

# **Strategic Marketing Management**

## **Lecture 9 – Integrated Marketing Communications (IMC)**

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## Lecture Learning Objectives:

At the end of the lecture, you will be able to:

1. Discuss the essentials and types of marketing communications.
2. Use the concepts of Integrated Marketing Communications in crafting an effective promotion mix specifically advertising campaigns; and
3. Understand the importance of properly coordinating sales promotion strategies with other IMC tools for better results
4. Write an Integrated Marketing Communication Plan
5. Explain the components of a successful Integrated Marketing Communication
6. Discuss advertising planning and strategy
7. Determine how sales promotion is coordinating with other IMC tools
8. Present the limitations of sales promotion
9. Explain the role of public relations in marketing

### Essentials and Types of Marketing Communications

Maintaining a consistent level of competitiveness in a highly dynamic business environment is among the toughest challenge that top management has to hurdle. Business competitiveness can be associated with various factors including strong market foothold and sales from a dynamic product line are just among the elements of competitiveness. Marketing and sales are directly related. **Marketing** in the first place has a predominant role in getting potential sales because it is one function in the organization that is responsible in turning customers into potential buyers and making potential buyers into reliable ones or repeat customers as other term applies. On the other hand, **sales** refer to all activities that lead to the generation of revenues brought by the selling of products or services. It plays a pivotal role in the continued success of a business. Since marketing and sales are inseparable, it is then important to note that to attain a relatively high and consistent sales volume, a powerful marketing communications strategy must be in place.

**Marketing communications** is a business strategy that aims to create right messages for the intended and potential customers using the right promotional medium within an ideal time frame in order to satisfy the following **intentions of the organizations**:

1. **To spread awareness among the intended buyers.** Awareness is the initial step in order to stimulate trial purchases. Naturally, **consumers** are excited about trying something new and products that have repeatedly come to their consciousness.
2. **To improve the rate of customer retained and strengthen the company's upselling activities.** Sound efforts to vitalize customer's continued engagement to the company and its brands may result to retained customers who are perfect candidates for the company's upselling activities. **For instance**, clients of car companies are their perfect market for car accessories and other automobile supplies.
3. **To build customer trust and loyalty.** A strong marketing communications program warrants a pool of loyal customers who are ready to make word-of-mouth advertisements or product referrals.

**Marketers** of today have identified the four facets of marketing communications which companies often use in instilling brand awareness, brand recognition and brand loyalty and thus allows meeting consistent sales volume. This includes **advertising, sales promotion, public relations and direct marketing**, while many organizations have started maximizing the benefits of online media. These are also the same promotion mix elements that are considered as non-personal forms of communication and will be discussed in the succeeding topic.

## Promotion Mix

Each element in the promotion mix has limitations and necessitates perhaps more or less higher promotion costs. Therefore, experts in marketing see a rather favorable or rewarding results if companies will mix these tools or elements together- making the marketing program a holistic one. The promotion mix model is a combination of both non-personal and personal types of marketing communications. so as to reach potential buyers, reach desired sales volume during a specified period. The **non-personal elements** under this model include advertising, sales promotion, public relations and direct marketing, while the sole element under the personal form of communication is personal selling. Details of these **tools** are discussed below:

1. **Advertising** is a paid form of non-personal communications that enables to deliver or send the message to as many potential customers as possible. Indeed, among the elements, this has the wider range of coverage that speaks about the percentage of audience that was able to see your advertisements; and a good frequency that refers to how often does the target audience could see the advertisement. **Advertising messages** are transmitted using various mass media, such as television, radio, newspapers, internet, magazine and other outdoor advertising medium. **Advertising** can be perfectly used by companies as a means of informing mass markets pertaining to the planned conduct of any sales promotion events or activities.
2. **Sales promotion** is a non-personal marketing communication tool that is basically short run by nature and conducted in the form of coupons, holiday sales, special sales events, contests, premiums, discounts or other deals aimed at increasing sales by inducing target buyers to buy in volume or to buy as often than their usual buying intervals. This element works best in intensifying the personal selling efforts of company personnel.
3. **Public relation** is another non-personal form of communication, that is strategic in nature as it seeks to impact a positive influence on the attitudes, feelings, perception and opinions of customers and stakeholders. Other marketing experts call this as a form of reputation building and management. **Publicity** is the popular form of public relations. It is a non-paid form of advertisement wherein the typical message is about the reputation of a company including their products. This is transmitted in a form of news story, media coverage or press releases sent through mass media such as television, newspaper, magazine or the like.
4. **Direct marketing** uses direct forms of communication with customers through a variety of print or electronic medium such as online marketing, catalogues, telemarketing and direct response advertising. This kind of communication is characterized by a more personalized message to a formally defined group of customers. Basically, this personalized message directs recipient for a "call to *action*" type of message.

5. **Personal selling** is a face-to-face communication with potential buyers persuading them to buy the company's product. This is commonly done by a trained sales professionals or representatives who are directly or indirectly connected with the company.

### **Integrated Marketing Communications**

With competition becoming more intense not only in the global market but also in the local one, long term survival amidst hyper- competition, adequately yielding profits and revenue for the organization and keeping a stronger bond between the company and its modern mix of consumers has been every company's ardent vision.

Therefore, it is very fundamental for organizations to place great importance on initiatives that establish strong brand communication. **Brand communication** is more than promoting products and services to target consumers. It is the process that involves identifying who are the real target consumers who would turn out to become "*fanatic*" brand users (fanatic in the real sense of the word since really, we cannot undervalue the influence of these users, as they are ready to promote the brand to everyone). This is the issue that Integrated Marketing Communication will try to address-to send the message of the company's products or services loud and clear through the integration of the elements of marketing communications.

**Business** evolves dynamically as prompted also by the fluidity of the market, competition and the industry in general. Thus, as it evolves, innovative models and approaches also were created just like the presence of two well-known concepts in marketing-the promotion mix and the Integrated Marketing Communications. Scrutinizing their nature, both of them are amalgamations of the various elements of marketing, yet prior to the birth of IMC, is the continuous practice of the promotion mix by the different departments or teams in the organization, is already prevalent. **For example**, advertising plans are prepared and developed by the advertising department while sales promotion plans are independently or separately prepared to the advertising plan, whereas the other part of the organization is the sales team being honed by the sales managers as regard to the selling strategies the team needs. Indeed, this example presents how promotion mix works in an organization.

On the other hand, the idea of integrated marketing communications is perhaps easy to understand yet it necessitates proficiency and a great deal of coordination with all other teams in the company. The **goal of integrated marketing communications** is to develop marketing communications program that coordinates and integrates **all elements of promotion**-advertising, sales promotion, personal selling and publicity - in order to come up with a consistent brand message. This part makes the concept very critical since every product or service got to plunge in a thickly crowded marketplace.

### **Developing the Integrated Marketing Communications and Its Importance**

As stated earlier, this marketing concept plays an integral role to effective brand communication especially when products or services are dealing with a relatively crowded marketplace. The simultaneous blending of various elements that form an integrated marketing communication program is deemed to result to an impactful connection not only for business-to-business marketing but also for direct interaction with customers or the end-users. Basically, **integrated marketing communication** diverges from the traditional ways of marketing from winning customers only to both winning and keeping them for the longest term. There are other

known **advantages** that can be derived from integrated marketing communication' such as the following:

1. It develops culture that places prime importance for customer feedback mechanism. Hearing out the voice of the customers and keeping a constant dialogue with them provides the organization a sort of an essential marketing intelligence as to what pleases the customers and how to keep them coming back for the brand.
2. It is firm in delivering a unified message through various channels and thus, has better chances of attracting customers.
3. It provides a wide range of innovative options in communicating to target audience, thus, saves companies' resources like the amount of time, in figuring out the best marketing tools, and saving marketing and promotion costs.

### **How to create an Integrated Marketing Communication Plan**

Essential elements should be available for a much feasible integrated marketing communication program.

**First**, clear objectives provide a good jump-start in almost all undertakings. **Objectives** allow companies to manage its limited resources efficiently such as proper alignment of them to areas of great priorities.

**Second** is to plan out what specific, unique selling point you would like to deliver to your target audience- something about the products. or services' features and advantages that for them are irresistibly sounding.

The **third** step is the conduct of thorough research. This step is deemed to produce ripple effects that bring forth better outcome for the company.

Management Study Guide presents the following **inclusions for this specific research undertaking**:

1. Detailed Marketing Plan with summary discussions as to how the company intends to promote the products or services among target customers.
2. Background, history and vision of the organization
3. Summary of the products or services' essential feature including detailed SWOT analysis
4. Description of the target market. Identification and understanding of their minds and perceptions; and
5. Competitors' analysis including their competing products and activities.

Marketing managers can now start using the research results in preparing the integrated marketing communication that is more relevant and responsive to target customers. **Finally**, the team must not forget to conduct evaluation of the integrated marketing communication in order to do necessary adjustments or enhancements of the project.

## Components of a Successful Integrated Marketing Communication

Company's initiatives for integrated marketing communications only be labelled successful if the company can impress upon maximum awareness to a large number of end-users along with the end-user's sense of attachment and loyalty towards the brand. Below are the **elements** that would bring in successful integrated marketing communications program:

1. **Customer focus.** All efforts of the company pertaining to marketing communication should start and end with customers- being the top priority especially in this undertaking.
2. **Interdepartmental Cooperation.** It is very vital that every department shall work hand in hand in getting the company's predetermined goals. Just like the refined and careful amalgamations of the elements of marketing communication, so too is the collaboration and coordination of every department in resolving issues on this regard. This strategy would soon pay off as morale of everyone will be boosted and everyone will feel the pride and ownership as they contribute to the company's endeavors.
3. **Database Communication.** Since everyone in the department is given their part of the job, it is but important that they shall be given the right to access all relevant information, data, figures required for the successful implementation of the integrated marketing communication program. It would be better if the management would be able to create communication paths that allow the sharing of key information across various platforms.
4. **Leverage.** Each communication channel has unique strengths and weaknesses. With this mindset, each channel compliments another and tries to fill in whatever limitations encountered along in order to come up with a cost-effective and superior result.
5. **Return on Investment.** Prolific flow of revenue is one factor that sustains business existence and the performance of everyone is a contributory factor on this. As integrated marketing communication combines all marketing elements, every department in-charge should have common understanding about the amount of profit that are expected from their output. And as mentioned, employees feel good about themselves when they are valued because of the worth of their contributions to the company.

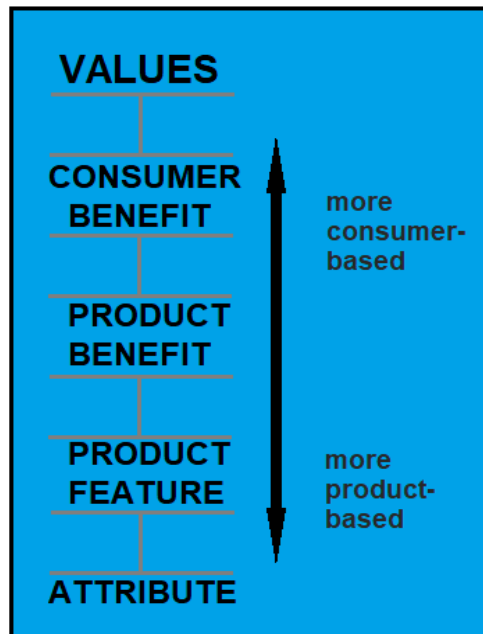
## Advertising: Planning and Strategy

One of the most important elements of an integrated marketing communications program is the message created through advertising media. As discussed earlier, it is the most effective means of non- personal marketing communication because of its reach and wider coverage even in a short span of time. From the marketer's perspective, **advertising message** is a way to tell customers how their needs and wants shall be met and be satisfied by the company's brands. When customers purchase and repurchase the advertised products, firms are able to maximize their profits.

However, **marketing managers** must also be aware that advertising be subjected to the law of diminishing returns. The same idea applies with that of the economists' premise regarding this principle of diminishing returns. In advertising, the same truth applies, which states that the

more advertising messages are added to the strategy, the less effective it becomes. Hence, it goes back to the same premise of having a clear, concise and unified message across other marketing communication elements.

This then makes advertising works more complicated for the marketing managers. But learning how to clearly showcase the campaign on its primary goal and stripping down the message into what is only essential may save the campaign from an early diminishing state. Figure 9.1, the **Advertising Ladder**, which has pointed out that successful advertising campaigns are those campaigns that are focused on selling benefits and not mere product features.



**Figure 9.1 Ad Ladder**  
*Source: Lumen Boundless Marketing*

Rapid technology advancement and how it brought huge change in the condition of every individual had prompted profit organizations to respond squarely on the challenge. **One perfect example** of this is the kind of empowerment that technology has given to all consumers. **Consumers** are empowered in the sense that they now have greater control over what they want to see, how and when they would like to see it. If advertisers will not move out from their traditional practices to a much modern approach in communicating to target consumers, like connecting the product to the personality or morals of the person, then no advertising messages will be more interesting, entertaining and helpful that could drive a passive consumer to act instantaneously, In relation to this, creativity in advertising is one effective strategy in getting the attention of the target audience then driving them to make a purchase.

**Importance of Creativity in Advertising.** The term creativity turns out to be a very important ingredient to effective advertising. It brings advertising message to life. Its artistic or aesthetic value and originality are deemed to break the competitive clutter and has the power to generate emotional responses and positive feelings attached to the product or service being advertised. However, this should not overwhelm the people who develop ads and commercials because developing ads that are creative only for the sake of being creative has also drawbacks.

It may fail to really communicate meaningful and intended messages about the product or service that will cause buyers to make actions.

Experts suggest adherence to the **two central determinants of creativity** which are divergence and relevance". **Divergence** refers to the novelty of the ad contents which means that the message is something that is new and far from the ordinary type ever existed in any advertising platform. Divergence may be achieved following **five factors** as follow:

1. **Originality.** Advertising copy and other ads elements should try to go out of mediocrity and the mundane mantras of products or services that customers normally see or hear in different media platform. It must be distinctive and a fresh of its kind.
2. **Flexibility.** The advertising concepts or ideas could be highly adapted and captured by a wider scope of audience or even get to the interest of a small group of audience too.
3. **Elaboration.** The framing of the ads message is more detailed and intricate giving the target audience clear understanding about features, advantages and benefits of the product or service.
4. **Synthesis.** A portion of the ads can be associated or blended to objects or ideas making the advertising elements more truthful and authentic.
5. **Artistic value.** This pertains to ads containing artistic verbal impressions or attractive shapes, designs or colors resulting to a strikingly big advertising message.

The **second** determinant of creativity is **relevance**. This refers to the degree wherein various elements of the ads are developed to convey meaning and strong purpose and rationality why customers should make a purchase. Relevance of the ad message may be achieved using the **two different methods**. Smith et al. suggest the **Ad-to-consumer Relevance** and the **Brand-to-Consumer Relevance**. The **first** refers to a method wherein the agency's creative people can make use of a known celebrity or personality who may possess a strong association to the product or service being endorsed; thus, capturing the interest and attention of the target consumers. The **second** method can be done using an image or object that best represents the product or service advertisement such as an image of a black luxury car that could form an impression and attitude of elegance, style and sophistication.

### Advertising Decisions

There are important decisions in advertising that every marketing manager has to consider in designing a program or an ad campaign. Experts call this as the **Five Ms of Advertising Decision** as follow:

1. **Mission.** There must be a clear and established goal in the conduct of an advertising campaign. **Mission statement** is a better aid in guiding decision makers pertaining to the alignment of their actions to the intentions of the organization.
2. **Money** or the size of the advertising budget that the organization is willing to appropriate to boost and stabilize sales of a certain product or service. This decision is grounded on the fact that today's most successful brands of consumer goods are built with heavy advertising and marketing investments. The amount of money to be spent in advertising depends to the immensity of the company's goals or objectives.

3. **Message.** Large amount of budget allocations does not guarantee bigger percentage of return but getting customer's attention and communicating clear message does the work.
4. **Media Mix.** Media selection is no easy task. There are numerous types and combinations to choose from and each of them presents their own advantages and limitations. **Newspaper** as a medium command the widest circulation and a good number of newspaper readers are in their buying frame of mind already. However, **newspaper** does not possess the same prestige as that of the magazine, as it is usually thrown away or loses its value after it has been read. On the other hand, the sales message that is quite elaborate, in magazine thrives for a longer time as magazines are categorized as among household's collections that are for safekeeping. However, **magazine** is intended only to a limited and specified group of readers. TV as a three-dimensional advertising medium combines sight, sound and movement, an advantage not offered by most other media. Yet, huge budget is needed for TV ads to really be able to leave a strong and impactful message to target audience.

Transportation and outdoor advertising is another type of advertising media to choose from. It is a fast-inspection medium and offers good message exposure to a great number of people who are outdoor almost every day. **Direct-mail advertising** is more personalized and targeted type of advertising medium, yet percentage of waste circulation is also high because it is harder to tell whether the recipient actually received the message. **Internet advertising** also offers many advantages but also has limited capabilities. Thus, **media selection** is a tough job for marketing managers. This process becomes even more complicated when the manager has to choose between alternative within the same medium- **for instance**, between noon time and prime time TV program or the Time and Newsweek, or Facebook and Instagram.

5. **Measurement.** Careful deliberation of the effectiveness of an advertising campaign or any advertising effort is another important concern that should be given attention by the management. In so doing, it allows the organization to save extra resources from spending on endeavors that give lower yields or return; or in the case of a meaningful result, they could find ways on enhancing further their advertising ideas.

### Advertising Expenditures

In allocating resources for the organization's advertising activities, there are various approaches in which the company could base their budget appropriation. Peter and Donnelly have the following means as follow:

1. **Percent of Sales.** This is the simplest and most popular rule-of-thumb method of allocating resources for advertising expenditures. The organization can simply take a percentage figure and applies it to either past or future sales. **For instance**, the company was able to accumulate three million sales on the previous year and should the company decide to plunge into their current year's advertising program and decided to allocate two percent from the last year sales data. This warrants them to spend Php 60,000 for their advertising activities.
2. **Per-Unit Expenditure.** Most companies use this approach to every higher-priced merchandise, such as automobiles or appliances wherein a fixed monetary amount is spent on advertising for each unit of the product that will be sold. **For instance**, a company may

decide to spend a fixed amount of Php 500 per unit sold. This approach sounds the same with the percent of sales method, only that it justifies the purpose of the company to strictly allocate a fixed advertising expenditure per unit.

3. **All You Can Afford.** This approach suggests that advertising expenditures should be limited only to the firm's available resources or current revenues. Considering the rationality of this approach, this can be an advantage on one hand. On the other hand, any firm that limit its advertising outlays to the amount of available funds will probably miss opportunities for increasing sales and profits.
4. **Competitive Parity.** Every advertising program is one form of defense in response to any competitors' push and pull promotional strategies. This approach may not be commonly preferred by the organization, yet managers or company strategists may feel the need to do so.
5. **The Research Approach.** Much has been said about the significance of research prior to the conduct of any strategic activity of the organization. It provides rational direction to any strategic undertaking hence lessening chances of futile actions. This approach provides costs estimates based on the research results.
6. **The Task Approach.** This is applied to a well-planned advertising program. Once advertising goals were clearly defined vis-à-vis tasks needed to accomplish the goals, then it would be easier for marketing managers to assign advertising costs.

### Sales Promotion

**Sales promotion** is another essential element in the integrated marketing communications that is when merged with other elements, advertising, public relations and personal selling activities, will make an effective IMC program. Belch and Belch talked about the marketing experience of **UNIQLO**, a Japanese retail company, about how they were able to fully utilize the role of sales promotion in the administration of the firm's IMC program.

**Sales promotion** has been defined as an inducement directed either for the sales force, distributors or the end users in the form of an offering of extra value or incentive to every product or service sold or delivered. The success story of UNIQLO in their use of varied sales promotion techniques is a clear indication of the benefits of this element in the prolific operation of the organization. Ideally, **sales promotion's main objectives** are sales stimulation and stabilization because of its ability to increase the customer's perceived brand value using varied kinds of sales promotion devices. **Sales promotion activities** also vary according to the targeted parties in the marketing channel. It is grouped in **two major categories**: Consumer-oriented Sales Promotions and Trade- oriented Sales Promotion.

1. **Consumer-Oriented Sales Promotions.** These are short-term sales promotion activities aimed at targeted consumer groups attracting and prompting them to develop liking on the product or service being promoted and eventually buy them. **Consumer promotions** could fulfil several organizational objectives including consumer inducements to try a new product or to continue buying it; rewarding loyal customers; encouraging them to purchase in large quantity or amount; prompting them to buy as often as possible; providing defense to competitor's effort; and reinforcing all advertising and personal selling initiatives. To

accomplish the said objectives, marketers use **variety of consumer-oriented sales promotion techniques** as follow:

- a. **Sampling.** This is an offer given to consumers through a free product sample with the aim of inducing trial purchase after a probable liking to the product has been established. This technique works well under the **following conditions**: when the product under the campaign program is of low unit value; products are available in different packaging sizes from its largest to smallest size making it as an ideal unit for product sample; and when consumers tend to buy the item within the shortest time of interval only such as buying a can of sardines or the like. A study conducted by the Promotion Marketing Association found that the vast majority of consumers receiving a sample either use it right away or save it to use some time later.
- b. **Couponing.** This technique seems to be the oldest and most widely used sales promotion incentive. It is the process of distributing coupons to consumers, which may take the form of a ticket, document or the like, wherein the bearer of such has the option to redeem the incentive (price reduction or discount maybe) within the specified time. Coupons target nonusers to try the brand and for the current users to do repeat purchase or to continue patronizing even the product's improved version.

However, many marketers have noted some drawbacks of this technique such as the tendency to reduce the profit margin of the company since the purpose of attracting a large number of new product triers may not be achieved if most coupons will go to current users and least number of new ones; some consumers could not be hurried to redeem the coupons at an earlier date other than its expiration date hence may also slow down effects on sales.

- c. **Premiums.** It is an incentive that comes in a form of merchandise or a service either freely given or at a low price to reward consumers who have bought or patronize the brand. As stated, marketers can choose between a free premium or a self-liquidating premium. **Free premium** normally comes as a gift or extra incentive to patrons or buyers. Basically, it comes in a smaller unit or package which consumers could avail in lieu of their proof of purchase. **For instance**, free toys or cereals for everyone thousand worth of purchase of a brand of diapers. **Self-liquidating premiums** require consumers to pay a certain amount of the item or the total cost of the merchandise which is normally lower than the retail price. **The goal of this technique** is to offer value to consumers which will bring them delight somehow. This technique is also tied directly to the advertising campaign in order to establish brand's good will and customer engagement.
- d. **Contests and Sweepstakes.** Needless to say, most consumers are influenced by the "instant-millionaire syndrome" or the "pot-of-gold-at-the-end-of-the-rainbow mentality". This makes contents and sweepstakes exciting and attractive not only to many consumers but also to marketers as this technique generates attention and interest of a large number of consumers. A **contest** is a form of sales promotion activity where consumers are lured to join in a competition of skills or ability in exchange for a prize or money. Some contents take in a form of an activity instructing consumers to take appropriate action in exchange of a prize such as completing a puzzle or buying a specific volume or quantity of a brand before getting the free merchandise or buying it

at a lower price. **For instance**, the promotional activities of 2019 Coca-Cola Philippines dubbed as "Coke Studio Patch- on Promo". The mechanics includes the purchase of a 500ml coca cola for a chance to win a limited-Edition Coke Studio Patch for free and a raffle entry to win VIP tickets at Coca-Cola Christmas Concert.

Also, **sweepstakes** is a promotion where winners are determined purely by chance. **Participants** are required to follow the entry mechanics and sometimes coupled with a proof of their purchase. **Game** is one form of sweepstakes with a chance element or odds of winning such as scratch-off cards and the like.

- e. **Refunds and Rebates.** **Refunds**, otherwise known as **rebates**, are incentives given to customers in a form of a cash refund allowing shoppers to save even a portion from their shopping budget. Many retailers have been using this technique. Some apply refunds and rebates approach through their Loyalty program. They offer membership cards to buyers or their patrons and this allows the cardholder to earn rebates or "**shopping points**" every time they will make a purchase at the branch or nearby outlets. These points could be redeemed in any appropriate time for them to enjoy some cash incentives. **Marketers** believe that refund offers enhance the likelihood of repeat purchase. with Hence, more industries have been using this to team up their other marketing and promotion activities.
- f. **Bonus Packs.** This technique offers consumer an extra amount of a product at a regular price, thus allowing consumers to enjoy greater shopping experience. **Say for instance**, a mother who used to buy a pack of detergent, now gets an extra sachet of it for the same retail price. Normally, **bonus pack** is offered in limited period under a limited number of units only. This is an effective tactic against a competitor's promotion or introduction of a new brand. Moreover, this is also proven to cause a positive impact on the purchasing behavior of the consumer right at the time he or she is about to make a purchase.
- g. **Price-Off Deals.** This is another sales promotion device that directly reduces the price of the brand which normally ranges from five percent up to 75 percent or more. This practice is typically done by retailers and sometimes goes with an important occasion, store anniversary or a holiday season. This is also another useful device to counter-attack competitor's product promotion.
- h. **Event Marketing and Event Sponsorship.** It is a type of consumer-oriented promotion where a company's brand is linked to an event or where a themed activity is developed for the purpose of creating a memorable and engaging experience. for the consumers or target audience. **For instance**, Eden Cheese, by Kraft Foods Philippines, held a simultaneous. nationwide Cook-off challenge which was made open to all Filipinos who love to cook. This event has turned the attention of many in the community as a Grand Cook-Off challenge came after the local event". On the contrary, an **event sponsorship** is when a company develops actual sponsorship relations with a particular event and provides financial support in return for the right to display a brand name, logo or play an advertising message during the entire duration of the event. This is very common in the holding of town fiestas, beauty pageants, concerts, sports events and many more wherein the organizers gather support from various industries in exchange of their chance to be promoted during the entire event.

2. **Trade-Oriented Sales Promotions.** This is a sales promotion program that targets marketing intermediaries such as wholesalers and retailers alongside with management support for new and established brands. This trade-oriented sales promotion aims to accomplish different objectives, as mentioned in the book of Belch and Belch. Such **objectives** include as follow:
  - a. Obtain distribution for new products.
  - b. Maintain trade support for established brands.
  - a. Encourage retailers to display established brands; and
  - c. Build retail inventories.

Marketers and manufacturers alike have to consider using varied trade promotion tools in order to establish loyalty and support from business allies considering they have the options to give in to any allurements that competitors had prepared for them, hence this matter should be controlled by the organization. **Trade promotions** may come in different schemes depending on the intensity of the company's objectives:

1. **Contests and Incentives.** This **special incentive program** targets primarily the sales personnel of the wholesalers and retailers encouraging them to double their selling effort for the brand. These **salespeople** are an important link in the distribution chain considering their knowledge of the market and their technical and sales skills. This incentive program may be in the form of cash payment, or a contest tied up to product sales, new account placements or merchandising efforts.
2. **Trade Allowances.** This is the most common type of trade promotion as it encourages marketing intermediaries to stock, promote and display the manufacturer's products. Belch and Belch introduced different kinds of trade allowances such as buying allowances, promotional or display allowances and slotting allowances. **Buying allowance** is a price reduction or a free good offered to resellers on every ordered merchandise that goes over the expected average quantity. **For instance**, a dealer used to order eight cases of bottled juice but because of the manufacturer's offer of a free case or a reduction of price in every container, if the dealer buys 10 cases, then resellers may find this offer a winning proposition. Further, when resellers performed some promotional activities in support of the brand such as providing special shelf display, the use of end-cap display, gondolas, and other point of purchase activities, manufacturers usually reward the retailers with a fixed amount referred to as promotional allowance. Typically, this incentive may have been stipulated in the contract agreed upon by both parties. Another stipulation in the dealer's contract with the manufacturer may also include the provision of slotting allowances, also known as **stocking allowances or introductory allowances**. Basically, retailers demand for certain fees from manufacturers for accommodating or providing slots for their new products that normally accumulate costs such as costs in redesigning store shelves, addendums in their inventory records, warehouse space and briefing employees about the new product, notwithstanding the risks that the store had assumed for an introduction failure.
3. **Sales Training Programs.** Large organizations, especially those with aggressive sales quotas, often sponsor sales training classes to retail personnel to increase their knowledge and stir up their motivation in selling the brand. Oftentimes, manufacturers also distribute

selling aids to retail employees that include sales or reference manuals, product brochures, video tapes containing product demonstrations and practical selling tips.

### **Summary**

This lecture placed greater emphasis on the value of consumer communication in maintaining a consistent level of competitiveness in a dynamic business environment. **Marketing communication** is a business strategy that aims to create right messages for the intended and potential customers using the right promotional medium within an ideal time frame in order to satisfy the following **intentions of the organizations** such as: *(a) the spread of awareness among intended buyers; (b) improvement in the rate of customer retained and strengthened company's upselling activities; (c) building customer trust and loyalty.* Creating promotional noises is imperative should the organization aim to create retention and customer appeal.

**Advertising** is one of the most important elements of IMC because of its reach and wider coverage even in a short span of time. Important decisions in advertising must be considered like mission, money, message and media mix to ensure appealing brand message. Since advertising is quite a costly venture, there are various approaches in which the company could base their budget appropriation like: *percent of sales, per unit expenditure, all-you-can-afford, competitive parity, the research approach and the task approach.*

**Sales promotion** is another essential element in the integrated marketing communications that is when merged with other elements, advertising, public relations and personal selling activities, will make an effective IMC program. It has **different objectives** such as to induce consumers towards a new product; to encourage customers for continued patronage; reward loyal customers; influence them to buy in bulk and to buy often. **Sales promotion** is also a good defense towards competition and during fluctuating sales. It can be classified between **consumer-oriented sales promotion** and **trade-oriented sales promotion**. The former consists of sampling, couponing, premiums, contests and sweepstakes, refunds and rebates, bonus packs, price-off deals, and events marketing and sponsorship. While **trade-oriented sales promotions** include contests and incentives, trade allowance and sales training programs.

**Public relation**, as another element in the IMC program, is a strategic communication process that allow companies to manage the reputation they have been protecting over time. This element of promotion mix enables companies to monitor and assess public attitudes and execute plans and programs to earn continued public acceptance and loyalty. The last element in the IMC program is **Direct Marketing**. This pertains to the company's marketing initiatives of communicating directly to target customers to obtain sales. This element makes use of varied direct-response tools including direct mail, telemarketing, interactive TV, print, internet and the like. **Direct marketing** offers benefits to the IMC program of the company like elimination of waste coverage; the use of the information taken from market segmentation; frequency of execution may be prominent; minimum marketing costs; personalized consumer messaging; and timing is controlled.

#### **Textbooks:**

- Strategic Marketing Management, Naval, Girly H. Mind shapers Co, Inc. 2021
- Strategic Marketing Management: The Framework, Chernev, Alexander Cerebellum Press 2019