

BUSINESS MARKETING - TECHNOLOGY FOCUS
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Lecture 20: Marketing Communication

Hello, welcome back to our next session in the domain of B2B marketing with technology focus. Today our session will deal with marketing communication or in terms of those P's, four P's of marketing, we are going to deal with promotion. Now, take for example that you are the newly appointed marketing communication manager for a textile machine manufacturing company. So your company making textile machines will be selling those to textile manufacturers.

This kind of machine sale will normally happen directly from the manufacturer that is your company to your customers, the textile manufacturers. There may be some manufacturers representatives involved. There will be mainly your field sales people who will by themselves or with the help of the manufacturers representatives. Sometimes maybe with other intermediaries like system integrators or plant suppliers will be satisfying the need for machines of your customers, the textile manufacturers.

So, obviously you can see here that if the company gives you an objective, a goal that the company has a strategic need of increasing sales from say 200 million to 250 million over the next one or two years. Then you have to improve enhance your communication activities to help your company achieve that increased sales goal. So, promotion to make that happen, the whole communication package to make that happen will obviously have several constituent activities inside that overall aim.

Elements of the Promotional Mix

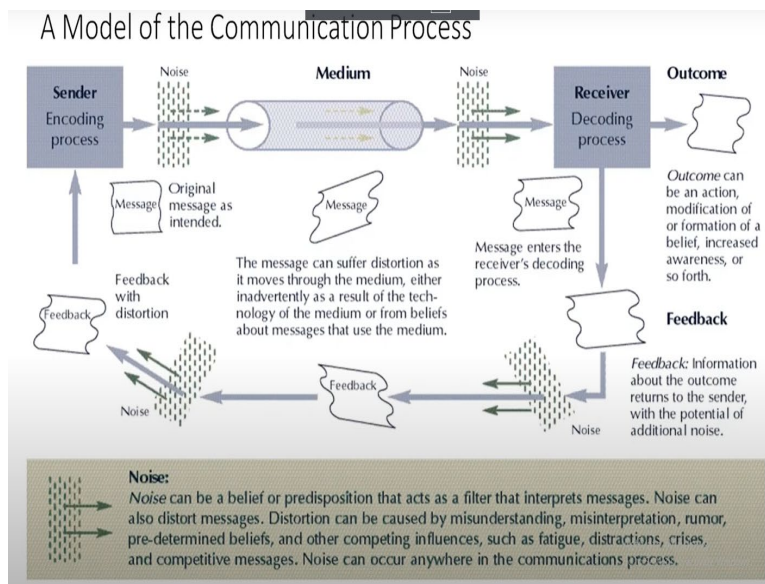


The first will be personal selling, direct selling by your experts addressing the various issues raised by the textile manufacturers. This is the most effective method of promotion but obviously this is also person to person and each person attending to one particular customer's need the whole process becomes expensive.

So this is a one to one communication process. Then we have advertising which is one to many now obviously advertising in this scenario which we just now discussed that means you are the marketing communication manager and you are developing the communication package for your company manufacturing textile machines addressing the needs of textile manufacturers. So you can see that this kind of advertising except for corporate brand building will be limited to different kind of media which we will discuss. But it will not be advertised usually in newspaper unless it is some kind of a corporate broad brand building exercise.

Advertising will be supported by sales promotion and also we will discuss that what sales promotion will mean in this particular context, in this B2B marketing context. And then there will be public relations. Also, these are events or activities that we will cover shortly. First, let us look at this fundamental diagram relating to all kinds of communication. This is not only true for B2B communication or B2C communication.

It is fundamental to all kinds of human communication. So, communication starts with a sender. The sender, as shown on the left-hand side corner, top corner, the sender encodes the message. Like I am speaking to you, this act of speaking, the act of using language, the act of using these visuals along with my speaking elements all put together is the process of encoding.



Then it is getting transmitted through medium like in this particular case I am talking to you through a chain of electronic media to reach you. If I was with you in a classroom then we would be also encoding and using a media but that is a person to person verbal medium but in this case I am using verbal coupled or transmitted through various kind of electronic media. Then at the other end it is received and then it is decoded by you as the listener as the audience and then the process of understanding goes on.

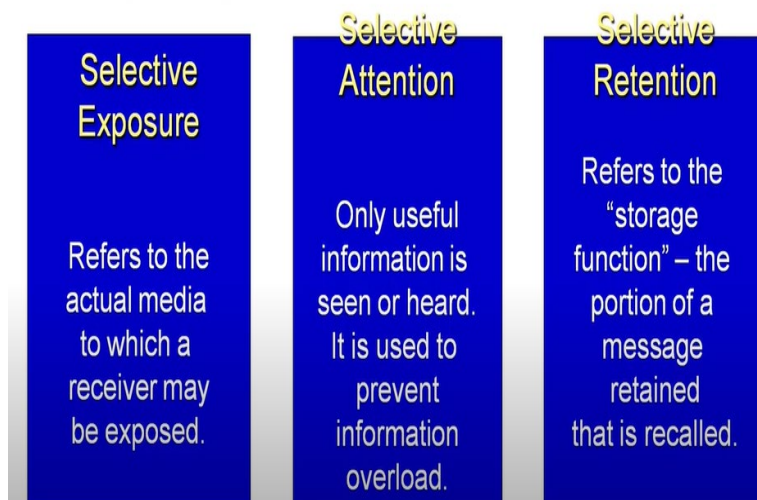
The process of feedback elements are included in that loop as it is shown in this particular diagram. You also see that at each stage of encoding and decoding, there are noises. These noises are both figurative as well as metaphorical. That means there can be real noise. I am sitting here in a studio which is soundless, so there is no sound except maybe a little hissing sound from the air conditioner.

But if I was in a classroom, there will be bird noises or there will be other street noises, there will be various other kind of noises, real noises that will be coming. Besides the real

noises, there are also distractions of various types. Like for example, if you are in a classroom, there may be other people doing various things sitting next to you and they will be also introducing metaphorical noises, hampering your absorption of the message transmitted to you. So, there are noises. So, there is a sending and receiving process.

At each stage, there will be encoding and decoding and there will be disturbances created by noises through which the message will be transmitted and the message will be received. And then, therefore, of course, there is a whole feedback loop which is shown at the lower part of the diagram in front of you.

Message interpretation is subject to...



So, the message interpretation sent from the sender to the receiver will be affected by three kinds of events or phenomena. One is selective exposure which refers to the actual media to which a receiver may be exposed. So selective exposure means that, for example, I am communicating with you through electronic media.

You are looking at me on a screen, be it on your phone or your laptop or your desktop. You are looking at my image. You are hearing my voice. Now, in all these, there is not a 100% transmission, but there are some losses or some disturbances or some noises which are superimposed. As a result, there is a selective exposure.

In the same way, when you are listening to me, it is almost impossible to get 100% of your attention and therefore there is a selective attention. That means only useful information, useful in your perspective, useful by penetrating your attention barrier, I am able to reach you and therefore this selective process helps the audience, helps the listener to manage the information load and therefore there will be certain kind of filtration that will happen depending on the person, depending on the individual.

So, some people are able to absorb from a speech, from a presentation, a much higher degree of content compared to another person. So, to what extent you will actually absorb the content delivered to you will depend on you as an individual and your circumstances. That means the place where you are, the other ambient noises and happenings, all that will affect. So, selective exposure followed by selective attention. As you can see therefore at each stage there is a deterioration or a discounting that is happening.

That means if 100 is the measure of the content transmission, first of all due to selective exposure maybe 80 percent will get transmitted and that again, maybe 70% of that will be reaching your attention, will be penetrating your attention barrier. And therefore, ultimately, 80% into 70%, 56% of the content transmitted actually will be with you. And then out of that again, there will be selective retention. That means whatever we see or hear, not all of that gets completely registered and absorbed by our cognition system.

So, there is the selective retention refers to the storage function, the portion of the message that is finally retained and that is recalled. So, at each stage there will be a factorial deterioration. So, first will be 80 percent then may be 70 percent or another 80 percent then another 80 percent. So, like that what is transmitted as content or what is delivered by the speaker as content is only of that only may be 40 percent gets finally absorbed by the listener. This is a truth.

This is a fundamental truth of all kinds of communication processes. So, therefore, you can, you have to repeat, you have to create secondary inputs, you have to create multiple units, inputs to reach or deliver the content that you want to deliver from to your audience.

Basic Terms

- Marketing communications (Marcom)
 - Methods of communication other than personal selling
 - When public relations is performed at the corporate level, what remains is called A & SP (nonpersonal communication).




This marketing communication or marcom as it is called in short is a process therefore which is a repetitive process and a multi-channel, multi-faceted process. We will see all of that just now.

At this stage I want to focus on the thing that we are dealing in this session, mainly with that part of the communication which is beyond personal selling. Because personal selling and all its aspects we discussed in a previous session. Here we are basically looking at what we call A and SP, that is advertising and sales promotion which is kind of non-personal communication.

So, it is not a person-to-person transaction, but it is happening. Even if you are actually listening to an actor on an advertising clip, you are actually not looking an actual person, but just an image and some sound bites. So, we are looking at that in this session, we are looking at this non-personal communication aspects within sales communication because we have already dealt with the person-to-person selling or personal selling which is a key component and a very important part of marketing communication but we have dealt with that in a previous full session. So, marketing communication therefore, we are going to mainly focus in this session on public relations and advertising and sales promotion.

To exit full screen, press Esc



Rapidly changing markets frequently require feedback *before* sales results are available.

Direct response requests (surveys, warranty registrations) can be important, but require an *active* interest by customers to provide feedback.

Personal selling and relationship marketing are critical to the feedback process – they allow for immediate and personal feedback.

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Now, the point that I was making that first of all due to the selective nature of transmission or retention and so on, we need to rapid in the rapidly changing market.

We need to get frequent feedback and we need to ensure that multiple loops are being implemented in the communication process. So how much of that is actually reaching the audience? How much is actually getting absorbed and retained? We need to assess that. That is why the importance of feedback is very high in this whole process.

The feedbacks in B2B are obtained by way of actual surveys where we actually try to determine the effectiveness of a particular sales promotion channel and also we do all kinds of registrations of coupons, etc., that are provided in the sale process. We take the warranty cards that are mailed back or transmitted back by the buyer. All that are part of the response seeking process because the feedback is very important. And the personal selling which we have discussed before is also an important part of the feedback seeking process because through those interactions and person to person interaction we can find out that how much of our communication package actually reached the audience and was retained and absorbed.

What Promotion *Can* and *Can't* Do

•Promotion *can...*

- Encourage awareness
- Inform about availability
- Persuade trial
- Build image
- Encourage repurchase
- Support selling efforts

•Promotion *can't*

- Sell products that are not needed
- Substitute for a bad product or poor marketing strategy.
- Convince customers to go out of their way when a comparable product is available
- Convince customers to pay more than perceived value

So, this sales promotion which happens through various kinds of events by way of maybe press conferences, by way of advertorials, that means advertisements published as news or editorial. What that kind of promotion, this non-personal sales promotion can do and cannot do, we can look at this slide. So, promotion can encourage awareness.

So, first of all, promotion which will be coming to as an advertorial publication or as some kind of a press news will only create some kind of awareness. We cannot actually through that channel we cannot transmit the whole content that we want to send to the intending buyer. So, encourage awareness, information about availability of say the textile machines from your organization that we were discussing as a case. We can try to persuade trial through the promotion methodology.

The promotions can also help to build some corporate image and even transmit some actual image of the machines that you are promoting and promotions later on also help in stimulating repurchase from you and also support the selling efforts. So, promotion, sales promotion plays the role of like an air force in a battle. That means it actually prepares the ground for the face-to-face interaction or territory occupation by the infantry.

So, this softening of the target, getting the attention of the target, the awareness spreading, These are the key roles played by promotion. So promotion cannot actually make the sale happen. That in most cases happens through some kind of person to person

interaction that could be a physical person to person interaction or a electronic mediated person to person interaction. These days of course it could be also this buying process therefore the sale may happen through a machine to machine interaction replacing a person to person interaction but ultimately promotion itself cannot make the sale happen it actually awaits the next stage which is some kind of direct interaction.

Promotion also will not enhance the quality it can create some image of quality, but it will not substitute for a bad product or for some kind of poor after-sales service or other kind of marketing strategy. Also, a promotion will most cases not convince the customer to go out of their way when a comparable product is available. So, promotion cannot can to some extent give you shield against competition, but in most cases it will not nullify the competitive pressure.

So, more things will be needed on top of promotion. And also, though promotion can enhance the brand and can help you to get better price or create a better sense of value in the customer's mind. But in most cases, promotion cannot really convince the customer to pay more than the value that is perceived. So, this is a summary presentation on what the promotion can do and what the promotion cannot do.

There are three categories of sales promotion.



Three categories of sales promotions. Sales promotion focused on your own sales team. This is very important to understand that sales promotion does not always mean the seller

to buyer promotion. Like we were talking about you being appointed as a marketing manager of a textile machine manufacturing company, then it is not your communication to the intending buyer which is all that is there in sales promotion. But sales promotion also will cover activities that will be aimed at your own sales people.

Sales promotion also will focus on channel intermediaries like your manufacturers representatives who are like your sales people but outside your organization or your distributors or your system integrators, they also need sales promotion inputs and then of course sales promotion focused on customers. So, remember that sales promotion will play all three different roles in most cases simultaneously.

Public Relations

- PR defined:
 - All efforts to obtain the attention and favorable coverage of the firm's business by third party media and publics.
- PR activities:
 - These can include special events, press tours, public appearances by company executives, participation in media dialog, trade shows or guerilla marketing activities (attention-getting small events to get the company noticed and obtain word-of-mouth)

Let us look at what are public relation activities. Public relations are defined as all efforts to obtain the attention and favorable coverage of the organization's business by third party that means from media and from public media. So, PR activities can include special events, press conferences, press tours, public appearances by company executives at various conferences or seminars or meetings. Participation in some kind of media dialogue, trade shows, these are very very important part of PR activities, participating in trade shows and professional exhibitions. And then there are also road shows as we call them, attention getting small events to get the company noticed and get your customers in a room listening to your presentations. So, these are all different types of PR activities.

Buying Decision Processes and Methods of Nonpersonal Communications

DEFINITION STAGE

Process Flow Stages

- Problem definition
- Solution definition
- Product specification

Nonpersonal Communications Can...

- Help identify problems
- Provide information for defining solutions
- Help customers remember vendors

Now, let us look at marketing, communication, sales promotion activities at different stages of the sales process flow. You remember that the sales process starts with the need recognition for a particular product or service and finally gets concluded at least when the order taking and order registration happens. So, this is in this whole flow stage, we can look at like for example, at the problem definition stage where solutions are being sought, product specifications are getting identified.

At that stage, the non-personal sales communication, marketing communication can help identify the real problems, can provide information for defining the solutions and help the customers remember the vendors of which you want to be definitely one part of the considered set. So, at this stage at the early stage of the sales process these are the various communication performances.

Buying Decision Processes and Methods of Nonpersonal Communications

SELECTION STAGE

Process Flow Stages

- Solution provider search
- Acquire solution provider(s)

Nonpersonal Communications Can...

- Provide information on vendors
- Provide information on products and partners

Then solution provider being sought and acquire solution provider at that stage the sales communication, marketing communication provide information about vendors, about the details of offerings from the various vendors and provide information on not only the products.

Ex 13-3 Buying Decision Processes and Methods of Nonpersonal Communications

DELIVER SOLUTION STAGE

Process Flow Stages

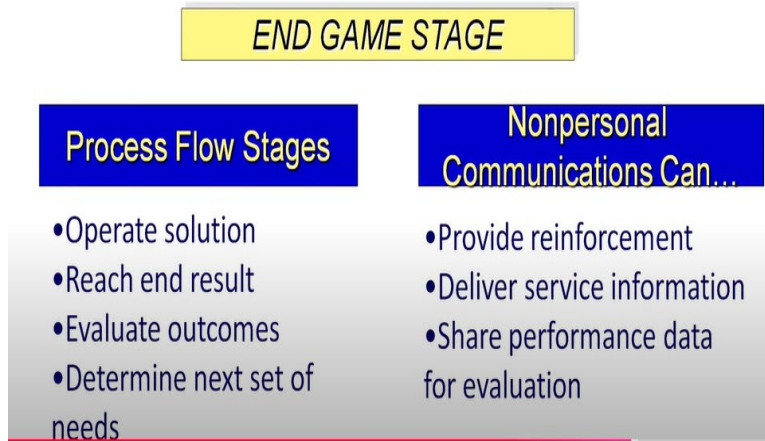
- Customize as needed
- Install/test/train

Nonpersonal Communications Can...

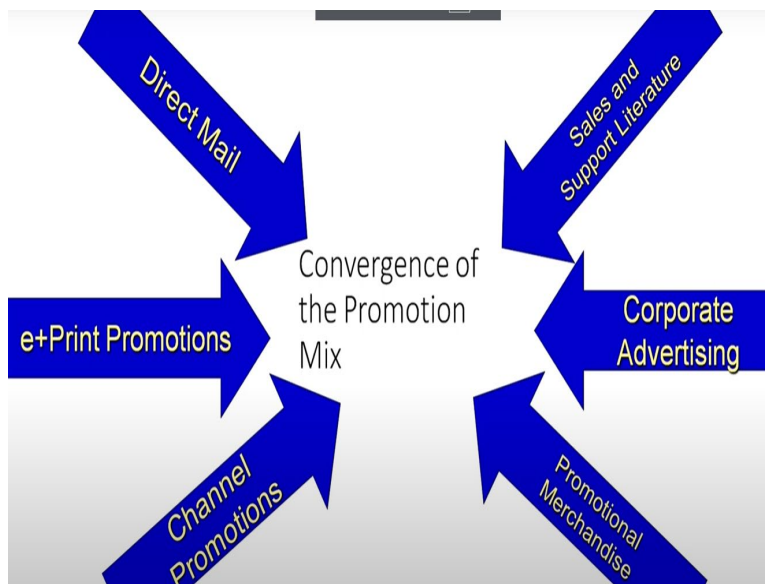
- Deliver service and training information

But also other partners who will make the installation happen for example.

Ex 13-3 Buying Decision Processes and Methods of Nonpersonal Communications



Then, if we look at the end, there will be where the process is about operating solution, reaching the end result, evaluate the outcomes, determine the next set of needs. At that stage, marketing communication can provide reinforcement, can deliver service information, after sales support information and share performance data at the back end at your organization for various kinds of evaluation.

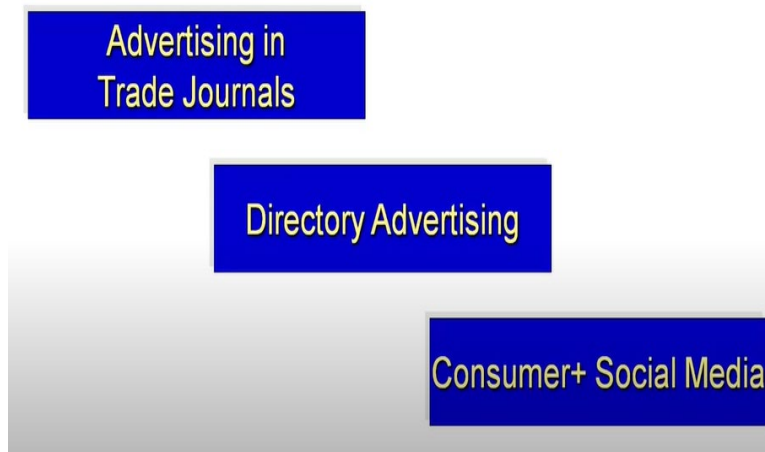


So, today of course, we will discuss it in more detail in the coming session that there are various kinds of electronic media that are coming together to make sales, promotion, marketing, communication happen. So direct mails which were there earlier, which were

physical mails, corporate brochures or product data sheets being sent by physical mail, now replaced by electronic mail. All kinds of sales and support literature are now available also through electronic means.

Corporate advertising, promotional merchandise, all these earlier were physical, now they are electronic and in most cases also in the B2B context, they are actually a blend of physical and virtual.

Types of B2B Print Promotions



For example, if we come to advertising, today advertising is there in, will be there in trade journals, that is a physical one. But there are many trade journals today which are electronic. So, it could be an electronic advertising in an electronic journal.

There will be also directories. These directories also earlier used to be physical ones, you know, fact books containing say various details about electronic components. Now, many of those have also now been moved to the web. So, again here we are having very seldom today big fat product directories or supplier directories are published physically.

They are all available electronically. And of course, the whole consumer and social media will be available for the B2B marketers to send out and ensure the receipt of various kinds of marketing communication by the buyer.

Corporate Advertising

*Why use corporate advertising?
Era of Advertorials*

- Company reputation increases chances of getting a first hearing at a new account.
- Attention- concessions and subsidies can be tactfully deployed.
- All things being equal, larger and more well-known companies will frequently get the business over a smaller, lesser known competitor

A lot of B2B advertising happens not necessarily for the product itself, but it will be happening as corporate advertising because the company reputation is very important for brand building. And it increases the chances of getting a first hearing at a new account and it also gives comfort to continuing relationships. And therefore, corporate advertising plays a very significant part in the B2B marketing for acting as an overall umbrella of the whole marketing process.

All things being equal. Larger and more well-known companies will frequently get the business over smaller or lesser known competitors. Now, one thing I want to highlight here that being known is not necessarily the outcome of your rupees or dollars invested in the advertising process. Sometimes, advertorials, news items about new emerging innovative products can also have very high impact as corporate advertising.

Types of Sales & Support Literature

(also called collateral materials)

Case : JCB Ltd

I will conclude by drawing your attention to this company JCB which is or you can look at Caterpillar for example but JCB a company in India and operating also in other countries nearby manufacturer of earth moving machine construction machine and building machine so engaged in all kinds of infrastructure projects will be reaching you if you are actually thinking of a similar project, if you have earth moving needs, if you have road building needs, then I will encourage you to go and visit the website of JCB and all the different types of communication, marketing communication that we discussed, be it corporate image building, corporate reputation transmission, be it product brochure, be it detailed data sheets, be it drawings, manuals, all that will be available electronically from their website. And the website will be supported by all kinds of physical activities as well.

And all that also you will very well understand if you look at JCB Limited website. So I will end this particular session here and we will continue with this whole area of electronic, use of electronic media, use of new media, use of technology in the B2B marketing, B2B sales in the coming sessions. Thank you.