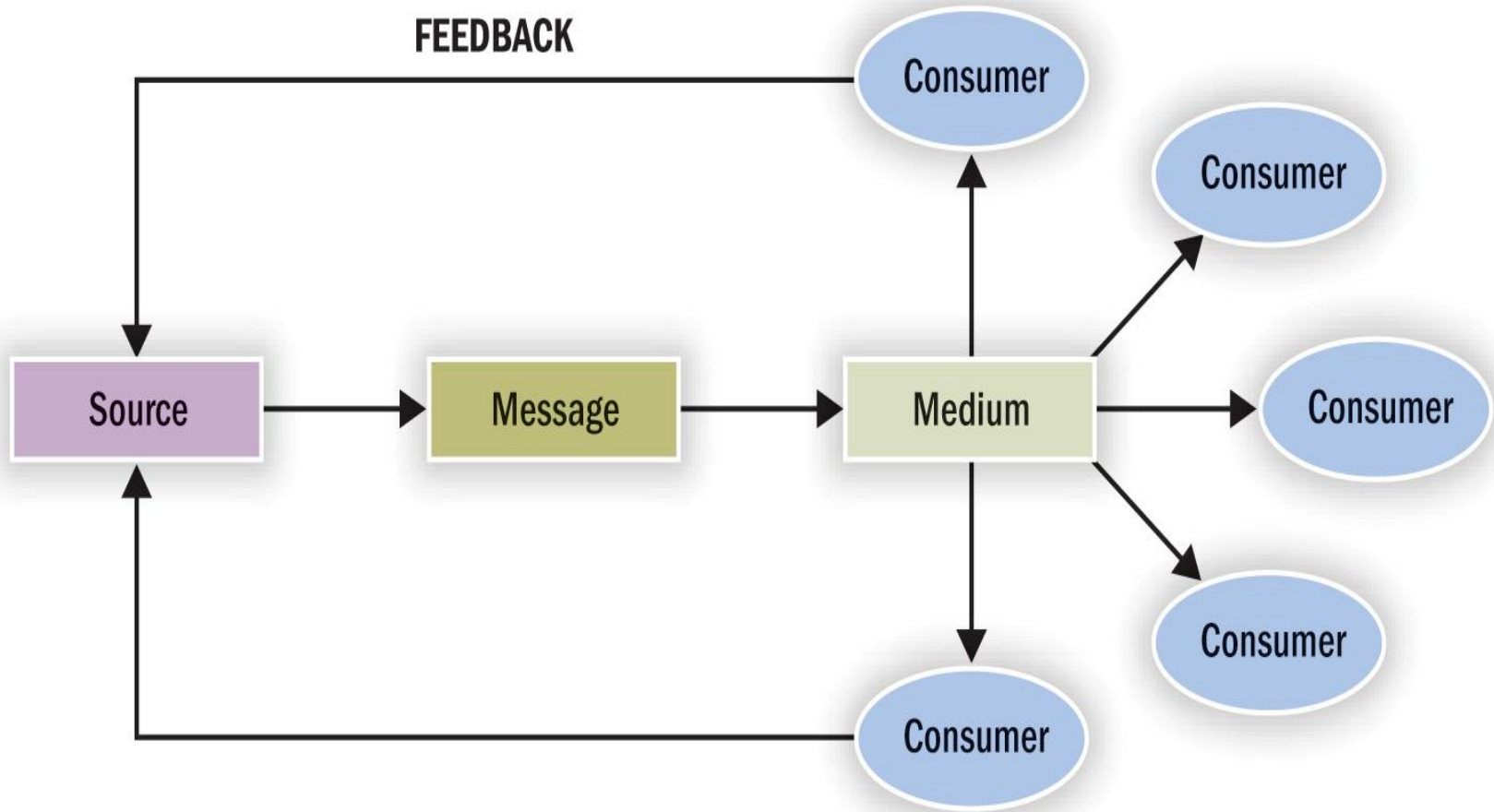- **Personal communication**
  - Involves two or more people communicating directly with each other.
  - Face-to-face, Phone, Mail, E-mail, Internet chat
  - It is possible to evaluate the response of the single person
 - Opinion leaders / Buzz marketing ("passaparola")

- **Online communication**
  - One to many (i.e. company website)
  - Many to many (i.e. virtual communities)
  - One to one (emails, mailing list, guest book, online surveys and customer satisfaction)

Traditional Communication Model

Source: Kotler et al., Principles of marketing

Updated Communications Model

Source: Kotler et al., Principles of marketing
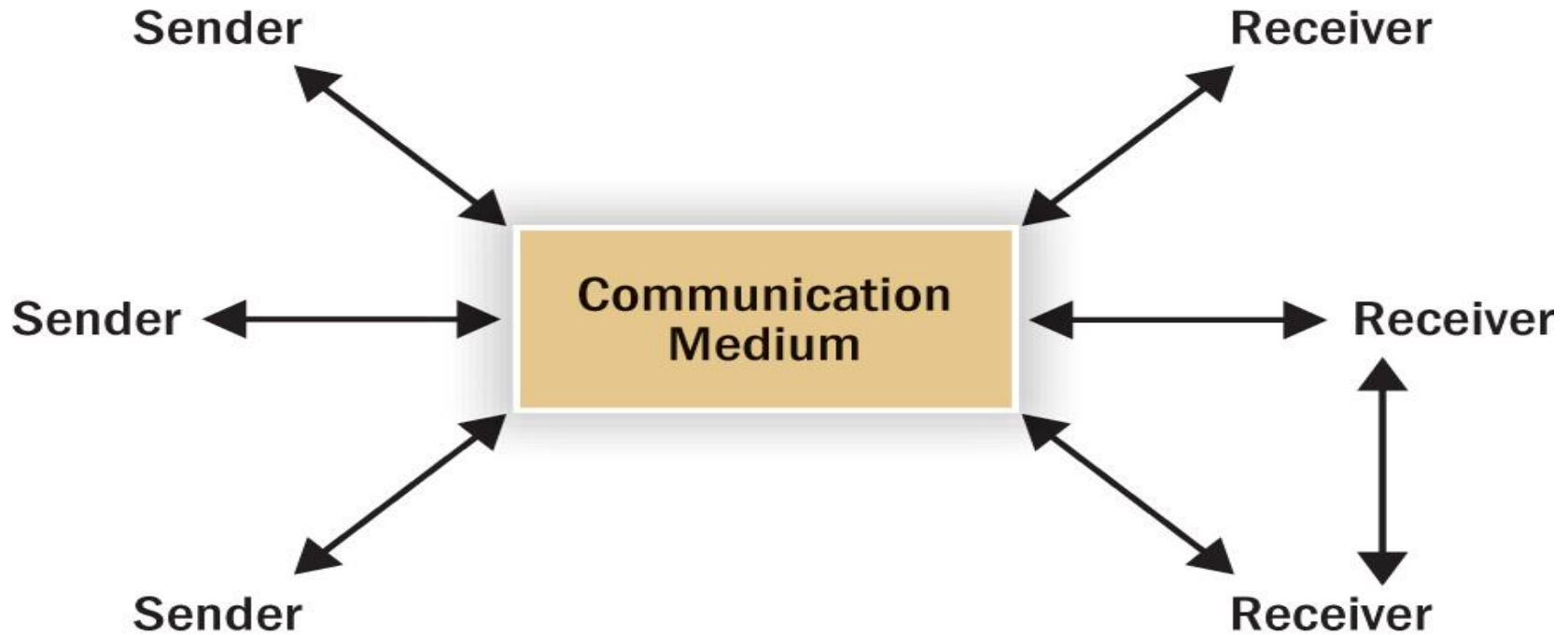
The promotion mix

- **The promotion mix** is the specific blend of <u>advertising</u>, <u>sales promotion</u>, <u>public relations</u>, <u>personal selling</u>, and <u>direct-marketing</u> tools that the company uses to persuasively communicate customer value and build customer relationships.

- **Major Promotion Tools**
  - Advertising
  - Public relations
  - Direct marketing
  - Personal selling
  - Sales promotion
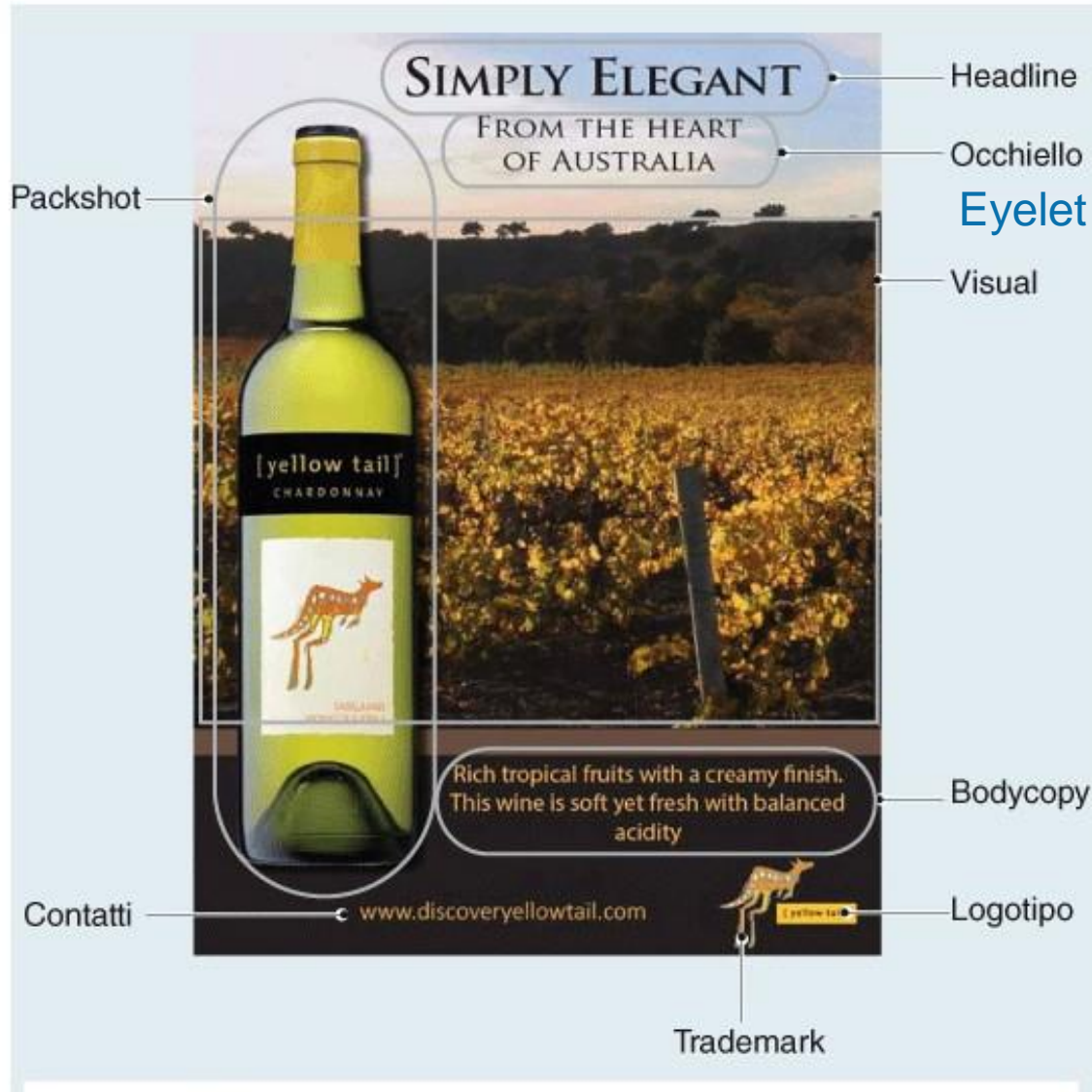 - Merchandising

The promotion mix

Advertising

- Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor
- Mass media: Broadcast, Print, Internet, Outdoor

  - It reaches masses of geographically dispersed buyers at a low cost per exposure and enables the seller to repeat a message many times; it is impersonal, cannot be directly persuasive as personal selling, and can be expensive.
  - Medium period effects
  - High investments
  - Not possible to quantify immediately the effectiveness

Tabella 7.17 Diffusione dei mezzi di informazioni in Italia (in %)

	Popolazione	Per classi di età (anni)			
		< 30	30-44	45-64	> 64
Almeno un media:	89,8	90,3	93,8	86,5	89,7
Tradizionali					
- Telegiornali	76,5	68,5	76,9	76,4	84,4
- Giornali radio	52,0	48,8	52,9	49,8	57,9
- Tv all news	50,9	43,6	52,5	53,5	51,5
- Televideo	33,9	27,8	31,2	36,2	40,0
- Settimanali/mensili	31,9	27,8	31,1	31,3	38,4
- Quotidiani a pagamento	30,3	25,1	26,9	28,1	44,5
- Quotidiani gratuiti	20,2	22,0	22,1	19,3	17,2
Sul web					
- Motori di ricerca	51,4	68,7	66,4	45,9	22,0
- Facebook	43,7	71,1	60,3	32,3	12,3
- YouTube	27,6	53,6	33,9	20,2	4,7
- Siti web di informazione	24,2	28,4	35,5	21,1	9,5
- App su smartphone	24,0	46,8	31,7	15,4	4,6
- Quotidiani online	22,7	26,2	30,3	22,5	8,7
- Blog/forum	21,3	35,8	30,0	14,4	6,4
- Servizio sms via cellulare	20,9	32,7	25,3	17,4	8,4
- Siti web dei telegiornali	18,0	24,2	21,0	16,0	10,6
- Twitter	8,6	18,3	10,2	5,7	1,4
Nessun media	10,2	9,7	6,2	13,5	10,3
Totale	100,0	100,0	100,0	100,0	100,0

Fonte: Rapporto Censis, 2015.

Advertisement

Figura A7.5.1 Inserzione 1.

Labels on figure: Headline — Occhiello / Eyelet — Visual — Bodycopy — Logotipo — Trademark — Packshot — Contatti

SIMPLY ELEGANT
FROM THE HEART OF AUSTRALIA

[yellow tail]
CHARDONNAY

Rich tropical fruits with a creamy finish. This wine is soft yet fresh with balanced acidity

www.discoveryellowtail.com

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- Objectives / Target

- Selling proposition

  - Consumer benefits

  - Reasons why

- Insights (specific or unique features of the product)

- Tone of voice (of the message)

Figura A7.5.2 Inserzione 2.

Advertisement

- Lay-out (organisation of space)

- Copy (text: headline, body copy, pay-off)

- Image (visual and pack shot = image of the product

- Brand (logotype, trademark, contacts)

- Graphics

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The promotion mix

«Propaganda»

- Channelling messages without payment in the form of information, news, events, seminars, etc.
  - Through mass media
- Elements that refer to the product or the company:
  - Slogans
  - Visual symbols (i.e. Tour Eiffel, the "big apple")
  - Persons
  - Heritage…

The promotion mix

Public relations

- Public relations involves building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.
- Publicity
- Press releases
- Press review
- Sponsorships
- Special events
- Web pages

Tabella 7.15 Esempi di strumenti caratteristici delle pubbliche relazioni

- Ricevimento, atmosfera aziendale
- Realizzazione di *kit* informativi per eventi, pubblicazioni varie, *newsletter*, *annual report*
- *Publicity* (stesura e invio ai mezzi di comunicazione di comunicati redazionali-notizie "tecniche")
- Rassegne stampa
- Conferenze stampa
- Presenza su guide del settore
- Relazioni con i media
- Sponsorizzazioni
- Relazioni con la comunità
- Interventi a favore di gruppi di opinione
- Finanziamento attività di ricerca
- Programmi di incentivi
- Organizzazione di congressi, seminari, conferenze e convegni
- *Cause related marketing*: sponsorizzazioni, campagne educazionali, organizzazione di eventi
- Contributi per opere assistenziali e di pubblico interesse

The promotion mix

Personal selling

- Personal selling is the personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
- Sales presentations
- Trade shows
- Incentive programs

- Is the most effective method at certain stages of the buying process, particularly in building buyers' preferences, convictions, and actions and developing customer relationships.

The promotion mix

Direct marketing

- Direct marketing involves making direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships – by using direct mail, telephone, e-mail, and the Internet to communicate directly with specific consumers.
- Catalog
- Telemarketing
- Kiosks
- Online marketing

  - It is a non-public, immediate, customized, and interactive promotional tool

The promotion mix

Sales promotion

- Sales promotion is the short-term incentives to encourage the purchase or sale of a product or service.
- Discounts
- Coupons
- Displays
- Demonstrations

  - Time-limited
  - Support to other promotional activities (i.e. advertisement)
  - Immediately measurable
  - Attract consumer attention and offer strong incentives to purchase.
  - It can be used to dramatize product offers and to boost sagging sales.

The promotion mix

Sales promotion

Tabella 7.14 Esempi di strumenti di promozione delle vendite		
Vantaggio	Certo	Incerto
Immediato	Offerte (es. 3X2) e vendite speciali (es. sottocosto)	Gratta e vinci
	Saldi e liquidazioni	
	Sopravvalutazione dell'usato	
	Sconti quantità	
Differito	Buoni premio e buono sconto	Lotterie
	Coupon	
	Raccolta di punti, bollini, figurine	
	Gare di vendita	

The promotion mix

Merchandising

- At a retail in-store level, merchandising refers to displaying products that are for sale in a creative way that entices customers to purchase more items or products.

- Different components:

display

Activities "point of purchase"
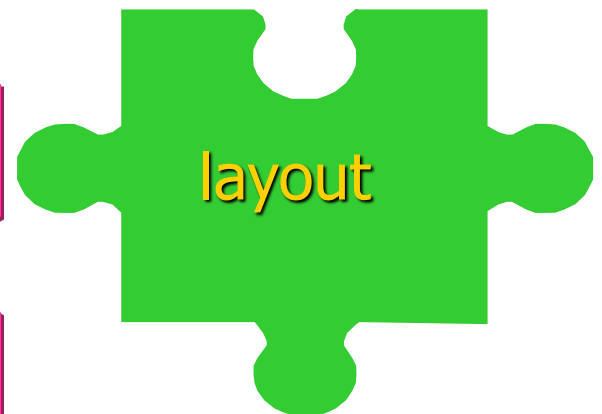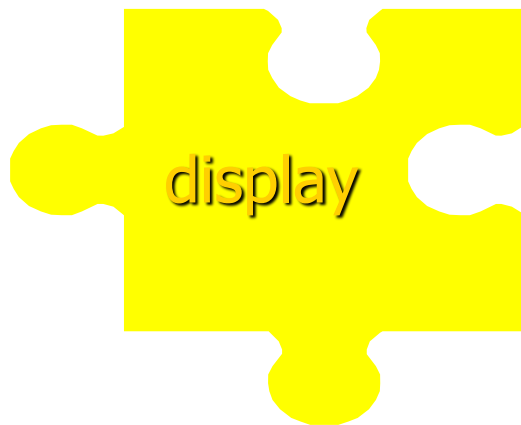
layout

Merchandising: layout

Layout: placement of the shelf in the point of sale.

- It is usually a choice of the retailer. Management of the exhibition space considering the role of each product category: quality and quantity of the allocated space.

- It is necessary to know how the customers move around inside the point of sale: hot spots / cold spots

- Destination categories => high traffic volume

- Promotional products: end-aisle displays

- Point-of-sale display (POS display) is a specialised form of sales promotion that is found near, on, or next to a checkout counter. They are intended to draw the customers' attention to products, which may be new products, or on special offer.

Merchandising: layout

Cold spots

Hot spots

Promotional area

checkout counter

Exit

Entrance
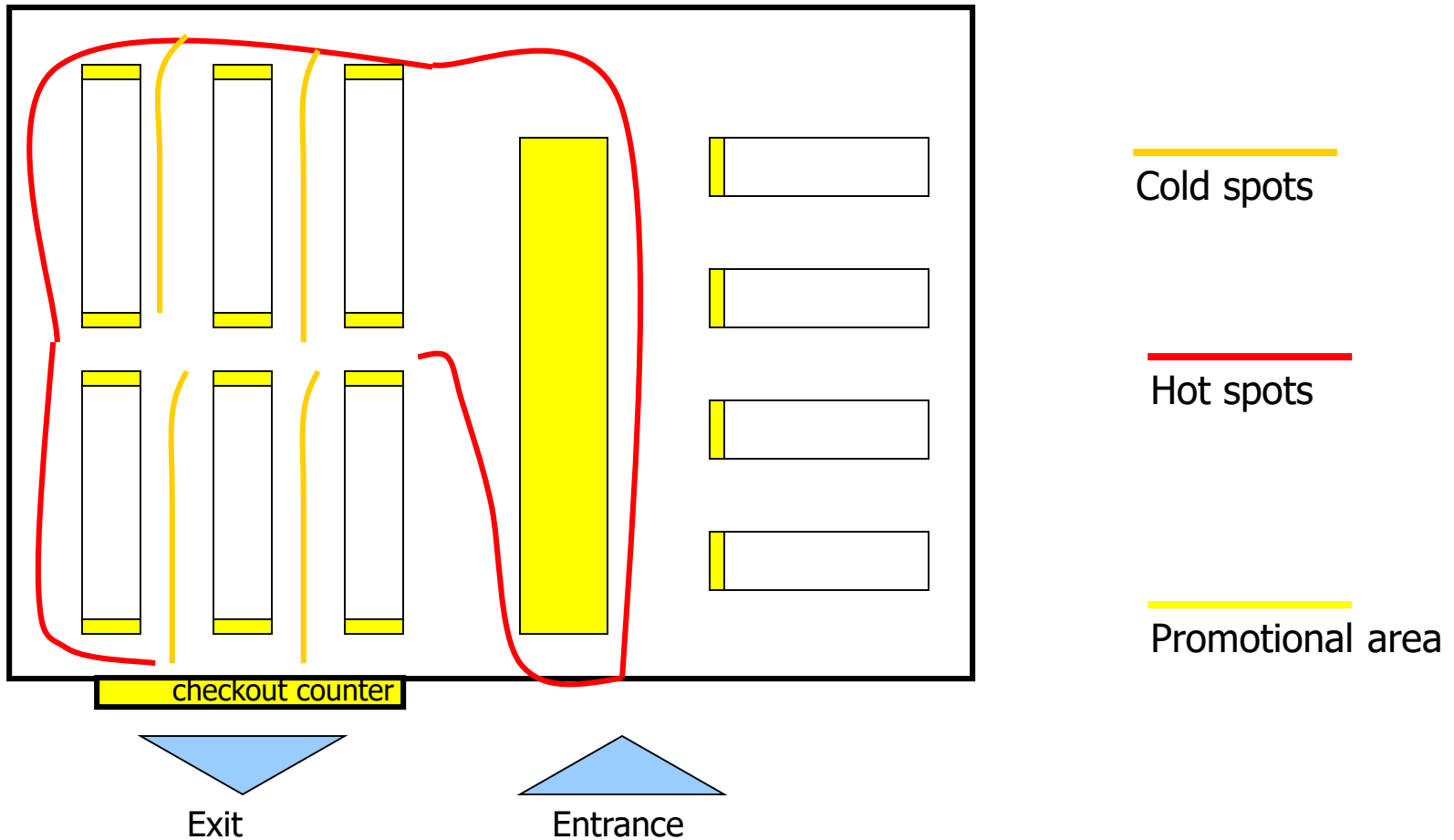
Merchandising: layout

The volume of traffic depends on the structure of the point of sale and the arrangement of the aisles.

- **Grid-like pattern**: is the most frequently used in modern distribution. Advantages: it exploits the maximum surface, rational management of the exhibition space, consumers speed up the visiting time.

- **Obligatory path**: consumers are obliged to view the whole assortment (i.e. Autogrill)

- **Island pattern**: easy to circulate in the point of sale and to find the different product categories (or product grouped per consumption needs). Not effective in the products loading and in the management of the exhibition space.

Merchandising: layout
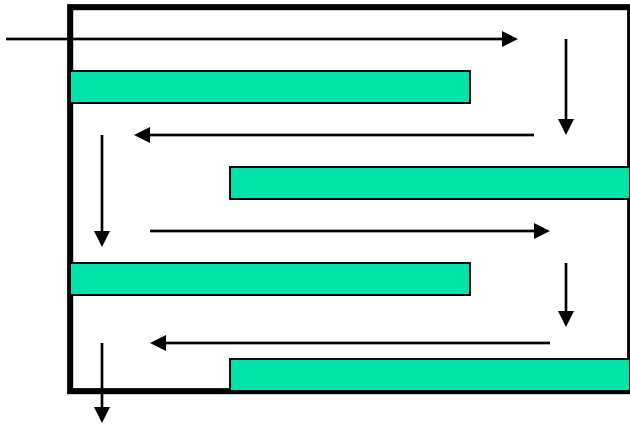
Obligatory path
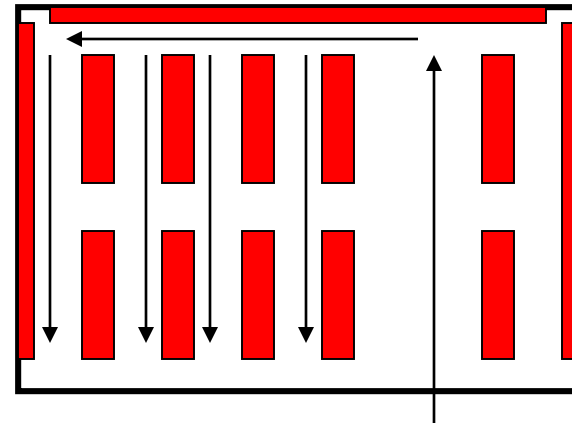
Grid-like pattern
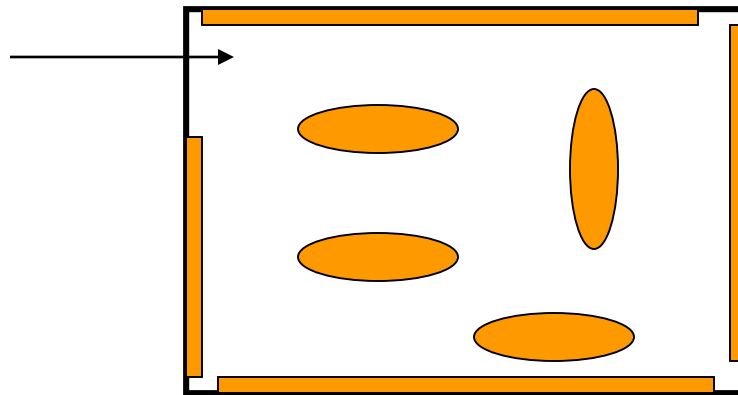
Island pattern

Merchandising: display

The elements to take into consideration for the display organisation (category management) are:

- The decision-making process of consumers
- The strategies assigned to products
- Merchandising constraints

**The decision-making process of consumers**

Objectives: facilitate the purchases.

Simultaneous purchase of products in different segments (high overlapping) or purchase of products of only one segment (low or no overlapping): put in the same field of vision products that are part of the same shopping basket.

Merchandising: display

…Simultaneous purchase in different segments …

Horizontal display of the segments
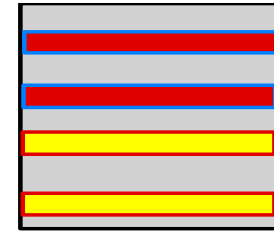
…purchase of only one segment …

Vertical display of the segments

Merchandising: display

Strategies assigned to the products
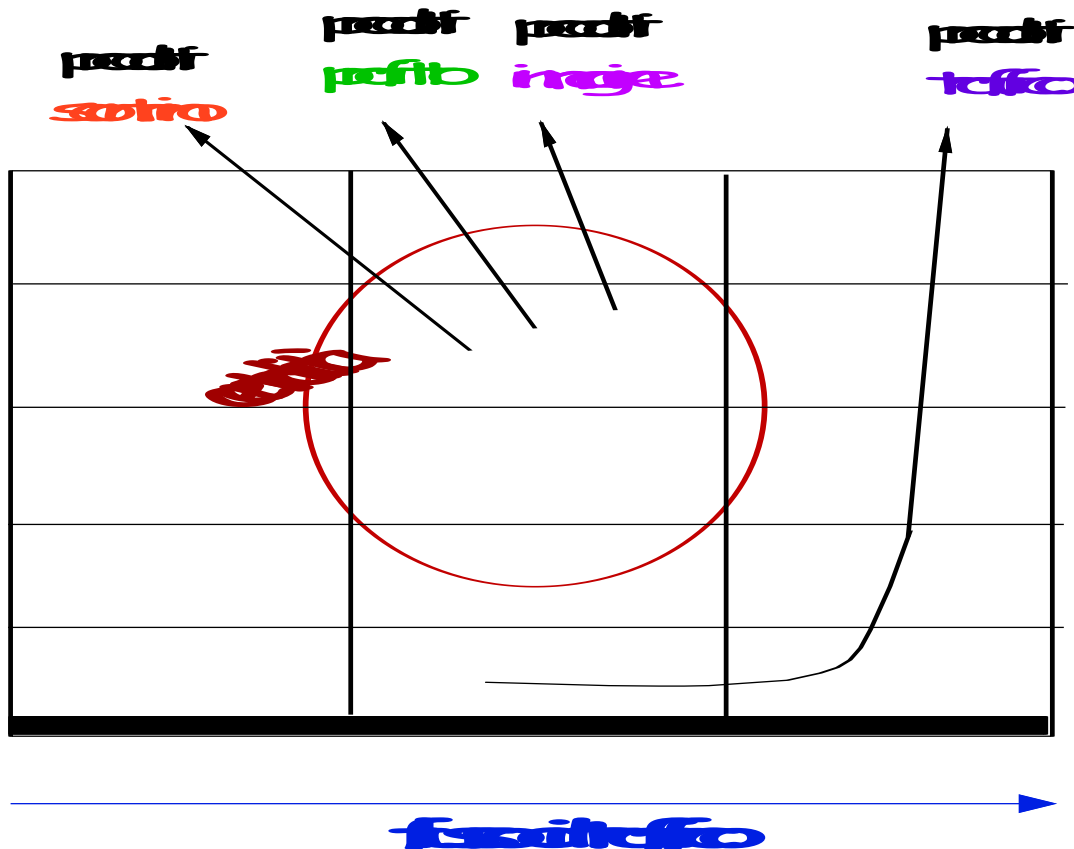
It is necessary to consider two variables:

- Traffic flow
- Centrality

And the role of each product in the category.

Merchandising: display

Merchandising constraints

All the elements to consider for facilitating the purchase and allowing an effective management of the shelf.

- Product weight and dimension

  i.e. heavier products in the lower shelves.

- Type of (secondary) packaging: carton or tray

  i.e. easier products loading and more organised the product exhibition

- Minimum threshold of visibility

  i.e. minimum number of facings in order that the product is perceived by consumers on the shelf (25-30 cm)

Integrated Marketing Communications

The Changing Communications Environment:

- Major factors are changing the face of MC
  - Shift away from mass marketing – *develop focused marketing programs to build closer relationships with customers in more narrowly defined micromarkets*
  - Improvements in information technology – *speed the movement toward segmented marketing*

The Shifting Marketing Communications Model

- Less broadcasting and more narrowcasting
  - Advertisers are shifting budgets away from network television to more targeted cost-effective, interactive, and engaging media.

Integrated Marketing Communications

The Need for Integrated Marketing Communications

- **Integrated marketing communication** is the integration by the company of its communication channels to deliver a clear, consistent, and compelling message about the organization and its brands.

- Integrated marketing communication calls for recognizing all contact points (brand contact) where the customer may encounter the company and its brands.

- Communications as managing the customer relationship over time.

Communication

Advertising and marketing strategies

- Competitive strategies
    - Comparative
    - Financial (product reputation / entry barriers for competitors)
    - Positioning (personality of the brand)
    - Promotional

- Developing strategies
    - Extensive (new consumers)
    - Intensive (new or increased uses)

- Loyalty strategies

Push and pull strategies

- Push strategy involves pushing the product to the consumers by inducing channel members to carry the product and promote it to final consumers.
- Used by B2B companies
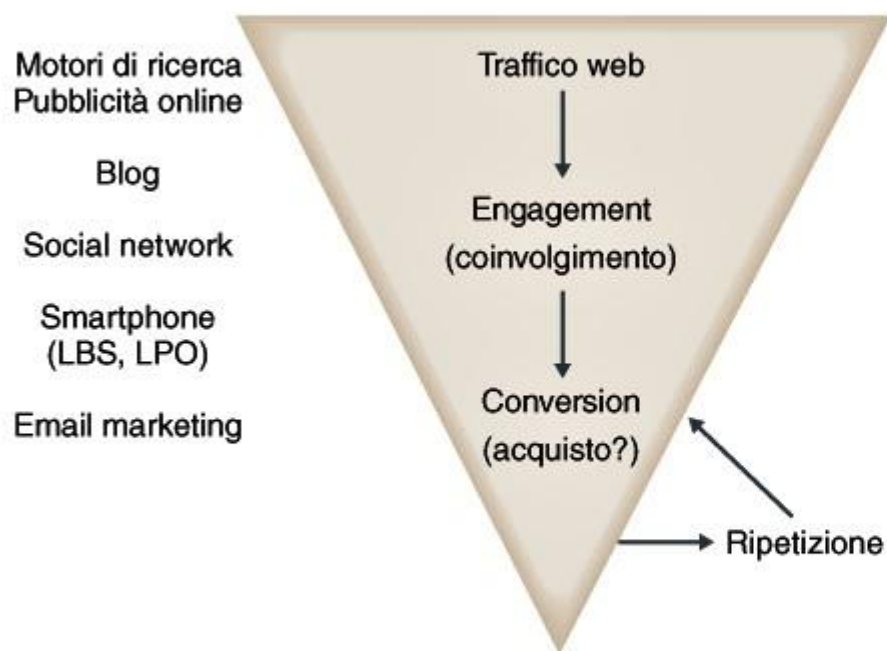- I.e. sales promotion, merchandising

Push and pull strategies

- Pull strategy is when the producer directs its marketing activities toward the final consumers to induce them to buy the product and create demand from channel members.
- Used by B2C companies
- Advertising

Producer ← Demand ← Retailers and wholesalers ← Demand ← Consumers

Pull strategy

Producer marketing activities (consumer advertising, sales promotion, other)

Communication and the internet

Figura 7.8
Schema del marketing funnel (a) e flusso degli utenti (b).

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