

Principles of Advertising

Week 3

Advertising Role in Marketing Part I

Lecturer: Raphael Ogutu, PhD.

Learning Outcomes



At the end of this class the student should be able to explain and discuss:

- Define the role of advertising in marketing
- Explain how the four key concepts in marketing relate to advertising
- Identify the key players in marketing and how the organization of the industry affects advertising
- Discuss the old and new marketing mix and how advertising fits in.

To succeed, a product must also offer customers value, and much of the value is created by marketing decisions that determine the product's design and ease of use, distribution, and pricing, as well as its marketing communication.

What is marketing?

A process and a discipline, marketing is the way a product is designed, tested, produced, branded, packaged, priced, distributed, and promoted. The American Marketing Association (AMA) updated its definition of the term in 2007 as "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." It is a function within an organization that focuses on managing customer relationships to benefit all of a brand's stakeholders—by stakeholders, we mean all the individuals and groups who have a stake in the success of the brand. Positive relationships create value for a brand. (Moriarty, Mitchell and Wells, 2012)

Key Concepts in Marketing

The marketing concept refers to a focus on customers rather than on products or the company's production capabilities. The practice of marketing is still evolving. Historically marketers

developed a product and then tried to find a market for it. This is referred to as a *product-driven philosophy*.

1. Focus on consumers

- Marketing should focus first on identifying the needs and wants of the customer rather than on finding ways to build and sell products those consumers may or may not want.
- The marketing concept involves two steps: (1) determine through research what the customer needs and wants and (2) develop, manufacture, market, and service goods that fill those needs and wants- that is create solutions for customers' problems. Advertising planning addresses both of these steps through consumer research and methods that develop insight into consumer decision-making.
- To compete effectively, marketers must focus on the customers' problems and try to develop products to solve them

2. Exchange

- Marketing helps to create exchange-that is the act of trading a desired product or service to receive something of value in return (money).
- The relationship with a customer is established at the point of exchange where money is exchanged for goods or services
- Advertising provides both information and opportunity for customer-company interaction. In other words, people have to know about it before they can buy it or sign up for it or donate to it.
- The company makes a product and offers it for sale at a certain price; the customer gives money to the company to buy that product. Money is exchanged for goods or services. Demand, however, drives the exchange.
- Marketing also facilitates communication exchange. Marketing communication provides both information (facts, ideas, and brand image cues) and the opportunity for customer-company interaction. In other words, people have to know about it before they can buy it or sign up for it or donate to it
- Beyond awareness, the new social media, such as Facebook, MySpace, Twitter, and YouTube, also make it possible to have truly interactive communication with consumers.

3. Branding

- The process of creating a distinctive and special meaning for a product. That special meaning or *brand image* is the result of communication and the consumer's personal experiences with the product. Branding transforms by creating an emotional connection between consumers and their favorite brands such as Mercedes-Benz, Coke or Pepsi, Safaricom, etc.

- A brand is usually a distinctive brand name and a logo; it is fairly a complex psychological message whose meaning is built up over time through advertising.
- Brand equity is the reputation, meaning, and value that the brand name or symbol has acquired over time

4. Differentiation and Competitive Advantage

- Where a brand is different from its competitors and superior in some way, there is a **competitive advantage**. This concept is referred to in marketing as **product differentiation**.
- A product can be differentiated in a variety of ways- in price, design, performance, distribution, and brand image.

5. Added value

- A marketing or advertising activity makes a product more valuable, useful, or appealing; they add value to a product.
- Advertising not only showcases the product's value but also may add value by making the product appear more desirable or more of a status symbol.

1. Types of Markets

- The market originally meant the place where the exchange between buyer and seller takes place. Today we speak of a market not only as a place, but also as a particular type of buyer- for example, the youth market or the motorcycle market etc.
- *Market share* is the percentage of the total market in a product category that buys a particular brand
- The four main types of markets are:
 - a. **Consumer markets** consist of people who buy products and services for personal or household use.
 - b. **Business-to-business (industrial, trade) (B2B) markets** consist of companies that buy products or services to use in their own businesses or in making other products. Ads in this category are more factual than emotional.
 - c. **Institutional markets** include a wide variety of nonprofit organizations, such as hospitals. Government agencies, and schools, that provide goods and services for the benefit of society. Ads in this category are more factual than emotional.
 - d. **Channel markets** are made up of members of the distribution chain, which is made up of the businesses such as *resellers*, or *intermediaries*. Resellers are wholesalers, retailers, and distributors who buy finished or

semi-finished products and resale them for a profit. A giant retailer like Uchumi, Nakumatt or Tuskys can even dictate to manufacturers what products their customers want.

(Moriarty, Mitchell and Wells, 2012)

The marketing plan

A **marketing plan** is a document that proposes strategies for using marketing elements to achieve marketing objectives. The process of creating a marketing plan- and managing a marketing program begins with marketing research. **Marketing research**, the marketing process begins with marketing research into markets, product categories, consumers, and the competitive situation. The process is briefly illustrated below:

The Marketing Process

The primary goal of the marketing process is to create and execute a marketing plan, which is a document that sets up objectives and proposes strategies for using marketing elements to achieve the objectives. The process of creating a marketing plan—and managing its execution—begins with marketing research. The research process helps marketers make a set of key strategic and tactical decisions that guide the deployment of the marketing mix. The marketing planning process is outlined below:

Steps in the Marketing Planning Process

- 1) Research the consumer market and the competitive marketplace and develop a situation analysis or a SWOT analysis (strengths, weaknesses, opportunities, threats).
- 2) Set *objectives* for the marketing effort
- 3) Assess consumer needs and wants relative to the product; *segment* the market into groups that are likely to respond; *target* specific markets
- 4) *Differentiate* and *position* the product relative to the competition
- 5) Develop the *marketing mix strategy*: select products design and performance criteria, pricing, distribution, and marketing communication.
- 6) Execute the strategies.
- 7) Evaluate the effectiveness of the strategy.

(Moriarty, Mitchell and Wells, 2012)

Marketing Mix Strategies

According to Moriarty, Mitchell, and Wells (2012), the traditional marketing mix includes four primary elements, sometimes referred to as the “four Ps”: the product, its price and place of distribution, and its promotion (marketing communication). A marketing mix is the set of those factors which a company can leverage to make the consumer purchase its products. As the term suggests, it is indeed a mix of many tactical marketing tools. In the 1950s Neil Borden popularised the term marketing mix which contained more than ten elements of marketing. **The fundamental among them was the 4 Ps of marketing.** Later in the 1960s, Jerome McCarthy devised the **7 Ps model**, refining the essentials from the marketing mix. Over time many Ps have been crystallized like **5Ps**, **8Ps**, etc. But the **4Ps of marketing** is like the purest crystal which cannot be refined further. Every other Ps-model is either an expansion or modification of the original 4Ps. We may add two or more Ps to the 4Ps, but we can’t move a P out of it. Hence, it is the bedrock of marketing of any kind.

Source: <https://www.mageplaza.com/blog/4-ps-of-marketing.html>

Product

- The focus of the Four Ps is the product (goods, service, or ideas). Design, performance, and quality are key elements of a product’s success. Some products, such as Puma’s athletic shoes and apparel, are known for their design, which becomes a major point of differentiation from competitors. Performance is important for technical products, such as Nintendo’s Wii, particularly when they are introduced to the market. A product launch for a new brand such as Sprint’s Android or Apple’s iPad depends on announcements in the media usually involving both publicity and advertising.
- Product performance—how it handles or is used—sends the loudest messages about a product or brand and determines whether or not the product is purchased again or the buyer recommends it to others. Computer buyers, for example, will assess performance by asking: Is it easy to use? Does it crash? How big is its memory? Quality is another product feature that is often linked to upscale brands, such as Mercedes and Rolex.
 - The product is both the object of the advertising and the reason for marketing
 - Product category is a class of similar products

Place/ distribution

- Distribution includes the channels used to make the product easily accessible to customers. The Internet has brought another distribution question. “Clicks or bricks” is a phrase used to describe whether a product is sold online (clicks) or in a traditional store (bricks). Another distribution strategy involves the use of intermediaries, such as retailers. Direct marketing companies, such as Lands’ End and Dell, distribute their products directly without the use of a resell.

- The sale is totally dependent on the effectiveness of the direct-response advertising. The more familiar strategy of distributing the product through one or more distributors and retailers is described as *channel marketing*.
- Another distribution-related strategy involves the distinction between *push* and *pull* strategies. A push strategy directs marketing efforts at resellers, and success depends on the ability of these intermediaries to market the product, which they often do with their own advertising. In contrast, a pull strategy directs marketing efforts at the consumer and attempts to pull the product through the channel by intensifying consumer demand. The decision to use a push or pull strategy determines, to some extent, the audience to be targeted and the nature of the demand to be addressed by the message.
- **Price**
 - The price a seller sets for a product is based not only on the cost of making and marketing the product but also on the seller's expected margin of profit.
 - The price of a product is based on what the market will bear, the competition, the economic well-being of the consumer, the relative value of the product, and the consumer's ability to gauge that value, which is referred to as the *price/value proposition*.
 - The term *price copy*, which is the focus of much retail advertising, refers to advertising copy devoted primarily to this type of information. A number of other pricing strategies, however, can affect how the price is communicated or signaled in advertising.
 - Psychological pricing strategies use marketing communication to manipulate the customer's judgment of value. For example, ads showing prestige pricing—in which a high price is set to make the product seem worthy or valuable—may be illustrated by photographs of the “exceptional product” in luxury settings or by copy explaining the reasons for a high price.
- **Promotion**
 - The last of the Four Ps is promotion, or what we call marketing communication (marcom, for short), which includes such tools as advertising, public relations, sales promotion, direct response, events and sponsorships, point of sale, digital media, and the communication aspects of packaging, as well as personal sales, and a number of new forms of online and place-based communication that have emerged recently.
 - **Personal sales** rely on face-to-face contact between the marketer and a prospective customer, rather than contact through media. In contrast to most advertising, whose effects are often delayed, marketers use personal selling to create immediate sales to people who are shopping for a product.
 - Marketing communication works as a partner with sales programs to develop *leads*, the identification of potential customers, or prospects. Lead generation is a common objective for trade

promotion and advertising. Personal sales are even more important in business-to-business marketing for reaching key decision-makers within a company who can authorize a purchase.



Source: <https://marketingmix.co.uk/marketing-mix-7ps/>

The case of Beyoncé’s marketing strategy of her album *Lemonade*

- **Place**

- o Place is applicable to Beyoncé’s marketing strategy as the sales of her album *Lemonade* are involved with retail, wholesale, mail order, the internet, direct sales and multi-channel services.

Her album may have started out exclusively on Tidal which was internet only but since then the album can be picked up physically within stores or ordered online.

- **Price**

- o Strategy was involved when the decision was made to exclusively release Lemonade on Tidal as to access it people had to pay a certain subscription fee. This gained Tidal more subscribers creating more profit. The album is also slightly more expensive than the average album, costing around £12-£13. However, it is still affordable and appeals to consumers as the CD comes with a DVD too. Therefore, the price is relatively low for what you are getting.

- **Promotion**

- o Promotion is very applicable as one of the 7P's

- o Beyoncé released a **teaser video** on HBO for a “world premiere event” that would air the following Saturday night. As fans watched HBO, it became apparent that Beyoncé had created a full visual concept album. Midway through the HBO Event, Beyoncé used Instagram to announce the release of her album on Tidal – a complete surprise to fans everywhere. Millions watch the Super Bowl meaning her album announcement reached many people.

- o Her Super Bowl performance caused an uproar as her backing dancers were dressed as black panthers- this created further publicity for her as people protested against her. Further promotion for her album. However, it can be argued that this wasn't an intentional promotional move.

- o Social media played a huge part in promotion. For example, Beyoncé used Instagram to announce the release of her album on Tidal – a complete surprise to fans everywhere. On Twitter, Lemonade had a record of 4.1 million tweets in under 48 hours- *from 1.8 thousand tweets per minute to 9.2 thousand from roughly 8:30 to 9:30 p.m.* Social media is a very important platform for promotion as the whole world can see the posts for Lemonade.

- o Less than two months after the Super Bowl, she announced an activewear brand called Ivy Park, along with its partnership with TopShop. This was both promotion for her activewear brand and her album as the excitement surrounding the release created a hype to grab more peoples' attention.

- o Her marketing strategy relies heavily on surprise marketing which is when a marketer is able to build value in a product or service through genuine excitement, anticipation and surprise. This is also a great form of promotion.

- **Product**

- o Product is mostly applicable although maybe some aspects don't apply in the case of Lemonade.

- o The album itself is a great product in terms of marketing. The album art is beautiful and would appeal to Beyoncé fans. Design is very applicable in this case.

- o The album features famous guests including Kendrick Lamar on a track, Serena Williams in one of the videos and Trayvon Martin and Eric Garner all make cameos – This helps to attract more people to the album and also draws in fans of the celebrities featured on Lemonade, making it an attractive product.
- o In terms of usefulness it can be argued that it is useful because it comes with both the CD and DVD combining songs and music videos. However, how can you measure whether a CD is useful?
- o Technology partially applies as the concept of including music videos relies on newer technology. However, it can also be argued that the technology used is the same as what has been used previous years ago.
- o The album seeks to help the public delineate feminism, especially black feminism, misogyny, and society's racial tensions. Once again, the strong message behind the album also raises awareness for it as more people are inclined to support the album as it is fighting for a good cause, once again enhancing the product's appeal.

- **People**

- o This would be very applicable to this product as a lot of management has gone into the product itself as well as into all the promotional tools used.
- o There are many people involved from different business sectors including from the music industry, law sector, manufacturing firms etc. people both create the product and provide a service to help it become a successful product.

- **Process**

- o This P also applies as it takes into consideration the whole process of how the album came about. There would have been a planning process (blue printing), writing process, recording process and then marketing and manufacturing process. The process continues as the people involved with the product will be monitoring the success and sales of Lemonade and may use these stats to plan a future release.

- **Physical Environment**

- o This one seems less applicable as selling the album isn't really a service as such. However, stores where it is sold can be taken into consideration.
- o It can also be argued that rather than the album itself fitting into this category, then the actual live performances would fit better with this category as that is more a service to the public.

Overall it could be considered whether live music as opposed to the album itself would fit better with many of the 7P's as it is more hands on and direct and links more directly to consumers too who will be experiencing the product in 'real' time with Beyoncé actually there.

<https://emsysmarketing.wordpress.com/2017/03/23/beyonce-the-7ps/>

SUMMARY

1. How is marketing defined, what is the marketing process, and what are marketing's key concepts? Marketing is the way a product is designed, branded, distributed, and promoted, as well as a set of processes for creating customer relationships that benefit the organization and its stakeholders. Key concepts that affect the planning of marketing communication include the marketing concept, which refers to a focus on customers; the exchange, which refers to communication and interaction, as well as money traded for goods or services; competitive advantage, which means that the product is differentiated and superior in some way to its competitors, and added value, which refers to the way that a product takes on features that are valued by consumers at each step of the marketing process. The key players are the marketer, the suppliers and vendors, the channels of distribution, and marketing partners such as agencies. In addition to services marketing, the four types of markets are consumer, business-to-business, institutional, and channels. The marketing process leads to the development and execution of a marketing plan and the steps moved from research, to setting objectives, assessing consumer needs and wants, segmenting and targeting the market, differentiating and positioning the product, developing the marketing mix, and evaluating the effectiveness of the plan. The marketing mix includes the product, its pricing and distribution, and the marketing communication.

2. How does marketing communication contribute to the development of a brand? A brand is a perception created from information as well as experiences with the company and its line of products. It's intangible but it generates value in the form of brand equity. A brand perception takes on meaning by transforming the product into something unique and distinctive and by making a promise that sets customers' expectations. The branding process includes establishing a brand identity through both name and symbols, defining the brand image and personality, and developing brand relationships with loyal customers that contribute to the financial value of the brand, called brand equity. Marketing communication is the primary driver of brand meanings and brand relationships.

3. What is integrated marketing communication and what are its key concepts? IMC can be described as total communication, which means that everything that sends a message is monitored for its impact on the brand image. Central to IMC is the practice of unifying all marketing communication messages and tools to send a consistent brand message. Not only does this maximize consistency, it also creates synergy, such that a group of coordinated messages has more impact than marketing communications that are independent of each other. IMC recognizes a variety of stakeholders who contribute to the brand conversation, as well as a multitude of touch points where messages are delivered including marketing mix messages, as well as more formal planned marketing communication.

4. How is brand communication evolving during a time of change? Accountability and global marketing are two key emergent themes. Tough economic times have led to increased calls for accountability. Investments in marketing communication must show that they are money well spent. This focus highlights the need for developing tools to measure the effectiveness of the investments. Growth in global marketing demonstrates a strategic opportunity to build business

internationally. With this dramatic growth comes a need for marketing communicators to fully understand those audiences with whom they are trying to build relationships.

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