

PROMOTIONAL PLAN. SEGMENTATION OF MARKET. TOOLS OF MARKETING COMMUNICATION

Visegrad University Studies Grant 2014:
„Marketing communication in conditions
of V4 countries”

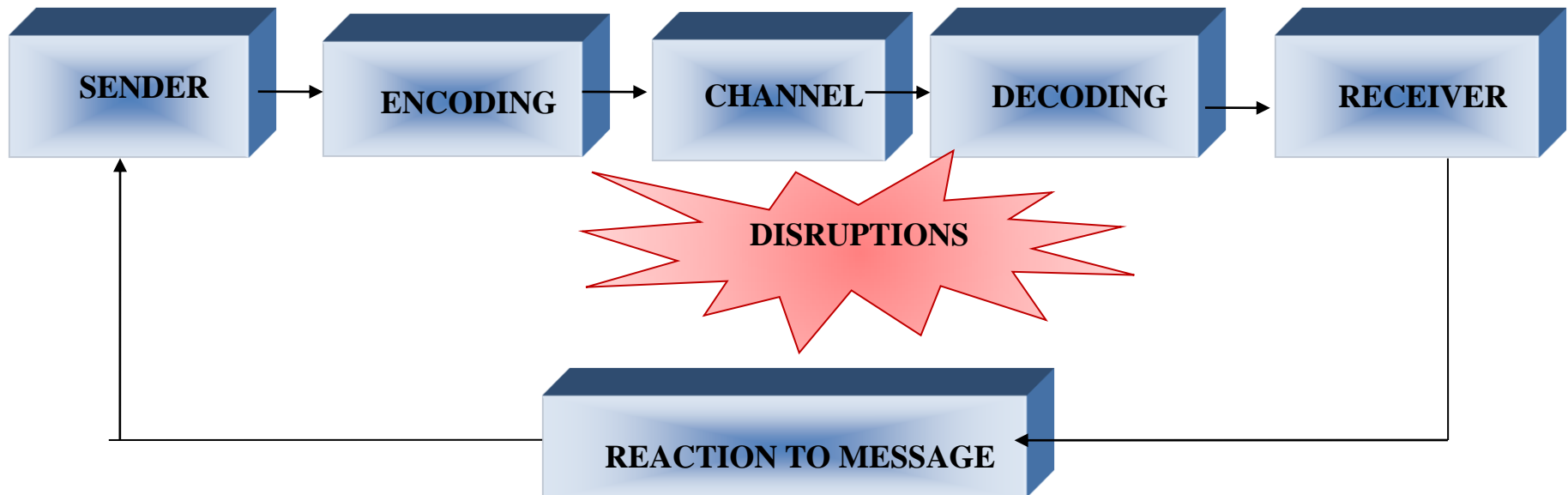
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Marketing communication - the flow of information between different market players, mainly between the company and its stakeholders, concerning the activities of the company and its market offer.

Model of the communication process
(by W. Schramm)



Elements of communication model

- **Sender** (source) - the person or organization that originates and encodes a message.
- **Encoding** - the process of converting an idea into symbols (words and images) to make it compatible with transmission and decoding facilities.
- **Message** - an idea that has been encoded and is capable of being transmitted.
- **Medium** (channel) - the channel used to carry a message; this includes sales presentations, newspapers, radio, television, and direct-mail materials.
- **Decoding** - the process an audience goes through to translate a message into idea with personal meaning; reverse of encoding.
- **Receiver** (addressee) - the person or persons who are receiving a transmitted message.
- **Feedback response** (reaction to message) - communication from the audience back to the source.
- **Disruptions** (noise) - anything that detracts from the effectiveness of communication, ranging from actual audio noise to competing advertisements.



TOOLS OF MARKETING COMMUNICATION



Advertising

Definition - any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor with the aim of informing and influencing one or more people.

*public, expressive,
impersonal*

Advertising media:

television, radio, newspapers, magazines, billboards, direct mail, electronic media, exhibition at the point of sale, brochures and newsletters, leaflets, inserts for packaging



Sales Promotion

Definition - techniques that are used to stimulate product demand, including special events and activities such as coupons, celebrity appearances, and contests.

communication, invitation

Main techniques:

- Consumer: coupons, contests, frequent-flyer programs, sales events, rebates
- Trade: dealer merchandise, contest advertising, allowances



Public Relations

Definition - nonpaid communication, especially publicity, to establish and maintain goodwill and mutual understanding between an organization and its stakeholders.

credibility, surprise

Main tools: internal and external communication, media relations, investor relations, events, speeches, seminars, annual reports, charities, corporate magazines, public affairs, crisis management, lobbying, sponsorship



Personal Selling

Definition - in-person communication between a seller and one or more potential buyers: consumers, organizational customers or marketing intermediaries.

*personal confrontation,
response*

Tools:

- presentation of the offer,
- business meetings,
- samples,
- exhibitions and trade shows



Direct Marketing

Definition - the recording, analysis, and tracking of customers` direct responses in order to develop customer loyalty.

*nonpublic, up-to-date,
interactive*

Main tools:

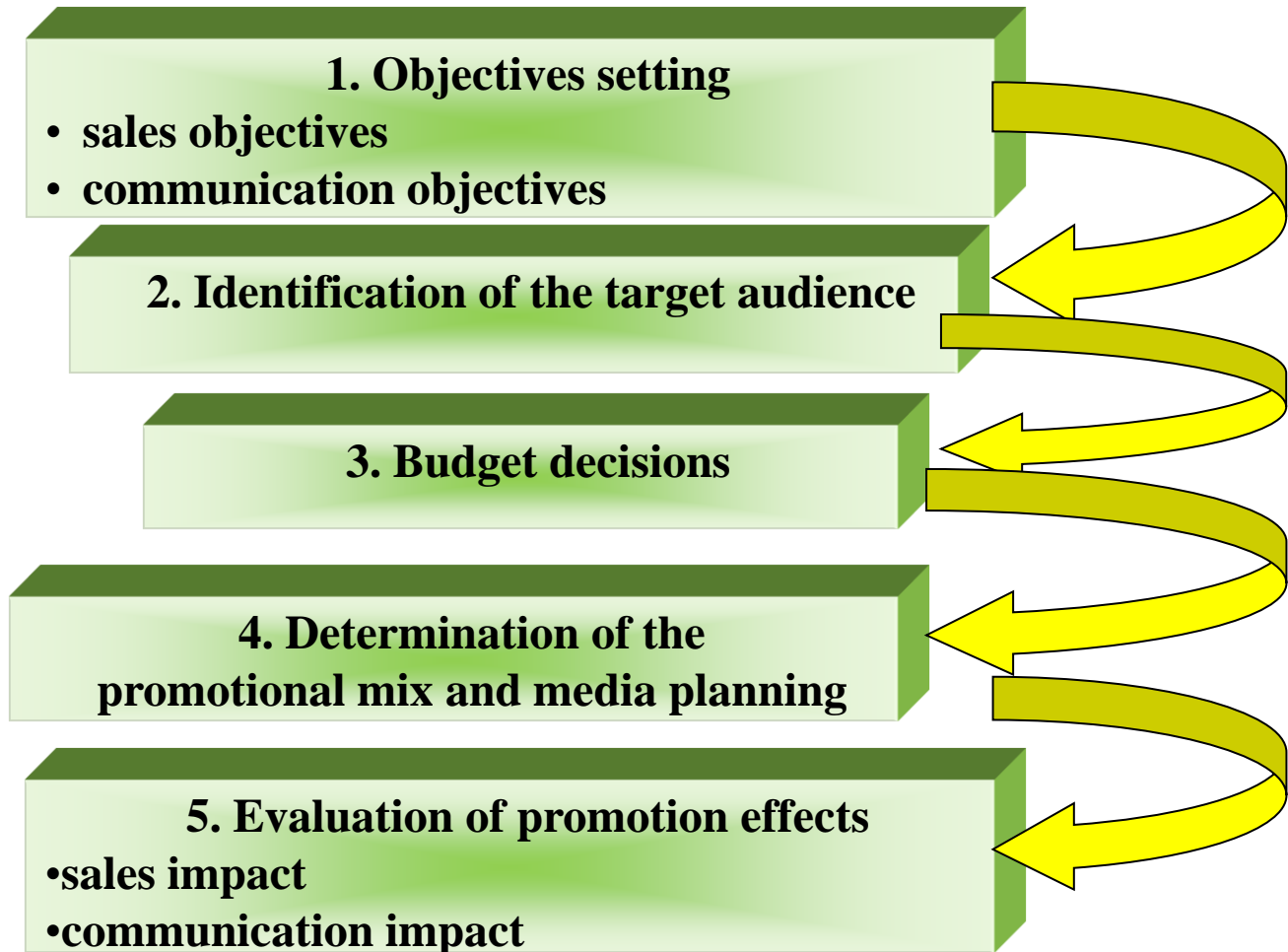
- direct mail,
- telemarketing,
- press, inserts,
- leaflets,
- SMS,
- catalogs,
- letters



PROMOTION TOOLS	ADVANTAGES	DISADVANTAGES
Advertising	<ul style="list-style-type: none"> - the ability to reach large groups at a relatively low cost - strong interaction with the ability to use multiple measures, ie. the picture, sound, color, movement, etc. 	<ul style="list-style-type: none"> - it is an impersonal message - it is difficult to measure the effects of impact
Sales promotion	<ul style="list-style-type: none"> - is the ability to generate lots of interest and excitement - can also build awareness and interest faster than advertising can - it is easy to measure effects 	<ul style="list-style-type: none"> - it provides short-term effects - it is an impersonal message
Public relations	<ul style="list-style-type: none"> - low cost, and in some cases, no cost - the perception of objectivity, which increases the trust people have in the message 	<ul style="list-style-type: none"> - lack to control - it is an impersonal message - it is very difficult to measure the effects of impact
Personal selling	<ul style="list-style-type: none"> - allows immediate, direct feedback - it allows to adjust the message to the recipient - it is possible to accurately evaluate the effects 	<ul style="list-style-type: none"> - high cost - the importance of qualifications and competence of the sales staff
Direct marketing	<ul style="list-style-type: none"> - directly reach to the target customer - quick response to customer needs - the possibility of building customer databases and lasting relationships with customers 	<ul style="list-style-type: none"> - the high cost of training and motivating staff - time-consuming



Steps of Promotional Plan



Promotional objectives

Sales objectives:

- An increase in product sales
- Increasing the number of customers
- Gaining new markets
- Maintaining or increasing market share
- Smoothing demand fluctuations

Communication objectives:

- Increasing the degree of knowledge of the company
- Improving the company's image
- Building customer loyalty
- Education customers
- Obtain information about customers, their tastes and preferences
- Explanation of decisions and actions of the company



Budget decisions - methods

- percentage methods: the share-of-sales (for example, 10 percent of the planned or implemented sales), industry averages or traditional industry standards, competitive parity - as much as the competitors spend (if possible find out about it)
- objective and task method - as much as it takes to reach adopted goals and tasks
- affordable approach - how much the company can spend on promotions
- other methods, e.g. quantitative mathematical models



Media planning

- **Media planning** - is the making of decisions to deliver a message to the target audience. **A media plan** is the guide for media selection.
- **The medium** - is the general category of available delivery communication systems, which include: **broadcast media** (such as TV and radio), **print media** (e. g. newspapers and magazines), **direct mail**, **outdoor advertising**, **electronic media**, and other support media.
- **The media vehicle** - is the specific carrier within a medium category, for example "Newsweek" is a print vehicle, radio stations, TV channels, MTV is a broadcast media.
- **Reach** is the amount of people the message is in front of over a period of time (is a measure of the number of different audience members exposed at least once to a media vehicle in a given period of time).
- **Coverage** - refers to the potential audience that might receive the message through a vehicle. Coverage relates to potential audience: reach refers to the actual audience.
- **Frequency** is the average number of times the message is in front of those people.



Example for MEDIA PLANNING: "Babywatch"

Target audience: families/women who have children/babies and who live in Warsaw and nearby.

Objectives: to inform about new company offering babysitting services and to encourage and induce to purchasing.

1. Choice of media: advertising, the Internet

2. Media vehicles:

- designing the website: www.babywatch.b.pl
- distributing leaflets
- as the business grows there will be an advertising placed and repeated six times in the "The Warsaw Voice" classified section, posters in restaurants, aerobic clubs and so on

3. Time and frequency



PUSH STRATEGY

PRODUCER

WHOLESALER

RETAILER

CUSTOMER

- sales promotion
- personal selling

PULL STRATEGY

PRODUCER

WHOLESALER

RETAILER

CUSTOMER

- advertising
- public relations

What kind of strategy: push or pull is more appropriate to be applied to the following products:



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What kind of strategy: push or pull is more appropriate to be applied to the following products:



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MARKET SEGMENTATION

Market segmentation is:

- dividing up the market into distinct groups of customers that:
 - (1) have common needs,
 - (2) will respond similarly to marketing action;
- the process of identifying appropriate separate subsets of consumers for targeting purposes out of all the consumers in the market.

Market segment - a market in which people or organizations have similar characteristics, needs, wants, and behavioral tendencies; a homogeneous subset of all consumers in a particular market.



Market segmentation

Requirements for segments to be appropriate

- measurable
- accessible
- substantial
- differentiable
- actionable

Benefits of market segmentation

- efficient use of marketing resources
- better understanding of customer needs
- better understanding of the competitive situation
- accurate measurement of goals and performance

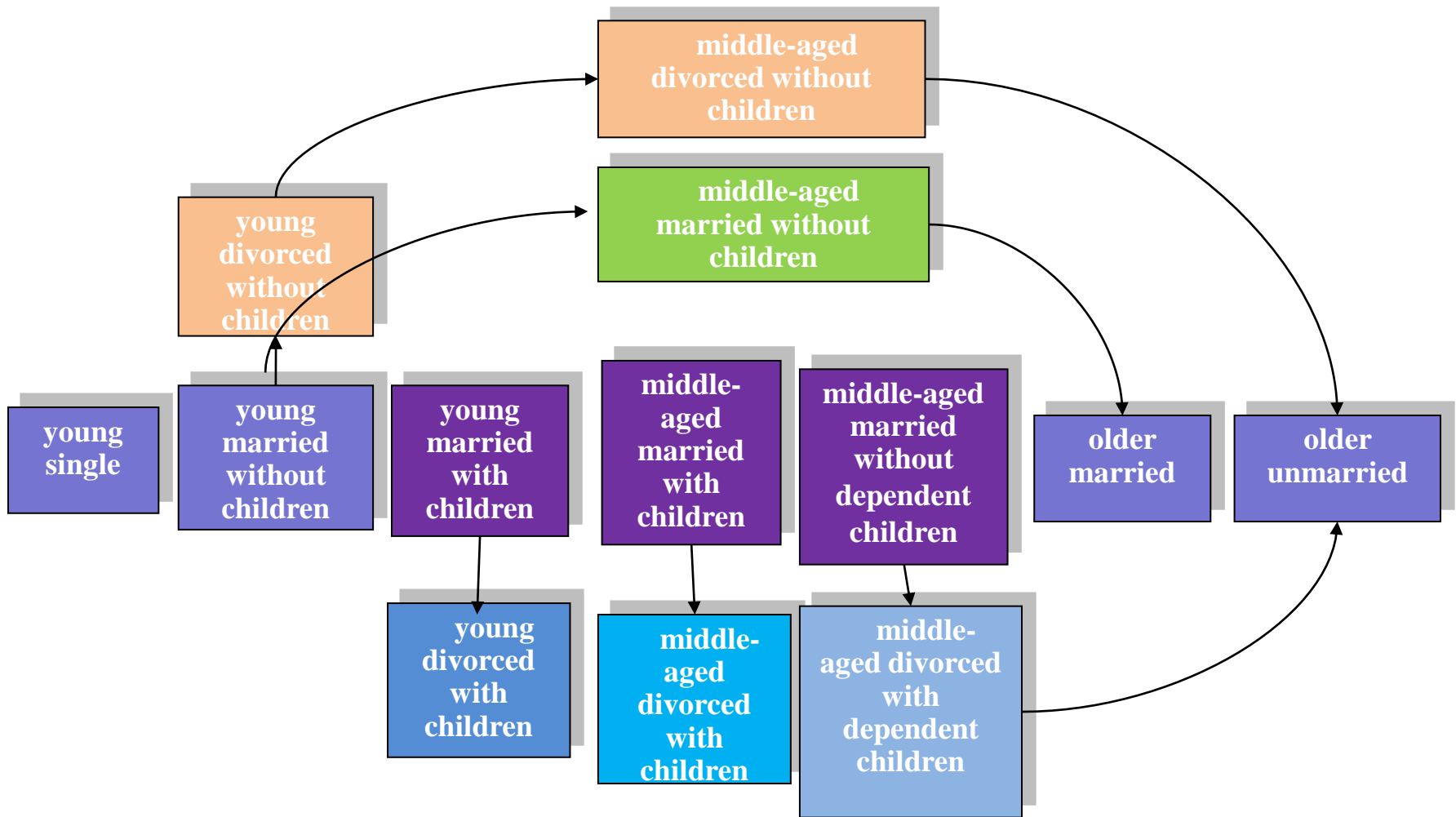


Segmentation criteria

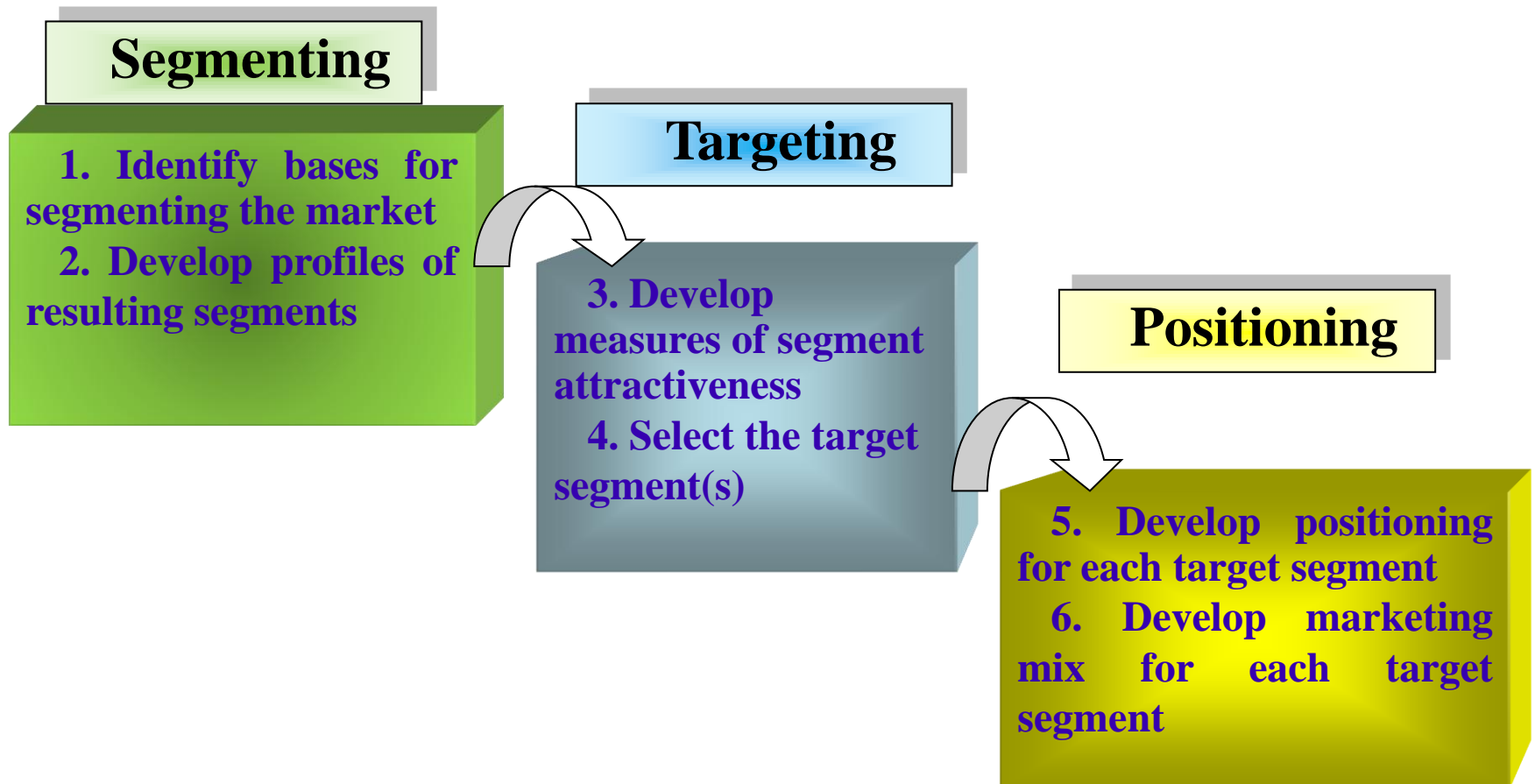
Geographic	Demographic	Psychographic	Behavioral
- country	- age	- personality	- usage rate
- region	- sex	- lifestyle:	- loyalty level
- city/state	- education	- activities	- event
- community	- income	- interests	creation
- location (town, village)	- occupation	- opinions and attitudes	- key benefits
- climate	- religion	- views	- acceptance of new products
	- ethnicity	- values	
	- family size		
	- stage of family life cycle		
	- social status/class		



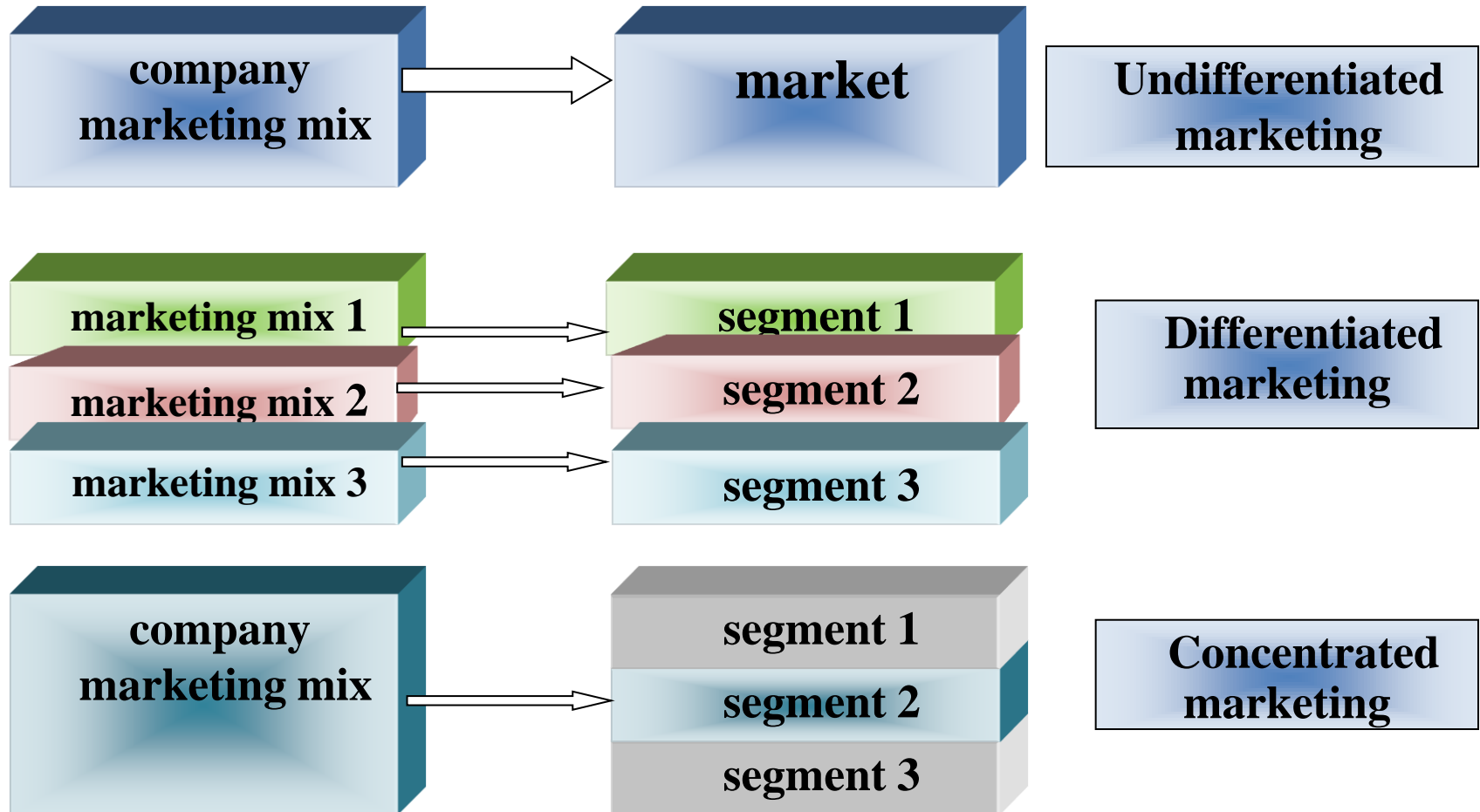
Family life cycle



Steps in market segmentation, targeting, and positioning



Free alternative market-coverage strategies based on segmentation process



Example: Apple's Segmentation Strategy (as of 2006)

MARKET			PRODUCTS			
	Sector	Segment	Power Macintosh G5	Powerbook G4	iMac	XServe G5
Home	Consumer household				x	
Education	Kindergarten 12 th grade	Students			x	
		Faculty/ Administration	x	x		x
	College and University	Students	x	x	x	
		Faculty/ Administration	x	x		x
Commercial	Small business	Owners/ Employees	x	x		x
	Large business	Manager / Clerical	x	x		x
		Technical	x	x		x



Positioning

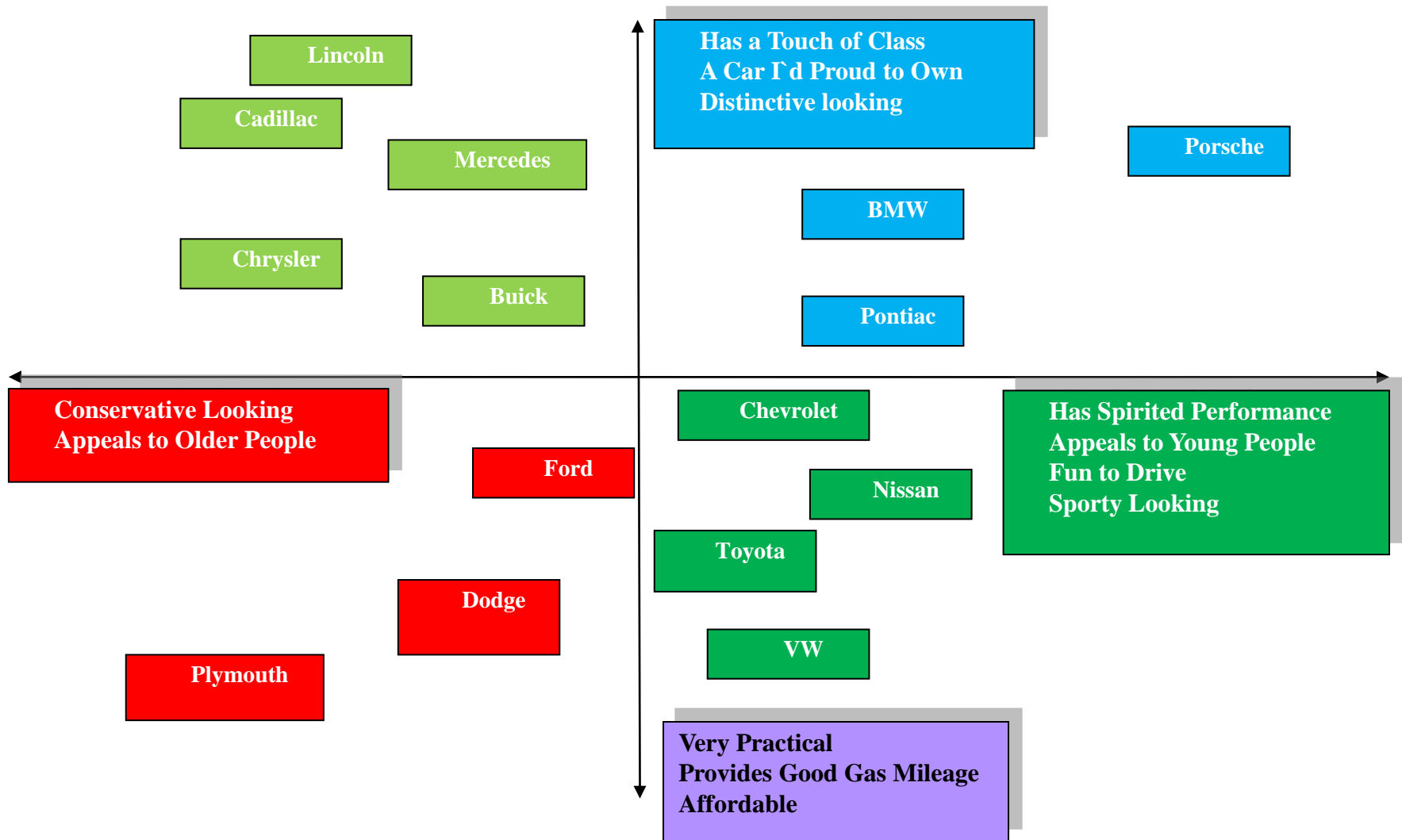
Definition - activities related to the shaping of the offer and image of the company in order to take a clear, specific place in the mind of consumers.

Positioning refers to the placing of the product or service in a particular perceptual position within the mind of the consumer.

Positioning tool is called perceptual **map** that shows the perception by customers of products dominate in the given segment.



Example: Perceptual Map of Automobile-Brand Images



Life-style dimensions

Activities	Interests	Values	Opinions
- work	- home	- family	- themselves
- hobbies	- job	- freedom	- social issues
- social events	- community	- traditions	- politics
- vacation	- recreation	- nature	- business
- entertainment	- fashion	- job	- economics
- club	- food	- friendship	- education
membership	- media	- success	- products
- community	- achievements	- career	- future
- shopping			- culture
- sports			



Segmentation of Euro-consumers

Segmentation of Euro-consumers proposed by RISC(Research Institute on Social Change):

- ***Traditionalists* (19%)**
- ***Homebodies* (14%)**
- ***Rationalists* (22%)**
- ***Pleasureists* (17%)**
- ***Strivers* (15%)**
- ***Trend-setters* (13%)**

Segmentation of Euro-consumers proposed by CCA (Centre de Communication Avance):

- ***Ambitious*** (rocky, dandy, business) – 23%
- ***Contestors*** (protest, pioneer) – 8%
- ***Dreamers*** (romantic, squadra)- 15%
- ***Militants*** (scout, citizen) – 10%
- ***Notables*** (moralist, gentry, strict) -18%
- ***Withdrawn*** (prudent, defense, vigilante, olvidados) – 23%



Case Study: Segmentation of Polish Consumers

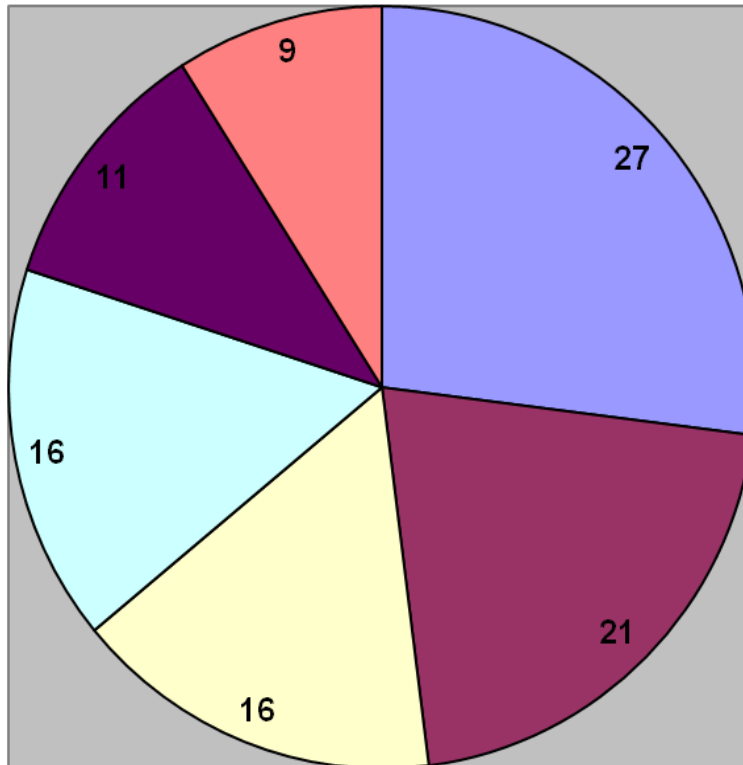
-The Consumer ProfileTM

In particular the analysis covered the following areas of interest:

- consumer needs and aspirations,
- consumer purchasing behaviors,
- consumer perception and relation to brands,
- consumer perception and relation to advertising.



Polish general segments - *The Consumer Profile™*



■ Traditionalists (27%)

■ Family managers (21%)

■ Aspirers (16%)

■ Idealists (16%)

■ Free spirits (11%)

■ Isolationists (9%)

Lifestyles in countries of Central Europe

Thirteen lifestyles that make up the **five mentality**:

- **pioneers** (adventure-seekers, idealism-seekers)
- **traditionalists** (faith-seekers, certitude-seekers, quietness-seekers)
- **maladjusted** (guide-seekers, assistance-seekers, shelter-seekers)
- **winners** (ego-seekers, fun-seekers, fortune-seekers)
- **elite** (harmony-seekers, humanism-seekers)



Lifestyles in the Czech Republic, Slovakia, Hungary and Poland in 1999

Segments	Czech Republic	Slovakia	Hungary	Poland
<i>Pioneers</i>	11%	12%	32%	32%
<i>Traditionalists</i>	28%	31%	28%	27%
<i>Maladjusted</i>	12%	15%	5%	22%
<i>Winners</i>	8%	7%	7%	10%
<i>Elite</i>	41%	34%	17%	9%



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