

Marketing Communications

Lecture 1

Introduction

Marketing Communications theory
Marketing communications industry
Ethics in marketing communications

Definition

Marketing communications is a management process through which an organisation engages with its various audiences. By understanding an audience's communications environment, organisations seek to develop and present messages for its identified stakeholder groups, before evaluating and acting upon the responses. By conveying messages that are of significant value, audiences are encouraged to offer attitudinal and behavioural responses.

Source: Fill (2006) p.17

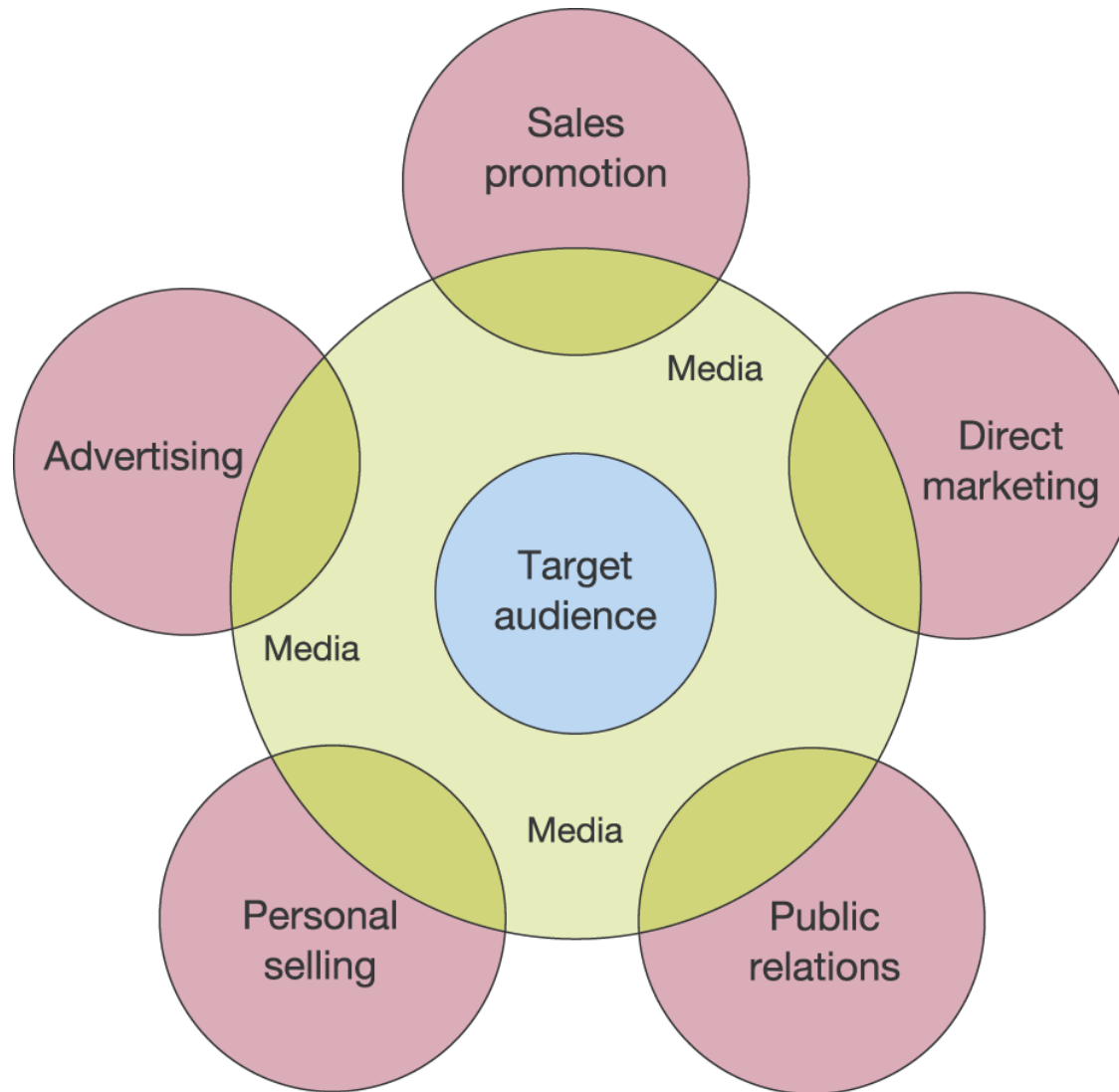


Figure 1.1 The tools and position of the marketing communications mix

Orientation	Explanation
Information and promotion	Communications are used to persuade people into product purchase using mass media communications. Emphasis on rational, product-based information.
Process and imagery	Communications are used to influence the different stages of the purchase process that customers experience. A range of tools are used. Emphasis on product imagery and emotional messages.
Integration	Communication resources are used in an efficient and effective way to enable customers to have a clear view of the brand proposition. Emphasis on strategy, media neutrality and a balance between rational and emotional communication.
Relational	Communication is used as an integral part of the different relationships that organisations share with customers. Emphasis on mutual value and meaning plus a recognition of the different communication needs and processing styles of different stakeholder groups.

Table 1.3 The developing orientation of marketing communications

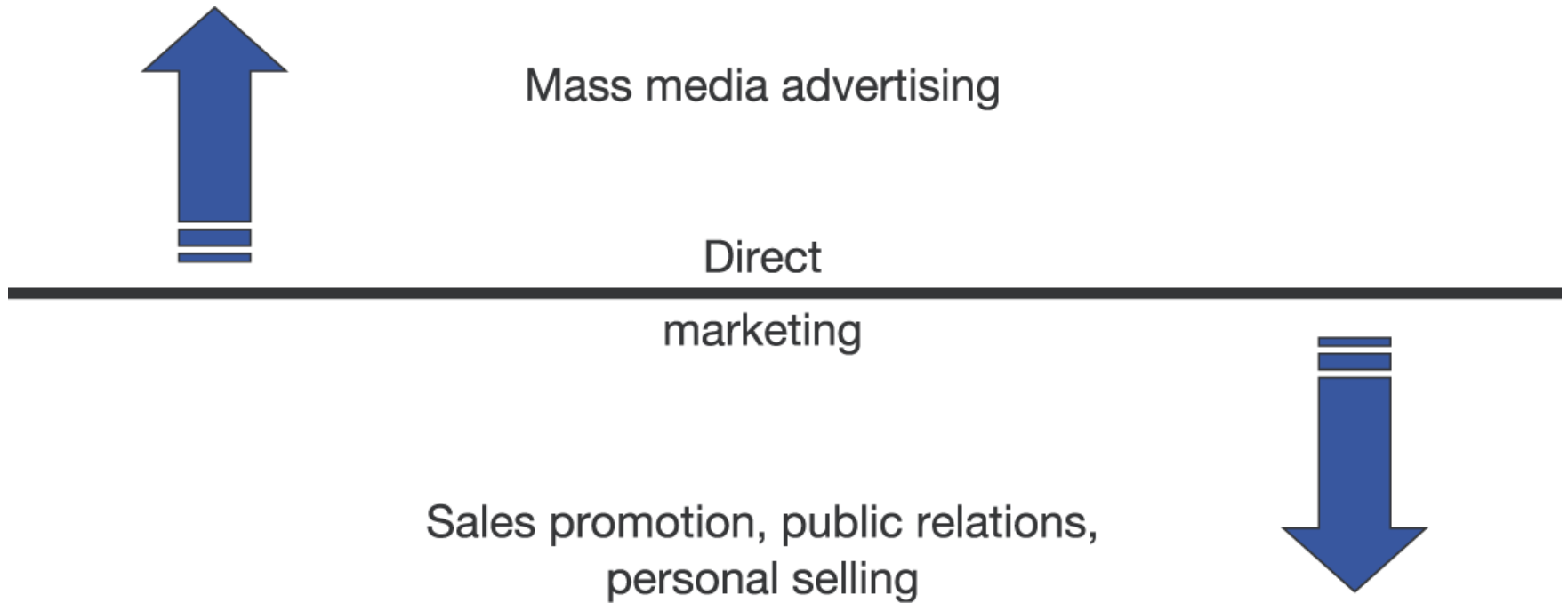


Figure 1.2 Above-and below-the-line communications

	Advertising	Sales promotion	Public relations	Personal selling	Direct marketing
Communications					
Ability to deliver a personal message	Low	Low	Low	High	High
Ability to reach a large audience	High	Medium	Medium	Low	Medium
Level of interaction	Low	Low	Low	High	High
Credibility					
Given by the target audience	Low	Medium	High	Medium	Medium
Costs					
Absolute costs	High	Medium	Low	High	Medium
Cost per contact	Low	Medium	Low	High	High
Wastage	High	Medium	High	Low	Low
Size of investment	High	Medium	Low	High	Medium
Control					
Ability to target particular audiences	Medium	High	Low	Medium	High
Management's ability to adjust the deployment of the tool as circumstances change	Medium	High	Low	Medium	High

Table 1.4 The 4Cs Framework – a summary of the key characteristics of the tools of marketing communications

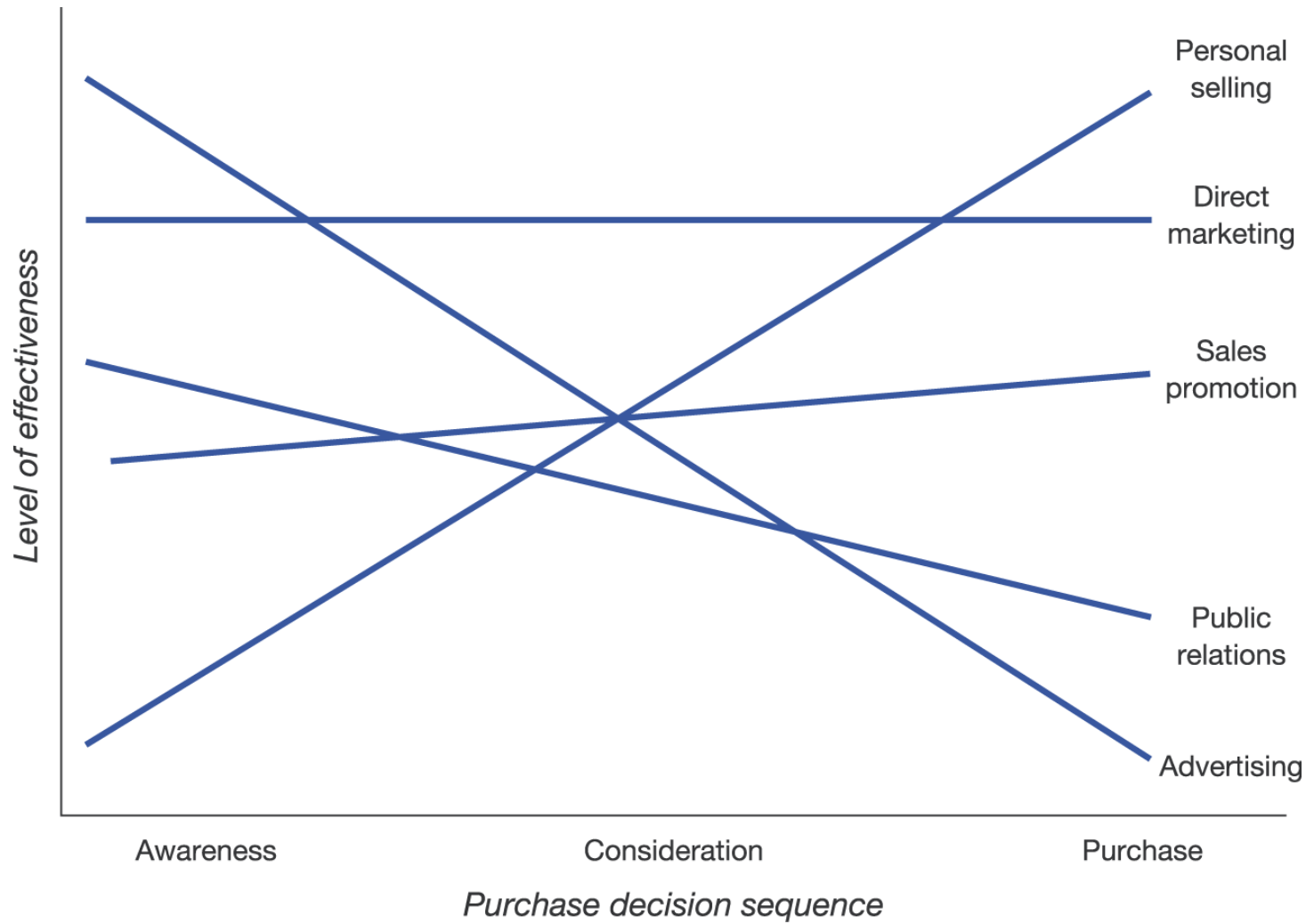


Figure 1.3 The relative effectiveness of the tools of the marketing communications mix

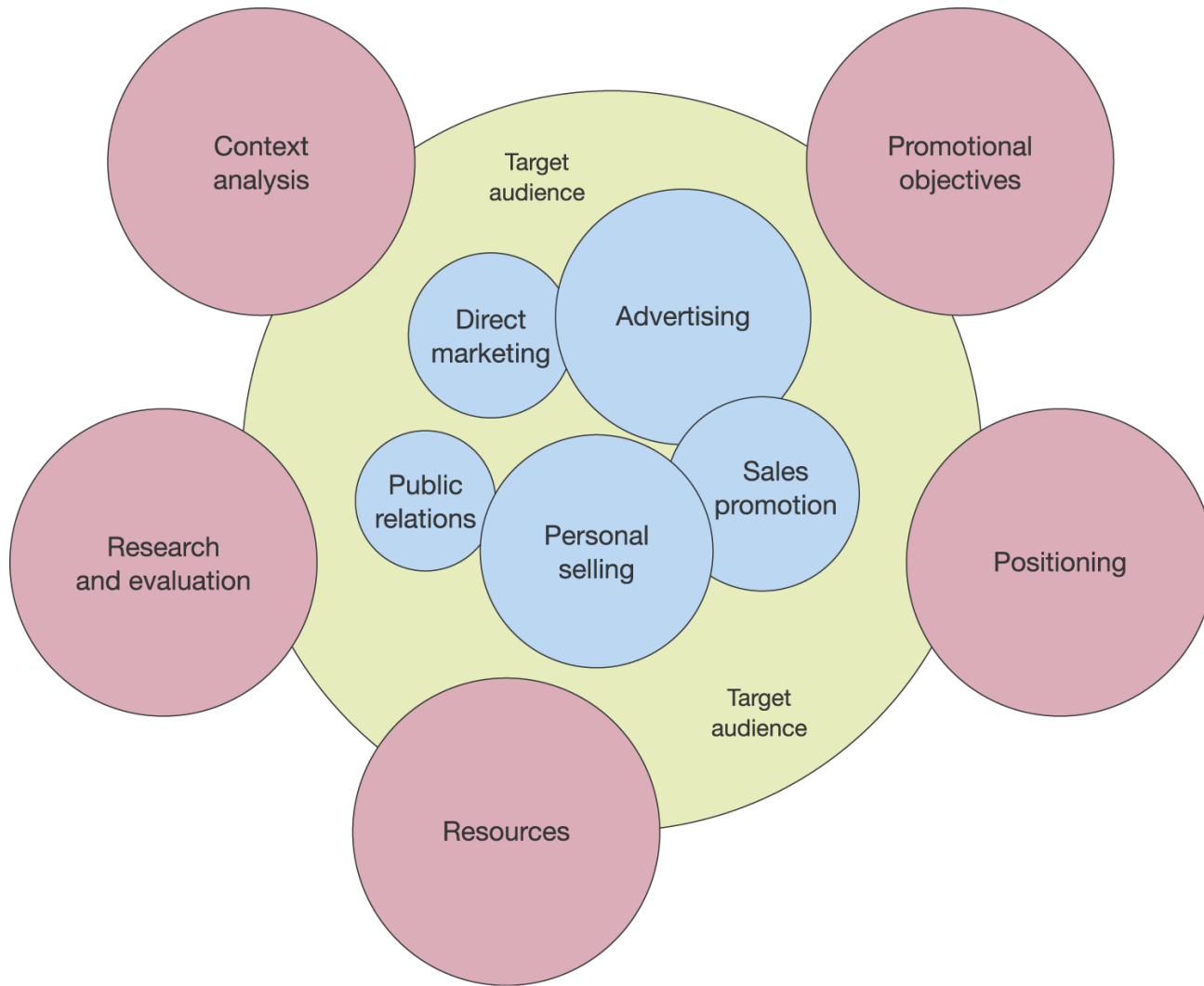


Figure 1.4 The system of marketing communications

	Consumer-oriented markets	Business-to-business markets
Message reception	Informal	Formal
Number of decision-makers	Single or few	Many
Balance of the promotional mix	Advertising and sales promotions dominate	Personal selling dominates
Specificity and integration	Broad use of promotional mix with a move towards integrated mixes	Specific use of below-the-line tools but with a high level of integration
Message content	Greater use of emotions and imagery	Greater use of rational, logic- and information-based messages although there is evidence of a move towards the use of imagery
Length of decision time	Normally short	Longer and more involved
Negative communications	Limited to people close to the purchaser/user	Potentially an array of people in the organisation and beyond
Target marketing and research	Great use of sophisticated targeting and communication approaches	Limited but increasing use of targeting and segmentation approaches
Budget allocation	Majority of budget allocated to brand management	Majority of budget allocated to sales management
Evaluation and measurement	Great variety of techniques and approaches used	Limited number of techniques and approaches used

Table 1.5 Differences between consumer and business-to-business marketing communications

Marketing Communications theory

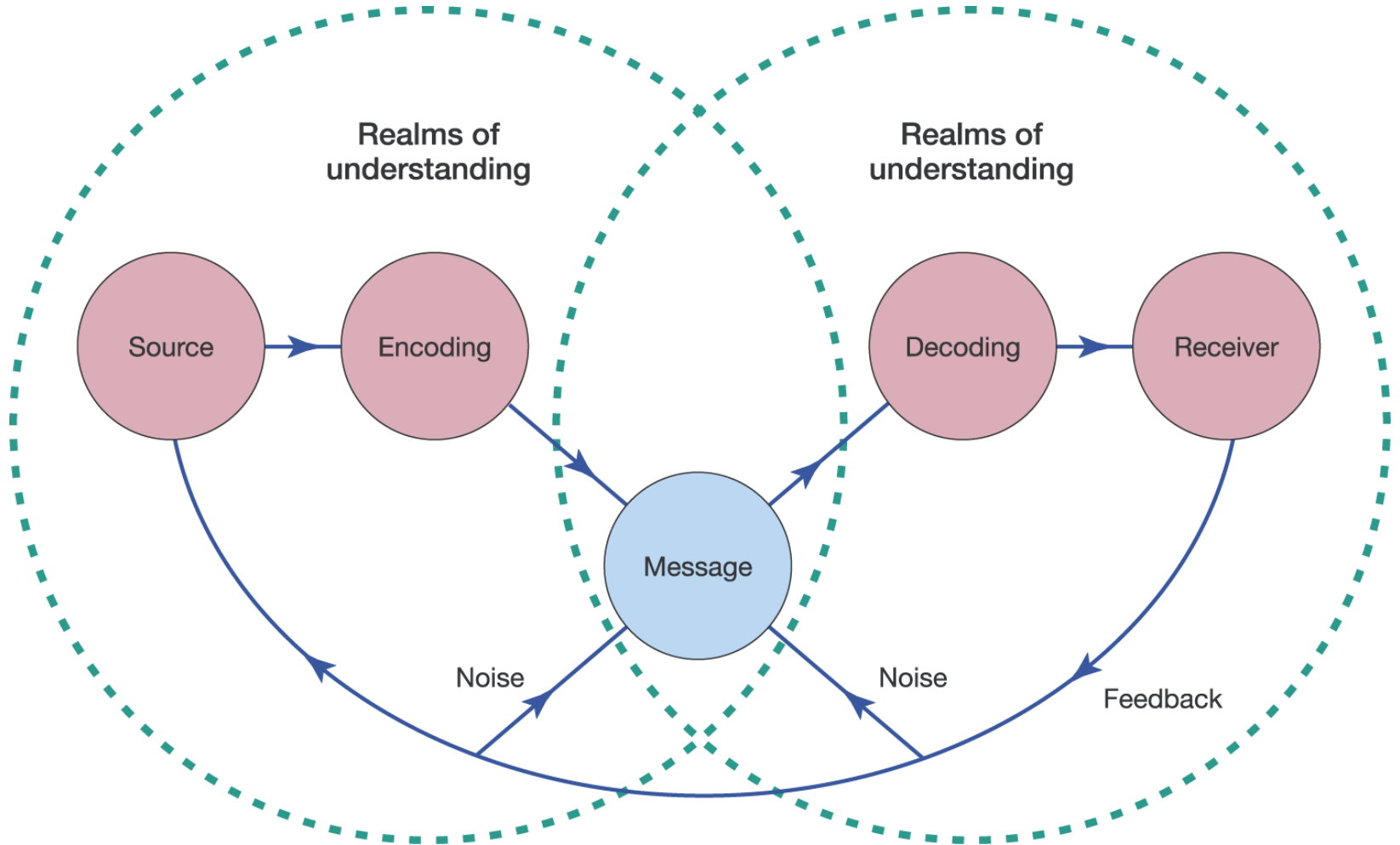


Figure 2.1 A linear model of communication

Source: Based on Schramm (1955) and Shannon and Weaver (1962).

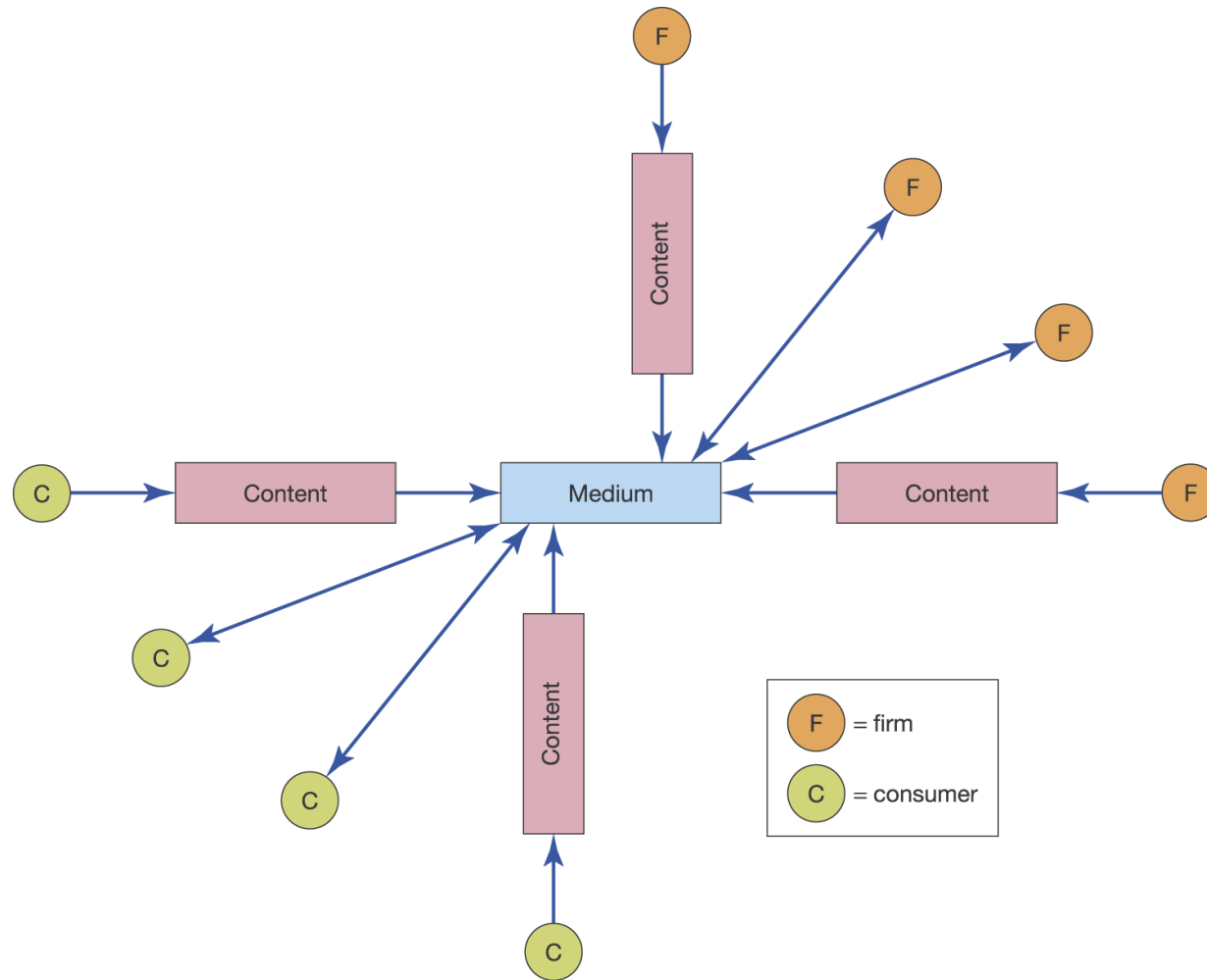


Figure 2.2 A model of marketing communications in a hypermedia computer-mediated environment

Source: From Hoffman and Novak (1996); reprinted with permission from the *Journal of Marketing*, published by the American Marketing Association.

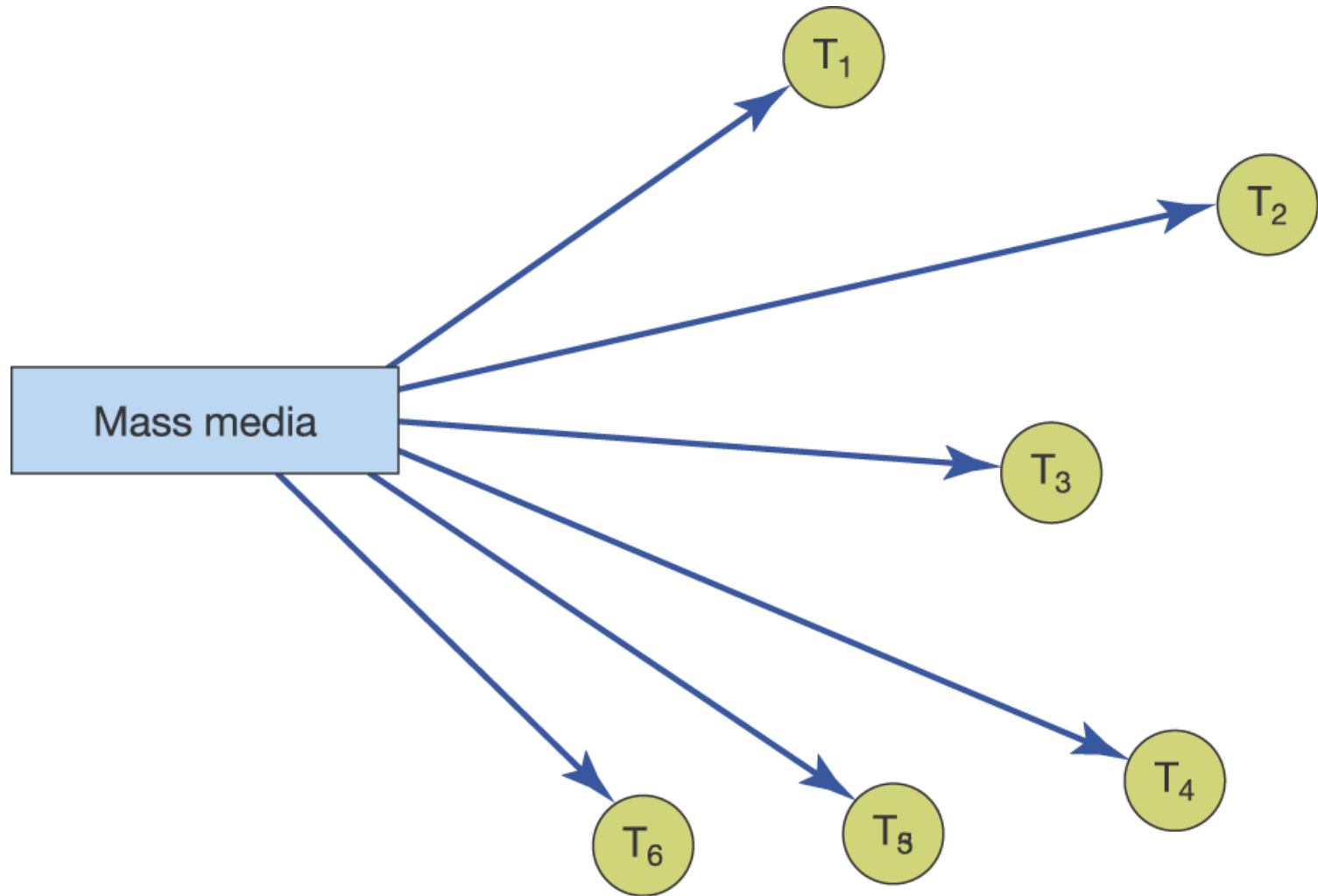


Figure 2.3 One-step model of communication. T = member of the target audience

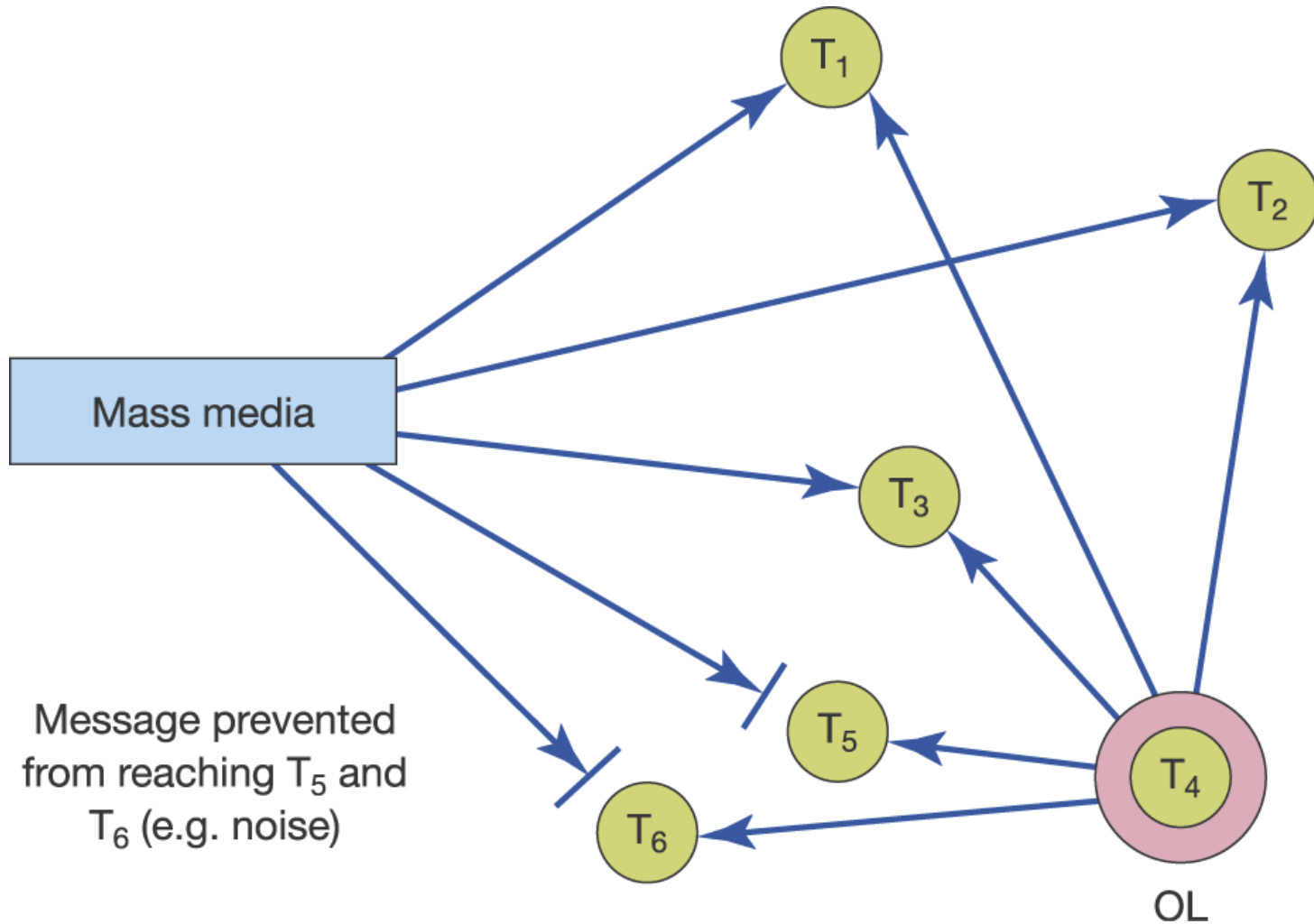


Figure 2.4 Two-step model of communication. OL = opinion leader

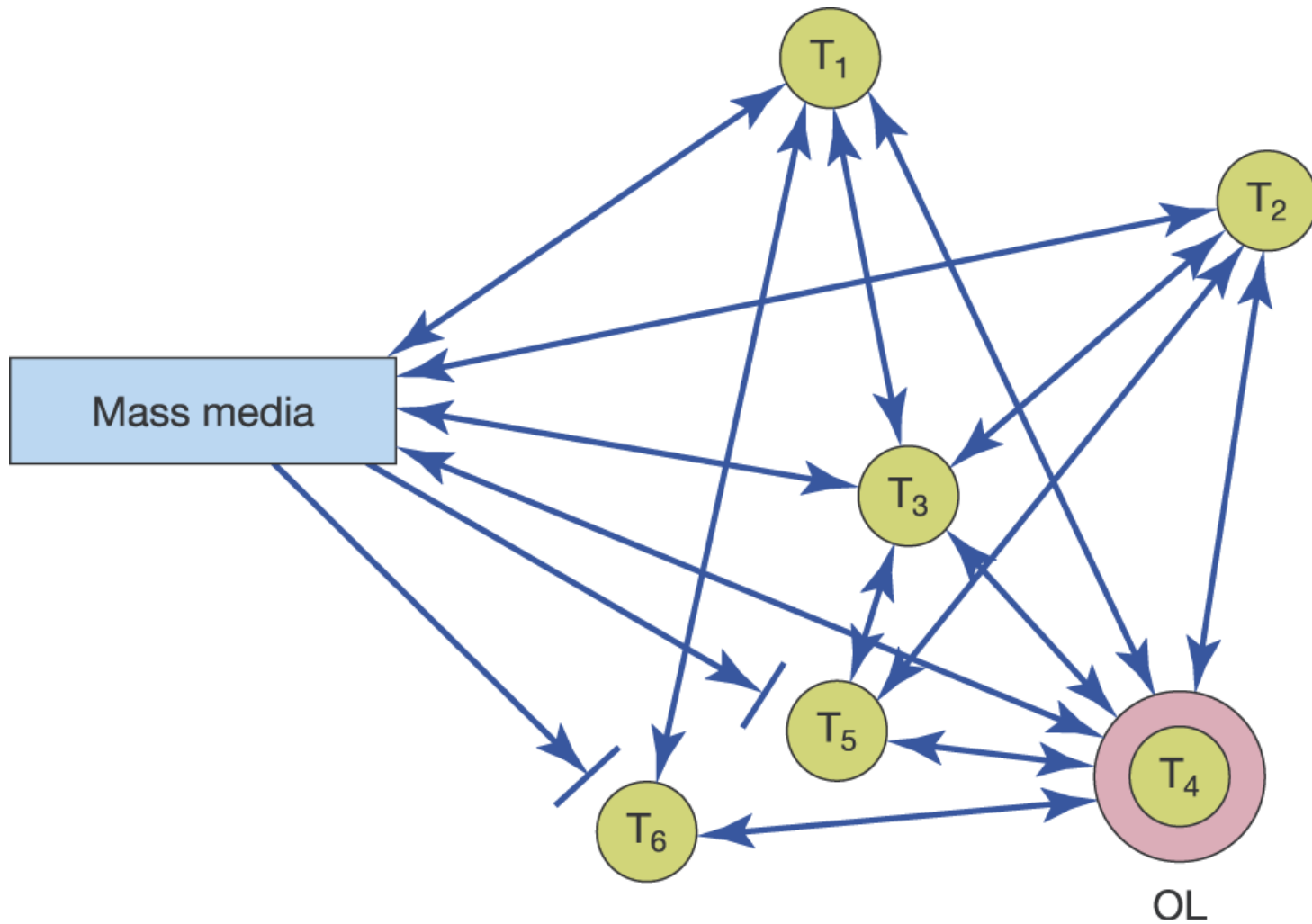


Figure 2.5 Multi-step model of communication

Opinion Leaders

- Members of peer group
- Expertise based on their own interest in subject areas
- Word of mouth communications from these individuals carries higher levels of credibility than opinion formers
- Include media, subject specialist consumer interest magazines e.g. Which?, pressure groups
- Playing significant role in responding to customers' thirst for knowledge
- Must be included in a communications agenda
- Don't just need customers and consumers, also friends and supporters who will exert positive influence upon a company

Opinion Formers

- People who exert personal influence because of their authority, status, education or association with a product or service offering.
- Provide information and act as expert witnesses
- E.g. specialist journalists in motoring and travel
- Act as vehicle for reinforcing credibility of products and services
- Public relations has major part to play here
- Viral marketing also important

Prior conditions

1. Previous practice
2. Felt needs/problems
3. Innovativeness
4. Norms of the social systems

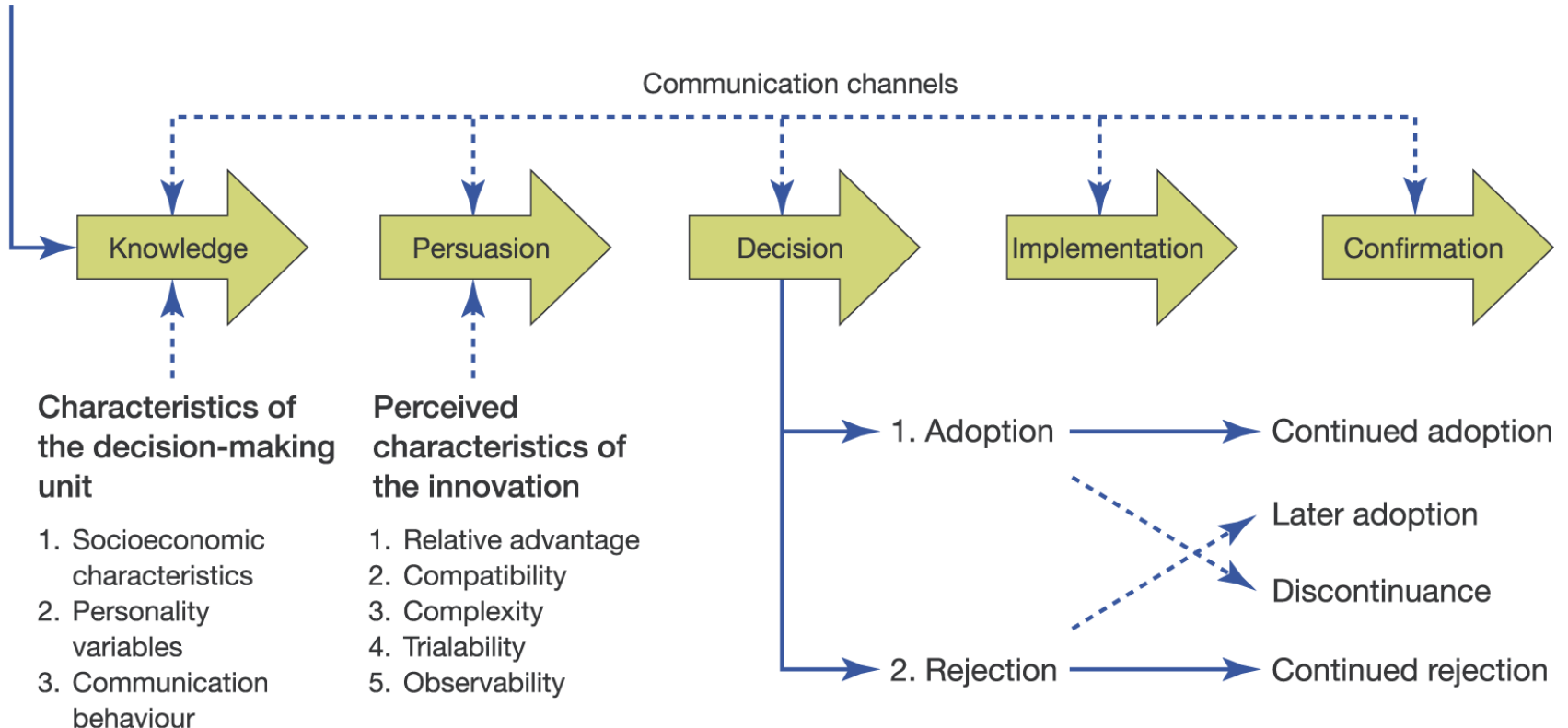


Figure 2.6 Stages in the innovation–decision process of adoption

Source: Reprinted from Rogers (1983) with the permission of the Free Press. Copyright 1962, 1971, 1983 by the Free Press.

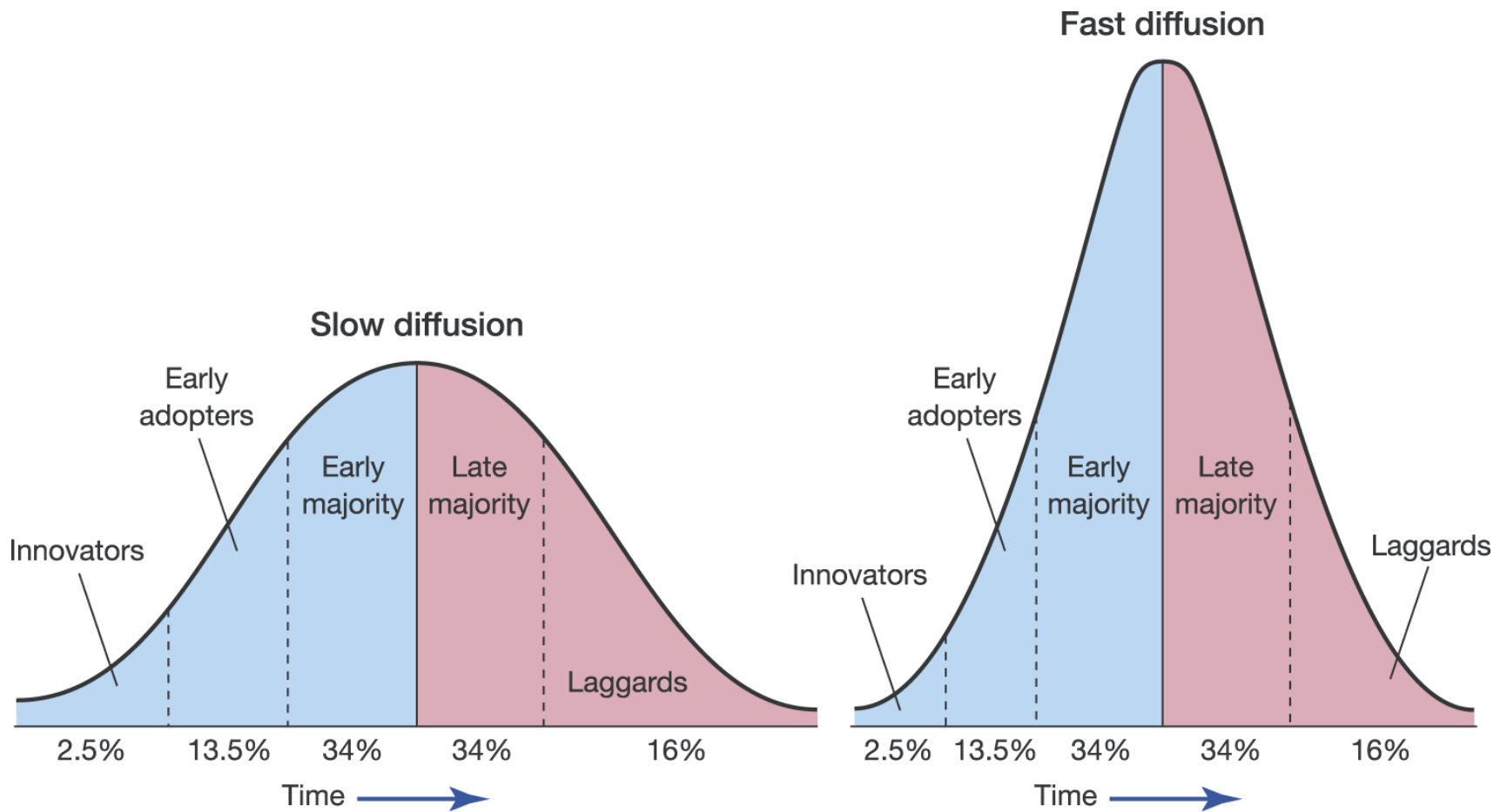


Figure 2.7 Fast and slow diffusion of an innovation

Source: From Hawkins *et al.* (1989); used with kind permission.

Marketing communications industry

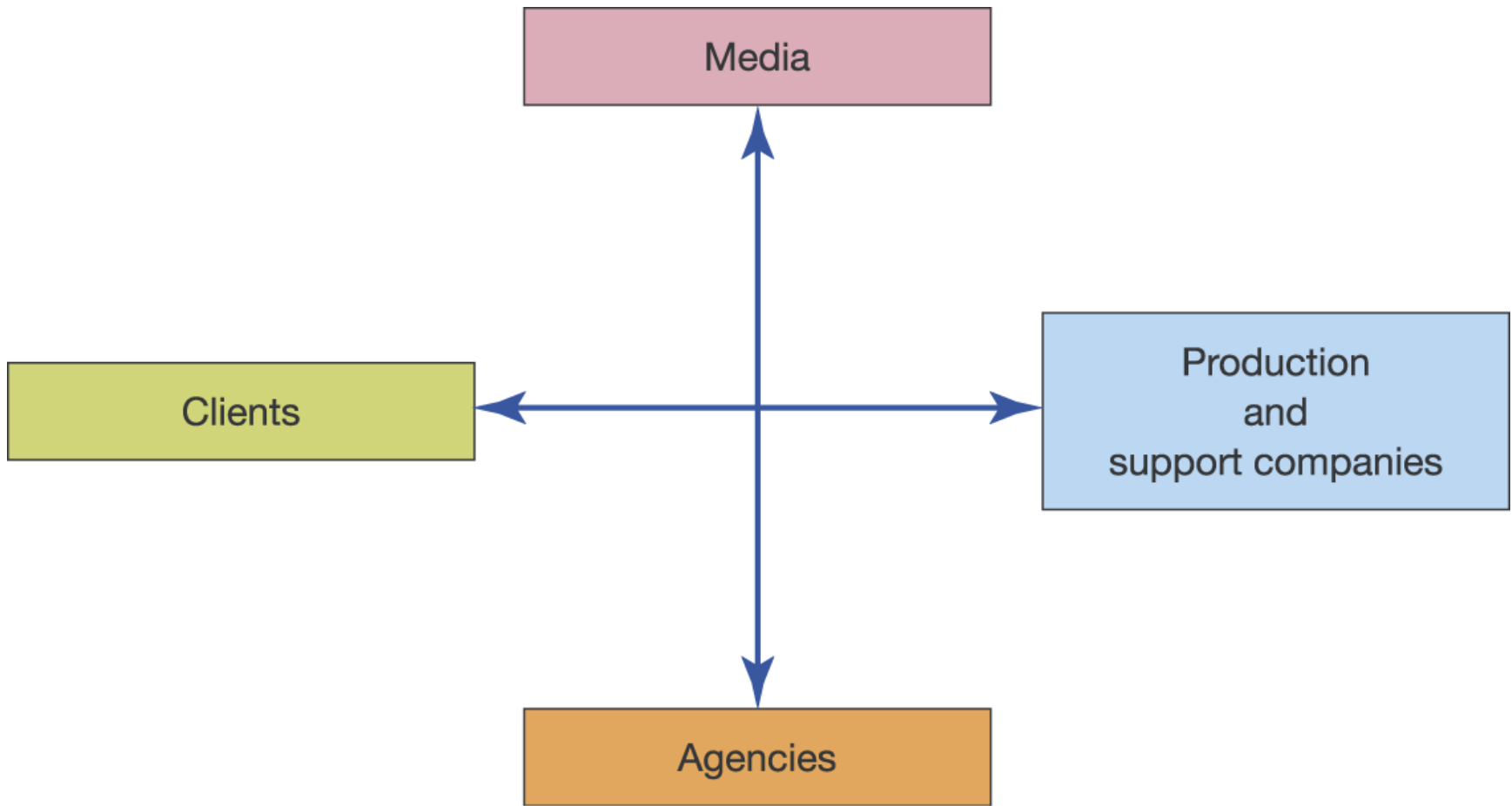


Figure 3.1 The principal organisations in the marketing communications industry

	2003 (£m)	2000 (£m)	1996 (£m)
Press	8,382	8,604	6,413
Television	4,374	4,646	3,379
Direct mail	2,431	2,049	1,404
Outdoor and transit	901	810	466
Radio	582	595	344
Cinema	180	128	73
Internet	376	155	NA
Total	17,227	16,988	12,080

Table 3.1 Total UK advertising expenditure (including direct mail) £ million

Source: *Advertising Statistics Yearbook*. Used with kind permission.

Agency Types

- Full service
 - Creative development, Strategic Planning, Production, Media planning and buying, Market research
- Creative shops
 - Hotshops – provide specialist creative services
- Media independents
 - Provide specialist media services – planning , buying and monitoring purchase of media schedule
- A la carte agency
 - Company selects a range of services from a range of different specialized agencies
 - Gives choice and flexibility
 - Takes a lot of time, effort and commitment to manage the potential number of relationships involved
- New media
 - Provision of internet facilities, WAP technology, interactive television

Agency remuneration

- Fees
- Media percentage 10% - 15%
- Print mark up 17.65%+
- Performance related
- Hourly rate
- Project by project quotes

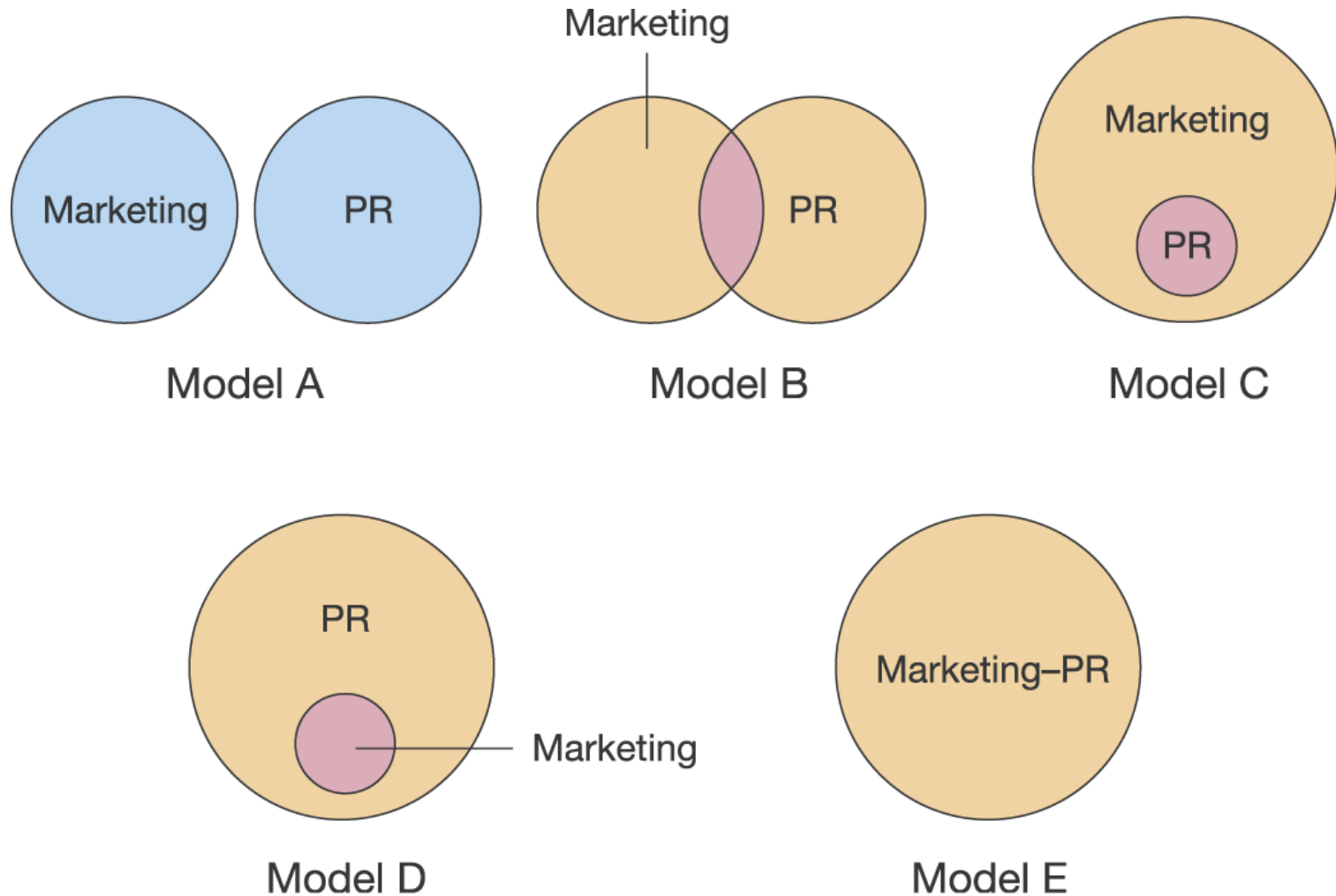


Figure 3.3 Relationships between marketing and public relations

Source: From Kotler and Mindak (1978); used with kind permission.

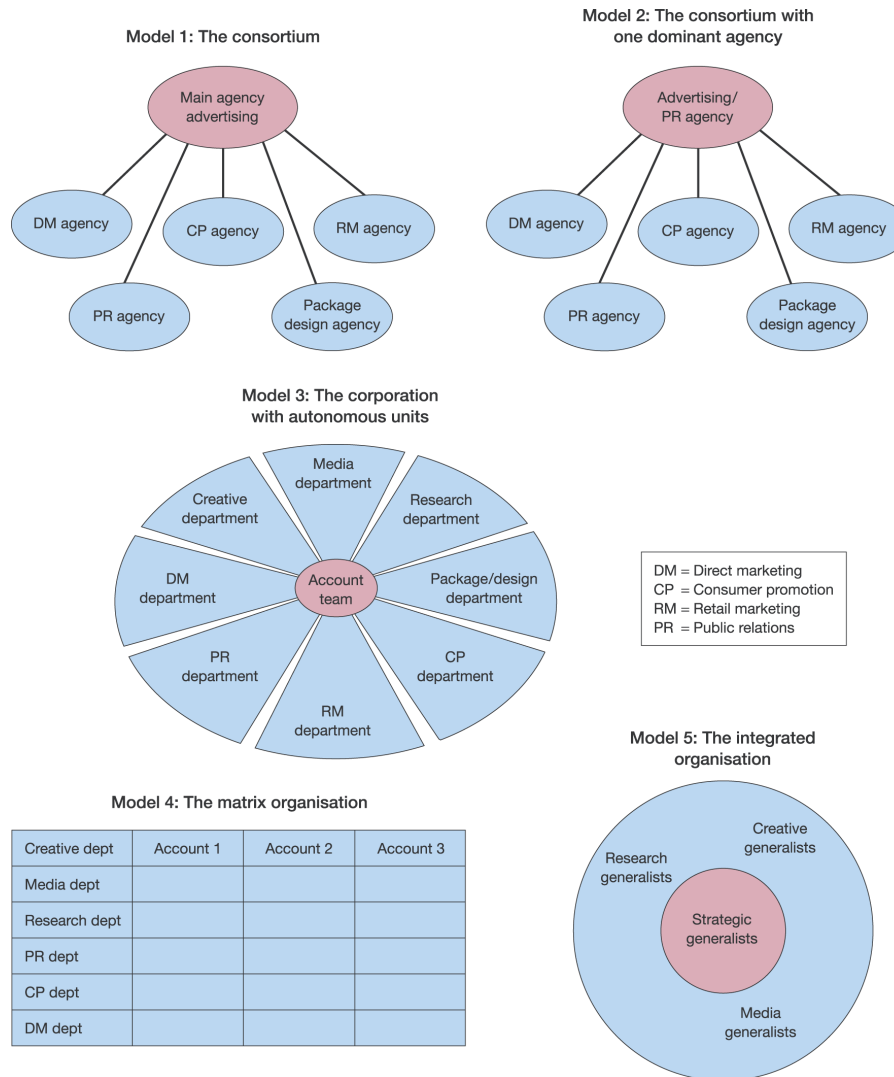


Figure 3.4 An overview of the five agency structures

Source: From Gronstedt and Thorson (1996); used with kind permission.

Type of agency	Explanation
Integrated agency	A single agency which provides the full range of communication disciplines.
Complementary agencies	The client selects a range of different agencies, each from a different discipline and self-manages or appoints a lead agency.
Networked agencies	A single group agency is appointed (e.g. WPP or Interpublic) who then appoints agencies within their own profit-oriented network.
Mini-group agencies	Clusters of small independent specialist agencies who work on a non-competitive basis for a client.

Table 3.2 Integrated agency options

Communications Industry

Statutory & Self-Regulatory Control -

- Advertising Standards Authority
- Committee of Advertising Practice
- Independent Television Commission
- Radio Authority
- Office of Fair Trading
- Securities & Investment Board
- Note some replaced by OFCOM from January 2004

**Ethics , corporate and social
responsibility**

Attitudes to marketing communications

- Immoral business activity
- By the promotion of products /services beyond reach of many consumers, marketing communication held responsible for many of the underlying ills of society
- Response
 - Cause related marketing
 - Increase credibility and authority of some brands in form of sponsorship

Ethical Concerns

- Misleading or false advertising
- Shocking, tasteless or indecent material
- High pressure sales techniques
- Intrusion on personal privacy (telesales)
- PR that confuses rather than communicates
- Payment of bribes to win business

Issues

- Advertising to children
- The depiction of women in advertising
- Product labelling
- Confusion pricing

Ethics in Marketing Communications

- Truth-telling - let the buyer beware
- Puffery - embellishment, incorrect statements, false promises
- Selling complex products
- Truth-telling in PR
- Vulnerable groups
- Privacy & respect for persons
- Taste & decency
- Hospitality, incentives & inducements
- Influence of reward systems in selling

Ethical Decision Making Models

- Consumer capability - is the target market vulnerable in ways that limit consumer decision making?
- Information - are consumer expectations at purchase likely to be realized? Do consumers have sufficient information to judge?
- Choice - can consumers go elsewhere? Would they incur substantial costs or inconvenience in transferring their loyalty? (Smith, 1995)

Ethical Decision Making Models

- The Golden Rule - act in a way that you would expect others to act towards you
- The Professional Ethic - take only actions which would be viewed as proper by an objective panel of your professional colleagues
- Categorical Imperative - act in a way that the action taken under the circumstances could be a universal law of behaviour
- The TV Test - would I feel comfortable explaining this action to the general public on the TV?
- The outcomes of the decision - performance, rewards, satisfaction & feedback

(Laczniak & Murphy, 1991)

Societal marketing

Social marketing concept holds that the organisation's task is to determine the needs, wants and interests of the target markets and to then deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumer's and society's well being

Kotler (2000)