

RETAIL MANAGEMENT – LECTURE 15
CHAPTER 15 – COMMUNICATION MIX

Overview

Increasing sales during a given time period is a common short-term goal for retailers, and communication initiatives are regularly used to achieve this goal. For example, retailers frequently hold sales during which some or all items is offered at a reduced price for a limited period of time. During the week, supermarkets typically publish weekly advertising that contain coupons that can be used to save money on purchases made during the week. The first section of this topic looks at the function that communication programs have in the development of brand images. The second section of the chapter is devoted to the development and implementation of communication programs in organizations.

Desired Learning Outcomes

1. How can merchants employ communication strategies to promote their brands and increase client loyalty?
2. How do merchants interact with their customers?
3. What are the processes in creating a communication program? What are the retail prices?

Learning Objective 1 – Using Communication Programs to Develop Brand Images and Build Customer Loyalty

As defined by the International Trademark Association (IATA), brand is a distinguishing name or symbol (such as a logo) that distinguishes the items or services offered by a seller while differentiating these products and services from those offered by competitors.

The Importance of Brand Image

Brands add value to the lives of both customers and retailers. When consumers buy at a retailer, brands provide them with information about the kind of the shopping experience—the retailer's mix—that they will have when they do business with them. They also have an impact on the

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confidence that customers have in their selections to purchase items from a merchant. Finally, brands can improve the level of satisfaction that customers have with the products and services that they purchase. When it comes to retailers, the value that a brand image provides is referred to as brand equity. Strong brand names have the ability to influence the decision-making process of customers, inspire repeat visits and purchases, and generate customer loyalty. Furthermore, shops with strong brand identities are able to demand greater prices while simultaneously lowering their marketing costs.

Increasing the value of a brand Building brand equity for a company or private-label merchandise requires a retailer to engage in several activities, the most important of which are: (1) generating a high level of brand awareness; (2) developing favorable associations with the brand name; and (3) consistently reinforcing the image of the brand.

Learning Objective 2 – Methods of Communicating with Customers

In order for a communications strategy to be successful, the firm must communicate the correct message to the right audience through the appropriate media, with the ultimate goal of earning from long-term customer connections rather than merely short-term transactions as the final objective. Reaching the appropriate audience, on the other hand, is becoming increasingly challenging as the media landscape becomes more complex.

Direct Marketing is a type of marketing that is done directly to the consumer.

It is marketing that communicates with clients in a direct and personal manner in order to generate an action or transaction. Consumers can now be identified and tracked throughout time and across different purchasing scenarios because to the expanded usage of customer databases, which has contributed to the expansion of direct marketing. Consumers' increased usage of credit and debit cards, store-specific credit and loyalty cards, and internet purchasing, all of which require the buyer to provide the seller with personal information that becomes part of the seller's database, has enabled retailers to construct these databases. Because enterprises can better understand their consumers' purchases when they have access to this information, they can more readily target their direct marketing efforts in the most effective manner. Direct marketing businesses strive to

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properly target their clients in order to increase their likelihood of having them respond positively to their messaging.

Direct Mail Direct mail comprises any brochure, catalog, advertisement, or other printed marketing material that is delivered directly to the consumer by the mail or by a private delivery firm, such as a FedEx or UPS delivery service.

E-mail is a form of direct marketing communication that involves sending messages via the Internet to a targeted audience. As with other forms of electronic communications (such as Web sites and mobile shopping), e-mail can be tailored to the unique consumer, making it akin to salesperson-delivered messages in some ways.

Marketing using mobile devices m-commerce or mobile commerce is the process of conducting a transaction using a wireless handheld device such as a cellular telephone, while mobile marketing is the process of marketing through wireless handheld devices such as cellular telephones.

Sites on the Internet Online communication with customers is becoming more important to retailers, as evidenced by their increased emphasis on it. Using their Web sites, retailers can establish their brand identities, tell customers about shop locations, special events, and the availability of items in local stores, and sell merchandise and services.

Blogs A blog (also known as a Weblog) is a Web page that has periodic posts that are published on a regular basis. In addition, a well-received blog can communicate trends and special events, as well as generate word-of-mouth about a business, which is communication amongst individuals regarding the retailer. The use of blogs can help customers interact with one another by creating a community, allow the firm to reply directly to customers' remarks, and facilitate long-term connections between customers and the company. Blogs, by their very nature, are expected to be transparent and to feature the authors' honest observations, which can assist customers in determining their level of trust and loyalty to a brand.

It is media content that is transmitted through social interactions that is referred to as "social media." YouTube, Facebook, and Twitter are three of the most important internet facilitators of

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social media. Consumers can review, converse about, and collect information about items, prices, and promotions via online social media, which serves as another online channel for word-of-mouth communications. This type of social media platform also allows users to communicate with one another (e.g., form a community). Consumers and retailers can benefit from such online communities since they allow users to share their opinions on a retailer's products and services with other like-minded consumers and retailers.

The term "sales promotion" refers to special incentives or excitement-building programs that are used to attract consumers to purchase a specific product or service. Sales promotions are often used in conjunction with other advertising or personal selling initiatives.

Coupons provide a discount on the price of specified items when they are used to make a transaction. Companies like manufacturers and merchants distribute coupons in a variety of ways: in newspapers, on items, on the shelf, at the cash register, on the Internet, and in the mail. It is believed that couponing encourages customers to try new products, converts first-time users into regular users and increases usage, while also protecting market share from competition. Coupons are used by retailers to encourage customers to try new products, convert first-time users into regular users, encourage large purchases, increase usage and protect market share from competition.

Rebates provide another form of discounts for consumers off the final selling price. In this case, however, the manufacturer, instead of the retailer, issues the refund as a portion of the purchase price returned to the buyer in the form of cash.

Public Relations Public relations (PR) involves managing communications and relationships to achieve various objectives, such as building and maintaining a positive image of the retailer, handling or heading off unfavorable stories or events, and maintaining positive relationships with the media. In many cases, public relations activities support other promotional efforts by generating "free" media attention and general goodwill.

Learning Objective 3 – Planning the Retail Communication

Identify Your Objectives In order to provide (1) direction for those who will be implementing the program and (2) a foundation for evaluating the program's efficacy, retailers develop objectives for their communication programs. As described at the outset of this chapter, some communication initiatives might be designed to achieve a long-term goal, such as the creation or modification of a retailer's brand image over time. Alternatively, other communication strategies are geared toward enhancing short-term performance, such as raising store traffic on a given weekend or day.

Objectives de la communication Despite the fact that retailers' overall goal is to generate long- and short-term sales and profits, companies frequently utilize communication objectives rather than sales objectives when planning and evaluating their marketing communications programs. Communication objectives are specific goals that are related to the effect that the retail communication mix has on the customer's decision-making process in a certain situation.

The Marginal Analysis Technique The concept of marginal analysis is founded on the economic notion that corporations should raise communication expenses as long as each additional dollar spent yields more than one additional dollar of contribution to the economy.

The Objective-and-Task Approach The objective-and-task method determines the amount of money that will be needed to complete specific activities in order to achieve communication objectives. To employ this strategy, the retailer first develops a set of communication objectives, after which he or she determines the tasks that must be completed and their associated expenses. The communication budget is comprised of the sum of all expenses incurred in order to complete the duties.

Methods based on the "rule of thumb" The two approaches described above determine the communication budget by calculating the consequences of communication activities on the firm's future sales or communication objectives, respectively. The rule-of-thumb procedures mentioned in this section are based on the inverse of this reasoning. They base their current communication budget on sales and communication operations that took place in the past.

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The concepts of marginal analysis should be used to allocation decisions, just as they should be applied to budget-setting decisions. The retailer's money should be allocated to those areas that will generate the maximum amount of revenue. The high-assay concept is a term used to describe a technique to allocating a budget that is sometimes used. Consider the case of a miner who has the ability to split his time between two claims. A store may discover that its customers have a high level of awareness and a very good attitude toward its women's apparel, but that they are unaware of the retailer's men's clothing offerings and vice versa. While the sales of women's clothes are higher than the sales of men's clothing in this case, a dollar spent on advertising men's clothing may result in a higher return on investment than a dollar spent on advertising men's apparel.

For a retailer, a communication program can be designed to accomplish a variety of goals, including developing a positive image of the retailer in the minds of customers, increasing sales and store traffic, providing information about the retailer's location and offerings, and announcing special events. Retailers connect with customers in a variety of ways, including online and offline, as well as interactively and passively. Consumers are increasingly paying attention to direct marketing, which can take place through telemarketing (offline/interactive), mobile marketing (online/interactive), direct mail and catalogs (offline/passive), as well as e-mail (online/passive). In order for customers to have a clear and unique image of the retailer, these aspects of the communication mix must be coordinated so that they are not confused by contradictory information. When it comes to developing and implementing a communication program, retailers follow four steps: Define the program's objectives, develop a financial plan, distribute the funds, implement the plan, and evaluate the results. Because it optimizes the profits that may be generated by the retailer's communication mix, marginal analysis is the most appropriate method for deciding how much should be spent to fulfill the retailer's objectives. Because marginal analysis is time-consuming and difficult to perform, many retailers rely on rule-of-thumb methods to calculate the size of their promotional budgets instead.

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Quiz 15 – RETAIL COMMUNICATION MIX

Fill in the Blanks

1. _____ is a communication method in which salespeople assist clients in meeting their needs through face-to-face interactions.
2. _____ involves the purchase and placement of announcements and persuasive messages by retailers and other organizations in order to inform and/or persuade members of a certain target market or audience about their products, services, organizations, or ideas.
3. _____ are published in newspapers, on items, on the shelf, at the cash register, on the Internet, and through the mail by manufacturers and retailers.
4. _____ are special incentives or excitement-building programs that motivate customers to buy a specific product or service; they're usually used in conjunction with other advertising or personal selling programs.
5. _____ includes any brochure, catalog, advertisement, or other printed marketing material sent directly to the consumer via the mail or a private delivery service.
6. _____ is marketing via wireless handheld devices, such as cell phones, and m-commerce, or mobile commerce, is executing a purchase using a cell phone.
7. _____ is marketing that directly communicates with target customers in order to elicit a response or transaction.
8. _____ Retailers must create an _____ —a program that integrates all communication elements in order to convey a comprehensive, consistent message to all customers throughout time, across all aspects of their retail mix, and across all delivery methods.

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9. _____The is made up of a collection of associations that are usually grouped together around a central subject.
10. _____are any items in a consumer's mind that are tied to or associated with the brand name.
11. The ability of a potential customer to recognize or recall that the brand name belongs to a specific type of merchant or product/service is referred to as_____ .
12. When consumers are provided with the name of a brand, they signal that they are familiar with it_____.
13. When consumers are asked about the type of retailer, a merchandise category, or a sort of service, they initially mention a specific brand name, which is known as_____ .
14. A brand image's worth to retailers is referred to as_____ .
15. A well-received blog can communicate trends, advertise special events, and foster _____, which is the exchange of information about a retailer amongst people.

Answer:

1. Personal selling
2. Advertising
3. Coupons
4. Sales promotions
5. Direct mail
6. Mobile marketing
7. Direct marketing
8. integrated marketing communication program

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9. brand image
10. Brand associations
11. Brand awareness
12. Aided recall
13. Top-of-mind awareness
14. brand equity
15. word-of-mouth,