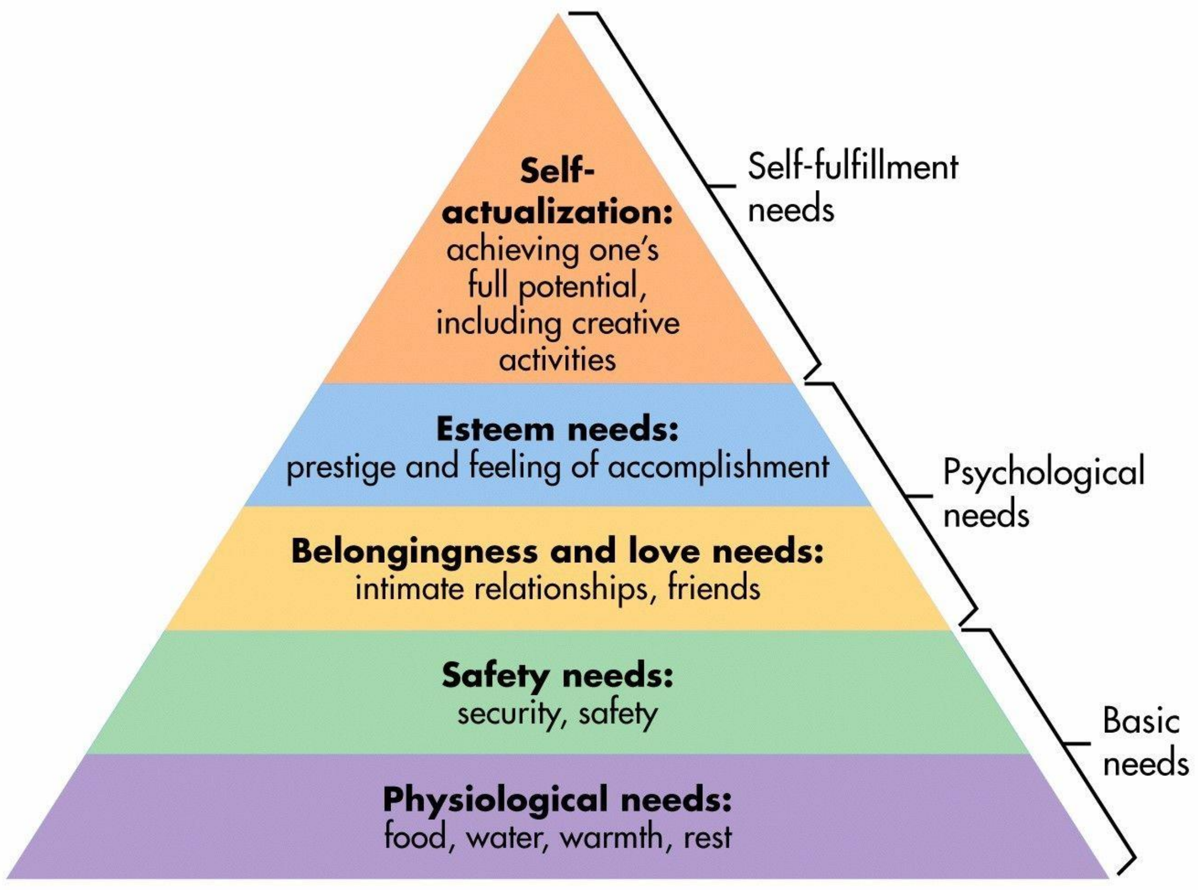
Introduction

What is Marketing?

- Marketing is about identifying and meeting human and social needs in a way that harmonizes with the goals of the organization.
- When Google recognized that people needed that people needed to more effectively and efficiently access information on the internet, it created a powerful search engine that organized and prioritized queries.
- When IKEA noticed that people wanted good furnishings at substantially lower process, it created knockdown furniture.
- These two firms demonstrated marketing savvy and turned a ‘need’ into a profitable business opportunity.
- All the companies are basically helping consumers in addressing their needs by offering various products, services, events, experiences etc.

Maslow’s Hierarchy of Needs



- The American Marketing Association offers the following formal definition: *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.*
- Coping with these exchange processes calls for a considerable amount of work and skill.

Psychological Drivers

- The Avoidance of Pain
- The Pursuit of Pleasure

What is Marketed?

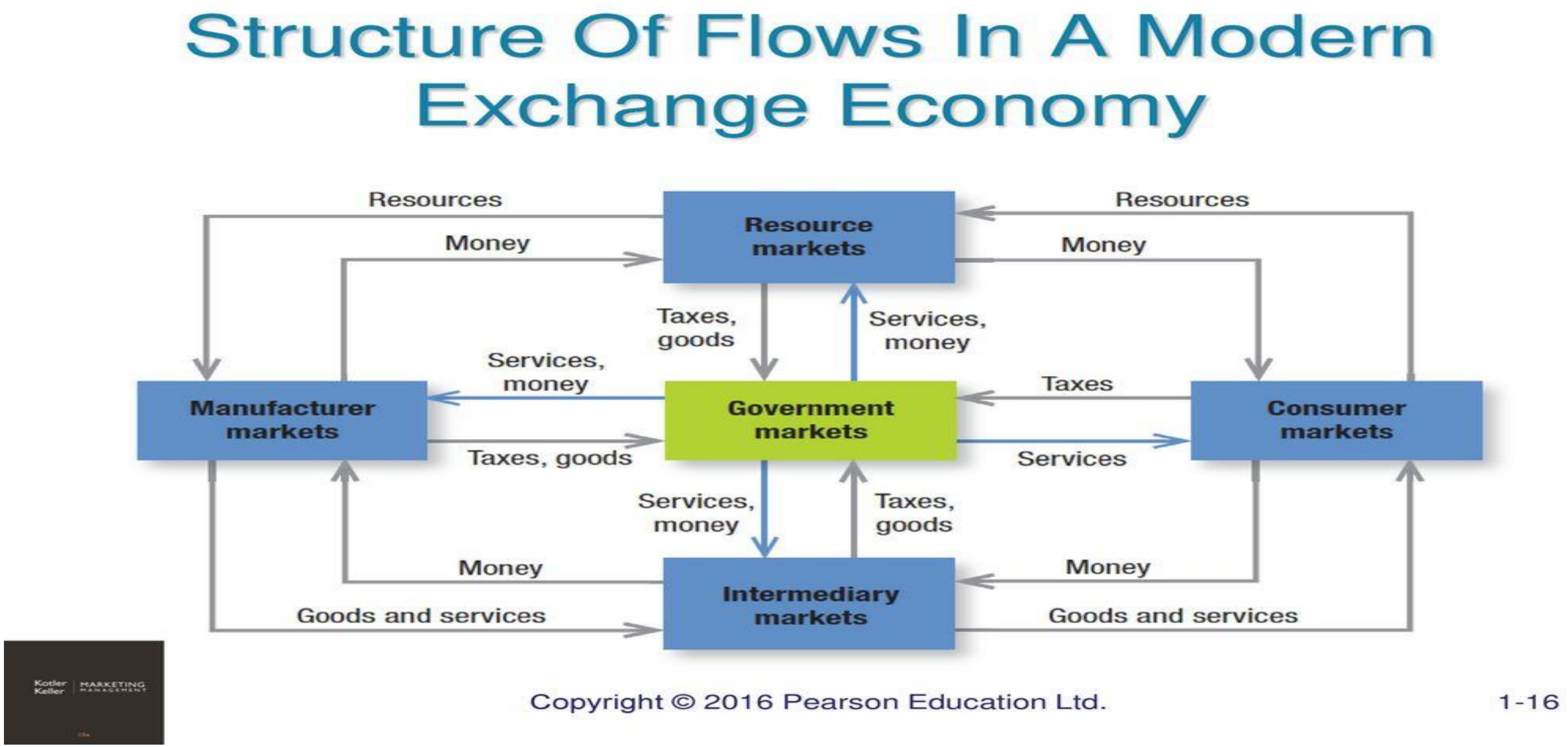
- Marketing is ubiquitous – it permeates all aspects of the society. Specifically, marketing typically involves 10 different domains: goods, services, events, experiences, persons, places, properties, organizations, information and ideas.

The Marketing Exchange

- A marketer is someone who seeks a response – attention, a purchase, a vote, a donation – from another party.
- Marketers are skilled at stimulating demand for their products; however, that’s a limited view of what they do.
- They also seek to influence the level, timing, and composition of demand to meet the organization’s objectives.
- Traditionally, a ‘market’ was a physical place where buyers and sellers gathered to buy and sell goods.
- Economists describe a market as a collection of buyers and sellers who negotiate transactions that involve a particular product or product class (such as the housing market or the grain market).

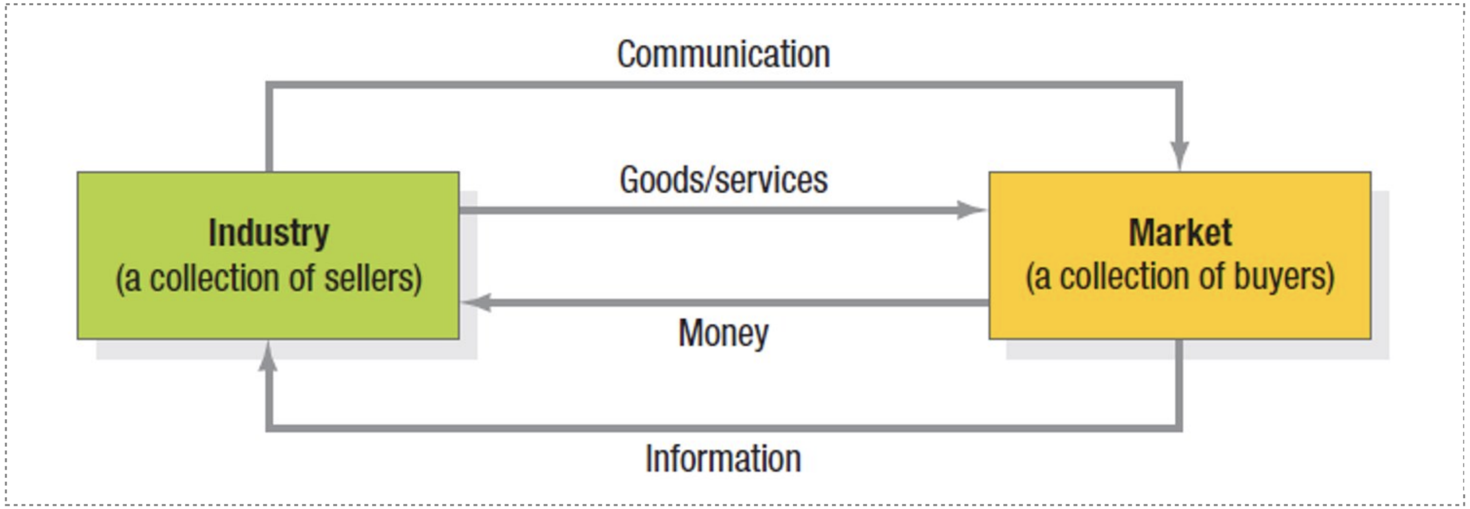
- There are five basic markets: resource markets, manufacturer markets, consumer markets, intermediary markets and government markets.

Structure of Goods, Services and Money Flows in a Modern Exchange Economy



A Simple Marketing System

A Simple Marketing System



- Finance, operations, accounting and other business functions wont really matter without sufficient demand for products and services that enable a firm to make a profit.
- In other words, there must be an effective top line for there to be a healthy bottom line.
- Thus, financial success often depends on marketing ability.
- Marketing’s value extends to society as a whole.
- It has helped introduce new or enhanced products that ease or enrich people’s lives.
- Successful marketing builds demand for products and services, which, in turn, creates jobs.

- By contributing to the bottom line, successful marketing also allows firms to more fully engage in socially responsible activities.
- In an online – and mobile fueled environment where consumers, competition, technology and economic forces change rapidly and consequences quickly multiply, marketers must choose features, prices and markets and decide how much to spend on advertising, sales and online and mobile marketing.
- There is little margin for error in marketing. Just a short time ago, MySpace, Yahoo!, Blockbuster and Barnes & Noble were admired leaders in their industries.

- What a difference a few years can make!
- All of these brands have been completely overtaken by upstart challengers – Facebook, Google, Netflix and Amazon, respectively – and they now struggle, sometimes unsuccessfully for mere survival.
- **Firms must constantly move forward**. At greatest risks are those companies that fail to carefully monitor their customers and competitors and thus fail to continually improve on their value offerings and marketing strategies, in the process satisfying their employees, stockholders, suppliers and channel partners.

- Innovation in marketing is critical. Imaginative ideas on strategy exist in many places within a company.
- Senior management should identify and encourage fresh ideas.

The New Marketing Realities

- The marketplace is dramatically different from even 10 years ago, with new marketing behavior, opportunities and challenges emerging.
- The new market realities can be divided into three main categories: the market forces that shape the relationships among the different market entities, the market outcomes that stem from the interplay of these forces, and the emergence of holistic marketing as an essential approach to succeeding in the rapidly evolving market.

The Four Major Market Forces

- Technology
- Globalization
- Physical Environment
- Social Responsibility

Technology

- The pace of change and the scale of technological achievement can be staggering.
- The rapid rise of e-commerce, online and mobile communications and artificial intelligence has offered marketers increasing capabilities.
- Massive amounts of information and data about almost everything are now available to both consumers and marketers.
- Technological developments have given birth to new business models that take advantage of the capabilities stemming from these technologies.
- Many business players have used new age technologies and have disrupted the markets across geographies

- Advances in data analytics, machine learning and artificial intelligence have enabled companies not only to better understand their customers but also to tailor their offerings to consumers’ needs.
- Exponentially increasing computing power-coupled with complex data analysis algorithms that include natural language processing, object recognition and affective computing – have provided marketers with unprecedented knowledge about their customers and enabled them to interact with these customers on a one-to-one basis.
- The growth of data analytics and artificial intelligence platforms have democratized these technologies by making them available to smaller companies that typically would not have had the resources to implement these technologies on their own.

Globalization

- The world has become a level playing field that offers competitors across the globe an equal opportunity to succeed. Geographic and political barriers have been eroded as advanced telecommunication technologies and workflow platforms that enable all types of computers to work together continue to create almost limitless opportunities for communication, collaboration and data mining.
- The World Is Flat
- Globalization has made countries increasingly multicultural U.S. minorities have expanding economic clout, with their buying power growing faster than that of the general population.

- Demographic trends favor developing markets with populations whose median age is below 25.
- In terms of growth of the middle class, the vast majority of the next billion people who join the middle class are likely to be Asian.
- Globalization changes innovation and product development as companies take ideas and lessons from one country and apply them to another.
- After years of little success with its premium ultra-sound scanners in the Chinese market, GE successfully developed a portable, ultra-low-cost version that addressed the country’s unique market needs.
- Later, it began to successfully sell the product throughout the developed world for use in ambulances and operating rooms where existing models were too big.

Physical Environment

- The physical environment in which companies operate has changed dramatically during the past decade.
- Two particularly far-ranging changes in the physical environment deserve special attention: climate change and changes in global health conditions.

Social Responsibility

- Poverty, pollution, water shortages, climate change, social injustice and wealth concentration demand our attention.
- The private sector is taking some responsibility for improving living conditions and firms all over the world have elevated the role of corporate social responsibility.
- Because marketing’s effects extend to society as a whole, marketers must consider the ethical, environmental, legal and social context of their activities.
- The organization’s task is thus to determine the needs, wants and interests of target markets and satisfy them more effectively and efficiently than competitors, while preserving or enhancing consumers’ and society’s long-term well-being.

The Concept of Holistic Marketing

- Holistic marketing recognizes and reconciles the scope and complexities of marketing activities and offers an integrated approach to managing strategy and tactics.


Internal Marketing
Relationship Marketing
Holistic Marketing
Integrated Marketing
Societal Marketing

Relationship Marketing

- Increasingly, a key goal of marketing is to develop deep, enduring relationships with people and organizations that directly or indirectly affect the success of the firm’s marketing activities.
- Relationship marketing aims to build mutually satisfying long-term relationships with key constituents in order to earn and retain their business.
- Four key constituents in relationship marketing are customers, employees, marketing partners and members of the financial community (investors and creditors).

Integrated Marketing

- Integrated marketing coordinates all marketing activities and marketing programs and directs them toward creating, communicating and delivering consistent value and a consistent message for consumers, such that 'the whole is greater than the sum of its parts'.
- This requires that marketers design and implement each marketing activity with all other activities in mind.
- When a hospital buys an MRI machine from General Electric's Medical Systems division, for instance, it expects good installation, maintenance and training services to go with the purchase.
- TOUCH POINTS

Internal Marketing

- Internal marketing, an element of holistic marketing, is the task of hiring, training and motivating able employees who want to serve customers well.
- Smart marketers recognize that marketing activities within the company can be as important as – or even more important than – those directed outside the company.

Performance Marketing

- Performance marketing requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs.
- As noted previously, top marketers increasingly go beyond sales revenue to examine the marketing scorecard and interpret what is happening with market share, customer loss rate, customer satisfaction, product quality and other measures.
- They are also considering the legal, ethical, social and environmental effects of marketing activities and programs.

- Ben & Jerry’s, Ben Cohen and Jerry Greenfield embraced the performance marketing concept by dividing the traditional financial bottom line into a “double bottom line” that also measured the environmental impact of their products and processes.
- That later expanded into a “triple bottom line” to represent the social impact, negative and positive, of the firm’s entire range of business activities.

Characteristics of a Customer-Centric Organization

Low Customer-Centricity	High Customer-Centricity
Product driven Mass market focused Process Oriented Reacting to competitors Price driven Hierarchical organization	Market driven Customer focused Outcome oriented Making competitors irrelevant Value driven Teamwork

Brands and Brand Management

Introduction

- On 5th June, 2015, Maggi, a popular brand of instant noodles consumed as a snack and as a meal in India, was, almost simultaneously, withdrawn from the market and banned by the government from being sold.
- Laboratory tests conducted at a government laboratory, had shown that the lead content in the noodles had surpassed the permissible level of 2.5ppm by a whopping 15.
- Overnight, a 75 percent market share brand disappeared from the market!
- After the ban, customers started posting their reactions online. These included messages such as ‘We Miss You, Maggi’ and ‘Come back, man’.

- Despite having been off the shelves for five months, Maggi was able to build back its market share.
- Within six months it had a 35 percent market share and in two years it had a 60 percent share of what was now a slightly larger market.
- Not a small feat for a product blamed for harming the body.
- While much of its resurgence could be owed to its brilliantly planned contingency advertising campaigns, could just any company have made this possible armed with an emotion-triggering ad plan for the duration of its product’s ban?
- And without a brand that was already deeply embedded in the minds of its customer?
- Probably not!

- Through this course, let us understand what is a brand and what constitutes the brand building process!

- Organizations have realized that one of their most valuable assets is the brand names associated with their products or services.
- In our increasingly complex world, all of us, as individuals and as business managers, face more choices with less time to make them.
- Thus, a strong brand’s ability to simplify decision making, reduce risk and set expectations is invaluable.
- Creating strong brands that deliver on that promise, and maintaining and enhancing the strength of those brands over time, is a management imperative.

What is a brand?

- Branding has been around for centuries as a means to distinguish the goods of one producer from those of another.
- The word brand is derived from the Old Norse word brandr, which means “to burn’, as brands were and still are the means by which owners of livestock mark their animals to identify them.
- According to the American Marketing Association (AMA), a brand is a “name, term, sign, symbol or design or a combination of them, intended to identify the goods and services of seller or group of sellers and to differentiate them from those of competition”.

- Brands are like stars, brands are born and lost everyday.
- Every entity in this world operated as a brand, knowingly or unknowingly.
- Governments and countries are brands in their own right.
- Brands can leave us with emotions and change behavior.
- Brands build strong narratives that seek to build bonds and transcend time.
- A brand is a sum of experiences, feelings, familiarity and the bonds that it forms with a large audience.

Challenges of Brand Building

- Creating and maintaining a brand involves shaping perceptions in the minds of people in a seamless and similar manner.
- It is complex to be aligned such that brands and people evolve together and are in sync.

Brand Stories

- A great brand is a story that’s never completely told; a brand is a metaphorical story that connects with something very deep, a fundamental appreciation of mythology.
- Stories create the emotional context people need to locate themselves in a larger experience.
- The quest to build and keep a brand relevant is never-ending.
- It is always about creating individual, community and cultural meaning.

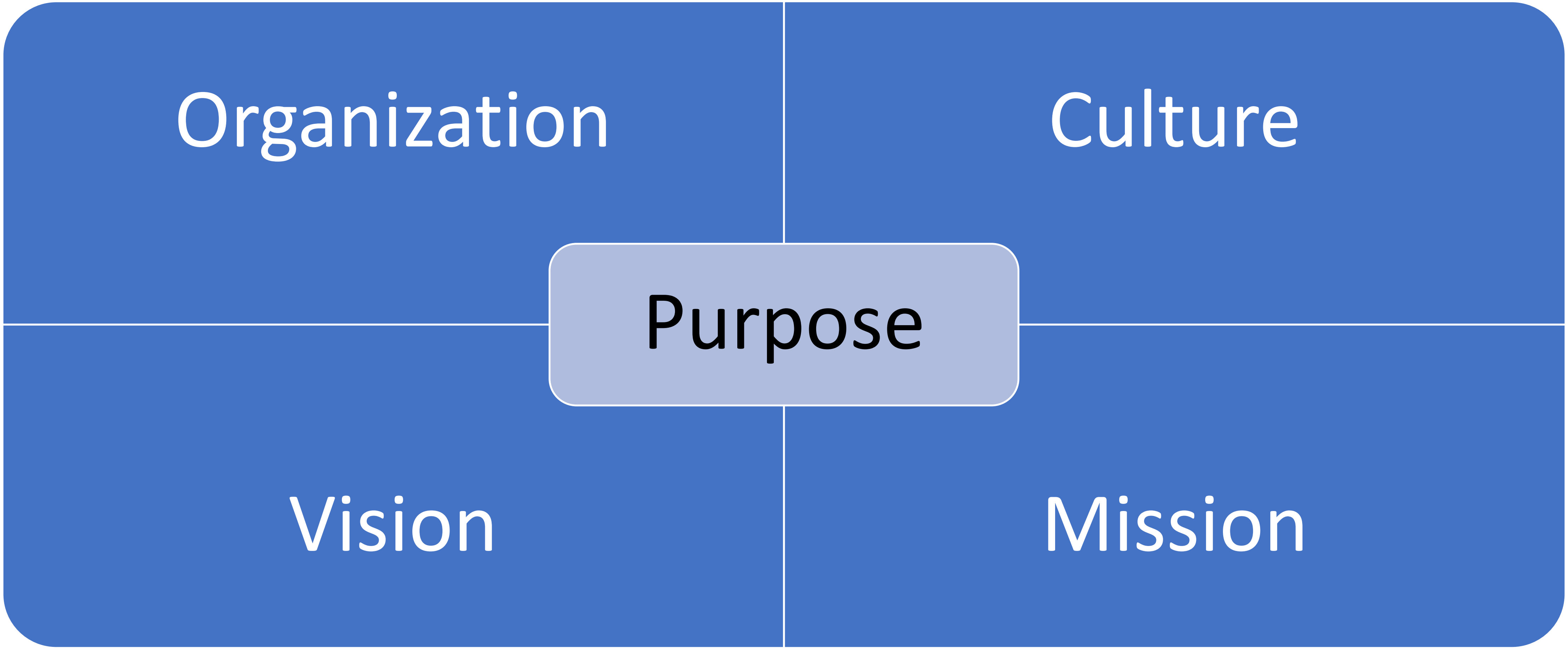
What Makes Brands Successful?

- There is no single formula but a few key elements that help build successful brands.
- The key components of a successful brand are – Brand purpose, Brand promise and Brand Positioning (3Ps of Branding).
- Critical to customers, organizations and all stakeholders of the brand.

Brand Purpose

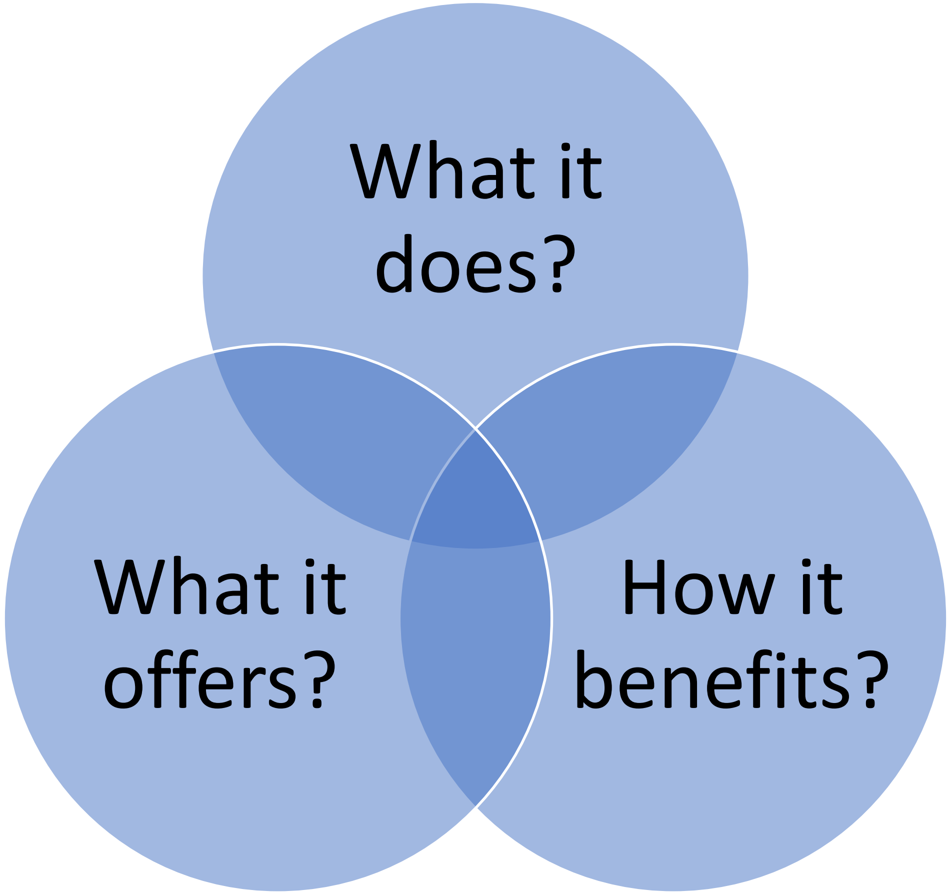
- A brand's purpose emanates from its organization, culture, vision and mission.
- Elucidates its reason to exist, its mission, goals and how it will touch people's lives.

Brand Purpose



- Once you have your brand’s purpose in place, now you know the direction you have headed and delve into the specifics of what your brand will deliver.
- This is known as brand promise.

Brand Promise



- Outcome oriented and aligned with key differentiators.
- Must reflect in your product.
- Crucial links in decision making.

Brand Positioning

- Outward oriented towards the customer and considers competitive context.
- Based on pricing, product features, markets and other factors.
- The 3Ps are critical to customers, organizations and all stakeholders of the brand.

- To believe that the power of a brand rests only with consumers is a mistake.
- It also rests on employees and stakeholders.
- The 3Ps need to be codified into the physical aspects of the brand.
- Consumers’ understanding of the brand begins with brand identity.
- This effectively means that 3Ps alone is not sufficient.
- Communicating 3Ps also matters.
- The golden rule is to staying consistent.
- Consistency in communication starts with speaking the same language throughout the brand.

- One can classify the different brand relationship concepts into relationships based on functional connections, emotional connections or a combination of both.
- Functional connections are achieved when only functional needs are met.
- Solely emotional connections result if only emotional needs of the customers are met.
- This leads us with a 2X2 matrix consisting of four quadrants-

Brand Connection Matrix - Fetscherin and Heinrich (2014)

Emotional Connection (Feeling/Affective)

Functional Connection (Thinking/Cognitive)

Functionally Invested (1)	**Fully Invested (2)**
Un-invested (3)	Emotionally Invested (4)

Quadrant 1

- High functional but low emotionally connected consumers are functionally invested to brands.
- Hence, they are satisfied with the brand in terms of perfor mance (that is, functional connection) but shop around (that is, emotionally not connected).
- They are not as price sensitive as ‘uninvested’ consumers (as they appreciate the brand in a functional way) but if there is a better deal in terms of value proposition (price versus functionality) they might switch.
- Using in this case the interpersonal relationship metaphor, consumers see the brand as a colleague.

Quadrant 2

- Consumers with a high functional and high emotional connections to brands are those who are fully invested to brands.
- In this relationship, consumers ‘love’ their brand and positive outcomes can occur such as high brand loyalty, an extreme posi tive word of mouth, like brand evangelism or turning a blind eye after service failures.
- Consumers with such relationship invest ments to brands are more loyal, switch less likely to other brands, are willing to pay a price premium or are less price sensitive and have higher brand forgiveness (Donavan et al, 2012).
- Using again the interpersonal relation ship metaphor, in this case, consumers see the brands as family and/or part of themselves.

Quadrant 3

- Low functional and low emotional connected consumers are unin vested to brands and consumers see brands as acquaintance, if we would use an interpersonal relationship metaphor to describe this brand relationship.
- They exhibit no brand loyalty and they are mostly price sensitive and brands are subject to the competitive environment.
- Price premiums are hardly possible. Those brands have a high risk of brand switching from consumers and brands need to either fulfill consumers’ function or emotional needs to deepen their connection to consumers.

Quadrant 4

- Consumers with a low functional but high emotional connection to brands are those who are emotionally invested to brands.
- They like the brands mostly for affective reasons even if the brand does not perform compared with what consumers need or want or the brand per forms less good than competitor brands (for example, a legendary motorbike but with ‘outdated’ technology).
- In this case, the brand does not have all the functions or features consumers are looking for or need.
- In some instances, the consumer can forgive these functional shortcomings or the con sumer is willing to have less functionality.
- In this case, the emotional needs compensate functional limitations.

- However, this ‘emotionally invested’ relationship might last only for a while and brands need to address these shortcomings.
- Consumers see brands as a friend but this friendship can end up as either a committed relationship or family (top-right quadrant), or transit to a rela tionship with low emotional connection if frustrations of functional limitation occur over time, or the relationship will even be terminated or ‘divorce’ (Sussan et al, 2012).

Brand Feeling Matrix – Fetscherin and Heinrich (2014)

	Weak	Strong (Strengths of Brand Relationship)
Positive	**Brand Satisfaction**	**Brand Love** **Brand Passion**
Negative	Brand Avoidance	Brand Hate Brand Divorce

Quadrant 1

- In Quadrant one, consumers have a weak or ‘loose’ but yet positive feeling toward a brand. Concepts such as brand satisfaction fall into this quadrant. Also brand satisfaction precedes brand trust and brand loyalty, it does not necessarily need to come along with these outcomes. Many consumers can be satisfied with a product or service brand but do not become loyal or love the brand.

Quadrant 2

- Concepts discussed in Quadrant two are those where consumers have strong and positive emotional feelings for brands.
- Concepts such as brand love and brand passion fall into this quadrant.

Quadrant 3

- In quadrant there are concepts that deal with negative but weak feelings consumers have for brands.
- Few studies assess those negative feelings.
- One such study is by Lee et al (2009) about anti-consumption and brand avoidance.

Quadrant 4

- Concepts discussed in Quadrant four are those where consumers have a strong and negative feeling toward brands.

Brand Elements

- The key to branding according to the AMA definition is to be able to choose a name, logo, symbol, package design or other characteristic that identifies a product and distinguishes it from others.
- These different components of a brand that identify and differentiate it are brand elements.
- For example, consider the variety of brand name strategies.
- Some companies, like General Electric and Samsung, use their names for essentially all their products.
- Other manufacturers assign new products individual brand names that are unrelated to the company name, like Procter & Gamble's (P&G) Tide, Pampers and Pantene product brands.
- Retailers create their own brands based on their store name or some other means: for example, Macy's has its own Alfani, INC and Charter Club brands.

Brands Versus Products

- A product is anything we can offer to a market for attention, acquisition, use or consumption that might satisfy a need or want.
- Thus, a product may be a physical good like a cereal, tennis racquet or automobile; or a service such as an airline, bank or insurance company. (5 Levels of Product)
- A brand is more than a product, because it can have dimensions that differentiate it in some way from other products designed to satisfy the same need.
- These differences may be rational and tangible – related to product performance of the brand – or more symbolic, emotional and intangible – related to what brand represents.

Why do brands matter? - Consumers

- Identification of source of product
- Assignment of responsibility to product maker
- Risk reducer
- Search cost reducer
- Promise, bond or pact with maker of product
- Symbolic device
- Signal of quality

Why do brands matter? - Manufacturer

- Means of identification to simplify handling or tracing
- Means of legally protecting unique features
- Signal of quality level to satisfied customers
- Means of endowing products with unique associations
- Source of competitive advantage
- Source of financial returns

- Brands can reduce the risks in product decisions. Consumers may perceive many different types of risks in buying and consuming a product:

a. Functional Risk: The product does not perform up to expectations
b. Physical Risk: The product poses a threat to the physical well-being or health of the user or others.
c. Financial Risk: The product is not worth the price paid
d. Social Risk: The product results in embarrassment from others.
e. Psychological Risk: The product affects the mental well-being of the user.
f. Time Risk: The failure of the product results in an opportunity cost of finding another satisfactory product.

Branding Challenges and Opportunities

- Unparalleled access to information and new technologies
- Downward pressure on prices
- Ubiquitous connectivity and consumer backlash
- Sharing information and goods
- Unexpected sources of competition
- Disintermediation and reintermediation
- Alternative sources of information about product quality
- Winner-takes-all-markets
- Customer centricity

6M Framework

- Companies develop a marketing communications strategy by crafting and communicating the voice and story of their brands to consumers in a way that, ideally, will achieve marketing objectives.
- When managers craft the story line for a particular brand, they are creating a communications strategy that will be put to test in the marketplace.
- Marketing communications translate the company’s value proposition into compelling narratives that can establish, maintain or modify a brand image in consumers’ minds.

- They can entertain consumers or educate them; they can persuade consumers to purchase something new or remind them to repurchase.
- Creative narratives engage audiences, prompting consumers to think or feel something about the brand that induces them to action.
- These brand narratives are delivered through a variety of channels, such as advertising, sales promotions, public relations, digital marketing, personal selling and other promotional vehicles.

- Moreover, consumers themselves tell stories about brands, contributing to the narratives through word of mouth and social media.
- Current and potential customers are exposed to these communications as part of their daily lives, absorbing them, interacting with them, and, if the message is effective, responding to them by making a purchase and perhaps recommending the product to friends.
- Though in the past marketing managers were focused primarily on what message they wanted to deliver to consumers and which media channels to use, now they must be equally concerned about the messages consumers create on their own and spread to each other through social media.

Harvard Business Publishing Education

The 6M Model of Marketing Communications

STRATEGIC INTENT

MISSION	MARKET
What are the objectives of the communication?	To whom is the communication addressed?

STRATEGIC EXECUTION

MESSAGE	MEDIA
What is the story to be communicated?	Where and how will the story be delivered?

STRATEGIC IMPACT

MONEY	MEASUREMENT
How much will be spent to communicate?	How will impact be assessed?

Source: Adapted from Harvard Business School, "Note on Marketing Strategy," HBS No. 598-061, by Robert J Dolan.

Jill Avery and Thales S. Teixeira, *Core Reading: Marketing Communications*, HBP No. 8186 (Boston: Harvard Business School Publishing, 2019).

Strategic Intent: Mission and Market

- To establish the strategic intent of a marketing communications plan, managers need to 1) set an objective for the communication (mission) and 2) define the audience for the communication (market).
- The goal of marketing communications, of course, almost always is to influence someone to buy a product or service.
- But before consumers can make a purchase, they must be made aware of a product's or service's existence and persuaded that it is the best solution for their needs.
- The mission of marketing communications can therefore range from facilitating that awareness to actually closing the deal – driving consumers who are aware of and predisposed to buy a particular product to a retail store, website, mobile app or other point of purchase and helping them through the sale.

- After a sale, communications are often used to reassure consumers that they have made the right choice.
- Marketing communications also can be sales-building, driving short-term sales or brand-building, creating and sustaining the brand as a long-term asset to ensure the steady flow of future sales.
- Marketing communications can be proactive, working to further a company’s business goals, or they can be reactive-responding to communications that consumers initiate about the brand.

Decision-Making Stage	Role of Marketing Communications
Problem recognition	Help identify new problems and needs and/or remind consumers of existing needs. Examples: • Advertising for Latisse eyelash treatment told women that they didn't have to live with "inadequate eyelashes." • Taco Bell's billboards remind drivers that they should stop for a break.
Information search	Make consumers aware of a product and educate them about its features and benefits. Examples: • Clinique's sales representatives call out to shoppers, inviting them to learn more about the brand's cosmetic products and to try them out at the counter. • An airline parts supplier sends direct mail to Boeing's purchasing manager and engineers to provide detailed specifications and usage test results.
Evaluation of alternatives	Assist consumers in making comparisons among solution options. Examples: • Dell's website offers a comparison chart that allows shoppers to see the differences in features among models. • Progressive Insurance compares its rate quote with quotes from other insurance companies to ensure that consumers can choose the best deal.
Purchase decision	Prompt consumers into making the purchase. Examples: • In-store signage and prominent end-aisle displays direct consumers to the newest Cheerios line extension. • A coupon in the newspaper encourages consumers to buy Yoplait yogurt this week instead of next.
Post-purchase assessment	Encourage product usage and make consumers feel good about their purchase decision. Examples: • Oral-B's print ads remind consumers to change the brush heads on their electric toothbrushes every three months. • Neiman Marcus sales associates mail thank-you notes to customers, reaffirming their decision to patronize the US retailer.

Mission: Defining the Communication Objectives

- An integrated marketing communications plan often moves fluidly through the realms of thought, emotions and motives, using different kinds of marketing communications to encourage consumers to think, feel, or do something as they progress through the decision-making process.
- Sometimes, evoking a strong emotion is enough to drive a purchase; at other times, consumers need to engage in intense cognition before they buy.
- Impulse buys often occur in the absence of significant cognition or emotion.

- The objective of marketing communications for established products that face powerful competition might focus on communicating the differentiating features or benefits of a product, aiming to build knowledge or preference.
- Consumers are often aware of many brands in a product category, but they don’t seriously consider all brands for purchase.
- Marketers need to understand, therefore, what makes consumers consider specific brands and what persuades them to buy those brands.
- A deep understanding of consumer behavior is essential to recognizing the product features that customers most value or the benefits they most hope to obtain.
- These can then be highlighted in the communications narratives.

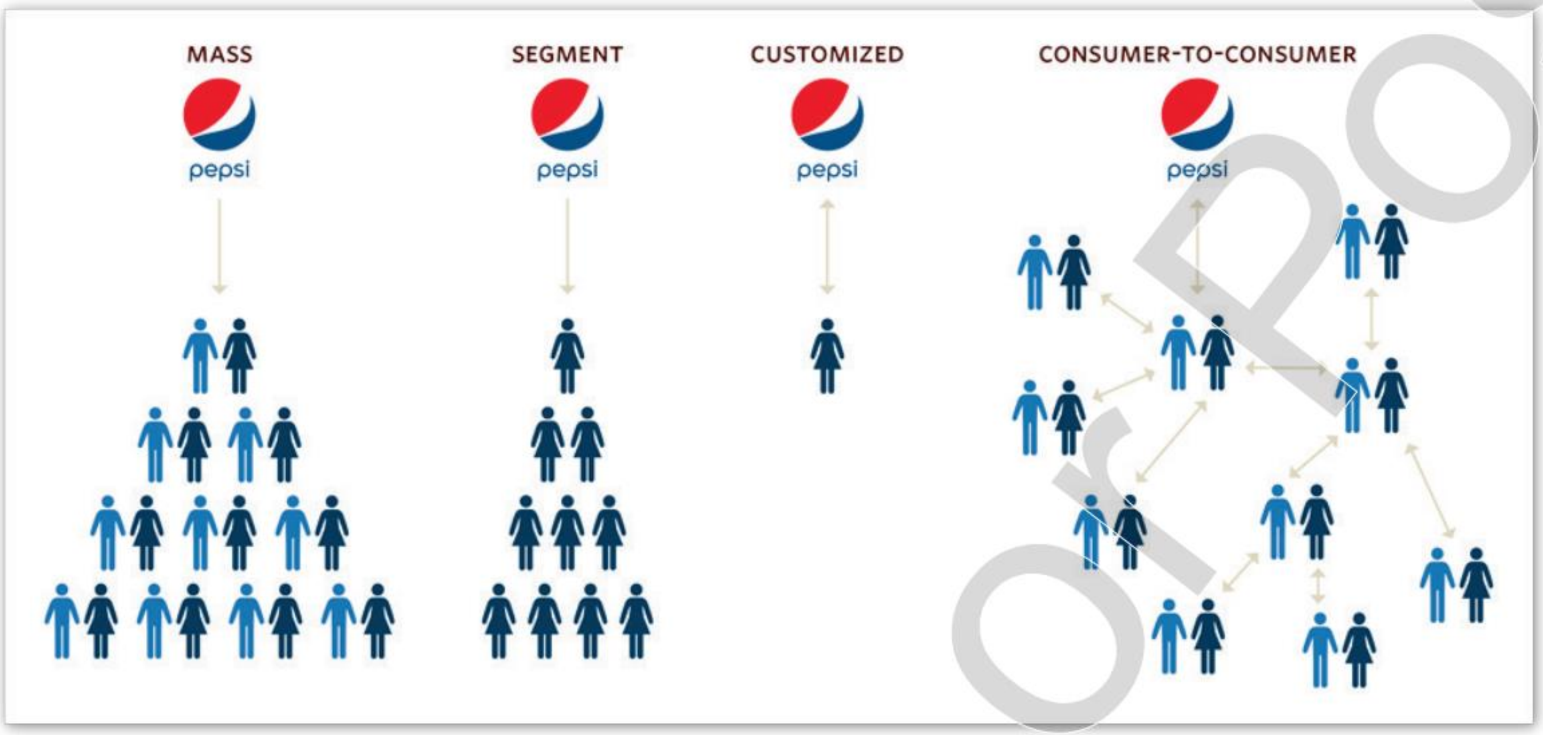
- Setting the mission of a marketing communications plan outlines the job that needs to be accomplished.
- Some consumers, for example, may need to be made aware that they have a problem for which the market offers a solution.
- Other consumers may benefit from considering a new brand instead of defaulting to the brand that they have used for years.
- Others might need persuading through comparative information to choose one product over another, while other consumers might just need prompting to take the first step toward purchase.

Market: Defining the Audience

- Marketing communications should be designed with a particular audience – the target market – in mind.
- Defining that audience well is a critical step in designing communications that will speak in ways that are resonant and relevant and to which potential customers will be receptive.
- The more precisely the audience is defined, the better able managers are to choose the best story to tell and the right place in which to tell it.
- Defining an audience well goes beyond identifying the demographic characteristics such as the age, gender, income, education level or geography of its members.

- Psychographic information can help flesh out the day-to-day lives of consumers to aid with storytelling (the who).
- Understanding what the target market currently knows, believes and feels about the brand and/or its competitors can illuminate attitudes that need to be changed and details about the target market’s category-relevant behavioral characteristics can define strategic objectives that outline the job to be accomplished.
- Information about the audience’s needs, preferences and decision-making processes can provide insight into where and how marketing communications can most make an impact, clarifying both the triggers to and barriers against purchase.
- Finally, data on shopping and media habits are essential for choosing promotional tactics and maximizing message placement.

Addressing Audiences in Different Ways



- Today’s consumers are interactive and participatory in marketing communications.
- They both co-create and disseminate marketing messages authored by them and by the company.
- They regularly provide online assessments of products and services, telling stories about their own consumer experience in chat rooms and other social media and creating consumer-generated advertising or brand parody videos that they disseminate via the internet.

- In defining the audience for marketing communications, managers must also consider the characteristics of that audience:

1. Unidirectional
2. Bidirectional and
3. Multidirectional

Push Versus Pull Marketing Communications

- Another choice that marketers face when setting marketing communications strategy is whether they are going to address an audience that consists of end consumers or distribution channel partners that pave the way to purchase.
- Push strategies are designed to motivate distribution channel partners or intermediaries to sell the product to consumers and thus target the sellers of a product (e.g. retailers, wholesalers or distributors) as the audience.
- Pull strategies are designed to build demand with end consumers so that their desire for the product brings them to the point of sale.

- Pull strategies thus target the users of the product as the audience.
- For example, a company uses advertising to attract the attention and interest of customers to a new product.
- The customers then go to their local retailer and request it.
- This, in turn, causes retailers to request the product from the manufacturer, pulling it through the distribution channel from the bottom up.
- Many companies pursue hybrid promotion strategy that contains both push and pull tactics.

Strategic Execution: Message and Media

- Managers must decide whether to develop a communications plan that includes customized stories reflecting the idiosyncrasies and culture of a particular media engagement or instead to offer consumers one narrative through an integrated marketing communications plan that presents a unified story and visual presentation in all the promotional elements.
- The advantage of crafting an integrated marketing communications plan is that it delivers coordinated and complementary messages across all consumer touchpoints.

Message: Translating Strategy into Story

- Marketing communications stories flow from the brand’s value proposition or positioning statement.
- The brand positioning statement is a strategic document that communicates the unique value the brand offers to a particular target market segment.
- Positioning statements distill the brand’s value proposition into a compelling answer to consumers’ all-important question, “why should I buy?”.

- Effective marketing communications translate the positioning statement into a compelling storyline.
- Marketers often hire professional storytellers – people who understand how to convey ideas through narratives and visual imagery – to help with this task.
- Advertising and marketing communications agencies are filled with talented creative directors, copywriters, graphic designers, digital designers, art directors, photographers and film producers who help translate marketing strategy into good stories.

What Makes a Good Story?

- Marketing stories are told in many different ways.
- Some are conveyed in purely visual terms, while others rely heavily on text.
- Some use still photography, others use moving pictures.
- The stories can be silent or can consist only of sound.
- They can be heavily scripted or delivered in an improvisational manner.
- Good storytelling delivers meaning to an audience in a memorable and evocative way.

- Stories contain four classic elements that provide them with their narrative structure: **a message, a conflict, characters and a plot.**
- With the advent of the internet, **a meme** has become a fifth element of marketing storytelling as well.

The Message

- A strong takeaway or moral lesson often defines the stories audiences find most memorable.
- In marketing communications, this is a function often carried by the tagline or headline, which encapsulates the main message of the positioning statement in consumer-friendly language.

The Conflict

- Conflict is often the driving force in good stories; it provides energy, forward movement and a desire for action to resolve it.
- Memorable stories often contain battles between good and evil, apparently insurmountable difficulties for protagonists to overcome, underdogs battling top dogs, or new ideas toppling old paradigms.

The Characters

- Identifiable and unforgettable characters often populate our favorite stories.
- Archetypal characters such as the hero, the villain, the damsel in distress, the rebel, the trickster, the wise old man, and the change master inhabit marketing stories and carry instantly recognizable symbolic meaning from other stories consumers have encountered in their lives.
- Consumers are often presented as the heroes of the story; some times the product itself becomes the hero as it provides the solution to the conflict.

The Plot

- Good stories are dynamic and progress along an evolutionary path.
- Often a well-orchestrated plot draws the audience in with an exciting opening that sets the scene, then introduces tension that increases engagement and commitment, develops characters to engage the audience emotionally with the story, and finally provides a release of tension that soothes and delights.

The Meme

- A meme is a concept, tagline, hashtag, image, video, or activity that hits a cultural nerve, causing it to go viral, spreading quickly and widely across the internet.
- Memes can instantly capture consumers' attention, encourage them to reimagine a story through the lens of their own experiences, and prompt them to share it with others so that they can be part of a cultural conversation.

Creative Appeals

- Marketers use different types of storytelling appeals to communicate with consumers.
- Some marketing communications use rational approaches, appealing to our head with logical arguments and proof points to address the “think” part of the purchase-decision process.
- Others rely on emotional approaches, appealing to our heart to prompt a ‘feel’ response.
- Rational appeal
- Humor appeal
- Fear appeal

Media: Navigating the Storytelling Arena

- Decisions made about media define where, when and how the message will be delivered.
- Consumers encounter and respond to marketing communications in two different ways: either they are passively exposed to ads and promotions or they actively seek them out.
- Outbound marketing VS Inbound marketing

Types of Media

- Mass media – such as television advertising, is viewed by a mass audience and no customization of message is possible.
- Addressable media – such as personal selling, allows marketers to fully customize their pitch to the particular needs of an individual customer.
- Synchronous communication – both parties are communicating
- Asynchronous communication – only one party is communicating.
- POEM Framework – Paid Media, Owned Media and Earned Media

Different Types of Media Vehicles

- Advertising
- Direct Marketing (Email)
- Sales Promotion
- Personal Selling
- Public Relations
- Event Marketing and Sponsorships
- Social Media

Strategic Impact: Money and Measurement

- One of the critical decisions to be made in a marketing communications strategy is how much to spend.
- Some firms set their marketing communications budgets by default, basing them on how much money they believe they have available, given their revenue projections and other expenses.
- They then take this amount of money as a given and decide what can be done with it, in what is termed a top-down budgeting approach.
- This method is captured in a prevalent budgeting strategy that uses an advertising-to-sales ratio benchmark.

- There are several problems with this approach.
- First, advertising-to-sales approach ratios vary dramatically across different product and service categories.
- It is difficult to know what the correct advertising-to-sales ratio should be without analyzing customers, competitors and other aspects of the internal and external context.
- The second problem with this approach is that revenue projections made without consideration of marketing support are often untenable.
- Marketing communications drive sales, so forecasting sales without the benefit of understanding the amount of money that will be spent on promotion is difficult.

- And the relationship between marketing communications and sales is complicated.
- Firms with increasing revenues may find that they can be more efficient with their marketing communications as their business grows larger, which allows them to lower their advertising-to-sales ratio.
- Firms with weak revenues may want to increase their marketing communications budget to try to reverse the decline, raising their advertising-to-sales ratio in bad times.

- Other firms set their budgets by observing the marketing communications spending of their closest competitors and matching it to avoid being “outshouted” – having their brands go unnoticed amid an excess of advertising from competitors.
- Or managers aim to achieve a ***share of voice*** – a brand’s marketing communications spending as a percentage of the total such spending in the product category- equal to the company’s share of market.
- Firms looking to grow sales may strive to achieve a share of voice that is greater than their current market share to reflect an investment beyond competitors’.

- This approach is often problematic as well.
- If competitors are not acting strategically in setting their marketing communications budgets, following their lead may be a fool's errand.

- A more rational approach to budgeting is a bottom-up process of defining the **strategic goals for marketing communications first, and then figuring out how much it will cost to achieve them.**
- In the common objective-and-task method of allocating funds, the budget is aligned with the jobs that the firm needs the marketing communications to do, making the budget a more realistic estimate of what it will take for the company to achieve its sales goals.

- A marketer’s decision about how much to spend on marketing interacting communications will ultimately depend on the audience, the message and various media factors:

1. Audience Accessibility and Desirability
2. Audience Size and Heterogeneity
3. Audience Receptivity
4. Task Complexity
5. Message Complexity
6. Message Virality
7. Media Clutter

Measurement: Calculating Return on Investment

- Before marketers make expenditures on marketing communications, companies often want to be sure that they will be getting a return on their investment – they want to be confident that the money will be well spent and will lead to incremental profits for the firm.
- Building mechanisms for measuring and assessing the effects of marketing communications provides critical input about future spending levels, allocation of the budget across programs and media, and the choice of messages.

Marketing Metrics

- To measure the effectiveness of marketing communications, managers assess two important elements:

a. The message delivery, or how widely and deeply the message has spread and
b. The message impact or whether and how it influenced consumers' purchase behavior.

- Virality metrics can measure how many consumers passes along a message to their friends.
- Open rates, click-through rates (CTR), time spent on a website, number of direct mail response vehicles returned, and other response metrics can measure both the reach and effectiveness of direct marketing and digital marketing efforts and provide information about engagement.
- Managers can also use message-delivery metrics to evaluate messages as a function of how much they cost to implement.
- Specifically, metrics such as cost per thousand impressions (CPM) can calculate the cost of reaching audiences and help managers compare the cost of different types of marketing communications programs.

- The cost per sales call measures the cost of a salesperson’s time, and the cost per click (CPC) can calculate the cost of getting a customer to click on an online advertisement.

Metrics for Each Promotional Vehicle - Advertising

- Reach. Effective reach is expressed as a percentage that indicates how much of the target market is exposed to the advertisement.
- When purchasing advertising, therefore, marketers look for media vehicles that offer higher reach at a low cost.

Direct Marketing

- Marketers track response rates (how many people respond to the direct marketing program) and conversion rates (how many of the people who respond convert to paying customers) as key metrics to determine whether their direct marketing programs are working.
- They compare these response metrics to the cost of the program, generating cost per response rates and cost per conversion rates to understand the cost of acquiring a customer.

Marketing RoI

- RoI = (Incremental Profits Gained – Cost of the Marketing Investment)/(Cost of the Marketing Investment)

Digital Marketing

- Clickstream data;
- Cost per click
- No. of unique visitors
- Cost per conversion