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MARKETING **COMMUNICATIONS** **IN THE CONDITIONS** **OF V4 COUNTRIES**

Soňa Chovanová Supeková et al.

A grayscale map of Europe with the four Visegrád Group (V4) countries—Poland, Czech Republic, Slovakia, and Hungary—highlighted in white. The text 'Visegrad Fund' is located within the white area of Slovakia.

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Authors:



Assoc. Prof. Soňa Chovanová Supeková, Ph.D. - Pan-European University, Bratislava, Slovakia



Prof. Miroslav Foret, Ph.D. – Pan- European University, Bratislava, Slovakia



Danuta Sz wajc za, Ph. D. – Silesian University of Technology, Poland



Éva Happ, Ph.D. – Széchenyi University in Győr, Hungary



Přemysl Průša, Ph. D. – University of Economics, Prague, Czech Republic

Language Corrections: TOP Preklady s.r.o., Bratislava

Reviewer: Prof. Dr. Elena Horská, Ph.D.

Assoc. Prof. Mária Zúbková, Ph.D.

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Palo Alto: *“Although communications is subject-managed, not everything is possible to absolutely manage and control”.*

1 MARKETING COMMUNICATIONS AND IMC

The most important element of customer communication is providing *appropriate information about offered products and their advantages*. The ability to inform customers about our offers' fundamental characteristics and benefits is vitally important for further communication.

In any case, the *coherence and complexity* of marketing activities should certainly not be limited to the basic, initial concept; on the contrary, it should constitute a part of all communication with the customer. Marketing communication should be more than a mere application of one of the instruments, such as advertising, sales promotion, direct marketing, public relations, personal selling, sponsorship, exhibitions and fairs, or any other promotional activity.

It is necessary to select and combine communication instruments with regard to the targeted market segment. Furthermore, the use of the instruments must be properly interconnected with the entire marketing mix. The aim is to *achieve maximum synergy through this interconnection*. This complex approach to marketing communication is, in English, called Integrated marketing communication (IMC).

Unfortunately, Czech entrepreneurs tend to overestimate the role of advertising, especially advertising on television. They don't even know, much less appreciate and use, often much more effective procedures such as public relations or other below-the-line communication tools that can completely do without the media and media agencies.

Among the *below-the-line (BTL) communication activities*, the literature sometimes includes sponsorship and other tools of public relations, personal selling and sales promotion, as well as direct marketing and the Internet. The point is that conventional above-the-line (ATL) activities, the best example of which is advertising, require spending considerable amounts of money on publication and dissemination of promotional messages; i. e. we pay the media, or media agencies. On the other hand, the costs of below-the-line activities include only spending on the activities themselves (the cost of gifts in sales support, the cost of organisation of an event, money provided to a sponsored team), while any subsequent publication in the media is "free", for example as a part of public relations.

The one-sided focus on advertising, which has been hitherto applied, hasn't proven to be very successful regarding its effect on customers. It is because the vast majority of advertising agencies in our country would pay far more attention to the total volume of their contract and the resulting commissions than to the creation of a marketing concept and strategy. The results of marketing research and market surveys, as well as knowledge about customer behaviour,

serve only as an external façade that provides the hallmark of scientificity and professionalism, instead of being a real foundation for marketing communication. Not only should marketing research and the other steps precede marketing communication, their repetition after the marketing activity should also become an important information source for evaluation of the overall efficiency of the communication and the benefits achieved.

As we mentioned earlier, marketing means a constant communication with the customer. In a broader sense, marketing communication includes all marketing activities: creation of the product, distribution, pricing, and promotion – i.e. all activities that are usually referred to as the marketing mix. *Marketing communication in this broad sense means the systematic implementation of principles, elements, and processes of marketing. It is aimed at deepening and strengthening relations between producers, distributors, and especially customers.* The objective is not only a better mutual awareness, but also a higher customer satisfaction which leads to the establishment of permanent and long-term relationships with producers and distributors.

What do we understand by the aforementioned principles, elements, and procedures, i. e. the “3Ps” of marketing communication? *Principles* mean orientation towards customers; recognizing their needs, desires, opinions, satisfaction or dissatisfaction. If possible, we should know these before we start to prepare and offer our product. Elements are the basic components of the marketing mix – the product, price, distribution, promotion, and, where -relevant, additional services, packaging, etc. Finally, *procedures* are the specific activities within the marketing pricing, sales promotion, creation of distribution chains, etc. Possibly the most important principle of marketing communication is actively approaching the customer. We do not expect the customer to come to us of his own accord; instead, we are interested in his problems, in issues he deals with. *Based on this knowledge, we prepare our offer and present it to the customer.*

Marketing communication is an interdisciplinary branch. In addition to the basics of economy, particularly trade and marketing, it also utilises knowledge from psychology, sociology, and consumer behaviour. Today, it is greatly influenced by the rapid development in electrical engineering. The latest recording, copying, communication, and computer devices are used to an increasing extent.

Some Czech marketing textbooks have a narrow view of marketing communication and present it as a mere matter of promotion, mainly in the form of persuasive advertising. The persuasive character of marketing communication in our country stems not only from the common practice of advertising agencies but even from existing legislation. This happens despite the fact that we gained much experience with a propagandistic persuasion over the past fifty years and we have more than enough evidence about overrating its power and capabilities. Therefore, we should handle advertising and promotion in a more experienced way, which means, among other things, that we should not underestimate the public and not try to address it using the same procedures that are used in

countries which have problems with illiteracy. Don't we have enough possibilities to inform and present our offer in an attractive way? Do the advertising agencies really have to exaggerate and pretend they can convince customers? On the one hand, such an unfounded exaggeration is understandable – clients spend billions of crowns on advertising and promotion and expect an adequate efficiency of these procedures. On the other hand, the advertising agencies should not ignore our cultural tradition, a high level of education, and numerous, yet fortunately only partially successful, attempts to manipulate us. However, on the other hand, compared to other countries Czech customers generally value smartness and wittiness more than overblown self-praising. Promotion, including all advertising, should be based on this knowledge.

The fundamental principle of marketing communication is *getting and maintaining the interest* and attention of the public. If we fail to achieve this all costs and efforts in marketing campaigns have been pointless. If the public is not interested in our offer, i.e. if we can't attract its attention from the beginning, it will not respond to any subsequent persuasion. On the other hand, even an offer that does not reflect any perceived need will motivate the customer to try it if it is presented in an interesting way. Subsequently, the customer may find the product useful. The point is that as soon as we get the attention and interest of customers we establish a relationship to develop, where we can build mutual communication. The current market situation is characterised, among other things, by the, already mentioned, significant excess of supply over demand. There are plenty of competing companies and the offered products are more or less the same. In this situation it is not enough to get the customer: a long-term customer retention starts to become the crucial issue in doing business.

This means that when we want to *address a customer* we have to decide on the following points:

1. Who is the addressee of our message?
2. What do we want to communicate?
3. What should be the result (leave an impression, bring an experience)?
4. How much do we plan to spend on the communication?
5. Which communication channels will we use?
6. What reactions do we expect?
7. How will we manage and control the communication?
8. How will we check the resulting effect?

The content of communication with the customer should be the *core product* - explanation of what utility the product delivers, and how it can be helpful.

The marketing approach is not only about manufacturing/creating a product; it also includes its proper introduction to customers. Marketing as a whole is based on communication. Actually, marketing means constant communication

with customers. It is therefore necessary to create several fundamental conditions for this communication:

1. The organisation must have its *corporate identity*, culture, and a positive *image*. These must be based on clearly defined and well-communicated mission and vision;
2. We have to *know our customer* as precisely as possible, including his socio-economic characteristics, requirements, and needs. This knowledge should be based on research on the external environment and the market;
3. We must have a precisely defined *strategy* and the resulting communication *objectives*;
4. Our *offer* must reflect the requirements and needs of customers, or, better yet, it should exceed them. The offer should bring the customer more utility and benefits than he expected, including benefits stemming from an established and recognized brand;
5. We must know our *competitive position* and monitor the competitors' offers;
6. Customers should know the reasons for the *price* of our products, and the price should be acceptable for customers;
7. Our *distribution* system should enable the customer to get acquainted with our offer and possibly even buy our products.

The importance of communication in marketing is apparent from the fact that we can hear about so-called marketing communication more and more frequently. *In its narrower sense, marketing communication means the part of the marketing mix called promotion or communication mix.*

The marketing conception of "promotion", sometimes referred to as the "communication mix", or, as it was called in the previous sentence, "marketing communication", is traditionally based on the following four main instruments:

1. *Advertising*, which is a paid form of an extensive, non-personal presentation of our offer in the media;
2. *Sales promotion*, which means short-term incentives aimed at increasing the sales of our products;
3. *Public relations*, i.e. establishing and developing good relations with the public, especially through active publicity in the media;
4. *Personal selling*, which means direct personal communication with one or several potential customers.

Since the 90s the potential of promotion has been enhanced by a variety of instruments and principles of direct marketing and by the possibility to use electronic tools and media, including the Internet.

The principal objective of promotion is usually seen as an increase of sales and a bigger profit. However, the essence of a successful promotion lies in the capability to convince others.

Basically, advertising uses two fundamental strategies:

- *Push-strategy* – its aim is to push the product through the distribution chains to the final customer. It uses mainly personal selling and sales support (see Figure 1.1).
- *Pull-strategy* – it uses the opposite principle, which means that it aims to arouse the customer's interest, and it stimulates product demand. It relies primarily on advertising and media publicity. Advertising and publicity stimulate the interest of customers who subsequently start to demand the specific product from retailers. Retailers communicate their customers' requirements to wholesalers, or even directly to the producer himself (see Figure 1.2).

Figure 1.1: Push-strategy scheme

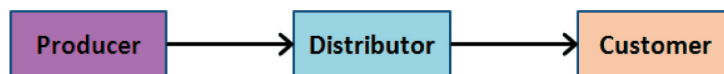
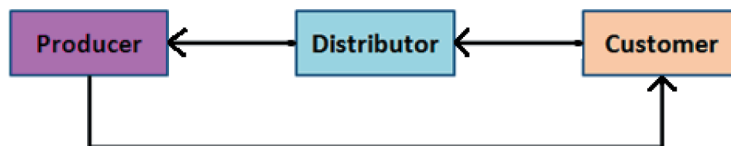


Figure 1.2: Pull-strategy scheme



The producer convinces sellers of the benefits of his product, the sellers then influence customers. In practice, the push-strategy is usually used by big, established companies (often multinational corporations).

In this case, the producer offers an attractive product that itself can instantly catch the attention of customers. Customers then start to demand the product from retailers, and retailers from the producer. This actually represents the opposite direction of pressure in a distribution chain. The pull-strategy is used primarily by small or/and new organisations and organisations that are sensitive to market stimuli.

Both these promotional strategies are somewhat extreme variants of market approach. In practice, they often combine and blend together and the point is to decide which one is prevailing in a specific case or situation. Also, the push-strategy should be based on knowledge about the customers, their requirements, needs and satisfaction.

Both strategies use the same promotional instruments, but in a different context. For example, advertising at the shop/point of sale is typical for the push-

strategy, while advertising in the media is more suitable for the pull-strategy. In practice, both ways of using advertising are usually combined and complement one another.

The primary characteristic of both strategies is the pressure. In the first case (Figure 1.1) the producer puts pressure on the seller and the seller then on the customer. In the second case the direction of the pressure is opposite (Figure 1.2) - the customer pushes the distributor and the distributor then put pressure on the producer.

Distribution plays a central role in both strategies. In the case of the push-strategy the distribution has to ensure maximum sales through the use of various combinations of promotional tools. On the contrary, in the pull-strategy the distribution seeks and persuades producers to supply the products that are in demand.

The efficiency of promotion, although it may sometimes be immediately evident (for example, in the case of personal selling or sales promotion), usually needs a certain amount of time to take effect. That is why we have to factor in a certain delay when evaluating promotional effects.

We will explain some basic characteristics and procedures of each of the main instruments of marketing communication in the following parts.

Advertising

There are many forms and methods of advertising. It may promote a particular product, as well as a long-term vision (image) of an organisation. It can reach a wide range of the public through the mass media; however, because of its impersonal nature, it is not as convincing. Advertising means only a one-way communication and can be very costly. The fact that the advertiser pays for the advertising and its distribution affects, among other things, the content of advertisements – advertising rather overstates and exaggerates the strengths than admits the weaknesses and potential negative effects.

The essential goals of advertising can be defined as follows:

- *Informative* – advertising informs the public about a new product and its characteristics. The purpose of this type of advertising is to raise interest and demand for the product (pull-strategy).
- *Persuasive* – advertising tactics used when there is a higher competitive pressure. It is about attracting the customer to our product (push - strategy). Sometimes, this type of advertising switches to comparative advertising that consists of comparisons of our product with a competitive product (or more products).
- *Reminding* – this advertising keeps customer awareness of our product and our brand; for example, before the upcoming season.

The dissemination of advertising messages is a matter of media strategy. Basically, we can summarise all procedures of media advertising implementation into the following three categories:

- *Continuous advertising* – it means that our message is presented in the media throughout the year to the same extent and intensity (frequency). Usually, this can be afforded by large, financially strong organisations and it usually comprises activities within public relations that are aimed at forming and strengthening the image of the organisation or its brand.
- *Pulse advertising* – it means that we more or less regularly change the intervals of higher and lower intensity of advertising over the course of the year, or we even stop the advertising completely at certain intervals.
- *Impact advertising* – it means a sporadic, short-term use of highly-intensive advertising.

We can distinguish the increasing and decreasing tendency of pulse advertising, depending on whether the frequency and extent of the advertising rise or fall within the given interval.

Impact advertising can be based on the uniqueness of a certain date (Christmas, Easter, holidays) or the seasonality of the product. For example, just before the start of the school year it is more appropriate than ever to advertise school supplies, school clothing, or school footwear.

A *media plan* is a detailed timetable (divided into days, hours, and minutes) of media use for our advertising message. It is based on the results of media audience research. It determines not only where but also when the message will be presented.

The process of creating an advertisement can be decomposed into the following seven steps. These steps are important for drawing up a budget as well as an exact evaluation of achieved results:

1. *Goals* of the entire campaign and derived goals that require two-level communication via opinion leaders.
2. *Target audience* – it is necessary to define a concrete segment of the public which will be targeted by our advertisement. This also includes identifying the needs and preferences of this segment.
3. *Budget* which, for example, takes into account the possibility of cooperation of two or more advertising agencies.
4. Formulation and elaboration of the *message*. This may include decision-making on the subject, form, and dimensions of the planned advertising, or, on the contrary, implementation of the AIDA model. The model works with such factors as the ability to instantly engage the customers' attention through colours or humour (*Attention*), attract a lasting interest in the advertising as well as our product (*Interest*), raise the desire to try the

product (*Desire*), and finally motivate to purchase decision (*Action*). This traditional model was introduced by S. E. Lewis in 1900. Its modification is the AIDC model, where C means the ability to persuade customers (*Conviction*) so that they proceed to the purchase.

5. Selection of the *media* with regard to budget limitations and the definition of the target segment of the public. Here we calculate with the object of the advertisement, the cost, and the type of the message. Sometimes, the aforementioned *CPT* is used as an auxiliary, objectified indicator in these decision-making processes.
6. *Timing* method – i.e. whether we prepare a single event or a long-term campaign consisting of so-called air strikes or waves.
7. *Evaluation* of effects – it includes a comparison of the results of surveys before the promotional campaign and after it. The main part is the analysis of sales.

Although advertising should not be perceived as a mere expenditure, but primarily as an investment, it is, after all, a costly issue. Therefore, it is advisable to monitor its effects, which means monitoring how it addressed the public, and whether it stimulated the customers' interest. To evaluate the effects of advertising it is possible to use such simple methods of sales promotion and direct marketing as coupons – customers cut the coupons out of the advertisement and bring them to the shop. In return, they receive a small present (brochures, promotional item), discount, etc.. By counting the number of returned coupons we get the number of addressed readers of periodicals into which we placed our advertisement. In addition, part of the coupon may be other information on the customers (name, address, telephone number, e-mail), all of which can be used in further communication (e.g., direct mail). Thereafter, we simply divide the cost of advertising by the number of returned coupons, or by sales or turnover increase. As a result, we obtain more accurate indicators of the efficiency (benefits) of the advertising campaign.

The budget for advertising campaigns should respect the limits and possibilities resulting from various specific issues:

- Stage of the product's life cycle – novelties require spending larger amounts than established products that are at the stage of maturity;
- Market share – the brand with a higher share of a dynamically developing market requires higher expenditures on advertising. The same applies for entering new markets or strengthening a competitive position;
- Competitors' activities and customer over-saturation by advertising – these inevitably lead to a spiralling increase in advertising expenditures. Even in our country we have witnessed the "advertising battles" of washing powder manufacturers, coffee producers, car manufacturers, insurance companies, and especially investment funds (their clashes

related to two rounds of voucher privatisation);

- Frequency of advertising – the advertising message has to be transmitted repeatedly, which, of course, leads to an increase in cost;
- Product differentiation – if our product differs from the competitive products it may not be necessary to spend much on its advertising and we can work with highlighting the differences; on the contrary, if our product is similar to others in its category (drinks, food) we must invest more in advertising so that the public notices our product and perceives it as something special, something worthy of attention.

The content of the advertising message ought to be *comprehensible* to as many addressees as possible. Therefore, the product which we inform about should be described in such a way that the addressee perceives and understands well (in terms of linguistic and visual elements) and that corresponds to his worldview and attitude to life. Moreover, the content of the advertising message should emphasise the *features that make the advertised product different from the competitive products*. Finally, advertising content should be credible, which is often not respected and observed in current advertising practice. Advertisers can easily succumb to the idea that they can say anything in the advertisement they paid for.

In 1961, R. Colley introduced a *procedure for defining the advertising goals so that the results of advertising campaigns are measurable*. The procedure is known by its acronym DAGMAR (Defining Advertising Goals for Measured Advertising Results). The point is that the goals of advertising must be properly elaborated and concretised. This allows for the subsequent definition of efficiency of all advertising activities. Goals should be in writing, or they should even be directly expressed in quantitative (measurable) units. Everything has to be clarified in the preparation phase, i.e. before implementing (or even evaluating) the advertising campaign.

Colley points out that when defining advertising goals we should pay attention to the following “6 Ms”:

1. Which kinds of values can the product bring? (Merchandise)
2. Which customers should be reached by the advertising? (Markets)
3. Why should people buy the advertised product? (Motives)
4. What is the key information for customers? (Messages)
5. What means should be used to address customers? (Media)
6. How can we measure the results of the campaign? (Measurements)

In any case, advertising is an expensive activity, especially for new companies. At the same time, there are also many below-the-line instruments which are usually much cheaper and more efficient, yet significantly less used.

Sales Promotion

Some authors say that advertising ceases to be the major communication budget item. The leading role shifts to sales promotion, which currently consumes up to two-thirds of all promotional funds. This high proportion results not only from a high frequency of practical use of sales promotion in marketing communication these days, but mainly from its expensiveness – in principle, it is nothing more than a goal-directed generosity to our business partners, retailers, customers, and other key groups of the public.

Sales promotion uses short-term, yet effective stimuli and gifts whose purpose is to activate and accelerate sales. Sales promotion focuses on customers (free samples, discounts, consumer competitions), on trade organisations (stores prepare common advertising campaigns, dealer competitions, etc.), and also on business personnel (here, sales promotion usually consists of bonuses, meetings in attractive resorts, etc.).

It is the focus on different target groups which delimits the forms of sales promotion. Customer sales promotion can temporarily increase sales or help to increase market share. The aim may be to encourage customers to try our new product, lure them away from our competitors, or, vice versa, reward them for their loyalty to our product or our brand. On the other hand, business sales promotion aims at persuading traders to start offering our product, maintain large stocks of the product (i.e. buy it in larger amounts), or place our product in more visible places in their stores. Finally, personnel sales promotion aims at motivating the sales staff to strive for an increase of sales of our product.

We distinguish direct and indirect forms of customer sales promotion. The direct methods are those that reward the customer immediately after making a specific purchase (a feeding bowl as a bonus when buying six tins of cat food). On the contrary, the indirect forms motivate customers to collect “proofs of purchase” of goods. These are often slips, stamps, or also parts of packaging (lids, coupons, labels). Only upon presentation of a specified amount of these “proofs of purchase” is the customer entitled to receive a gift or a bonus.

The most commonly used instruments of customer sales promotion include:

1. *Product samples* which are usually free or have a reduced, symbolic price. Product samples, whether they are distributed personally, by mail, or can be obtained directly in the store, are the most effective, but also the most expensive form of introducing a new product onto the market. A new form of distribution of product samples is targeted delivery in magazines – thus, it represents a connection between an advertisement and a gift, which readers undoubtedly appreciate.
2. *Coupons* that enable customers to get a certain discount or refund. Coupons can shorten the testing period of a new brand, as well as stimulate sales of a product which is in the maturity stage. A coupon

may be part of an advertisement and, if the customer presents it when purchasing the product, he can get a price reduction.

3. *Premiums* are products which are offered for free or at a reduced price. Their purpose is to stimulate customers to buy certain other products. They can be packed inside or outside the bundled product. For example, when buying toothpaste we receive a free toothbrush. If we buy a holiday before a certain date we can get one week longer stay for the same price.
4. *Loyalty bonuses*, i.e. rewards for regular purchases of our products. They can be provided in cash or in some other form. For example, retail chains issue their loyalty cards and the customers who have these cards can have a discount.
5. *Competitions and prize draws* give consumers the chance to win cash, goods, or trips. They can be both based on luck or customers' efforts (collecting). It turns out that customers prefer such promotions in which they have a chance to win a prize (even if it was only a little gift, such as Nescafé cup) to competitions with attractive prizes (car, exotic holiday) where the probability of winning is very small and depends on chance (draws).
6. *Trade fairs, presentations, and exhibitions* where companies can demonstrate, and sometimes even sell new products as well as confront competitive products.
7. *Rebates*, i.e. reductions to the purchase price. It means that the customer pays a lower price for the purchased goods or receives a cash discount additionally, after presenting a receipt of purchase. For example, when the shopping and entertainment centre Olympia in Brno with hypermarket Hypernova was opened in the autumn of 1999, customers in the nearby TESCO hypermarket received a voucher for each purchase over CZK 500. The voucher could be used to purchase goods to the value of CZK 100.

Trade sales promotion (both retail and wholesale) consists of the training, certification, and licensing of dealers. Next to these activities it mainly focuses on the following kinds of finance-related issues:

- *Purchase discounts* – they are mainly connected with the introduction of new products;
- *Turnover discounts* - especially on items that have been stored for a long time;
- *Discounts on regular purchases*;
- *Free samples* – they are used when introducing new products or entering new markets. To establish his market position the producer provides (or, due to the deformed market environment in the Czech Republic, retail chains force him to provide) the first batch of goods for free or for a symbolic price;

- *Merchandising*, which is a reward for an outstanding product presentation and sales care; its forms are, for example, location of goods in an attractive position in the store;
- *Cooperative advertising* means the provision of funds for local-media promotion to a local retailer/distributor;
- *Business lists* are printed materials that inform customers about possibilities to buy certain products. For example, promotional materials on current and future offerings include also the addresses and contact information of all corresponding local dealers.

Finally, sales promotion concerning the business (sales) staff aims at motivating them towards improving their job performance. In addition to training and informative meetings, this kind of sales promotion is mainly about various competitions in sales volumes and attracting new customers. Trainings and educational meetings – if they take place in attractive locations such as coastal or mountain resorts – may be especially appealing and motivating. These kinds of events express appreciation for employees' achievements and also the company's interest in further cooperation.

In the tourism industry, this very effective and promising form of remuneration of employees is called incentive tourism. Incentive tourism is based on the principles of human relations which were formulated on the basis of the results of research conducted by Elton Mayo in the 30s of the last century on workers of the Western Electric Manufacturing Company in Chicago. Mayo found out that the attention and care that the management of the company dedicated to employees positively reflected in the employees' job commitment and performance. Employees strongly perceived and appreciated if they were paid attention to and praised for their performance. In some cases, these factors can motivate employees even more than financial remuneration.

Personal selling

Personal selling is a very effective communication instrument, especially in situations when we aim to change the preferences, stereotypes, and habits of consumers. Thanks to its immediate personal effects, personal selling is capable of much more effectively influencing customers and convincing them of the merits of the offered products than conventional advertising and other communication tools. However, as we have already mentioned, from the marketing point of view the goal is not only to sell a product, but also to properly inform the customer about its correct, effective, and appropriate use. Therefore, a natural part of selling should be the provision of advice and instructions on how to properly use the product.

The advantages of personal contact include more effective communication between business partners. The seller can get better and more direct feedback

(opinions, needs, problems) from customers and react to it flexibly and efficiently. It is also possible to obtain information on how the product could be improved so that it would better meet customer expectations and requirements. This information can be important and useful for further company operations.

However, the radius of personal selling is much more limited when compared to advertising, and more expensive (measured by relative indicators such as CPT). Moreover, it is more difficult to control the quality of sellers' work. The errors and mistakes of one seller can cause substantial and long-term damage to the reputation (goodwill) and image of the company.

The personal approach is typical for certain types of durable goods (e.g. Swedish vacuum cleaner producer Electrolux and cookware manufacturer Zepter are famous for using personal selling for their products) and financial services (insurance companies). Personal selling is widespread in the business-to-business sphere, i.e. between manufacturers and distributors of industrial goods. Each product here is a unique complex, often created according to some special customer requirements.

A specific form of personal selling is *multilevel marketing* (sometimes also called structural trade). This instrument is very widespread and often discussed these days. Multilevel marketing means direct selling through a network of independent distributors who, in addition to selling, continually add and train new network members – sellers. Distributors have attractive incomes – partly due to organisational cost savings and mainly because of the differences between retail and wholesale prices. One of the most famous companies using multilevel marketing in the Czech Republic is Amway Corporation (abbreviation for American Way). It was founded in the U.S. in 1959 by R. De Vos and J. Van Andel. Similarly to other formats of marketing communication, the nature and classification of multilevel marketing is somewhat ambiguous. This is because, in addition to personal selling, multilevel marketing is sometimes considered one aspect of direct marketing.

Besides the aforementioned flexibility and efficiency of communication, personal selling is also characterised by a comprehensive presentation of the product, including demonstrating its functionality and providing information on its practical use. Personal selling underlines the importance and uniqueness of the product itself, as well as the importance of the customer. Thus, personal selling represents another example of marketing communication complexity. It interconnects not only the elements of the communication mix but the entire marketing mix – it utilises sales promotion, advertising, publicity, or direct marketing (such as telemarketing); it is also a form of distribution which corresponds to the unique character (brand, quality) and the exceptional price of the product. It is not important whether the uniqueness of the product is real or only declared, the distribution is specific (i.e. exclusive) because it takes place completely outside the common trading networks.

However, personal selling should be carried out considerably and

sensitively. The potential customer should not feel trapped, at the mercy of the seller. The seller shouldn't pressure the customer; instead, as we have mentioned several times when describing other forms of promotion, he should act as a knowledgeable expert who provides attractive information, explains, and demonstrates an exceptional product, as someone who is interested in the opinions of his customers and who cares for their reactions. It is this extraordinary method of product presentation and approach to sales that further underlines the uniqueness of the product. The customer isn't accustomed to seeing the product or advertisements for it.

Public Relations

Public Relations (sometimes abbreviated as PR) are planned and systematic activities aimed at building and strengthening the trust, understanding, and good relations of an organisation with key segments of the public. These key, target segments (in the literature also called "the publics" or "stakeholders") are groups or individuals connected to (or influenced by) an organisation's activities. The relationship between the organisation and the key groups is either based on the organisational and economic level (stakeholders have a direct influence over the organisation's business – this includes owners, shareholders, investors, or employees), or on the political level (resulting from legislation and government regulation – this includes legislators, government, representatives of state and local administration, local councillors, and citizens' initiatives).

The fundamental categories of stakeholders / target groups are:

- employees of the organisation;
- owners, shareholders;
- financial entities, particularly investors;
- the media;
- local citizens and communities;
- local representatives and authorities.

The importance of public relations for organisations can be illustrated in the example of *local residents (citizens)*. Many industrial and commercial companies concentrate only on their customers. They are correct in that if their customers will not buy anything from them, sooner or later they will have to close their business. Unfortunately, they forget that the local residents have a similar, although much less apparent, power. Each organisation worsens the living conditions of the local residents. The beginning of an organisation's activities may be connected with construction works that bring the noise of machinery, dirt and mud, pollution caused by building materials, etc. Afterwards, the company's operations lead to a further deterioration of the environment (firstly waste, then air pollution and increased traffic). It is therefore not surprising that the local residents, particularly

if their discontent and indignation is used by ambitious politicians or strengthened by skilled activists of non-governmental organisations, may seek the closure or relocation of the unwanted company. We do not have to go far for examples – they are widely known from the media. One of these examples is chemical plants (e. g. Spolana in Neratovice), or nuclear power plants (Dukovany and Temelín).

A major advantage of public relations is their *credibility*, due to which they are able to easily influence, especially, *prospective customers* who deliberately avoid the influence of advertising. Therefore, public relations are much more efficient than conventional advertising. Finally, PR (the common abbreviation for public relations) can represent not only a very effective but also *economically acceptable* means of promoting companies and products, especially in the case of small and new organisations.

PR instruments do not aim at offering and selling products, they consist in providing information or supporting (also arranging or co-arranging) activities that are expected to attract interest from and gain the appreciation of the public. *The objective of PR is to improve the image and strengthen the position of the organisation in the public eye. They have only an indirect influence over the public's perception of the organisation's products.*

Public Relations, similarly to advertising, use the great potential of the mass media. Unlike advertising, however, public relations usually rely on publicity in the form of unpaid information published in the media. Representatives of organisations try to establish good relations with the public by giving *immediate and truthful media explanations of unpleasant, goodwill-harmful events and disasters* in their organisations. Public relations are usually the most used communicative instrument in crisis situations (accidents, calamities, or scandals). They are used to save the organisation's reputation in the public eye, explain what happened, and save the maximum of the organisation's goodwill.

Basically, the publicity includes any spontaneous, unprovoked attention from journalists and the media towards our company. Of course, this includes also the unwanted attention in situations when there was a failure, trouble, or complication caused either by our organisation or some other subject. The media particularly likes to inform about this kind of event or situation. The publicity within public relations, however, means our own, active approach. We do not wait for the journalists to contact us, and we provide information in advance to avoid rumours and misinterpretations that could affect our organisation's reputation. The overall objective of public relations is to build and maintain the organisation's positive image, goodwill (reputation), or credit. It may also mean presenting a comprehensive corporate identity (a corporate identity strengthens the organisation's integrity from the inside – it means creating a unified internal concept, a coherent system of values, and a corresponding visual style). The implementation of the corporate identity into everyday business activities adds to the organisation's credibility with the various groups of the public. Whether we speak about corporate identity, image, or goodwill, all these spheres are largely

based on communication with the public / stakeholders. At the same time, positive information or feedback within public relations can be used as a promotional message – often with minimum financial cost and especially far higher efficiency than could be achieved by, for example, an extensive advertising campaign. In addition to this, if the organisation has a good image, its other communication activities, including advertising, are better accepted by the public. Vice versa, if the organisation's image is bad, even an extensive advertising campaign for a new product will be rarely successful.

Usually, public relations instruments include a wide range of mutually complementary and supplementary activities:

- The primary activity is active *publicity* in the form of press releases, press meetings (conferences), interviews, and annual reports;
- Events (organising events) such as presentations of new products, anniversaries, awards, or celebrations of the end or the beginning of the year;
- *Lobbying* includes representation of the organisation and presentation of the organisation's views and attitudes in negotiations with legislators and politicians, obtaining or transferring information;
- *Sponsorship* of cultural, political, sporting, or social activities; sponsorship is related to the participation, care, and involvement of the organisation at local events and activities;
- *Promotion of the organisation* – this means connecting advertising and public relations. This kind of promotion is not focused on a particular product but on the organisation as a whole. It is about maintaining and improving the organisation's goodwill, reputation, and image.

While passive publicity is the result of the fact that journalists pay attention to our organisation at the least convenient moments, e. g. in a crisis, hectic situations in which we become “easy prey” for the media, active publicity, on the other hand, is based on long-term partner relationships with the media (so-called press relations). Active publicity consists of providing truthful information and communication with the media even in crisis situations.

Events are aimed at improving and strengthening relationships between employees (current, former, and prospective ones) within the organisation, as well as the organisation's relationships with its immediate environment (the local residents and their representatives).

Here, it is necessary to mention the less common and, in many ways, new form of PR – *lobbying*. Lobbying could be also described as an institutionalised promotion of collective views and interests in the democratic market environment. It is basically an indirect, unofficial informing of political, legislative, and administrative authorities by producers, distributors, consumers, trade unions, civil societies and associations, etc. Lobbying consists of the transmission of

true, but generally little known, information to those who are supposed to make decisions in the given field. Or, on the contrary, manufacturers, distributors, or consumers may be interested to know in advance about upcoming legislative measures so that they are able to prepare for them or lobby for changes in their wording. Lobbying should certainly not be confused with corruption. However, increased attention must be paid, especially in the Czech environment, to the real objectives that are pursued by lobbying. The interests of individuals or narrow groups should not be prioritised over the interests of society as a whole.

Similarly, there are many ambiguities in the field of *sponsorship*. Moreover, the importance of sponsorship in today's environment, which is characterised by the overuse and limited efficiency of advertising (including its legislative restrictions), has increased to such an extent that some authors set sponsorship apart from the framework of public relations and classify it as a separate component of promotion (marketing communication), which makes sponsorship an equivalent instrument to public relations.

Finally, *promotion of the organisation* as a part of public relations is particularly important in situations when the organisation:

- is undergoing a reorganisation; in this situation, promotion of the organisation should calm down the stakeholders and inform them about the purpose, objectives, and benefits of the ongoing changes;
- has a bad image, wants to correct misunderstandings and regain its credibility;
- is introducing a new product; support through the promotion of the organisation may reduce the promotional cost of the product;
- needs to stimulate its followers/supporters, especially its own employees;
- is forced to change its market position (mainly due to the activities of competitors);
- is advocating its views.

A typical example of promotion of an organisation are advertisements with Christmas or New Year's wishes.

The importance of public relations increases especially in *crisis situations*. These days, crisis situations occur more frequently, which is mainly because the public and consumers are becoming increasingly active, they check the quality of products and they form consumer protection associations. These associations (and the public) inform the media about their findings. Many crisis situations are also brought about by the development of technologies on the one hand and human errors on the other. These types of issues, especially when they occur in transportation services, cause an avalanche of subsequent events, about which, due to the potential of current information technologies, the whole world is swiftly informed.

Therefore, there are more and more organisations that have prearranged plans for such difficult situations. These plans may include, for example, prearranged press releases or lists of the members of crisis teams responsible for informing the public. This kind of *crisis communication* manual is mainly drawn up by large and “risky” companies from food, pharmaceutical, chemical, or transportation (particularly air transportation) industries. However, the plan itself does not guarantee the successful management of a crisis situation. The concerned employees and company representatives must be properly trained and prepared; they must, if a crisis situation occurs, really proceed according to the plan. Practice shows that the problem is the communication, decision-making, and coordination of activities within the company rather than the outward communication. Due to internal inefficiencies there is a lag in the information provided to the public, which, of course, leads to rumours and suspicions that the company is hiding something. Therefore, it is necessary to monitor the very first signs of a possible crisis, not ignore them or try to disguise and conceal them, but, on the contrary, quickly and competently inform the target groups if it is clear that there are problems. The basic principles of crisis communication are speed, openness, consistency, and continuousness.

Like the AIDA, DAGMAR, and AIDC models used in advertising, it is recommended to use J. Marston’s RACE procedure in public relations. Again, the designation is an abbreviation composed of the initial letters of activities carried out within each step. – Research (i.e, obtaining knowledge, examination of the situation), Action (taking steps), Communication (informing), and Evaluation. Evaluation should not be neglected even in crisis communication. The basic steps can be summarised into the following advice:

Sponsorship is a part of public relations. Its importance for communication with customers and, in particular, its importance for overall business communication is considered to be extremely important these days. For example, in the Green Paper on Commercial Communication the European Commission explicitly mentions sponsorship as a separate component of commercial communication. Current business practice, similarly as in the case of lobbying, frequently involves the ambiguous use or even misuse of sponsorship means. A very serious mistake in this respect can be seen, for example, in some state-owned institutions that are repeatedly reporting losses amounting to billions of crowns. These losses are subsequently being compensated from state funds, i.e. by the taxpayers’ money. However, poor economic performance does not prevent these institutions from being generous sponsors. They foolishly believe that this camouflage will improve their image and goodwill in the eyes of the public. Without any doubt this is a totally illusory and counterproductive approach. The image of these institutions will certainly not improve, but rather the opposite.

Direct marketing

Direct (targeted, relational) marketing is based on the most precise market segmentation possible, concentration on a specific segment, and a clearly defined, optimum position. It is the most dynamic and promising form of marketing communication. The advances and availability of computer and communication technologies enabled continuous, two-way communication with customers. These forms of marketing are sometimes also called *direct response marketing*. Since this type of marketing communication very often uses telephones it is sometimes also referred to as telephone marketing (or *telemarketing*). The historical roots of direct marketing date back almost half a century and are connected with the name of Olan Mills. The efficiency of these procedures significantly increased with the use of computers and specialised telephone equipment.

Direct marketing is an interactive communication system that uses one or more communication instruments to achieve an effective (measurable) response at any location. The customer no longer has to go on the market – on the contrary, the offer comes to him, to his permanent or temporary residence, workplace, etc.

Direct marketing instruments include direct mail, telemarketing, shopping via computers, catalogue sales, television, radio, or press marketing with a direct customer response, etc. It is useful to have a comprehensive database of customer information (including their personal data, records of previous purchases, or responses to previous product offerings or promotional activities) when implementing direct marketing. In this case, we are talking about *database marketing*. It is this approach that forms the basis for long-term relationships and two-way communication with customers.

Quality, precise, and up-to-date databases very often represent a problematic point in direct marketing practice. It is not uncommon that the customer receives the same letter (product offering) from the same institution several times - one completely anonymous, only with the name of the potential customer's company, another still anonymous, but addressed to a concrete managerial position, and the third addressed to a specific executive, etc. This certainly does not cast the best light on the sender (which in fact may not be the offering organisation itself, but an intermediating direct marketing agency with a redundant and inaccurate database).

The content of a direct marketing message should follow the same principles which were described, for example, in the chapter devoted to public relations. An important attribute of the text of a direct mail should be, for example, comprehensible formulations, so that it can "talk to the customer", i.e. to communicate like a live salesman. Above all, the direct marketing message should be *trustworthy and credible*.

Direct marketing utilises modern electronic equipment, especially computers, to perform targeted and systematic communication with customers. It is a response to the current oversaturation and fragmentation of markets.

The strengths of direct marketing unquestionably include:

- Focus on a clearly defined and meaningful segment;
- Targeted, two-way communication which is very efficient and allows the company to establish personalised relationships with its customers;
- The possibility of a controllable and measurable response to the company's offerings;
- Communication flexibility;
- Illustrative product presentations;
- Long-term character – the longer we use direct marketing the better and more useful information we obtain.
- We distinguish *targeted* and *untargeted* direct marketing. Of course, the first form enables the creation of much more accurate messages that are sent directly to the concrete recipient. The *untargeted* forms of direct marketing include leaflets and other free printed materials that are delivered by post or handed out at busy locations.

The benefits of telemarketing can be seen in a greater immediacy of the auditive, interactive contact with the prospective customers and the resulting efficiency, speed, economy regarding time and finances, and flexibility of updating the company database. On the other hand, telemarketing lacks the possibility of visual presentations. *Passive* (inbound) telemarketing means telephone responses to advertisements in the media – customers call the so-called green numbers (toll-free numbers - 800) where the callee pays for calls. A human operator or a computer-controlled machine records the customers' requirements and orders. Passive telemarketing works in connection with media advertising, and its practical implementation is primarily a technical issue.

Active (outbound) telemarketing, on the other hand, builds on a direct search and communication with customers. Besides determining the role of a quality and extensive database of telephone numbers, the key role is played by the operator. He/she must engage the interest of the called person from the very beginning of the telephone conversation. The operator introduces himself/herself and his/her company, gives the reasons for the call, asks whether it is a good time to talk or when he/she should call again. The operator must have a pleasant and sympathetic voice, the ability to respond promptly to questions and guide the conversation towards providing the key information to the customer and obtaining the required knowledge. This type of telemarketing can be used in many situations – not only when offering and selling products but also when attracting participants of corporate presentations, obtaining feedback on product offerings, reminding about the due date of a subscription, etc.

Direct marketing uses similar procedures to the previous forms of promotion; however, due to the different context these procedures are given new meanings. The initial step is often consistent with the one we know from advertising or sales promotion. Consider, for example, a common form of advertising in the media – we can see the message as an advertisement, yet, if it offers an extra bonus or price discount, it becomes rather a sales promotion. If it even includes a toll-free number or a coupon for sending feedback we are entering direct marketing. It is because direct marketing, unlike conventional advertising, enables a more accurate, quantified expression of the customer's response (gives a number of responses), and thus a better evaluation of the efficiency of the entire promotion.

It is the more accurate understanding of the specific purposes and possibilities of different forms of promotion that we consider the substantial benefit of the current integrated marketing communication. In practice, marketing communication is always a complex matter which uses and combines many different procedures. For example, if we are preparing a tasting of new samples within the sales promotion, no doubt we will inform the public about this event through advertisements, as well as publicity, and direct marketing (direct mail) or telemarketing messages. All these activities aim at ensuring higher attendance at the event.

Internet

Starting from the ninth edition of his book *Marketing Management*, Philip Kotler pays increased attention to changes in marketing caused by the development of electronic media. He writes about *electronic commerce* in which the new electronic means enable one to *buy* (they provide information, online ordering, and paying by credit card) as well as *sell* (describe and introduce the offered goods) products.

E-commerce enables sellers to flexibly and with regard to the momentary situation (spare capacity) adjust the prices of holidays, airline tickets, or hotel accommodation. Furthermore, the latest news can be immediately communicated to the interested parties. E-commerce brings a maximum extension and a real globalisation of distribution and markets because customers around the world can immediately purchase anything, at any time, and from anywhere. Traders, on the other hand, can easily and operationally obtain information about their competitors.

Electronic marketing communication brings new opportunities for both large and small companies. It reduces the cost of sales and promotion, accelerates and extends communication possibilities, and, above all, leads to establishing lasting relationships and links between sellers and their customers (relationships and links whose purpose it is to meet the needs and wishes of customers).

A new and, as widely expected, very promising means of electronic marketing communication is *the Internet*. It has existed since the 60s of the last century and, similarly to a number of other principal technical innovations from this period, was originally created for the U.S. Army. As we have already mentioned in Chapter 1, the Internet is currently known as a “network of networks” or a “digital highway”. Up to the 90s, it had been primarily used in the military sphere, for research purposes, and at universities. Thanks to its subsequent expansion throughout the world, the Internet today connects millions of computers and enables people to:

- Communicate quickly and inexpensively via electronic mail (e-mail);
- Obtain the latest information from a huge variety of spheres of human activities, including newspapers and magazines from around the world;
- Present institutions and their products, purchase and sell products 24 hours a day;
- Search for new customers, quickly and flexibly communicate with customers.

Electronic mail delivers any message to any recipient in the world almost immediately - within seconds or minutes. Another important instrument of the Internet is the *World Wide Web* (abbreviated as WWW or the Web). It enables textual and graphical presentation of institutions or products. The extension by audio elements and video sequences further shifted the WWW into the sphere of global multimedia communication. Up until recently, to have an e-mail address and own website (domain) and present them on promotional materials (including business cards) used to be considered a manifestation of progressivity and ambitions of the institution. However, it gradually became a necessity and a matter of course.

The Internet (seen as a new multimedia) brings new possibilities for communication with the customer. Therefore, promoters should work in an innovative way, use new procedures and not just transfer existing promotional approaches, practices, and materials from traditional media. The characteristic feature is the significantly increasing speed of communication. A website should be well arranged, attractive (include multimedia elements), and it should immediately tell the customer what can be learned or bought there and how he can, in contrast to conventional advertising, respond.

The Internet brings many new customer communication possibilities, such as the availability of products from around the world at any time. The Internet can also be easily used for customer questionnaire surveys. On the other hand, the customer reach of the Internet is still limited and differentiated – engagement in electronic communication is still higher

among young, educated, and better-off people in the developed countries of Europe and North America.

Although today's enthusiasts and promoters say that the Internet is a unique, and even the only perspective, instrument for communication with customers, it is wise to keep a cool head. It rarely happens that a new medium completely replaces the previous means of communication or that it even completely ousts the existing media from practical use. New media always more or less extends the existing means of communication. A similar situation can be expected also in the case of the Internet – the other media, such as telephone, television, radio, and the press, will continue to function by its side. Besides, the rapid development of electronic technologies will bring something new soon, something which will further enhance customer communication possibilities. It may be interactive television, which is already considered a very promising new medium. It combines the strengths of conventional television and the Internet. Viewers can choose to watch television programmes, write e-mails, shop, and make payment orders. Buyers pay by credit card by entering the required information. Payments are made in a "secured environment" so that there is no danger of abuse of the input data (which may occur in unprotected electronic transactions).

The Internet will probably interconnect with the other existing media and they all will be used through a single TV screen. For the majority of people, common activities like searching for information, messaging, shopping, and managing finances that are carried out on personal computers these days will move to the much more "user friendly" environment of television sets. The Internet is most likely to join such areas of the world economy as the new forms of media and the entertainment industry and to evolve as their part.



Questions:

1. What does the term "integrated marketing communication" mean?
2. How do we classify instruments of marketing communication?
3. Which elements does the broad concept of marketing communication have?
4. What are the "3Ps" of marketing communication?
5. What should be taken into account when addressing a customer?
6. Describe the process of addressing a customer.
7. What are the preconditions for communication with customers?
8. What are the basic instruments of the marketing concept of promotion?
9. What are its fundamental strategies?

2 PROMOTIONAL PLAN. MARKET SEGMENTATION. MARKETING COMMUNICATION TOOLS.

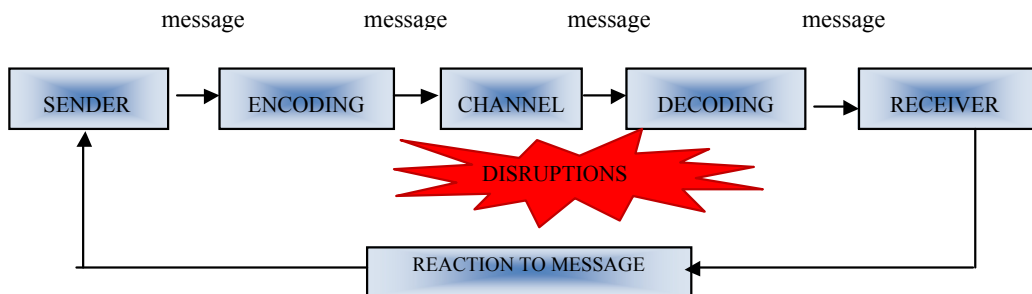
Outline

1. Elements of the communication process
2. Marketing communication tools
3. Process media planning
4. Market segmentation criteria
5. Positioning

2.1. The process and tools of marketing communication

Marketing communication - the flow of information between different market players, mainly between a company and its stakeholders, concerning the company's activities and its market offer. The main groups of stakeholders are: customers, business partners, investors, employees, local communities.

Figure 2.1: Model of the communication process by W. Schramm



Source: Based on Blythe (2006)

Source (sender) - 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 an idea with personal meaning; reverse of encoding.

Receiver (audience, 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.

A sender - in order to convey information, makes its coding, i.e. it is expressed by a set of symbols: words, pictures, colours, gestures, etc.

Coded information, that is a message, is sent to an addressee via a communication **channel**. A channel is a way and means of transmission of information in the technical sense. The channel can be direct - a talk "face to face" or by telephone, videophone, Skype - or indirect - using traditional or electronic mail, fax, newspapers, radio, television, etc.

After receiving a message, an addressee **decodes** it, which means: reads and interprets its content by using all their senses: hearing, sight, touch, taste, reason.

After the audience decodes your message, the people will **respond** according to how well the message was communicated. In the ideal case, they will interpret your message just as you intended and then take the action you'd like them to take, such as buying a particular product. However, if the message was irrelevant or confusing, they might just ignore you. In the worst possible scenario, your message might prompt them to do just the opposite of what you'd like them to - they decide to buy from your competitors.

During the transmission and decoding of a message, there may be **disruptions** in the form of various factors (technical or psychological) that hinder, prevent or distort its meaning and significance. This noise can be any kind of visual or audio clutter, such as a competitor's advertising or a baby crying during a TV commercial. You should try to anticipate noise and find ways to avoid it or overcome it. More sophisticated ways of doing this include the creative use of music, sound effects, colour, or other elements of the particular medium.

Communication is effective if an addressee reads and interprets the contents of message as intended by the sender.

Marketing communication tools (of promotion)

Advertising - 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, pervasive, expressive, impersonal*). **Advertising media** includes television, radio, newspapers, magazines, billboards, direct mail, electronic media, exhibition at the point of sale, brochures and newsletters, leaflets, inserts for packaging.

Common goals:

- informing about new products and their benefits
- encouragement and inducement to purchase
- educating buyers on how to use the product
- strengthening attitudes and purchasing habits

Sales promotion - techniques that are used to stimulate product demand, including special events and activities such as coupons, celebrity appearances, and contests (*communication, incentive, invitation*). Main forms: contests, games, betting, lotteries (sweepstakes), bonuses, gifts, samples, product demonstrations, tastings, product tying

Consumer: coupons, contests, frequent-flyer programs, sales events, rebates

Trade: dealer merchandise, contest advertising, allowances.

Common goals:

- convincing people to try new products
- encouraging current customers to use a given product more frequently
- moving potential buyers from interest to action
- maintaining existing customers
- acquiring new customers
- stimulating off-season sales
- introducing a new product on the market
- inventory reduction

Public relations - unpaid communication, especially publicity, to establish and maintain goodwill and mutual understanding between an organization and its stakeholders (*credibility, surprise, dramatization*). *Public relations* includes any communication to foster a favourable image for goods, services, organizations, people, places, and ideas. It may be personal or impersonal, paid or unpaid, and sponsor controlled or not controlled through media, but not paid for by an identified sponsor.

Main forms: Community relations/CSR, corporate advertising, crisis management, events, internal and external communication, media relations, investor relations, speeches, seminars, annual reports, charities, corporate magazines, public affairs, lobbying, sponsorship.

Common goals:

- building credibility, visibility, and a good reputation
- maintaining proper relations with shareholders of the company and with all the institutions and individuals that may affect the proper functioning of the company
- building proper relations between the company and employees
- promotional organization of corporate events, trade shows, press conferences.
- crisis prevention and elimination of their consequences

Personal selling - In-person communication between a seller and one or more potential buyers: consumers, organizational customers or marketing intermediaries (*personal confrontation, cultivation, response*).

Main forms: presentation of the offer, business meetings, samples, exhibitions and trade shows.

Common goals:

- paying attention to the product
- maintaining interest
- arouse the desire to possess and purchase the product

Direct marketing - The recording, analysis, and tracking of customers` direct responses in order to develop loyalty (*non-public, customized, up-to-date, interactive*).

Main forms: Direct mail, telemarketing, press, inserts, leaflets, SMS, catalogues, letters.

Common goals:

- building close relationships with customers
- understanding the individual needs of customers
- obtaining accurate information about customers

Table 2.1: The advantages and disadvantages of promotional tools 2.2.

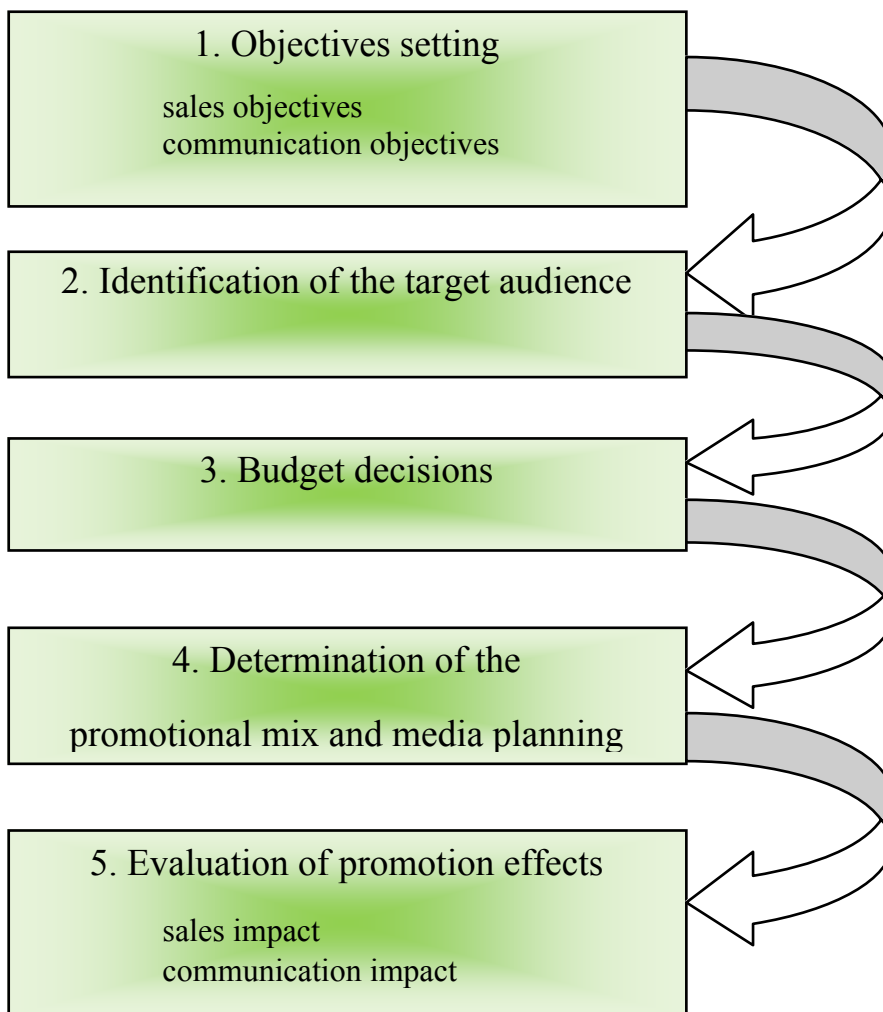
Promotional tools	Advantages	Disadvantages
Advertising	<ul style="list-style-type: none"> - the ability to reach large groups at a relatively low cost - strong interaction with the ability to use multiple measures, ie. image, sound, colour, movement, etc. 	<ul style="list-style-type: none"> - it is an impersonal message - it is difficult to measure the effects of impact
Personal selling	<ul style="list-style-type: none"> - allows immediate, direct feedback - it allows the message to be adjusted 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
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 of control - it is an impersonal message - it is very difficult to measure the effects of impact
Direct marketing	<ul style="list-style-type: none"> - directly reach the target customer - quick response to customer needs - the possibility to build customer databases - the opportunity to build lasting relationships with customers 	<ul style="list-style-type: none"> - the high cost of training and motivating staff - time-consuming

2.2. Promotion plan - the basic steps

PROMOTION PLAN - this is a controlled and integrated program of communication methods and materials.

The **basic purpose of promotion** is to present a business and its products and services to prospective customers, to communicate the need-/want-satisfying attributes of those products/services, to facilitate sales, and to contribute positively to the long-term performance of the business. Marketers use promotion for a number of reasons: providing information, stimulating demand, differentiating products, reminding current customers, counterings competitors, responding to negative news, smoothing demand fluctuations, persuading decision-makers, influencing public behaviour .

Figure 2.2: Steps of a promotional plan



Step 1. The starting point is to formulate promotional purposes. These objectives result from the overall business objectives and marketing strategy. The objectives are divided into:

Table 2.2: Promotional objectives

Sales objectives	Communication objectives
<ul style="list-style-type: none">- An increase in product sales- Increasing the number of customers- Gaining new markets- Maintaining or increasing market share- Smoothing demand fluctuations	<ul style="list-style-type: none">- Increasing the degree of knowledge of the company- Improving the company's image- Building customer loyalty- Obtaining information about customers, their tastes and preferences- Explaining the company's decisions and actions

Step 2. This step involves determining **who your audience is**. You need to answer the following questions: to whom should the message be directed? how many potential customers are there?, where are they located? what is the best way to reach them? (including what channels of communication), what are their needs and preferences? The audience can be classified according to age, sex, income, occupation, etc. Performing this analysis will help you to project costs and determine the right media for your campaign.

Step 3. Budget decisions. Marketers set promotional budgets in several ways:

- **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 to find this out)
- **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.

A common method, for instance, is the share-of-sales approach, in which a company allocates a certain percentage of sales revenue to promotions. Another fixed approach is using industry averages or traditional industry standards - company estimates of what everyone else in the industry spends and then spend the average amount. A related approach is competitive parity, in which the marketer tries to spend as much as his closest competitors.

All of these fixed-percentage methods suffer from a severe limitation: they aren't based on any consideration of what the company should really spend to meet its marketing objectives. This problem is solved by objective and task budgeting, in which managers first determine what they are trying to accomplish with their promotions and then figure out how much money they need to do it.

Step 4. Promotional mix – a combination of two or more elements of advertising, sales promotion, public relations and personal selling to pursue a marketing objective.

Planning a promotional mix starts with understanding the company's market and audience. In order to achieve this marketers need to explore **three dimensions**:

1) characteristics of potential customers:

- the location and concentration of the target audience play a major role in the selection of promotional vehicles: if we are trying to sell specialized diving equipment, a nationwide television campaign is obviously the wrong answer - more appropriate would be advertising in professional journals. We need a way to reach the right customers in the most cost-effective manner;
- the demographic description: we can't always reach teenage buyers with the same medium we would use to reach senior citizens; we wouldn't promote personal computers to programmers in the same way we promote them to office managers;
- customer type: consumers and organizational customers often look for information in different places, and make purchase decisions in different ways.

2) characteristics of the offered product:

for instance, technically complex products and simple products need to be promoted differently; also, shopping products and convenience products need different sales approaches; the promotion mix often has to be changed as a product progresses through its life cycle.

3) advantages and disadvantages of particular promotional instruments

4) the activity and influence of competitors: we need to predict their potential responses to our promotional efforts;

5) the company's promotional objectives

Step 6. Evaluation of the promotion's effects. After everything is said and done, it is time to see how successful the promotional plan was. To do so, we need to follow-up and evaluate the results. Ask yourself, 'Did we meet all the objectives? How successful were the strategies?' The success of this plan will determine future promotional plans.

Media planning in advertising

Media planning in advertising is the making of decisions to deliver a message to the target audience. **A media plan** is a guide for media selection. It requires development of specific media objectives and specific media strategies (plans of action) designed to attain these objectives. So, we need to determine and select: medium, media vehicle, media objectives.

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.

The **media objective** is the goal of the media plan. To establish this objective we must determine our goal for reach, coverage, frequency, circulation, cost, and penetration.

Reach is the amount of people the message is in front of over a period of time (a measurement 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.

Circulation is used for printed advertisements. This is the number of prints that are produced and sent out. **Cost** is broken down into two different sections: Cost Per Thousand (CPM) and Cost Per Person (CPP). It is important to understand the cost as you are budgeting. The cost will tell you which form of media is the best option for your business.

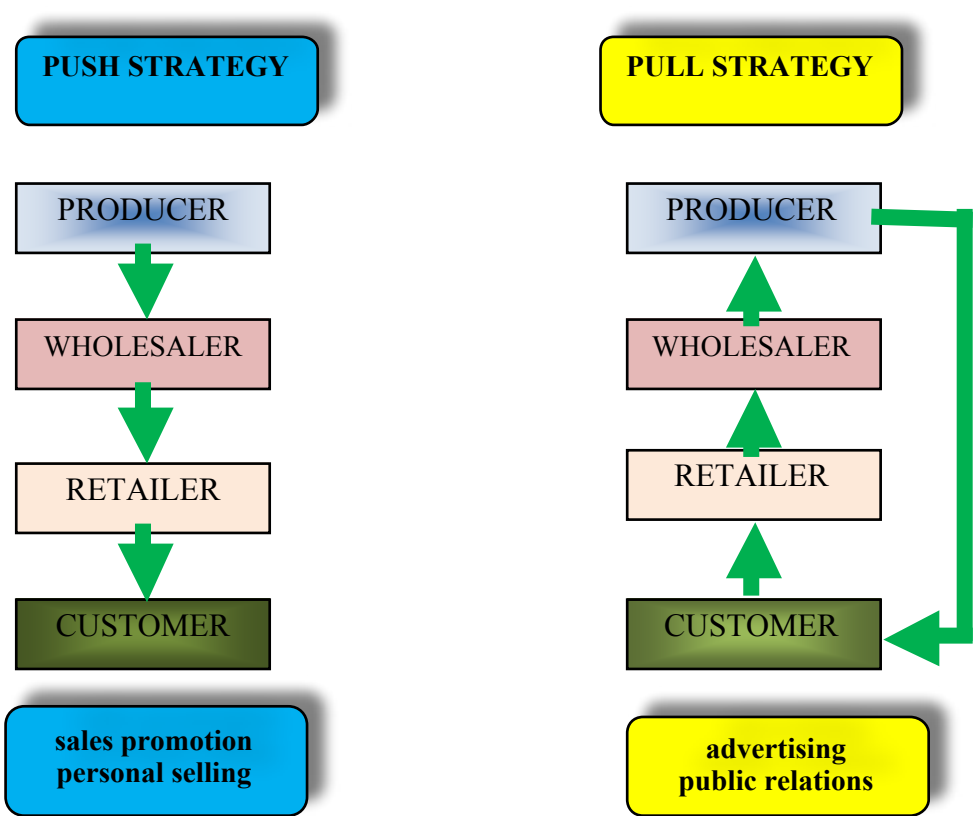
Penetration is the number of audience members reached by the advertising. The company must determine if it wants to take over a market or just reach a certain group prior to setting the penetration goals and strategies.

The next decision is about **what type of media we will use**. Some options include **Internet, television, radio, newspaper, consumer and business publications, and interactive media platforms**. Which option reaches the largest audience? How often will it reach the audience? Does it fit in our budget?

When we have a plan we need to set it in motion. This is when we buy media. **Media buying** is the purchasing of **space in the selected media**. This involves committing to the media provider, submitting the ad, and paying the bill. This is the exciting part. You see all your hard work come together.

PUSH AND PULL STRATEGIES

Figure 2.3: Push and pull strategies



There are two opposing methods for stimulating demand in a market: push and pull strategies. With the push strategy, a producer tries to stimulate demand down through the channel, starting with its own sales force (if it has one) and continuing with wholesalers and retailers. This has the effect of “pushing” the product through the distribution channel.

The opposite is a pull strategy, in which a producer talks directly to the final customer (primarily builds demand with the final user) and relies on the customer to “pull” the product through the marketing channel.

Most companies use a combined push and pull strategy; a common technique is to use advertising to stimulate demand at the customer level (pulling) while using personal selling in the distribution channel (pushing). This is a particularly powerful combination because advertising can open doors for salespeople by “preparing” customers. Note that the distribution channel is not a passive element in push-pull decisions: wholesalers and retailers have a very large say in what sort of strategy producers can use.

2.3. Market segmentation, targeting and positioning

The marketing activities of contemporary enterprises have to be based on the market segmentation process. Market segmentation is - dividing up the market into distinct groups of customers that:

(1) have common needs,

(2) will respond similarly to marketing actions;

- 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 behavioural tendencies; a homogeneous subset of all consumers in a particular market.

The point is for the company to identify clusters of similar consumers that will allow for more efficient use of resources and improve company performance. The identification of a segment allows the company to identify the profile of its typical desired customer, which in turn would allow the company to develop a product configuration, pricing scheme, promotional campaign, and distribution coverage plan to best meet the needs of the identified typical consumer.

Requirements for segments to be appropriate

Ph. Kotler presents the most recognizable series of requirements for segments to be appropriate. He suggests that they must be:

- (1) **measurable** - this means we can describe e.g. the size of a segment, its income and purchasing power, and characteristics of the segment;
- (2) **accessible** - reachable by the company and able to effectively serve the segment;
- (3) **substantial** - large enough and capable of generating sufficient profits;
- (4) **differentiable** - truly distinct from other segments in terms of composition and response to marketing stimuli;
- (5) **actionable** - marketing programmes can be developed to effectively identify, attract, and serve the segment.

Benefits of market segmentation

Market segmentation is a valuable technique for four reasons:

- efficient use of marketing resources - companies can use their marketing resources more efficiently,
- better understanding of customer needs - they can isolate markets and better understand their specific needs,
- better understanding of the competitive situation - they can gain a better understanding of their competitive situation,
- accurate measurement of goals and performance - they can set sales goals and measure their performance more accurately.

Criteria for identifying segments

According to Ph. Kotler, geographic, demographic, psychographic and behavioural features are the basic differentiation variables for market segmentation.

Geographic segmentation looks at markets as different geographic units, e.g. countries, nations, regions, town size, neighbourhoods, climate. **Demographic** segmentation includes the following features: age, sex, family size, the stage in the family cycle, income, education, profession, race, religion, nation, and so on.

Psychographic segmentation takes into consideration the following variables: social class, lifestyle, personality. The last, behavioural segmentation, concerns such customer behaviours as: shopping opportunities, the offer's characteristics, the degree of brand loyalty, the intensity of use of the product, the preferred benefits, dealing with advertising, acceptance of new products, and others.

Table 2.3: Criteria for identifying segments

Geographic	Demographic	Psychographic	Behavioural
<ul style="list-style-type: none"> - country - region - city/state - community - neighbourhood/ local - climate 	<ul style="list-style-type: none"> - age - sex - education - income - occupation - religion - ethnicity - family size - stage of family life cycle - social status/ class 	<ul style="list-style-type: none"> - personality - lifestyle: - activities - interests - opinions and attitudes - views - values 	<ul style="list-style-type: none"> - usage rate - loyalty level - event creation - key benefits - acceptance of new products

SEGMENTATION BASED ON LIFESTYLE

The most important aspects of consumers in modern, highly developed markets are psychographic, particularly their style of life. The determination of lifestyles is based on the following psychographic variables:

- **activities** (free time, holidays, weekends),
- **interests** (sports, music, art, travel, books, and so on),
- **values** (family, freedom, traditions, nature, job, friendship, success, and others),
- **opinions and attitudes** (political, social, economical, moral).

Table 2.4: Life-style dimensions

Activities	Interests	Values	Opinions
<ul style="list-style-type: none"> - work - hobbies - social events - vacation - entertainment - club membership - community - shopping - sports 	<ul style="list-style-type: none"> - family - home - job - community - recreation - fashion - food - media - achievements 	<ul style="list-style-type: none"> - family - freedom - traditions - nature - job - friendship - success - career 	<ul style="list-style-type: none"> - themselves - social issues - politics - business - economics - education - products - future - culture

Once the company has identified a series of potential market segments for consideration, the next step is **targeting**.

Targeting - the use of marketing mix elements to reach the consumers identified in the market segmentation process.

Positioning - activities related to the shaping of the offer and the company's image in order to take a clear, specific place in the mind of consumers; for example: Volvo is seen as the safest car, Mercedes as the most reliable.

If the consumer has a particular product or service name that automatically comes to mind when a need arises in that particular product or service category, that is the product or service that the consumer is most likely to buy (for example: I need a car - I think: Honda or Skoda). As Al Ries and Jack Trout explain, there is a **ladder** inside every consumer's head for each and every product and service class. All of the brands that compete there are known to the consumer are therefore placed on different rungs of that ladder. The strategic goal is to get to the top rung where the consumer has chosen a particular brand as the best or their favourite.

Positioning refers to the placing of the product or service in a particular perceptual position within the mind of the consumer. A **positioning tool** is called a perceptual map that shows the perception by customers of products that dominate in the given segment. The map also allows us to designate the characteristics of the ideal product.

Figure 2.4: Steps in market segmentation, targeting, and positioning

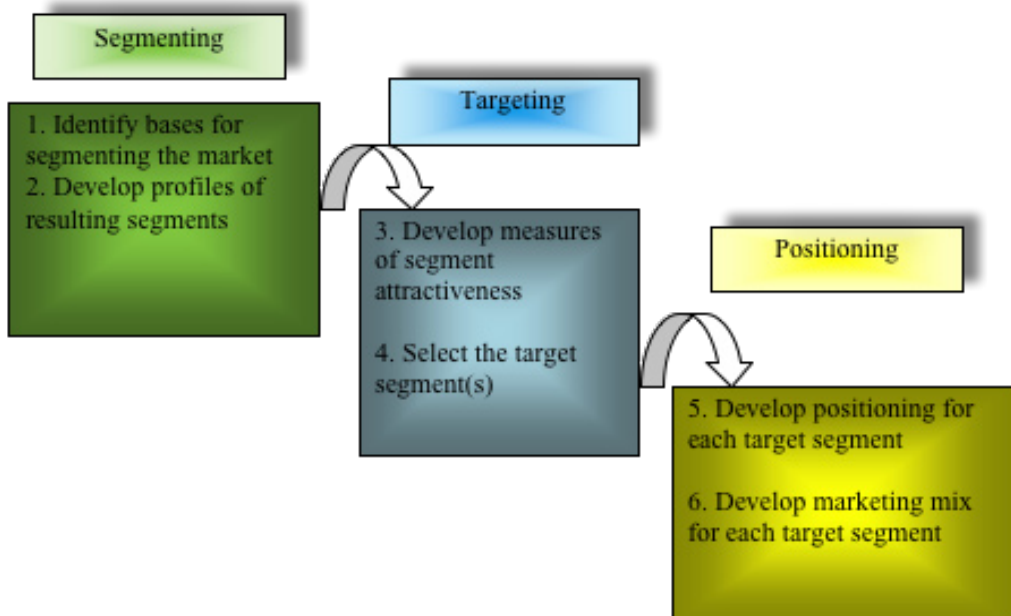
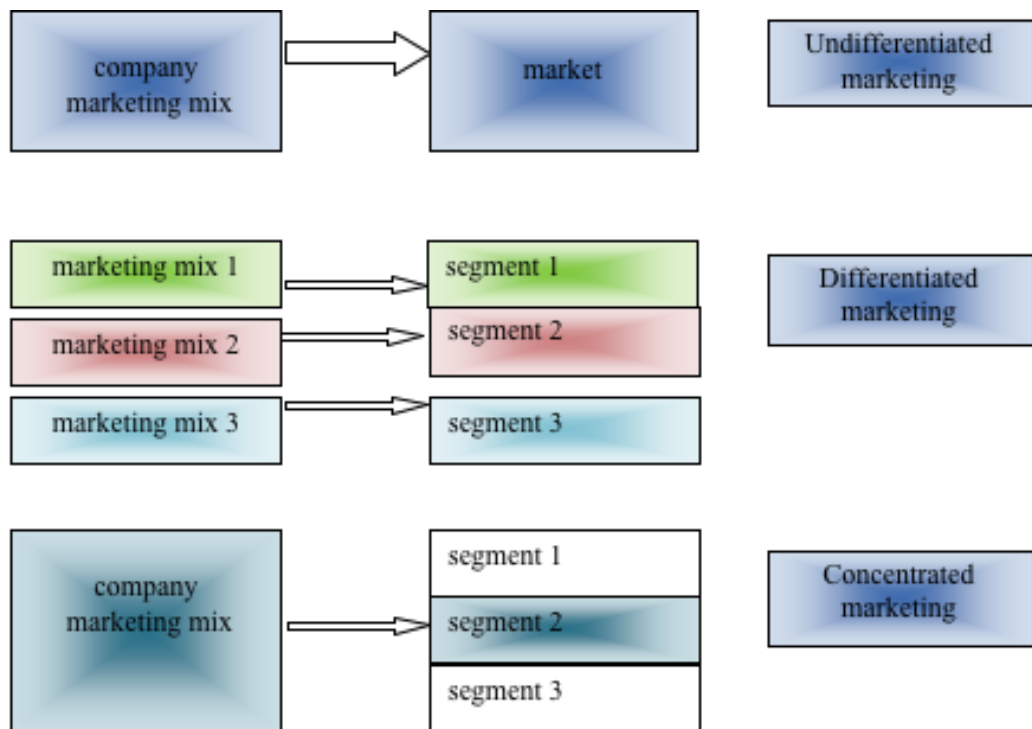


Figure 2.5: Free alternative market-coverage strategies based on the segmentation process



2.4. Strategies based on the segmentation process

Undifferentiated marketing - the company prepares one marketing mix (which means one product, promotion, price and distribution) for the market as a whole; when the market is not diverse, e. g. for goods such as flour, sugar.

Differentiated marketing - the company prepares several marketing mixes for all segments (which means other products, promotions, prices and distributions for each segment) when the market is diverse, e. g. for goods such as cosmetics, shoes, home electronics.

Concentrated marketing - the company prepares one marketing mix for the selected segment when the market is diverse but the company is not able to handle more segments, e.g. health shoes, specialized equipment.

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



Case study



Żywiec Group SA - a listed company engaged in the production of beer. It was formed in December 1998 through a combination of breweries in Żywiec SA (the main shareholder of Heineken International BV) the Company Brewpole BV (breweries in Elbląg, Leżajsk, Warka, Gdansk, Radom). It was then that the Group Żywiec SA became known as the Żywiec Group. Currently, the Żywiec Group has five active breweries in Cieszyn, Elbląg, Leżajsk, Warka and Żywiec.

The flagship brand of the company is Żywiec - one of the largest premium beers and exports in Poland. It has been sold abroad for over a hundred years and in over 40 countries. Other leading brands are Heineken, Warka, Tatra, Strong and Desperados. The company also has a portfolio of regional brands: Royal (central Poland), Leżajsk (south-eastern Poland), Special (northern Poland) and Bratsk (southern Poland). Żywiec Group conducts further distribution of speciality beers: Foreign Affairs (Paulaner, Affligem) and Polish (Kaper, Żywiec Porter, White Żywiec, Żywiec Bock, Żywiec The March, Radler in three variants).

Żywiec Group offers a portfolio of 31 beer products under 15 brands, through which it is able to respond to all consumer trends on the Polish market.

In March 2014, Grupa Żywiec expanded its flagship brand Żywiec with 3 new variants - Bock, White and The March - in the speciality segment, gaining more and more interest from consumers looking for new flavours. After another variant, Żywiec APA, was introduced to the portfolio in November 2013, the company paved the way for the craft beer segment. This recipe was inspired by American Pale Ale. Given the fact that the speciality beer market (which includes beer styles such as porter, stout, wheat beers, bock, March, etc.) increased by approximately 40% in 2014, it was an important move in the company's strategy.

In August 2014, the Group launched Żywiec Tatra unpasteurized. They quickly attracted the attention of consumers and positively influenced the sale of Tatra.¹

² Adapted from <http://centrumprasowe.pap.pl/cp/en/news/info/23412,1,grupa-Żywiec-s-a-publikuje-raport-finansowy-za-2014-rok-> (23.01.2016)



Questions for Discussion

1. Geographic, demographic, psychographic and behavioural features are the basic differentiation variables for market segmentation. What criteria are appropriate for the consumer market segmentation of beer, and why?
2. On the basis of segmentation, there are three basic strategies: undifferentiated marketing, differentiated and concentrated. Which strategy does Żywiec Group use? Explain your answer.



Task

Żywiec Group's management intends to carry out a promotional campaign in the segment of non-alcoholic beer youth.

The task is to:

- formulate an assumptions campaign, including the use of push and pull strategies
- develop a media plan for the benchmarks.



Questions

1. Describe the five basic tools of marketing communication.
2. What are the five steps of a promotional plan?
3. Explain the differences between push and pull strategies.
4. What are the fundamental criteria of market segmentation?
5. Describe the three strategies based on market segmentation.
6. Clarify the term product positioning.
7. Give some examples of lifestyle dimensions.

3 COMMERCIAL COMMUNICATIONS COMMUNICATION/ADVERTISING PROJECT

Introduction - Commercial Communications

According to the American Marketing Association (AMA) we can differentiate two terms – **commercial communications** and **marketing communications**.

Marketing communications are all relevant communications in/ with a market, and these include mainly commercial communications (the definition will follow) as well as communication via packaging, price, word of mouth (WoM), exhibitions and trade fairs and various events (AMA).

Commercial communications, on the other hand, are perceived more narrowly, thus these only include the following forms of communication (AMA, Bárta, Pátík, Postler 2009):

- **Advertising**
- **Public Relations (PR)**
- **Sales promotion**
- **Direct marketing**
- **Sponsorship**
- **On-line communications**

3.1 Advertising

Advertising can be defined as “a paid form of communication with a commercial aim/ target” (AMA). Therefore, it is obvious that the main goal of advertising is to communicate a product or service with the aim of selling it.

Every advertising campaign/ project should be planned, prepared and also could be analysed according to the following points:

1. **Aims of the communication/ advertising**
2. **Target group(s)**
3. **Message**
4. **Media and promotional tools**
5. **Timing and Budget**

At this point we need to admit that this scheme has been created as a kind of simplification - as the integration of the client brief and a creative brief.

In order to clarify these two terms we need to take a deeper look into a typical advertising market and specify all subjects operating in this market.

Scheme 3.1:

Client (producer) → Communication agency → Media agency → Media representative → Media → Consumer

Communication agency. As a client we have several options. The first one should be cooperation with a communication agency. A communication agency as a “full service” agency usually has broad know how, and it is able to provide its clients with all the services related to the advertising campaign/ project. This means the agency can prepare the entire creative solution of the campaign, prepare a media plan/ mix, buy all media and execute the whole campaign together with the evaluation of the results of the campaign’s effectiveness.

These agencies, usually, are not only able to plan and execute an advertising campaign, but also a PR campaign, sales promotion campaign or direct marketing campaign, including new media – internet.

Media agency – the activity of a media agency is more specialized. Media agencies buy space in media, and, because of bulk buying, they are usually able to achieve more reasonable prices than if clients bought media on their own. Thus, media agencies prepare a media mix, organize and buy media space and, after the campaign has been performed, they also are able to analyse the most important media indicators and assess the campaign’s effectiveness.

Media representatives – these companies/ agencies usually join together several media in order to achieve a better trading position towards media agencies – they sell media space. Simply said, media agencies buy media space from media representatives.

That all means that, as a client, we also have the option to deal with media agencies, when we do not need to have the creative concept of the campaign prepared, or we can even buy media directly from the media representatives or media, if we are able to make up the media mix on our own.

When a client sees the communication agency in order to have a campaign prepared, they first need to put together a so-called **client brief**: the client brief should contain the most important information about the product to be advertised, such as its main features, USP, its current market position, its target segment(s), and also the aim of the advertising and the advertising budget available.

As a reaction to the **client brief**, the agency usually prepares a **creative brief**, which includes a draft of the creative proposal of the campaign, as well as the media mix and budget related to that. Of course, the creative brief is, in many cases, the object of many discussions and negotiations between the client and the agency.

Now, we will go through the most important points of the advertising campaign project.

3.1.1 The aims of the communication campaign

The goals/ aims of any advertising campaign can be divided into three categories (Bárta, Pátík, Postler 2009).

First we can mention the **sales/ commercial goals** – these goals are related to the sales incremental, which should be attributed to the campaign. However, it is very difficult to measure the direct relation between the advertising campaign and the sales increase, as there are always many variables involved, and it is almost impossible to isolate the effect of the advertising campaign.

Therefore, often we use more specific criteria, such as the **marketing goals** – which are able to measure various marketing variables, such as the market share increase, brand awareness building, brand image creation/ change, etc.

Finally, if we go deeply into the communication theory, we can measure **the communication goals** – these are able to measure, for example, the percentage of the target group which has been hit by the communication message, or how intensely the target group has been addressed. In most cases, we can observe the following communication goals:

- *To inform about the product/ service*
- *To persuade the target audience to try the product/ service*
- *To remind about the existence of the product/ service*
- *To compare the product/ service with its direct competitors*

3.1.2 Target group

Every advertising campaign must be focused = targeted to a specific target group of consumers. The specification of the target group can be performed by means of statistical research and analysis (such as factor analysis), or it can be done using our own intuition and experience derived from our knowledge about our customers (customers of our product/ service). In cases where we cooperate with an advertising/ communication agency, we can use their know how of a particular market and thus develop the specification of our target group.

In practice, there are many segmentation schemes and typologies, applicable on various markets. Some of them are more general, some of them more specific. In this text we can use one of them, which is broadly used on the most developed as well emerging markets, therefore it can also be applied on the markets of the Czech Republic, Slovakia, Hungary or Poland. The exact specification can be found in Scheme 2, which follows.

Scheme 3.2: Socio-economic segmentation – example

Grade	Social class	Chief Income Earner's Occupation
A	upper middle class	Higher managerial, administrative or professional.
B	middle class	Intermediate managerial, administrative or professional
C1	lower middle class	Supervisory or clerical and junior managerial, administrative or professional
C2	skilled working class	Skilled manual workers
D	working class	Semi and unskilled manual workers
E	Those at the lowest levels of subsistence	Casual or lowest grade workers, pensioners and others who depend on the welfare state for their income

Source: MediaCOM (2015)

The framework, shown in Scheme 2, is based mainly on the socio-economic segmentation criteria. However, in practice we can use a plethora of different criteria, which can be grouped, for example, into the following sections (Machková 2015):

Descriptive criteria

- **Geographic criteria** (such as place of residence)
- **Demographic criteria** (such as age, gender, household size)
- **Socio-economic criteria** (such as education, occupation, social class)
- **Psychographic criteria** (such as personality type, lifestyle)

Behavioural criteria – such as the buying and consumer behaviour, attitudes and values of customers.

3.2 Messages in the advertising campaign

Every advertising campaign should have a unique central message, or even various messages, which are all in line with the brand strategy and the expectations of the target group. Mostly, this central message should be derived from the main features of the brand/ product, so there are many options. Nevertheless, we can identify several messages which have been used the most frequently:

1. **“I do exist”** – shows simply the existence of a product/ service without any specific emotions.
2. **“I can do that”** – this message reveals a specific feature of product; for example, that the product is able to solve a problem – thus this message is broadly used in the category of detergents, for example.

3. ***“This feature is important for you”*** – this message is derived from the “benefit theory”, which is trying to emphasize a specific feature of a product in order to differentiate it from its competitors, regardless of whether or not the competition can do the same things. The main point is to mention that the product can do it. A good example of this message is the fact that yoghurt can improve digestion.
4. ***“I am sympathetic”*** means that we point out a specific quality of a product which makes it attractive emotionally for its customers – such as its design/ shape, taste, aroma, service, special feelings from its use, etc.
5. ***“This is my advantage”***, which is based on the competitive advantage factor, thus we can say, for example,:
 - *“I am the biggest/ smallest”*
 - *“I am the cheapest”*
 - *“I am the best”*

Using this message we have to be very careful in order to comply with the effective legislation in the given country. The main problem is the trustworthiness of the claim, which can be rejected by the consumer. In some cases it can be even perceived as an overstatement, which is acceptable in some countries, such as the Czech Republic or the UK, but not acceptable in other countries, such as Germany.

6. ***“Other people buy me”*** – here we use the testimony of famous people (opinion leaders, celebrities, experts), who show their usage of the product. This message can be quite effective, but we need to be careful and avoid the so called vampire effect, which means that people only notice the famous person but forget about the brand in the advertising.
7. ***“Many people buy me”*** - in the message we can demonstrate that there are many “normal/ average” consumers who use the product.
8. ***“I can confirm your personality”*** – this message is about self esteem, self expression and prestige – therefore it can be very useful in the case of luxury and/or premium brands.
9. ***“Try me/ taste me”*** – this message is derived from the so called “discovery effect”, which is very attractive for some customers who always want to try something new. It can be used both for new brands (effective in the case of “brand switchers”) as well as for brand extensions (effective for loyal consumers, who would like to use new products under their favourite brands).
10. ***“Buy me”*** – this message is very simple and not very creative, but it works very well in certain product categories, such is in the category of newspapers or magazines.

3.3 Media

Media and media planning are a crucial part of every communication project. Media in today's world has been developing so fast that it is very hard to categorize it. However, we can try to group media using various criteria (Postler 1996):

Firstly, we can divide it into **mass media** and **specific media**. Mass media are able to catch mass population but, on the other hand, it is very difficult for them to target any specific customer groups. A very good example of a mass medium can be television or newspapers. On the contrary, specific media can be used for very precise targeting, and any type of local media (such as a local newspaper) can be a very good example, as well as the internet or a specialized issue of a magazine.

Secondly, media can be divided **into hot media** and **cold media**. Hot media is able to affect our emotions; therefore TV can be a good example, as well as the internet or radio. Cold media has a very low influence on our emotions, so any kind of newspaper can be a good example.

Finally, we can group media into classical media and electronic media. Electronic, or even new media, embraces mainly the internet, as well as TV or radio, whereas classical media is represented by newspapers, billboards or magazines.

In the following text, we will specify the pros and cons of various media types, with the relevance of their usability for an advertising campaign. In order to get a clear picture about such a comparison, we need to set up criteria, which will be as follows (Postler 1999):

- ***Impact on emotions***
- ***Trustworthiness***
- ***Impact/ reach***
- ***Durability***
- ***Flexibility***
- ***The ability to target a specific target group***
- ***Measurability***
- ***Cost***

Table 3.1: Television as the advertising medium

Pros	Cons
Trustworthy	High total costs
Big impact/ reach	High production costs
Hot medium	Passive medium
Builds brand awareness	Overloaded by advertising
Low CPT	Difficult to target demographically
Prestigious	Difficult to target regionally
Attractive content	Long delivery times

Source: Bárta, Pátík, Postler 2009

Table 3.2: Radio as the advertising medium

	Cons
High reach	No picture
Good demographic targeting	Not very trustworthy
Good regional targeting	The message must be simple
Low CPT	Subconscious perception
Daily listening	Regional radios have limited reach
Emotional	Overloaded by advertising
Short delivery time	Difficult targeting in the case of “state” radio
Low production costs	Too many target groups

Source: Bárta, Pátík, Postler 2009

Table 3.3: Newspapers as the advertising medium

Pros	Cons
Trustworthy	Low paper quality
Fast reach building	Limited colours
Short production time	Limited creativity
Good daily targeting	Short durability
Good regional targeting	Difficult demographic targeting
Mobile	Passive perception

Source: Bárta, Pátík, Postler 2009

Table 3.4: Magazines as the advertising medium

Pros	Cons
Nice reproduction of the advertising	Fragmented market
Good demographic targeting	Slow reach building
Loyal readers	Long production time
Good content connection with articles	High CPT
Durability	Overloaded by advertising
Rich content	Difficult region- targeting
Mobile	Passive perception
Emotional	

Source: Bárta, Pátík, Postler 2009

Table 3.5: Outdoor/billboard as the advertising medium

Pros	Cons
Many various forms	Limited information content
High coverage	Long delivery times
High reach	High production costs
Good regional targeting	Difficult demo- targeting
Local targeting	Legal limitations
Long durability – 1 month	Difficult measurability
Ideal for brand awareness and image building	Low flexibility

Source: Bárta, Pátík, Postler 2009

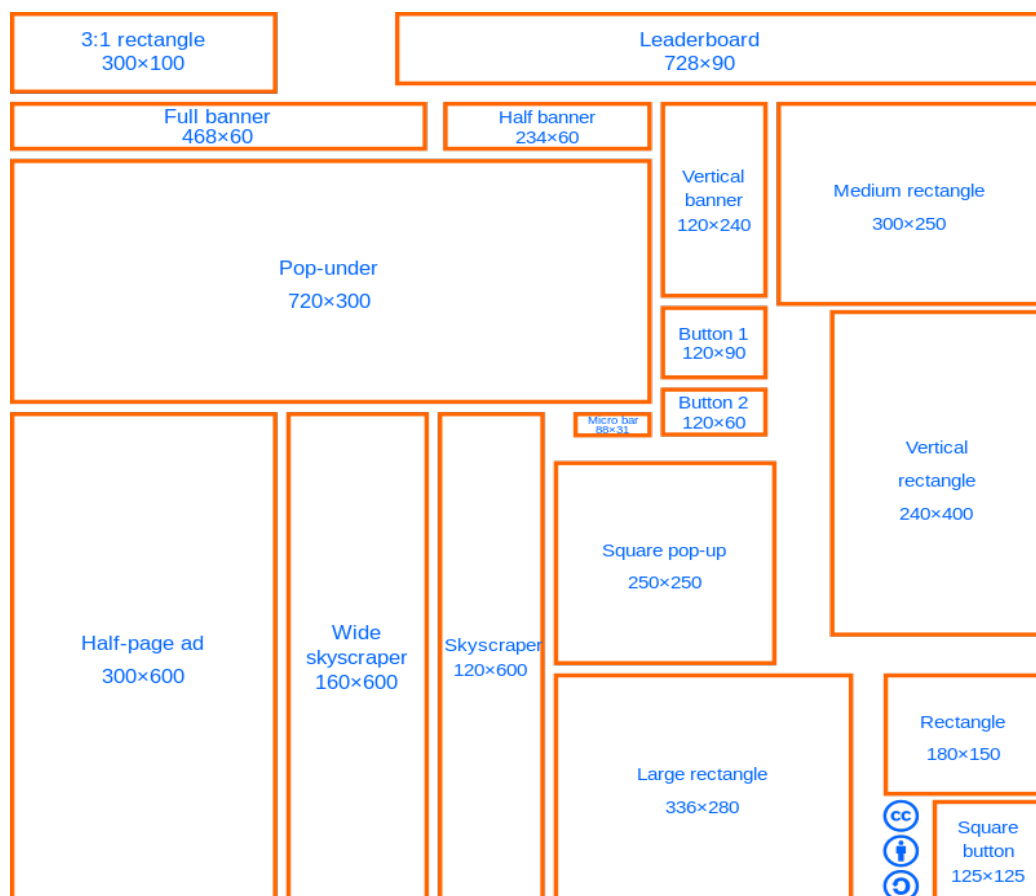
Table 3.6: Internet as the advertising medium

Pros	Cons
Very interactive	Advertising overload
Emotional	Customers are very low sensitive to internet ads
Many various forms – banners, videos, web sites, social networks, etc.	Low customer involvement
Very good targeting and customizing	Too many forms
Very good measurability	Not very trustworthy
Effective in terms of CPT	Slow reach building

Own research and experience

There are many forms of advertising on the internet. Besides the increasingly more important **videos** and **communications on social networks**, together with search engine marketing (**SEM**) and search engine optimization (**SEO**), we must not forget the classical banners (see the most important types of **banners** in the pictures which follow).

Figure 3.1: The most important types of internet banners



Source: MediaCOM 2015

Media indicators

In order to measure the effectiveness of our commercial communication/ media communication/ advertising we can use various indicators, called media indicators. In the following text we will provide an explanation of the most important of them, which are also used very frequently by communication and media agencies.

Rating – measures how big a percentage of our target group has been affected by our advertising during a certain period (for example, during one day/ evening/ or only by one ad).

Frequency - measures how many times the target customers have been hit by the advertising message.

GRPs (Gross Rating Points) – calculated as a cumulated sum of all ratings during the entire advertising campaign.

Net Reach (1+) – measures how big a percentage of the target group has been affected by the message) during the whole campaign at least once.

Affinity – measures the relevance of a medium/ programme for a specific target group. It is calculated as the ratio of a percentage of the target group which follows a medium and the percentage of the total population, which follows the medium.

CPT (costs per thousand) – measures the costs per one thousand members of our target group.

CPP (costs per point) – measures the costs of (addressing) one percentage of our target group.

3.4 Timing and budget

There are no fixed rules in terms of the timing and budget of an advertising campaign. However, we can at least outline several options and best practices.

In terms of **timing** we always need to decide on the **length** and **frequency** of the campaign. The length is usually very variable depending on the type of the market, type of the product and our financial resources.

If we are talking about the frequency, we mean the frequency of publishing the ad/ commercial (for example, how many times per day/ week/ month the TV commercial is broadcast, how many times per week the newspaper ad is published, on how many sites a billboard is exposed).

Thus we can differentiate the **front loaded campaign**, where the highest frequency is built into the beginning of the campaign (which is suitable mainly in the case of new product launching), and the **back loaded campaign**, which, on the contrary, has the highest frequency at the end (this alternative is mainly suitable in the marketing of services – for example, when we open a new store/ shop). Besides these options, we have several others, such as the **continuous campaign**, when the frequency is continuously equal (this is used, for example, by global brands, such as Coca Cola), or a **pulsing campaign**, which changes its frequency up and down according to the market needs/ sales.

Budget depends heavily on the current market situation, media prices, seasonal discounts, and, last but not least, on our financial resources.

We always need to take into account two parts of the costs – the costs of the commercial/ ad creation and production, and secondly the costs of media space.

3.5 Public Relations

Public Relations is a planned, long term effort with the aim of creating and supporting mutual understanding and compliance between companies and their stakeholders (Institute of Public Relations, UK).

Public Relations are represented by various programmes targeted at company promotion, as well as company and product image promotion and defence (Kotler 2007).

It is a planned effort with the aim of creating a good reputation for the company, as well as good relationships, understanding and sympathy with secondary target groups, which are called stakeholders (Institute of Public Relations, UK).

As we can see, there are several various definitions of what Public Relations (PR) actually means. If we sum up all of them we can find some common features, which are mainly the following (Bárta, Pátík, Postler 2009):

- PR includes establishing mutual understanding and trust between companies and their stakeholders, as well including
 - management of the relationships between the company and its stakeholders,
 - the effort to create a positive attitude by the stakeholders towards the company, as well as changing negative attitudes into positive ones,
 - management of the company's reputation and image.
- PR also helps with supporting the company's advertising activities.

We need to mention at this point that PR is different from advertising and thus it has several advantages and disadvantages in comparison to advertising. Most of these are summarized in Table 3.7.

Table 3.7: Differences between Advertising and PR

Criterion	Advertising	PR
Aim	<i>Sales support</i>	<i>Understanding</i>
Communication	<i>Monologue</i>	<i>Dialogue</i>
Addressee	<i>Customers</i>	<i>Stakeholders</i>
Object	<i>Products/Services</i>	<i>Company</i>
Supports	<i>Sales</i>	<i>The whole company</i>
Media approach	<i>Media space is paid</i>	<i>Free media space thanks to the attractiveness of the message</i>
Measurability	<i>Effects can be measured</i>	<i>Effects difficult to measure</i>
Trustworthiness	<i>Low</i>	<i>High</i>
Control of the message	<i>Easy</i>	<i>Difficult</i>

Source: Bárta, Pátík, Postler 2009

3.5.1 Types of PR activities

We can identify many types of PR activities and the main criterion is the type of **stakeholders**.

Stakeholders can be defined as being all people who have some kind of relationship with the company; thus, these can be all subjects who are influenced by the company's activities, or, on the contrary, all subjects who can influence the company. If we make a list of all possible stakeholders that come into question, we can mention mainly (Bárta, Pátík, Postler 2009):

- customers
- employees
- trade unions
- suppliers
- investors
- local communities
- state and local authorities
- lobby groups
- media
- opinion leaders.

We can also divide the type of PR according to the tool which is used (Bárta, Pátík, Postler 2009):

- media relations – where we try to control all messages about our company in the media,
- event marketing – this is mainly about planning and organizing various events for our stakeholders,
- exhibitions, trade fairs and conferences,
- publishing – annual reports, company magazines, etc.,
- crisis communication – which means communication which is trying to reverse the adverse impacts of any kind of crisis,
- sponsorship, charity, philanthropy.

3.5.2 Corporate Social Responsibility

PR is closely related to **Corporate Social Responsibility (CSR)**, which is very trendy in today's world. The idea of this concept is based on the fact that most companies' activities have an adverse impact on the environment and society, of course, depending on the main activity of each company. For example, an oil mining and refining company has a worse impact on the environment than a company producing computer software. However, each company can have some negative impacts. And therefore companies, as they are under pressure from their stakeholders, are trying to minimize their negative impacts on the

stakeholders and maximize their positive impacts. And, of course, all the positive activities must be reported and published, which is usually the task of the PR department. The socially responsible activities can be divided into three areas:

- **the environmental area** – here we can mention, for example, the minimization of the carbon footprint, energy consumption, environmental and live species protection, etc.
- **the social area** is related to the protection of the social standards of employees, and support for socially weaker citizens (charity),
- **the economic area** embraces mainly the relationships of the company to its suppliers, fair trade, matters of bribery and corruption, etc.

3.6 Strategic approach to PR

If we look at PR as a strategic process, we can identify several steps which need to be taken.

Firstly, we need to perform a situation analysis (APRA 2008):

This activity contains several tasks, such as

- identification of the mission and vision of the company,
- deep analysis of the company's products, services and all customer target groups and their attitudes to the company,
- analysis of the company's targets,
- analysis of the company's reputation and its products' image,
- SWOT analysis,
- stakeholders identification and their expectations towards the company,
- media content analysis in order to find out what has been published about the company and its products.

The next step which needs to be taken is setting up the goals of our PR communication, such as (APRA 2008):

- Informing the target stakeholders.
- Influencing their attitudes and approach to the company.
- Influencing their behaviour towards the company.

An integral part of this step is also the precise **identification of the company's stakeholders**, which should include the determination of if these stakeholders are members of any organized groups, what types of media they consume and what kind of messages are important to them.

The next step already includes the creation of the **main message**, which should be communicated to the stakeholders, as well as the **choice of the PR tools** which will be used for effective communication.

Media Relations is perhaps the most important PR tool; therefore, it is useful to look at it in a bigger detail. The main idea of this tool is to establish and maintain a very positive relationship with all media that are able to inform about the activities of our company.

Therefore, we firstly need to have good contact with the media; after that we need to be able to monitor the content in all the relevant media, and, on top of that, we need to be able to control the message which is published. Thus, we can use several instruments, for example (APRA 2008):

- media training of our employees,
- press releases and conferences,
- briefings and seminars for media,
- press trips and excursions,
- interviews and reports,
- informal meetings with media.

Internal communication is also a very important tool and it includes mainly (APRA 2008):

- the internal communication audit,
- internal magazines and newspapers
- intranet and schooling
- public openings.

Further, we need to mention **investor relations as well as relations with financial institutions**, where we can use, for example, annual reports, financial reports, CSR reports, investor meetings, etc.

The **relationships with our customers** are very important too, and as instruments we can use, for example, any kind of media publicity, sponsorship, charity, several events, etc.

In this regard we also need to communicate with our local **communities and partners**, where it is very helpful to identify the most important organizations and opinion leaders and communicate with them.

Last but not least, we must not forget to communicate with local, regional and state authorities and other state and supranational institutions. In this respect it is very helpful to monitor legislative development and try to influence it within the legal limits (active lobbying).

3.7 The effectiveness assessment of PR communication

Even though it is quite difficult to assess and measure the effectiveness of PR communication, it is not impossible. We can use one or any combination of the following three approaches (Bárta, Pátík, Postler 2009):

1. **Input indicators** – measure PR activity intensity – such as the number of new articles in newspapers, number of realized interviews, etc. It is easy to collect this type of data; however, it does not bring us any real picture of the effects of our PR communication.
2. **Output indicators** – measure the real media outcomes/ publicity; for example, to space taken in print media, TV time devoted to the company/ brand/ products, the number of readers, listeners, viewers, etc.
3. **Success indicators** – measure the real effects of PR communication, such as the percentage of the target group addressed by the message, changes in the brand/ company awareness, changes in the attitudes and behaviour of the stakeholders, changes in the brand image and company reputation. However, in order to measure these indicators, we need to perform market research, which is usually time consuming and costly.

3.8 The complex/ system approach to Public Relations

According to Postler (Bárta, Pátík, Postler 2009), we can see Public Relations as a system which can be divided into three integral parts:

- Corporate identity,
- Corporate publicity,
- Sponsorship.

Corporate identity is closely related to the vision and mission of the company as well as to **corporate culture**. In reality, we can perceive corporate culture from the customer's perspective – as the so called visible artefacts, such as the design of the company stores, or employee behaviour, etc. In this regard, we can also speak about the **image or reputation of the company**.

Corporate publicity is mainly oriented towards positive reports about the company in the public/ in media. The goal is to control the media and their communication about the company in order to build a good company image. Sometimes it may happen that some adverse situation occurs and there is a crisis in the company which needs to be solved as well as communicated to the public. A very good example can be a plane crash, or defective meat in a food store, or corruption in any company. These are all matters which need to be solved very fast and also communicated to the public/ stakeholders.

Thus, in this regard we talk about so-called **crisis communication**, which is very important in the life of every company.

And what are the typical signs of a crisis?

- **Incident**, which acts as a trigger for the crisis, such as an accident,
- **Emotional reaction** of the public and media

- **Victims** (these can be any kind of stakeholders, including customers, employees, the environment, etc.)
- **The situation changes very fast**
- **The real reasons for the incident and all the facts are very unclear** and very difficult to find out
- **Strong interest of the public and media**, but nobody knows exactly what has happened
- **Fast word of mouth** (WoM)

If we look at history and try to find out the most frequent reasons for a crisis, we can observe mainly the following (Bárta, Pátík, Postler 2009):

- company closing, employee lay-offs,
- production shortages, quality problems,
- natural disasters,
- environmental accidents,
- financial problems of companies,
- changes in the management of companies.

Usually, it is very hard to lead a correct communication during a crisis; moreover, if we take into the account the fact that it is very difficult to identify the exact triggers of the crisis. In Table 3.8 we can see the most frequent mistakes which managers make in times of crisis.

Table 3.8: Typical reactions of management during a crisis

Usual company reactions	Reality
Management is surprised	The reaction must be fast
Management falls into panic	Many new questions arise
Management does not have information	Stakeholders want information
Management feels offended	Nobody is interested in how managers feel
Management gets angry	Many experts appear
Management is scared	Stakeholders expect that managers have a solution
Management wants to hide behind lawyers	

Source: Bárta, Pátík, Postler 2009

Unfortunately, there is not any single and right advice/ process for how to react when a crisis occurs. Every crisis has different triggers, as well as every company is different and has different stakeholders. Nevertheless, we can at least identify several steps which are regarded generally as a good solution to any crisis (APRA 2008):

- **Regret** – firstly we should accept the situation and regret what has happened,
- **Responsibility** – then we need to take responsibility very fast in order to solve the problem,
- **Reform** – after that we should solve the problem as fast as possible,
- **Restitution** – finally, we should communicate the solution and improve the whole situation.

If we sum it all up, we can identify several recommendations for crisis solution and communication:

We need to analyse the whole situation very fast, in order to find out the reasons for and triggers of the crisis, as well as to identify the possible consequences for the company and its stakeholders. Sometimes it is useful to invite a PR agency and disclose all the facts about the situation. After that we should solve the main problem as fast as possible and recover the situation. Finally, we should communicate the new provisions and all the consequences.

Sometimes, the crisis can be seen as an opportunity which forces the company to make their processes even better than before the crisis. So, the aim is to change a negative thing into a positive one, and of course communicate that properly to the stakeholders.



Case study Advertising project and campaign

3.1 The brand and the market situation

This case study deals with a communication campaign which was performed in the Czech market in 2015 with the aim of promoting an imported wine brand from Chile (TARAPACA).

The brand has been on the Czech market for 18 years and it has become the best selling Chilean brand on the market as well as the one of the best selling imported brands, according to the Nielsen data (after *JP Chenet* from France). The TARAPACA brand has a wide distribution, as it is listed with most retail companies operating in the Czech Republic. So far – until the year 2014, the communication of the brand was mainly performed in the form of sales promotions, which helped to generate the trial of the brand and also to create its brand awareness, which today accounts for around 45 % (prompted/ aided awareness) and 5 % (spontaneous awareness) according to the internal data of the brand importer in the Czech Republic.

The assortment of the TARAPACA brand can be divided into three lines:

TARAPACA Varietal, which is the basic line, originally bottled in Chile, priced around EUR 7,- per bottle for retail; the line consists of the main global varieties (Cabernet Sauvignon, Merlot, Syrah, Carmenere, Chardonnay and Sauvignon Blanc) and it is available in all the retail chains operating in the Czech Republic except for Lidl.

TARAPACA Reserva is the middle line; the wines are priced around 9,- EUR per bottle and offer higher quality, given they have been aged for a longer time in the bottle, and some of them in oak barrels; this line provides the same varieties as the Varietal line.

TARAPACA Gran Reserva – is the best and most expensive line of the TARAPACA brand; it is priced around 12,- EUR per bottle and the wines should offer the best quality, given the grapes have been specially selected and all the red wines have been aged in oak barrels and further at least one year in the bottle. The Gran Reserva line is also listed in the retail chains; however, not in all of them. Thus, we can say that its distribution is not so wide, but still we can talk about a “retail chain” wine, despite its pricing.

The brand is targeted towards all people who drink quality wine and can afford to pay for it; in fact, it is focused on men and women aged 25+ from the socio-economic groups A, B and C1 (see the Scheme 2) in general – the Gran Reserva line is targeted mainly towards the A segment, whereas the Varietal line and Reserva line are also targeted towards groups B and C1. Thanks to the wide brand distribution, it can cover the whole Czech market geographically.

The TARAPACA brand is positioned in the Czech market among the other imported Chilean brands, and its main competitors are, for example, the brands Undurraga, Misiones de Rengo, Concha y Toro and Con Sur. The main advantage of the TARAPACA brand is its long presence on the market, wide distribution, high brand awareness, classical image, consistent quality and loyal customers.

3.2 The communication campaign in 2015

It was decided in 2014 that there was the need to enhance the communication of the TARAPACA brand in order to offset the sales promotion activities (which ultimately deteriorated the brand value) by some added value communications, and consequently add more emotions to the brand. A media agency was chosen to with media planning and buying.

There was an advantage that the Czech importer could use the already existing creative vehicles, such as banners (print banners or internet banners) and videos. Thus, there was no need to employ a communication agency as a media agency was sufficient. Even though there was a financial budget provided by the producer in Chile, it was limited (1 million CZK), therefore it was clear from the beginning that the media choice would be limited (for example, TV was unattainable).

Since the cooperation with the media agency, the attention was focused on the most expensive Gran Reserva line and its promotion, as it was believed that this line, as the margin maker, should also enhance the image of the whole TARAPACA brand. The main activities were planned for the second half of the year 2015. Given the budget constraint it was decided to only use digital media (internet) supported by outdoor communication – billboards/ double big boards in the Capital of the Czech Republic - Prague.

3.2.1 The brief and goals of the campaign

- Building brand awareness using the creative vehicles available – banners and video spot.
- Targeting social class A aged between 30-50 with relevancy to the product.
- As for media it was decided to use streaming media channels with a high affinity to the target audience, reflecting the interests and themes relevant for the target audience with the premium wine buying potential.

3.2.2 Creative tools/ vehicles available

There was no need to create new ads or videos, as there was one complete video lasting 30s available from the TARAPACA producer (it just needed to be dubbed into the Czech language) and there were creative materials suitable for ads production – such as banners and billboards.

The video used was rather emotional, showing a wedding ceremony on the TARAPACA estate (a representative building in the middle of the TARAPACA production site, which is used for ceremonies and celebrations). A big disadvantage of the video spot is the fact that it is quite long and the TARAPACA brand only appears in the last 8 seconds of the spot. However, it was decided to use the video anyway in order to save costs.

Figure 3.2: The TARAPACA video spot



Source: Internal materials of the importing company

As regards the billboards, we can see an example in Figure 3.3:

Figure 3.3: TARAPACA billboard (double big board) in Prague



Source: Internal materials of the importing company

After briefing, the media agency proposed several media plans which were consequently discussed with the importer of TARAPCA and, finally after several modifications, the media plans were approved. As we can see in Figures 3.4 and 3.5, the media mix was split into two parts – into the outdoor media (double big boards in Prague and the outskirts) and into digital media, where the video was to be used with the support of digital banners. The whole campaign was divided into two time periods – the double big board campaign was performed during July and August, whereas the digital part was planned for October and November, as we can see in Figure 3.5.

As regards the digital media, in order to achieve the best affinity to the target group, mainly the following were chosen and used:

- Seznam.cz
- Youtube.cz
- Facebook.com
- Prima.cz
- Ceskatelevize.cz
- Idnes.cz

Moreover, the video and banners were linked to programmes relevant for the target group and, on top of that, the retargeting function was used, which enabled the further following of the unique users with the core message.

Figure 3.4: Outdoor media plan

OUTDOOR MEDIA PLAN 2015

Client: Tarapaca			Timing: 01.07. - 28.07.2015			Country: Czech Republic		
Brand: Tarapaca			Version: 1			Currency: CZK		
Campaign: Tarapaca Grand Reserve			Updated: 29.6.2015					
Media Type	Supplier	Format	Location	Timing	Basic Period	per site/period of periods	of sites	Total Gross
Doublebigboards	Bimedia	9,6 x 8,2 m	Prague	01.07. - 28.07.2015	1 month	164 000	1	3
Doublebigboards	News Advertising	9,6 x 8,2 m	Prague	01.07. - 28.07.2015	1 month	162 750	1	4
TOTALS								
Gross Cost 0 CZK								
Media Net								
Average Discount								
Media Net Net								
Client Cost								
Production Cost								
Final Cost								
Final Cost Incl. V.A.T.								

Source: Internal materials of the importing company

Figure 3.5: Digital media plan

Client: VINICOLA, s.r.o. Campaign: Vinicola Video Period: from 12/18/2015 to 28/1/2015		Version: 1 Date: 08/03/2015 Date of last banner delivery: 08/10/2015					
Website	WWW	Section	Format	Description	Potential reach / RU	Potential reach / RU %	Affinity
Securum	www.securum.cz	Homepage	Homepage TV Ad 30s (behavioral targeting)	http://www.securum.cz/behavioral-targeting	921,561	74,8	1,5
Youtube	www.youtube.cz	Media Cost	video spot 30"	lining 12.15. - 29.11. http://tanapace.cz/	n/a	n/a	n/a
Youtube	www.youtube.cz	Administration	Administration		n/a	n/a	n/a
Facebook	www.facebook.com	Media Cost	video spot 30"	lining 12.15. - 29.11. http://tanapace.cz/	n/a	n/a	n/a
Facebook	www.facebook.com	Administration	Administration		n/a	n/a	n/a
Prima Pack Video about	play.prima.cz	Targeting to Visa	video spot 30"		185,412	8,6	6,7
Ceskatelevize	www.ceskatelevize.cz	Floating	video spot 30"		363,754	28,5	1,1
iDNES.cz	iden.idnes.cz	Videoreklama (DRES.cz)	video spot 30"		488,330	32,9	1,3
Campaign Audit	gma.gm.cz/adoperations	AdServing + Trafficking	Ad Operations		n/a	n/a	n/a
TOTAL:					1 991,265	86,09	1,28

Source: Internal materials of the importing company

3.2.3 Evaluation of the results

After the campaign finished, the media agency in cooperation with research agencies provided the most important indicators, which have enabled us to evaluate the effectiveness of the campaign. Now, we will look at the most important media used, one by one, in order to see their effectiveness.

Youtube

Data (MediaCOM 2015):

Timing: 9.10 – 10.11.2015

Number of impressions: 332,486

Number of views: 141,869

View rate (VR): 42.67%

Cost per view (CPV): 0.43,- CZK

Average Cost Per View (CPV) was slightly below average, while the view rates had great results– these are still more than double compared to other campaigns (Bench Mark 25%).

With more than a 42% view rate we can see the in-stream campaign was very successful. CPV was at the level of 0.43 CZK per view, which was even lower than the Mediacom Benchmark (0.6 CZK) (MediaCOM 2015).

Facebook

Data (MediaCOM 2015):

Number of impressions as well as reach were more than 567,000 people, so people did register the message, but on the other hand only:

- 79k people viewed the message for longer than 3 seconds,
- 31k people viewed 25% of the video
- 15k people viewed 50% of the video
- 10k people viewed 75% of the video

The campaign ran with average results; in order to reduce the cost per view, the media agency optimized a lot. It is important to mention that the landing Facebook page was very new at that time with very a small number of fans, so it was difficult to target and retarget them.

Moreover, for Facebook communication, the video spot was not very appropriate, as the brand/ first picture of a wine bottle appeared after 18 seconds; as a result, people were too impatient to wait for it and skipped the ad. Thus, we can say, that the Facebook campaign was not very successful.

iPrima.cz

Data (MediaCOM 2015):

Timing: 12.10 – 10.11.2015

Number of impressions: 46,749

Number of clicks: 1 082

Click through rate (CTR): 2.31%

Number of views: 10,771

View rate (VR): 23%

Reach of unique users: 24,657

Figure 3.6: Example of the TARAPACA video on iPrima.cz



Source: Internal materials of the importing company

Ceskatelevize.cz

Data (MediaCOM 2015):

Timing: 9.10. – 10.11.2015

Number of impressions: 149,841

Number of clicks: 3251

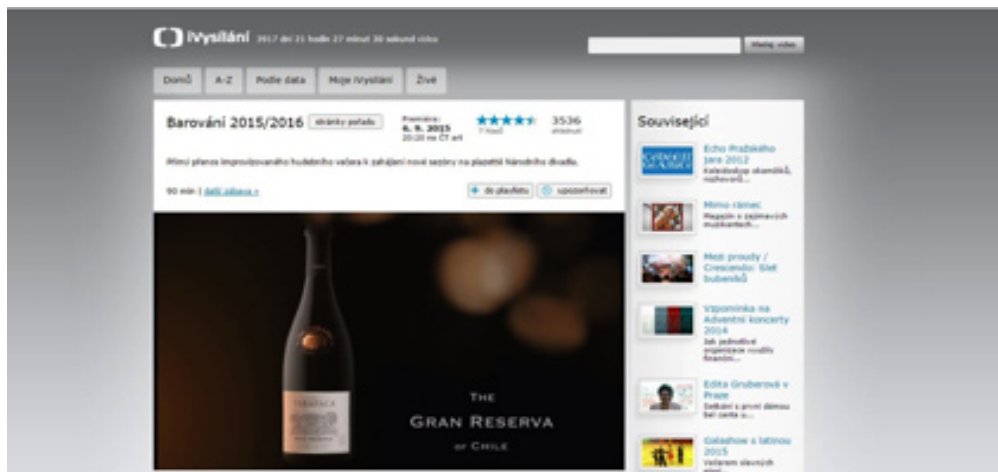
CTR: 2.17%

Number of views: 61,426

View rate (VR): 41%

Reach of unique users: 95,258

Figure 3.7: Example of the TARAPACA video on Ceskatelevize.cz



Source: Internal materials of the importing company

iDnes.cz

Data (MediaCOM 2015):

Timing: 9.10. – 10.11.2015

Number of impressions: 52,929

Number of clicks: 2660

CTR: 5.03%

Number of views: 31,986

View rate (VR): 60%

Reach of unique users: 45,873

Figure 3.8: Example of the TARAPACA video on iDnes.cz



Source: Internal materials of the importing company

Seznam.cz

Data (MediaCOM 2015):

Timing: 9.10. – 10.11.2015

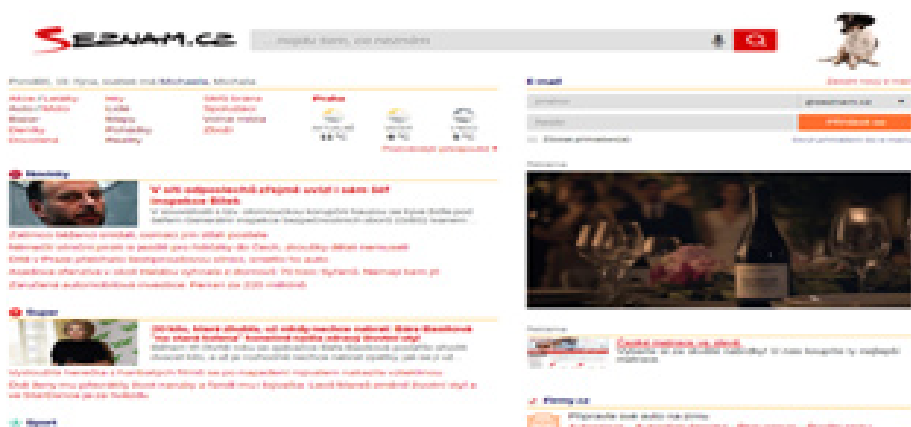
Number of impressions: 200,037

Number of clicks: 999

CTR: 0.50%

Reach of unique users: 169,637

Figure 3.9: Example of the TARAPACA video on Seznam.cz



Source: Internal materials of the importing company

3.2.4 Campaign evaluation – conclusion

- From the delivery point of view, the display and video campaign were delivered well.
- The Youtube channel performed extremely well; the main indicators showed a better performance than the market benchmarks. With more than a 42% view rate we can consider the in-stream campaign as having been very successful. CPV (Cost Per View) was at the level of 0.43 CZK per view, which is a great result.
- The Facebook campaign was hindered by the spot type, in which there was no brand element at the beginning, so the view rate was lower than the industry average. In the middle of the campaign the agency changed the wording and URL, so the target people could notice earlier what brand the video was about before they actually saw the brand in the video – as a result, better results were observed later. Videos on Facebook are always muted by default setting, so the powerful voice-over did not work there as well as in other channels.
- The display campaign via main streaming channels worked well; there was a 23% view rate (23% spots seen until the end) on iPrima/Vinaři, and a very good CTR of 2.31%.
- On Ceskatelevize.cz we could observe a 41% view rate; on Idnes even a 60% view rate.
- Seznam reached the highest number of unique users (169,637).

Recommendations for further campaigns

- We should put the brand or any features of it at the beginning of the video spot (3sec) so that it is visible and clear for every viewer.
- The video should be cut to a shorter stoppage, or it should be cut to a shorter stoppage for Facebook communication at least.
- Other media performed very well.
- In fact, the video brought the biggest limitations to the campaign as the video was not very appropriate for Facebook use and it was more suitable for TV use.
- On top of that, the video is very image and brand awareness oriented and it does not bring any specific message to the target audience. Therefore, it is recommended to use a completely new/ different video for further campaigns.

Conclusion

Generally, we can say the case study has shown us an example of a relatively low cost campaign which has tried to use as many economies as possible (given the already existing creative vehicles), which also brought the biggest constraints for the campaign, as the video could not be modified to a full extent. However, we can consider the final results of the campaign as having been satisfying and relatively successful.

4 CORPORATE COMMUNICATION - ORGANIZATIONAL IDENTITY, CULTURE, IMAGE

Outline

- What corporate strategy and mission are
- Definition and structure of organizational culture
- Organizational personality and identity
- Image and reputation of an organization

4.1. Corporate strategy and mission

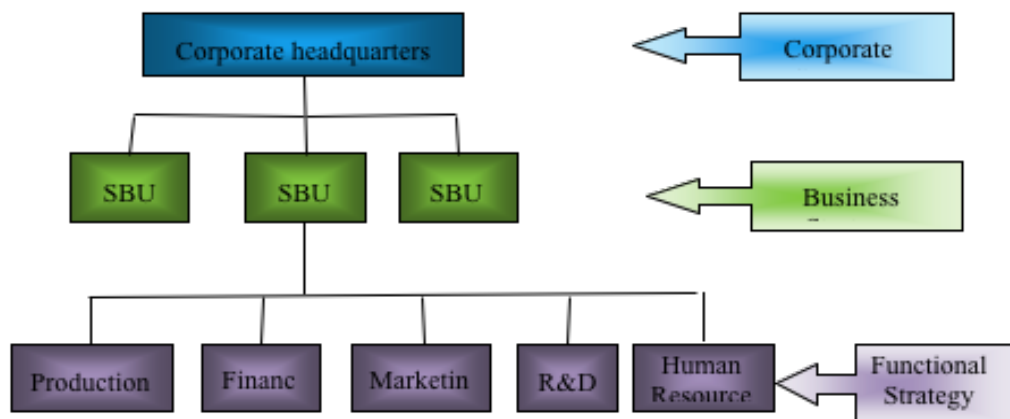
The word “strategy” comes from the Greek word *strategos*, meaning a general in command of an army; it is formed from: *stratos* - meaning army + *ag* - meaning to *lead*. Therefore, it was first defined in military literature as a *plan of attack for winning or a plan for beating the opposition*.

Definitions of strategy:

- *a plan for achieving organizational goals* (Newman, 1952)
- *the overall plan for deploying resources to establish a favourable position, while a tactic is a scheme for a specific action* (Grant, 1995)
- the concept of systemic action involving the formulation of long-term goals of the company and their modifications, depending on changes in the environment, and also identifying resources and means to achieve the objectives in order to ensure the existence and development of the company (contemporary approach)

We can also define strategy in terms of **three organizational levels**: the corporate, business, and functional levels.

Figure 4.1: Hierarchy of strategy



Source: Adopted by West, Ford, Ibrahim (2006)

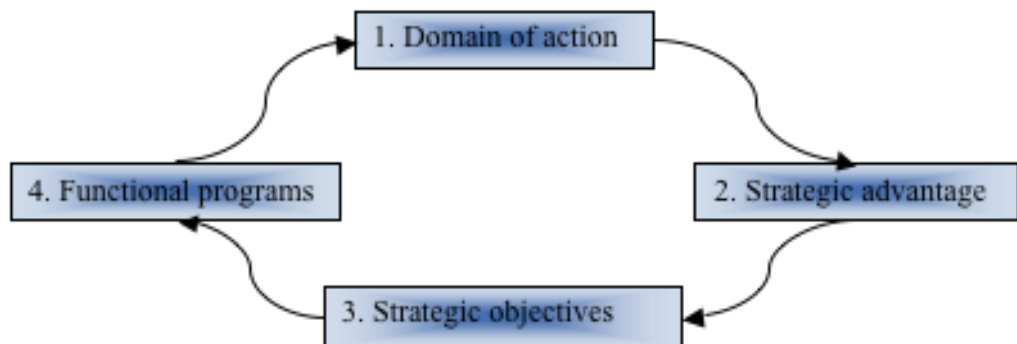
Corporate strategy - describes a company's overall direction in terms of its general attitude toward growth and the management of its various businesses and product lines to achieve a balanced portfolio of products and services. Additionally, it is (a) the pattern of decisions regarding the types of business in which a company should be involved, (b) the flow of financial and other resources to and from its divisions, and (c) the relationship of the corporation to key groups in its environment.

Business strategy (sometimes called competitive strategy) - is usually developed at the divisional level and emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by this division. Just as corporate strategy asks what industry the company should be in, business strategy asks how the company or its strategic business units (SBUs) should compete or cooperate in each industry.

Functional strategy - is concerned with maximizing resource productivity. Within the constraints of the corporate and business strategies under which they work, functional departments, such as marketing, finance, Human Resources, R&D, and production, develop strategies to pull together their various activities and competencies to improve performance.

The three levels of strategy form a hierarchy of strategy development within any large corporation. They interact closely and constantly and must be well integrated for corporate success.

Figure 4.2: Main elements of the strategy



Domain of action - defines the scope of the company's activities: what, where and with whom should the company sell

Strategic advantage - a strength of the company, which effectively distinguishes it from the competition

Strategic objectives - what the company should achieve in the next periods

Functional programs - what, when and who should do an activity in order to achieve the goals

The Mission of an organization is *the unique purpose that distinguishes it from other companies and defines the boundaries of its operations.*

Defining the mission comes down to answering the following questions:

- Why do we exist?
- What are we striving for?
- What do we want to achieve?
- Whose and what needs should we meet?
- What values should we create?

It has also been suggested that the company's mission is shaped by five elements:

- the company's history,
- the preferences of the management,
- the market environment,
- the organization's resources,
- the organization's distinctive competencies.

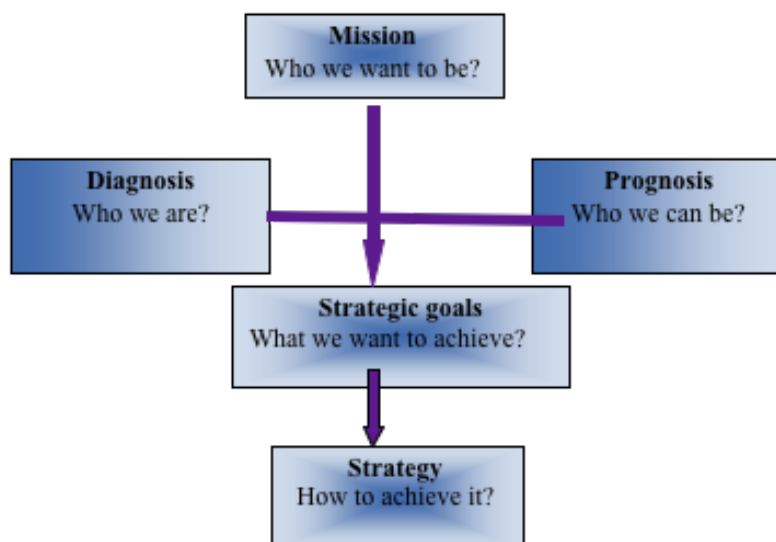
Examples of missions

"Make people happy" (Walt Disney)

"Product within reach of every customer in the world" (Coca-Cola)

"We shall build good ships - at a profit if we can - at a loss if we must - but always good ships" (Newport News Shipbuilding, since 1886)

Figure 4.3: Strategy construction scheme



4.2. Organizational culture

“Culture” (Latin “*cultura*,”) - cultivation of the soil, the transformation of nature, in order to better serve man.

Definitions:

- historically formed system of norms, values, attitudes and patterns of behaviour, which are stimulators for members of the organization and affect the development of its relationship with the environment
- behaviours that a given group has invented, discovered or developed during the process of adaptation to the environment and to build internal integration
- the **values** and behaviours that **contribute** to the unique social and **psychological environment** of an organization.

Organizational culture includes an **organization's expectations, experiences, philosophy, and values** that hold it together, and is expressed in its self-image, inner **workings**, interactions with the outside world, and future expectations. It is based on shared **attitudes, beliefs, customs**, and written and unwritten **rules** that have been **developed over time** and are considered **valid**. Also **called corporate culture**, it's **shown in**:

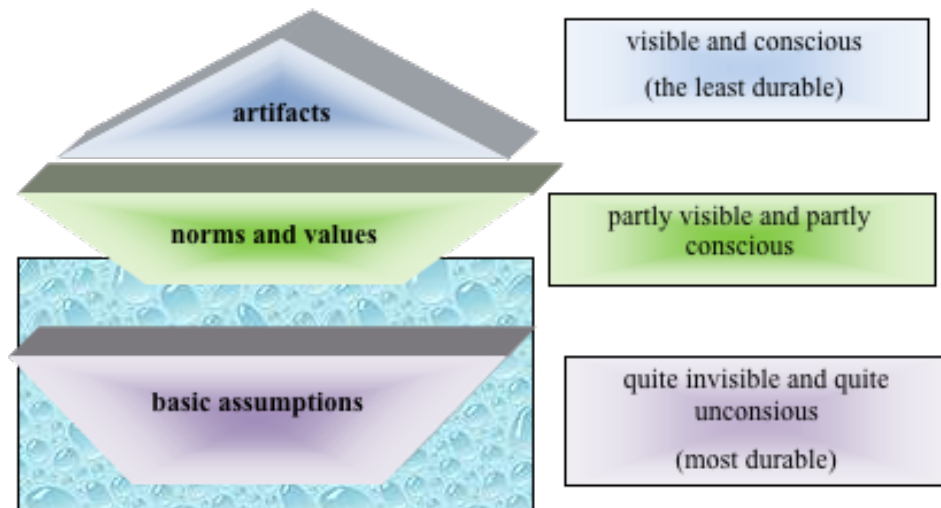
- (1) the ways the organization **conducts** its **business**, treats its **employees, customers**, and the wider **community**,
- (2) the extent to which **freedom** is allowed in **decision making, developing new ideas**, and personal expression,
- (3) how **power** and **information flow** through its **hierarchy**, and
- (4) how committed employees are towards collective **objectives**.

It affects the organization's **productivity** and **performance**, and **provides guidelines** on customer **care** and **service, product quality** and **safety**, attendance and punctuality, and **concern** for the environment. It also extends to production-methods, **marketing** and **advertising practices**, and to **new product** creation. Organizational culture is unique for every organization and one of the hardest things to **change**.

According to Edgar Schein, organizational culture is composed of the following **three levels**:

1. **basic assumptions** - quite invisible and unconscious
2. **norms and values** - partly visible and conscious
3. **artefacts** - visible and conscious

Figure 4.4: Levels of organizational culture



These levels differ not only visually but also in durability. The most enduring and profound, and yet the most difficult to identify at the basic level - unquestionable and inviolable – are cultural **assumptions**. Their roots lie deep in human nature and shape the structure of the mental elements of the external environment.

The second level of **norms and values** are relatively stable and easier to observe. Usually, they are divided into **declared** - openly voiced by members of the organization, entered in documents and advertising materials, and **respected** - as reflected in its actual actions and behaviour.

The most visible and recognizable elements are artefacts (Artefactum - Lat. Artificially manufactured) - external, artificial creations of a given culture. The following stand out:

- language artefacts (language, myths, legends) - specific language, spoken by workers, legends and myths associated with the company's history, etc.
- behavioural artefacts (ceremonies, rituals), e.g. a way of welcoming guests, the way of adopting new employees, habits in terms of celebrating holidays, anniversaries, etc.
- physical artefacts (technology, architecture and interiors of buildings, material objects, corporate uniforms, symbols and signs, and so on).

If the organizational culture is seen as an “iceberg”, the artefacts would constitute its peak protruding above the surface of the water, and basic assumptions would be the part immersed in the depths of the ocean.

Determinants of organizational culture:

Type of environment: national culture, the value system of society and region, the local system of values - organizations are constantly interacting with the elements of the environment and take certain influences. In addition, the members of the organization are influenced by national, regional, and local culture and transmit these values inside the organization.

Type of organization: - the market situation, products and technology, industry, organizational and legal form - the culture changes when market conditions change: when there is a recession and fierce competition, the principles of operation are less free and more disciplined. Culture also depends on the industry, technology and organizational-legal form - the other is in the mill, another advertising agency, another public limited company, another in the family business.

Features of the organization: history, size, leadership, management system and structure - large companies with long traditions usually have a stronger tendency to ritualism and conservatism than in young and small ones. Management style is also important: where the predominant style is dominated by autocratic values such as discipline, obedience, loyalty, with democracy - openness, initiative, self-reliance.

Characteristics of the participants: values, attitudes, education, age and sex, life experience, work experience; young workers are more dynamic and open to change; women are more tolerant and caring.

Functions of organizational culture

Organizational culture primarily helps members understand what the organization stands for, how it works and what it considers essential to its activities, as well as:

- Enables fast, efficient and unambiguous communication between the participants of the organization: makes for good understanding,
- Standardizes human behaviour, increasing predictability and replacing emergency control
- Allows a similar interpretation and assessment of the surrounding world and its changes by all members of the organization,
- Builds a community of aspirations, goals, aspirations, hopes and fears.
- The main function of an organizational culture is to reduce uncertainty - culture offers a basic, common vision of the world, as well as an ethical point of support, which increases the predictability of its members' behaviour, without the need for numerous specific rules. Thanks to culture, external control can be largely replaced by self-control.

4.3. Corporate personality and identity

Personality - is a set of relatively stable, idiosyncratic characteristics and properties that determine behaviour and help to differentiate one from another. Human personality is observed in three aspects:

1. **attitudes, behaviours and decisions** which stem from an accepted system of values and beliefs; for example, through bought and used articles: the brand of car, perfume, suit etc. reveals the personality of the man.
2. **the ways and forms of communication** with other people, and
3. **visual elements**, that is the way of dressing, hairstyle, make-up, etc.

Corporate Personality is defined as a set of features, norms, values and principles which commonly determine the decisions and behaviour of an organization as a whole as well as its members.

Personality refers to “**who we are**”

Definitions of Corporate Identity:

- the sum of the elements that allow a company to identify and differentiate itself from other competing companies; the sum of the elements by which people identify the company in the environment
- a visual way of delivering who and what the company is; how it views itself generally, all the ways that the company chooses to identify itself in relation to all groups of its audience.

Identity refers to “**how we see ourselves**”

It is expressed by the following formula: ²

$$\text{CORPORATE IDENTITY} = \text{CB} + \text{CC} + \text{CD}$$

CB - CORPORATE BEHAVIOUR— existing norms of behaviour in a company,

CC - CORPORATE COMMUNICATION— the way in which the company communicates with its environment,

CD - CORPORATE DESIGN— visual identity.

Corporate identity is created by all the elements that identify and differ it from all the others. This includes, above all, elements of visual identification, e.g. company name, logo, symbols, colours, building architecture, and so on, but also other factors connected with the attitude and behaviour of other company members.

The meaning of **corporate identity mix**:

“the self-presentation of an organization; it consists of the cues which an organization offers about itself via the behaviour, communication, and symbolism which are its forms of expression”

“the way in which an organization’s identity is revealed through behaviour (and) communications, as well as through symbolism to internal and external audiences”.

² F. Bogner, *Das neue PR-Denken*. Ueberreuter Sachbuch, Wien 1990, s. 35

Table 4.1: Visual and non-visual elements of identity

Visual identity mix	Non-visual identity mix
<ul style="list-style-type: none"> • company name • logo or symbol • corporate colours • font style • architecture and interior design • corporate uniforms • printed forms (letterheads, envelopes, business cards, advertising brochures, etc.) 	<ul style="list-style-type: none"> • behaviours and attitudes • corporate communication • values and rules • corporate strategy • strategic objectives • organizational structure

4.4. Corporate image - definitions, functions and tools of creation

Image is a picture of a real object (person, organization or place) created in the mind of a person. In the case of a person or place, this image can be copied using specific means of expression such as sculptures, paintings, pictures. In reference to an organization (company) it is:

- a mental picture of a company held by its audiences (Gray and Balmer, 1998);
- a set of beliefs, thoughts and impressions about the company that a given person holds (Kotler, 1994);
- the observer's general impressions of a company, what comes to mind when one hears its name or sees its logo (Barnet et al., 2006).

Image refers to “**how others see us**”

Functions of corporate image

Image can be a source of numerous benefits to a company by performing different functions: identification, informative, distinguishing, decision, motivational, competitive:

- **identification function** – is a bearer of the product's and company's nature which facilitates identification of the offer and helps the purchaser to make a decision to buy a given product,
- **informative function** – through various associations, slogans and symbols it expresses principles, norms and values important for the company,
- **distinguishing function** – it allows one to differentiate between companies and their products from their competition, fosters their customization as well as builds identity and personality,
- **decision function** – helps to create a company's credibility and is a factor in reducing risk when making purchase decisions

- **motivational function** – is a source of additional benefits for purchasers in the form of maintenance or an increase in prestige which, in turn, enhances the willingness to purchase,
- **competitive function** – is an effective tool to combat competition as it enables a clear distinction of the company from its competitors and identifies its basic strengths and core values.

All these functions can be fulfilled on the condition that the image is strong i.e. coherent, distinctive, unambiguous and, above all, positive and fully consistent with the corporate identity which is created and presented in the processes of communication.

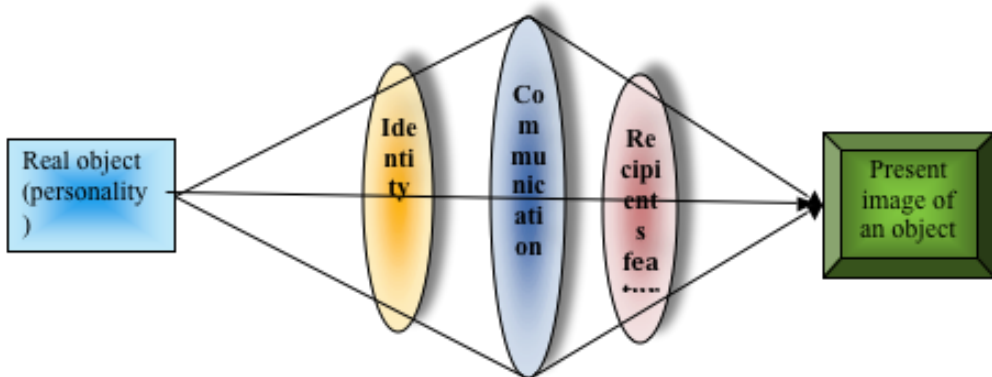
Factors and tools to create an organizational image

A set of images and associations with the company, which constitutes the current image in the mind of a recipient, is created under the influence of numerous factors which can be divided into three groups:

1. Connected with the object itself – the identity of a company,
2. Connected with the information that is sent from the company to its environment – communication,
3. Connected with the recipients of this information– their features and characteristics.

These factors represent a kind of “filter” through which a real object (its personality) is re-created in the mind of a recipient.

Figure 4.5: Factors creating the image of a company



The main factor connected with the object is its **identity** which reflects its real features and characteristics, included in the created personality. However, image almost never constitutes a faithful representation of identity. Because the image of identity goes through two more filters: messages sent to recipients from various sources (communication: intentional and unintentional) as well as the features of the recipient who reads these messages and interprets them in their own way.

The second group of instruments used for the creation of a corporate image is **a system of communication with the environment**. The most important tools here are advertisement and Public Relations, within which both direct and indirect channels of communication are used. The planned and realized advertising and PR campaigns constitute intentional communication because the company may keep control over the message sent to the public to a lesser or greater extent. In case of unintentional communication control of messages is very limited or even impossible. The hardest task is to influence the messages generated by modern media (internet websites, social networking sites, blogs etc.). However, it should be added that these media are considered to be less credible, whereas renowned magazines and newspapers, prestigious radio and TV stations are most trusted.

The third group of factors, namely the features of the recipient, constitutes an independent variable. The company cannot affect these factors, it can only identify or adjust the created messages in such a way that they would not be ignored but remembered and interpreted according to the intention of the sender.

To sum up, image as a kind of mental creation does not have to be a true representation of a real object but only its credible representation. It is mainly due to the fact that creation of image is based primarily on a company's communication with its environment and not – as in the case of reputation – on the assessment of its real operations and visible facts. However, image cannot be completely prepared and far from reality due to two fundamental reasons. Firstly, the recipients get unintentional messages from different senders, which ensures a more objective view of the company. Secondly, the contents of unintentional communication cannot be too detached from reality because the recipients, having access to many other sources of information, very quickly can verify the credibility of the media.

4.5 Corporate reputation - definitions, benefits and tools of building

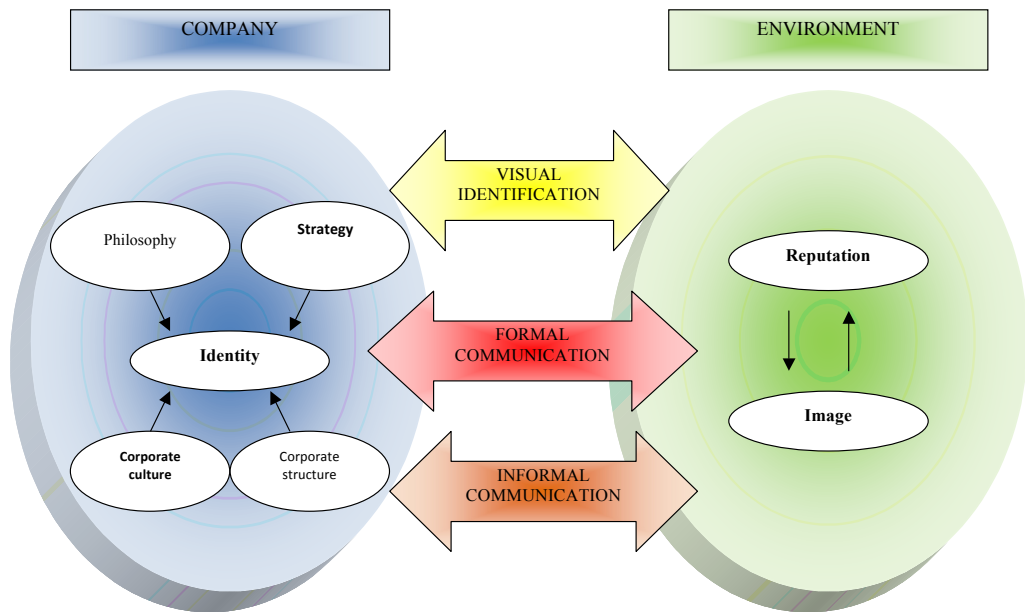
Reputation - is the opinion about the company and its activities, formed by various stakeholders (customers, business partners, workers, investors, mass-media, local communities) based on its image and their own evaluating experiences.

Reputation refers to “how others evaluate us”

Benefits of a good reputation

- the increase of sales revenues due to rising customer loyalty,
- lower costs of establishing co-operation with contractors resulting in a better negotiating position,
- easier, wider and faster access to capital due to clients' trust,
- the possibility of employing better workers and lower costs of gaining them,
- better performance stability.

Figure 4.6: The model of building a company's reputation



The model of creating reputation and a corporate image suggests starting all activities for building a strong identity using four tools: philosophy (mission), strategy, corporate culture and model (structure) of organization. Philosophy, also a mission, proves the need for a business' existence and indicates the values that it desires to create and represent. Strategy defines the main directions of business performance, its perspective aims and ways of competing in certain market sectors. The kind of strategy and the tools used decide about the level of customers' expectant accomplishment and their satisfaction. Corporate culture is described by the attitudes, beliefs and behaviour of its workers, their approach to work, organization and each other. On the other hand, the business model indicates relations between individual divisions, the number of management levels, the progress of centralization, inner procedures and rules of acting. These tools, created properly, should differentiate the company from its competitors.

The key factor in **creating reputation** is proper **communication with the environment**. This includes not only conscious and planned business activities by means of a visual identity system and formal communication (advertisement, PR activities, promotion, etc.), but also informal communication such as oral, unofficial messages, information generated by media or competitions.

The tools for creating a company's reputation

Table 4.2: The tools for building reputation and their effectiveness

Group of tools	Types of tool
Connected with marketing and sales	Customer service, area of services, technical support
	Shows and fairs, direct sales, leaflets, telemarketing
	Advertisement, direct mailing
Connected with PR	Articles in professional press
	Membership in clubs and organizations
	Commercial association performance
	Speeches
	Specific events
Beyond marketing area	Charity activities (help for the disabled, academic research, scholarships, art, health protection, natural environment, social help)
	Workers' training/ educational programs
	Relations with investors
	Lobbying/government activities
	Joint ventures
	Contact with customers via e-mail
	Contact with customers via fax
	Contact with customers via a Call centre
	Contact with customers via web pages

IMAGE VS REPUTATION

Most often, reputation is identified and mistaken with image. Company reputation must differ from its image. Image is something different by definition – it is a likeness, a picture, a portrait. The basic **difference** is that the image may be created relatively quickly by the use of proper marketing activities: advertisement, public relations, elements of visual identification, while reputation cannot. Reputation is built as a result of ongoing interactions between the enterprise and its key stakeholder groups, where their experience is consistent with the values the enterprise claims to uphold, as well as with promises it makes through advertising and other marketing communications. Good reputation is enhanced by tangible factors, e.g. by delivering better products, being seen as a good place to work, and building trust with investors and other stakeholder groups. In reputation the actual norms and values are revealed that guide the organization in its practical activities.

Some authors suggest that companies should primarily concentrate on building their corporate reputation rather than the image which, as a kind of representation of reality, may be artificial, and not always consistent with the facts which, in consequence, may be perceived by the recipients (customers) of this image as a form of manipulation.

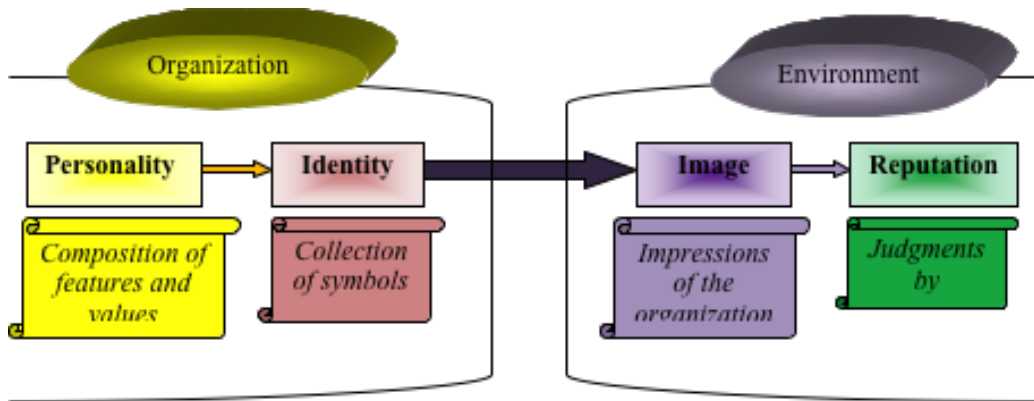
Table 4.3: Image vs reputation

Image	Reputation
<ul style="list-style-type: none">• Beliefs, impressions• Based on imagination• Created in a relatively short time• Created by marketing activities and PR• Easier to control and manipulate	<ul style="list-style-type: none">• Opinion, judgement• Based on experience• Built over a relatively long time• Built by comparing words and acts• More difficult to control and manipulate

4.6. Personality, identity, image and reputation

The notion of an organizational image is connected with a few categories which allow us to understand its nature and features. They are: **personality, identity and reputation**. **Personality** is a set of features, norms, values and principles which determine the decisions and behaviour of an organization. **Identity** may be understood as a way of expressing personality through different visual and non-visual elements - symbols and signals (**a collection of symbols**). The reception and interpretation of these symbols create a view in the mind of external observers which constitute its **image (impressions of the company)**. In turn, **reputation** is the opinion about the company, formed based on the image and own evaluating experience (judgements **by observers**). Personality and identity are created inside the organization. Image and identity are created outside the organization, in its environment.

Figure 4.7: From the personality to corporate reputation



Case study



Bank Polski

PKO BP (founded in the year 1919) is the oldest and the largest Polish bank in terms of the number of customers, number of branches and amount of income, operating on the Polish financial market. During the period of centralized economy (years 1945-1989) it operated as a state bank and after the system changed it was privatized. PKO BP had been perceived for many years as an old-fashioned, hardly modern and inflexible institution with stiff structures, providing service for older customers mostly. It was seen as a stable pensioner with permanent views and rules, resistant to change. Marketing actions taken by PKO BP in the years 1990-2010 in the area of promotion and public relations proved to be ineffective in creating a better, desired image.

The Bank wants to solve the following problems:

1. Image improvement in the area of the following characteristics: modern, dynamic, flexible and at the same time maintaining the features: Polish, strong, trustworthy
2. Rejuvenation of the bank's customers – increasing the share of people up to 35 years old in the bank's customer structure



Task

Taking into account the bank's fundamental problems, suggest:

- forms and tools of marketing communication, designed to amend the previous image
- a basic slogan as the guiding idea for the advertising campaign



Questions

1. Discuss the levels of organizational strategy
2. How would you define a company's mission?
3. What elements form organizational culture?
4. Define organizational personality and identity
5. What are the elements of identity mix? Give examples
6. Explain the differences between image and reputation

5 DIRECT MARKETING AND THE INTERNET

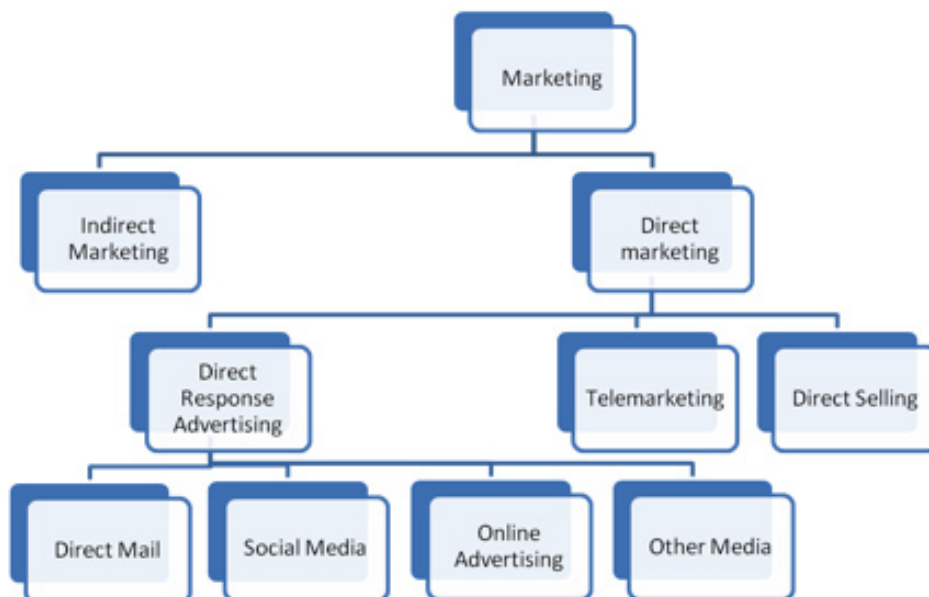
DIRECT MARKETING

Historically, traditional ad media has been used to reach mass audiences and has been judged in terms of cost efficiency. Direct advertising and database marketing can help marketers to fine-tune their customer selection and achieve advertising results which can be measured by actual sales response. This part covers the related topics of direct and database marketing which collectively include direct-response advertising, direct mail, telemarketing, and direct selling.

Direct Marketing - Definition

Direct marketing is defined as an interactive system of marketing which uses one or more types of advertising media to effect a measurable response and/or transaction at any location. Direct marketing is easier to measure because purchase responses to direct marketing are more immediate and can be tracked.

Figure 5.1: Distinctions Among Various “Direct” Concepts



Source: T.A. Shimp - J.C. Andrews (2012): *Advertising Promotion and Other Aspects of Integrated Marketing Communications*

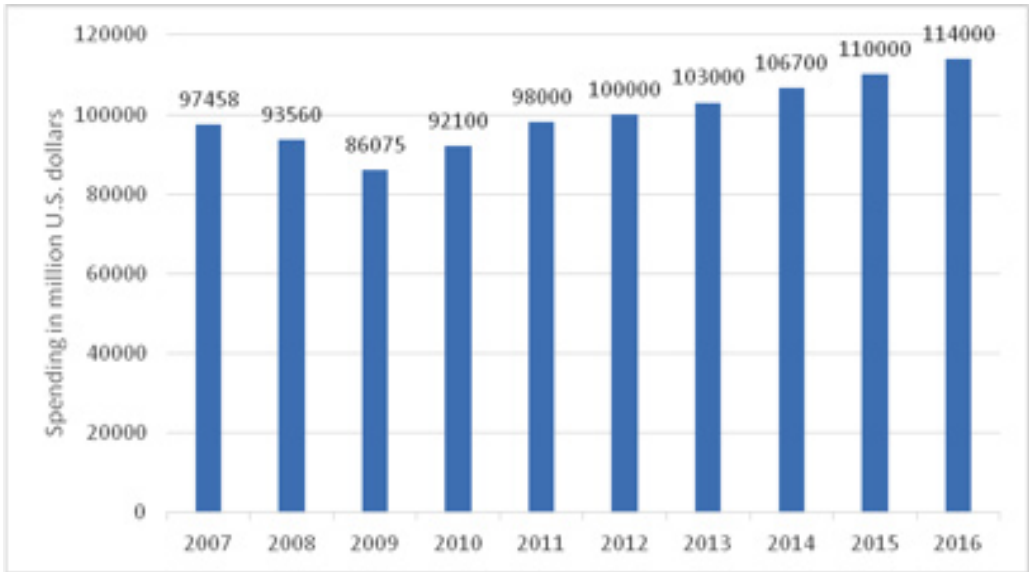
Figure 5.1 explains distinctions among various direct marketing concepts. Indirect marketing includes the use of intermediaries in the channel of distribution. Disintermediation occurs when manufacturers bypass retailers and sell directly to consumers. Direct response advertising involves the use

of any of several media types to transmit messages that encourage buyers to purchase directly from the advertiser. Direct mail is an important medium but direct-response advertising also uses television, online websites, social media, magazines and other media with the intent of creating immediate action from customers. Telemarketing includes making outbound calls from telephone salespersons and handling inbound orders, inquiries, and complaints from present or prospective customers. Direct selling is the use of salespeople to sell directly to the final consumer. Direct selling may rely upon single-level marketing or multi-level marketing. Direct marketing really relies on the practice of database marketing, which is a process in which companies collect information on consumers, analyse it to predict who will buy, and then develop tailored marketing messages to those consumers.

The importance of Direct marketing

In the 1960s direct marketing was considered a type of distribution used by mail order companies. In the 1970s DM became a marketing communication tool with emphasis on feedback and optimizing response rates on mailings and other marketing communication tools. Since the 1990s long term relationship building and increasing customer loyalty became the main issues in direct marketing. Table 1 shows spending on direct marketing in Europe between 2007 and 2016.

Table 5.1: Spending on direct marketing in Europe 2007-2016 (in millions of U.S. dollars)



Source: <http://www.statista.com/statistics/448738/direct-marketing-spending-in-europe/>

Types of direct marketing

1. Direct Response Advertising

Direct Response Advertising involves the use of any of several types of media (e.g., direct mail, television, magazines, the Web) to transmit messages to encourage buyers to purchase directly from the advertiser. Direct-response advertising includes direct mail and other media. Direct mail is the most prominent. Three distinct features characterize direct-response advertising: it makes a definite offer, it contains all the information necessary for the prospect to make a decision, and it includes a response device (e.g., website, toll-free number, coupon) to facilitate immediate action.

Direct Mail's Distinctive Features

Direct mail advertising takes many forms including letters, postcards, programs, calendars, catalogues, etc. Direct mail offers five distinctive features compared to mass forms of advertising. These include:

- **Targetability:** Direct mail is capable of targeting a precisely defined group of people.
- **Measurability:** It is possible with direct mail to determine exactly how effective the effort was by knowing how many mailings were sent and how many people responded.
- **Accountability:** is simplified because results can be readily demonstrated.
- **Flexibility:** Direct mail can be produced quickly, accommodate small to large campaigns and has no constraints in terms of form, colour, or size.
- **Efficiency:** Direct mail is efficient in reaching a highly targeted group. Some say that direct mail is expensive and it is true that on a cost-per-thousand basis (CPM), direct mail is more expensive than other media. The major problem with direct mail, though, is its perception as being intrusive and invasive of privacy.

Database Marketing

Database marketing is defined as a process by which companies collect information on consumers, analyse it to predict who will buy, and then develop tailored marketing messages to those consumers.

Successful direct mailing necessitates the availability of computer databases and the addressability inherent in the databases. An up-to-date database provides companies with a number of assets:

- Ability to direct advertising efforts to those people who represent the best prospects,
- Offer varied messages to different groups of customers,
- Create long-term relationships with customers,
- Enhance advertising productivity, and
- Calculate the lifetime value of a customer or prospect.

Mailing Lists

Success with direct mail depends on the quality of mailing lists contained in a company's database. There are two broad categories of lists: internal (house) lists and external (public) lists. External lists may be house lists of other companies or compiled lists.

The goal of data mining is to discover hidden facts contained in databases by looking for revealing relations among the variables contained in a database. The purpose is to better target prospective customers, develop cooperative marketing relations with other companies, and otherwise better understand who buys what, when, how often, and along with what other products and brands. Another use of databases is to segregate a company's customer list by the recency (R) of a customer's purchase, the frequency (F) of purchases, and the monetary value (M) of each purchase. The R-F-M system offers tremendous opportunities for database manipulation and mail targeting. Another application of the R-F-M categories is for a company to divide customers into equal-sized groupings such as quartiles or quintiles (four or five equal-sized groups, respectively) for each of the R, F, and M categories. A company can then test the effectiveness of a proposed p-mailing by determining the response rate and average expenditure for each R-F-M cell. Testing such as this represents a systematic approach that likely will produce a more profitable outcome compared with blanketing a mailing to all database occupants.



Case study

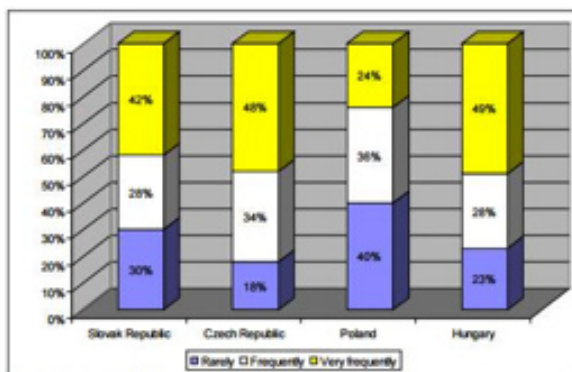
Direct marketing in the V4 countries

(Nagyova, Ľ., Rovny, P., Stavkova J., Majchrovičova, Ľ.: Assessment of the use level of direct mail in the V4 countries. *Acta univ. agric. et silvic. Mendel. Brun.*, 2009, LVII, No. 6, pp. 169–178)

The subject of the marketing research was an international comparison of consumer attitudes to the basic tool of Direct Marketing, specifically direct mail. Consumer decisions cannot be understood without a deeper understanding of cultural context in which they were made. The culture of one nation is a summary of the same values, norms and traditions of members of one society. Factors such as the geographical area in which the society lives, social structure and ideology in which they believe, define a given group more closely and create among its members some sense of togetherness. It is this psychological closeness that a single country and its citizens among themselves feel, that has a significant impact on the decision making process of organizations in international trade.

All together, 400 respondents from each of the V4 countries participated in this marketing research, while each country accounted for 100 respondents.

Table 5.2: The amount of delivered mailings in the V4 countries

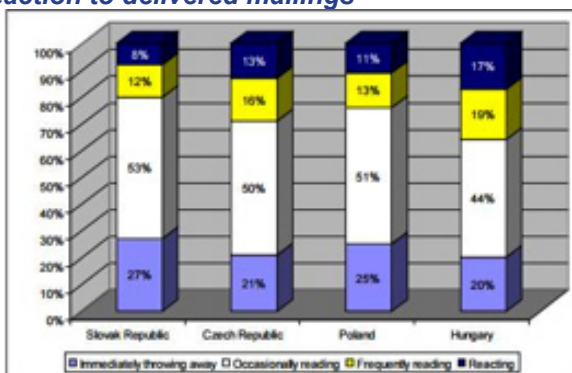


Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovičová: Assessment of the use level of direct mail in the V4 countries

The country with the highest amount of delivered mailings is the Czech Republic. Up to 82% of surveyed respondents indicated that they receive direct mail often or very often. This value is significantly higher than that of the Visegrad group (72.25%). In second place is Hungary with 77%, followed by the Slovak Republic with 70%. The lowest intensity of delivering advertisement mailings is in Poland, where only 24% finds it as very often and 36% of respondents finds it as often.

Table 5.3: The reaction to delivered mailings

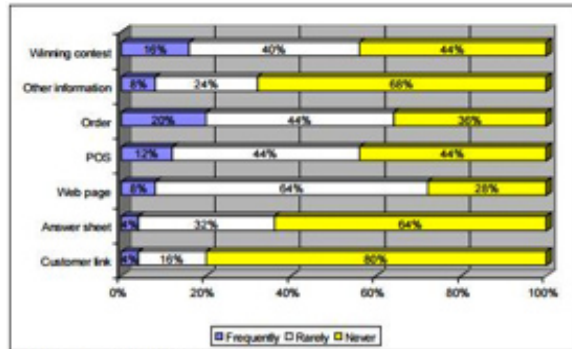


Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovičová: Assessment of the use level of direct mail in the V4 countries

On the contrary, regarding the responses of respondents to delivered mailings, the situation is not as positive. In the Slovak Republic, Poland and the Czech Republic, more than half of those surveyed admit that they read only occasionally offers presented in such form. Among respondents from the Slovak Republic it is even only 8% that will establish feedback in the form of any response. But, in the Czech Republic and Hungary this affinity is slightly better, Direct Mails are responded to by 13% and 17% of recipients. In Poland the group consists of 11% of respondents.

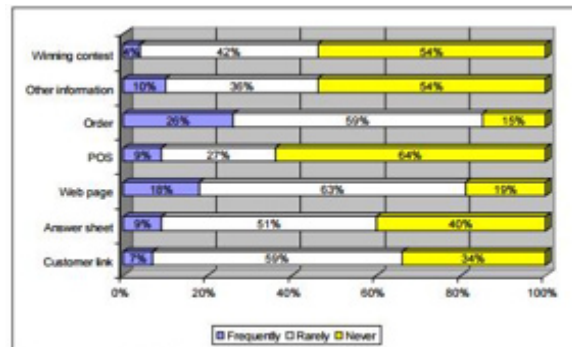
Table 5.4: The types of reaction to delivered mailings in the Slovak Republic



Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovičová: Assessment of the use level of direct mail in the V4 countries

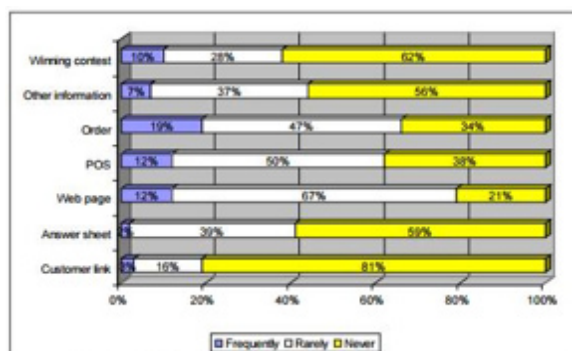
Table 5.5: The types of reaction to delivered mailings in the Czech Republic



Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovičová: Assessment of the use level of direct mail in the V4 countries

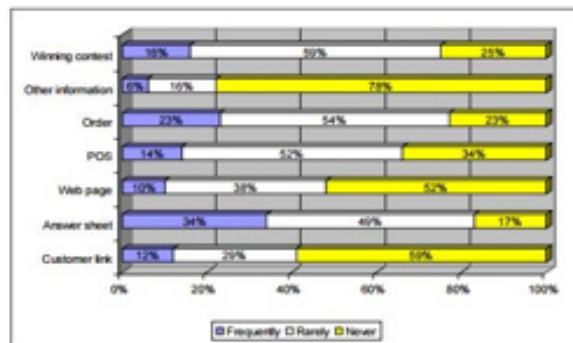
Table 5.6: The types of reaction to delivered mailings in Poland



Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovičová: Assessment of the use level of direct mail in the V4 countries

Table 5.7: The types of reaction to delivered mailings in Hungary



Source: own research and processing

Source: Nagyová-Rovný-Stávková-Majchrovíčová: Assessment of the use level of direct mail in the V4 countries

Among the group of recipients who do not throw mailings in the bin, the channel of communication preferred by individuals in their response was investigated. Significantly, the overwhelming majority of Slovaks, Czechs and Poles responds to delivered mailings by inspecting the company web site first, or establishing contact via e-mail. Czech consumers, in the second position, included the possibility of using the helpline and finally an answering sheet. Slovaks and Poles prefer to visit the Point of Sale directly before the answer sheet. A sequence of preferences not corresponding with any other country has been identified by Hungarians, where the most preferred is answer sheet, before a POS visit and e-mail. These forms of communication channels are used by recipients in all compared countries primarily for the purpose of direct order. Another, the most commonly occurring form of Hungarian and Slovak consumer responses, is participating in winning competitions or direct visit to POS. Requesting further information (with the exception of the Czech Republic) is one of the least occurring reactions.



Questions

1. What do you think the reasons for the difference of reactions to delivered mailings in the different countries are?
2. What types of reactions to DM could you differentiate?
3. Why has direct marketing enjoyed such rapid growth in recent years?

Telemarketing

Telephone marketing is a dominant form of direct advertising. It entails both outbound usage to sell products over the phone and inbound marketing directed at taking orders and servicing customers.

- Outbound Telemarketing

Many companies use the telephone to support or replace their conventional sales forces. It can be used to open new accounts, qualify advertising leads, and service existing customers.

- Inbound Telemarketing

Table 5.8: The different functions of telemarketing

	Sales-generating	Sales-supporting
Inbound telemarketing	<i>Taking orders</i>	Product and company information
		Customer service, help desk
		Complaints service
Outbound telemarketing	<i>Tele-sales</i>	Organizing meetings/dates for the salesmen
		Tele-prospecting
		Updating commercial databases
		Supporting other marketing communications
		Generating traffic
		Tele-factoring

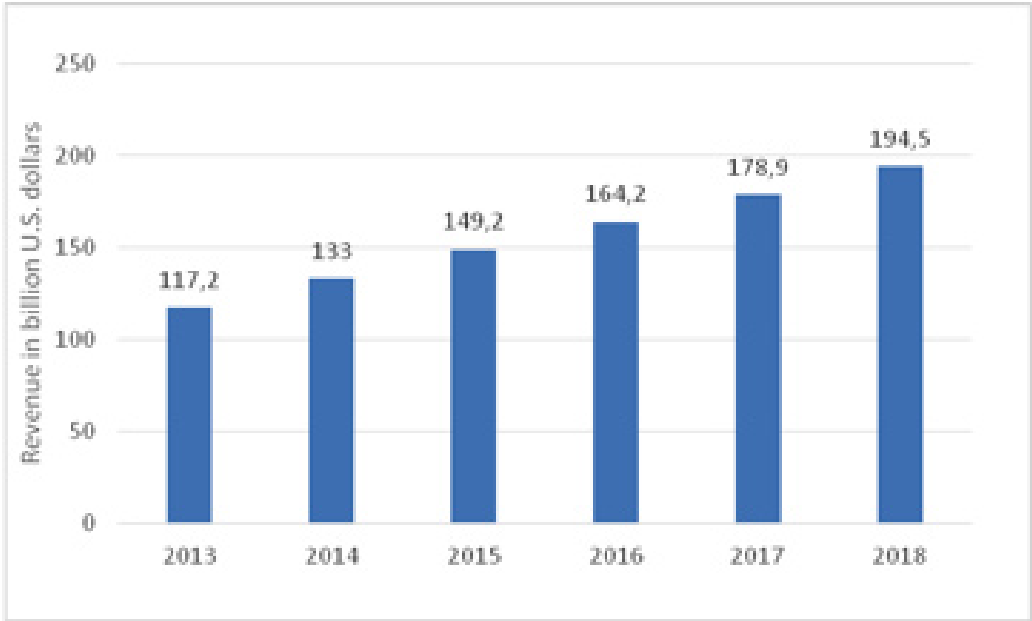
Source: Pelsmacker, P. D. et al. (2010) *Marketing Communications. A European Perspective*, Pearson Education, Essex. p. 455.

INTERNET

The Internet performs a multifaceted marketing function, serving as a mechanism for building demand, conducting transactions, filling orders, providing customer service, and serving as a versatile advertising medium. **The** Internet is a rapidly growing advertising medium. Dating back only to 1994, the “Web” has become an important medium for Internet advertising.

Internet or online advertising encompasses a range of formats including email, search engine, social media, display and mobile advertising. Display advertising uses pictures, videos, text and graphics to target consumers, and ads are usually matched with potential consumers through the use of cookies. The investments made in online advertising have grown substantially in the recent past. Search advertising, which increases a website or a company’s visibility on search engine result pages, held the largest share of online advertising with 43 percent. Display advertising and mobile advertising rounded off the top three. The following timeline presents the forecasted global internet advertising revenue from 2013 to 2018. In 2015, global internet advertising revenue is expected to amount to 149 billion U.S. dollars.

Table 5.9: Global internet advertising revenue 2013-2018 in billions of U.S. dollars

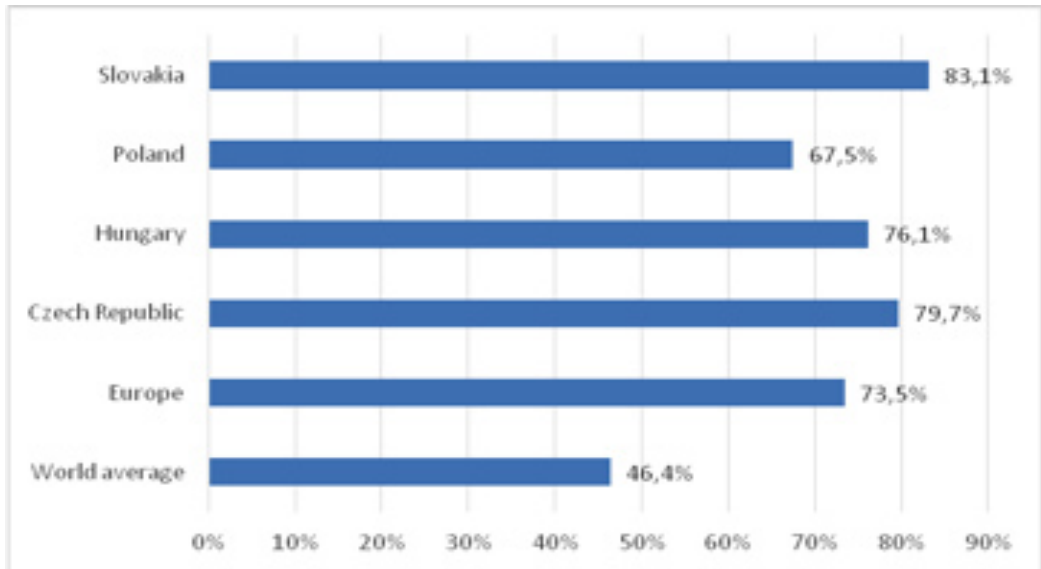


Source: <http://www.statista.com/statistics/237800/global-internet-advertising-revenue/>

Internet penetration

This statistic gives information on the rate of internet users in the V4 countries. Internet users are defined as persons who accessed the Internet in the last 12 months from any device, including mobile phones.

Table 5.10: Internet penetration in the V4 countries, November 2015



Source: <http://www.internetworldstats.com/stats4.htm>

Online Advertising: Benefits and Costs

There are several benefits of online advertising including:

- Individualization: the ability to target advertisements and promotions that are relevant to the consumer
- Interactivity: allows one to build relationships with customers via two-way communications
- Immediate publishing: information and content are not limited by geography or time
- Cost efficiency: the cost of online advertising is really much cheaper than most other forms of advertising. There are actually some free methods of advertising online, and one of the best inventions ever was the Pay Per Click form of advertising that only charges when people click on the link and visit the site.
- Online advertising is not without its disadvantages. Some include:
- User distraction and interruptions: the online user is usually goal-driven and on a mission to obtain information. Online ads interrupt what the user is trying to do online.
- A wide variety of different choices: These can range from e-mail and display or banner advertisements
- Global coordination: companies usually have to deal with a multitude of providers, carriers and consumer devices.
- Short lead times: extremely short lead times (e.g., 30-day program cycles) can arise for online ad placement often driven by short-term consumer desires.

Online Advertising Formats

Search engine advertising (SEA)

Search engine advertising (SEA) refers to a method of placing online ads on Web pages that show results from search engine queries. Search ads are usually targeted to match key search terms called keywords. This is an important point because it means that the advertising attempts to place messages in front of people at the exact point at which their search efforts indicate interest.

There are two forms of SEA: keyword search and content orientation. Content orientation means that the ads are placed on websites with appropriate context. The advantages of these forms of media are cost efficiency, targeting, and measurement of effectiveness.

- **Keyword Matching Advertising**

Prospective advertisers bid for keywords by indicating how much they are willing to pay each time an Internet shopper clicks on their website as a result of a search (cost per click).

Advertisers bid for specific keywords from search engines like Google. Google calls its keyword ad program, AdWords.

(Google Ad Words: www.adwords.google.com)

- **Content-Targeted Advertising**

The ads are placed on websites with appropriate context. Google's other program is called AdSense. With this program, Google enables an online advertiser to run ads on sites other than Google. Advertisers specify the sites on which they want their ads to appear. www.google.com/adsense

Display or Banner Ads

The most popular advertising format has been the static ad known as a display, or banner, ad. These are typically small, static ads placed on frequently visited websites.

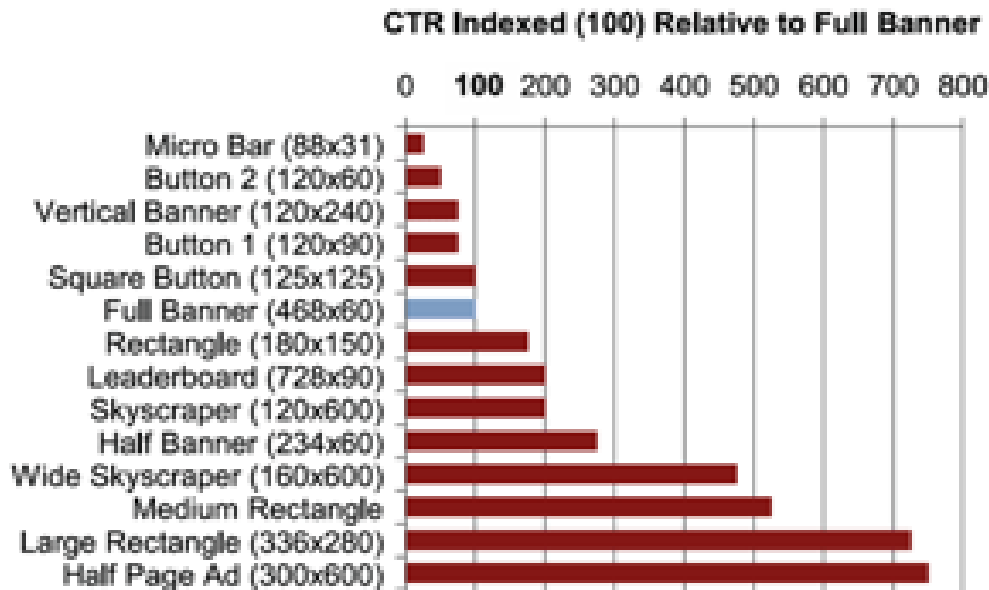
Click-Through Rates

Click-through rates (CTRs) are very low, averaging less than 0.3 percent, but they are higher for B2B ads. Research has found that CTRs are a function of brand familiarity, with brands that consumers know best receiving substantially higher click-through rates than unfamiliar brands. Because of the low CTRs, online advertisers have turned to new technology and larger ad sizes to grab the online surfer's attention.

The graph below shows relative click rates (CTR) for all the standard banner ad sizes (relative to the classic "full banner") and, as is obvious from the chart, the ad performance or click through rates are much better for larger ad units.

Table 5.11: Banner sizes and CTR

Larger Ad Units Generate Higher Click Rates



Source: <http://www.labnol.org/internet/best-banner-sizes-for-adsense/11541/>

Rich Media: Pop-Ups, Interstitials, Superstitials, and Video Ads

Newer online formats that are more dynamic than banners in their use of motion, sights, and sounds include pop-up ads, interstitials, superstitials, and video advertisements. Pop-ups are ads that appear in a separate window that materializes on the screen seemingly out of nowhere while a selected Web page is loading. Interstitials—based on the word interstitial, which describes the space that intervenes between things—are ads that appear between (rather than within, as is the case with pop-ups) two content Web pages. Superstitials, are short, animated ads that play over or on top of a Web page. Online video ads, also referred to as streaming video, are audio/video ads that are similar to standard 30-second TV commercials but may be 15 seconds or several minutes in length.

Websites

A company’s website is like an ad for the company. Online advertising is primarily used to drive traffic to the company website. When people visit the website, it is considered a high value interaction because people chose to visit. This is akin to pull marketing, when consumers pull the product information to them.

Well-Designed Websites

- Are easy to navigate
- Provide useful information

- Are visually attractive
- Offer entertainment value
- Are perceived as being trustworthy

Blogs

The word blogs is short for web logs. Originally, blogs were primarily a form of online diary but over time they have also become a place to house online articles. Marketers can develop blogs or post ads on blogs that are relevant to their target audience.

Podcasts

Podcasting is an audio version of blogging. Podcasting is a way of publishing sound files to the Internet. Users can choose to subscribe to a feed and receive new audio files automatically.

E-mail Advertising

E-mail advertising is simply the use of the Internet for sending commercial messages. Messages appear in many forms, ranging from pure-text documents to more sophisticated versions that use all the audio-video powers of the Internet. E-mail can be a highly effective marcom tool for delivering advertising messages and providing sales incentives to mass audiences or to smaller targeted groups.

Measuring Internet Ad Effectiveness

A variety of companies offer measurement and analysis of online audiences, advertising, video, social media, and online behaviour. Most use a paid panel of Internet users and measure unique audience visits, page views, time spent, loyalty, demographic information, and consumer behaviour.

Metrics for Measuring Internet Ad Performance

The word metric refers, in general, to a unit of measurement. There are at least four general objectives for assessing website effectiveness and a variety of metrics (in parentheses):

- The exposure value or popularity of a website or Internet ad (e.g., number of users exposed to an ad, number of unique visitors, click-through-rate).
- The ability of a site to attract and hold users' attention and the quality of customer relationships (e.g., average time per visit, interval between visits, number of unique visits).
- The usefulness of websites (e.g., the proportion of repeat visitors).
- The ability to target users (e.g., profile of site visitors, previous search behaviour).

Measures of Effectiveness for Internet Advertising

- Viewers (stay on site/page): number of viewers to a site (and unique viewers)
- Ad views/page views/impressions: the number of times viewers see a Web page with an ad.
- Clicks/click throughs: the number of visitors to a site that click on an ad to retrieve information.
- Click through rate: represents the percentage of people exposed to an Internet-delivered ad that actually clicked their mouse on it
- Cost per thousand impressions (CPM): how much it costs on a per-thousand basis to place an ad on a particular website. $CPM = \text{Cost of ad} / \# \text{ of contacts (expressed in thousands)}$. Measures Internet users' opportunity to see (OTS) an ad but provides no information about the actual effect of an ad.
- Cost-per-action (CPA): determines the number of users who actually click on display or rich-media ads, visit a brand's website, register their names on the brand's site, or actually purchase the advertised brand



Questions

1. Some people say that direct marketing is being intrusive and invasive of privacy. Do you think the same? Why or why not?
2. Assume you are a direct marketer! Write a direct response ad for your new service!
3. As you can read in the chapter the global internet advertising revenue is rapidly growing. What is your view on online advertising? Is there no more need for traditional advertising?
4. What, in your view, is the potential of using blogs as advertising medium?

6 SALES PROMOTIONS

Marketing activities other than personal selling, advertising, and publicity that enhance consumer purchasing and dealer effectiveness (Kurtz, 2014).

All activities that are used in retail selling or used for better presentation in a shop are the steps to sales promotion. Their goal is acceleration of goods manipulation. In this case, the sellers have chance to sell more products and increase turnover.

In the United States, companies have been giving away premiums for more than 100 years. Sales promotion techniques were originally intended as short-term incentives aimed at producing an immediate response: a purchase. Today, however, marketers recognize sales promotion as an integral part of the overall marketing plan, and the focus has shifted from short-term goals to long-term objectives of building brand equity and maintaining continuing purchases. A frequent-flyer program enables an airline to build a base of loyal customers. A frequent-stay program allows a hotel chain to attract regular guests (Kurtz, 2014).

Sales promotions are offers and ways in which members of marketing chains want to induce other member of this marketing chain to buy goods in the case of following sales. The targets of trade promotions are:

- To gain initial distribution.
- To gain better sales position on a sales shelf.
- To support established brands.
- To act against competitive activities.
- To increase the amount of orders.
- To build the stock by sellers.
- To reduce over stocking.
- To strengthen the relationship in the marketing chain.
- To strengthen the IMC program of IMC.

The most important thing is to know, if we use the classical methods, like sales promotion, to offer consumers extra incentives to buy, coupons and refunds, samples, bonus packs, premiums, contests and sweepstakes , what kind of directions they use.

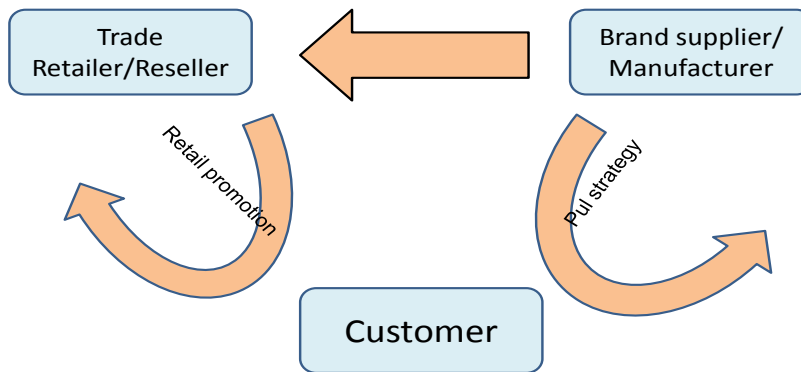
Sales promotions are sales-stimulating campaigns, and include a variety of tools. They attract consumers' attention and provide information that may lead to a purchase. In addition, promotional tools cause and reward a quick response. While the advertisement says: "buy our product", promotion urges consumers to "buy immediately" (Horská et al., 2014).

Sales promotion can be selected in two directions:

Push strategy – where the seller's activities are concentrated on improving distribution and the presentation of products in the shop. On the other hand:

Pull strategy – with this strategy we concentrate on customers in the shop and on activities which could affect the customer in his buying decision process (see Chapter 1 and 2)

Figure 6.1: Push, pull and retail promotion strategies



Source: Adapted by Egan (2015)

By sales promotion we have to clarify what kind of targets we have by selling. We can use the following examples:

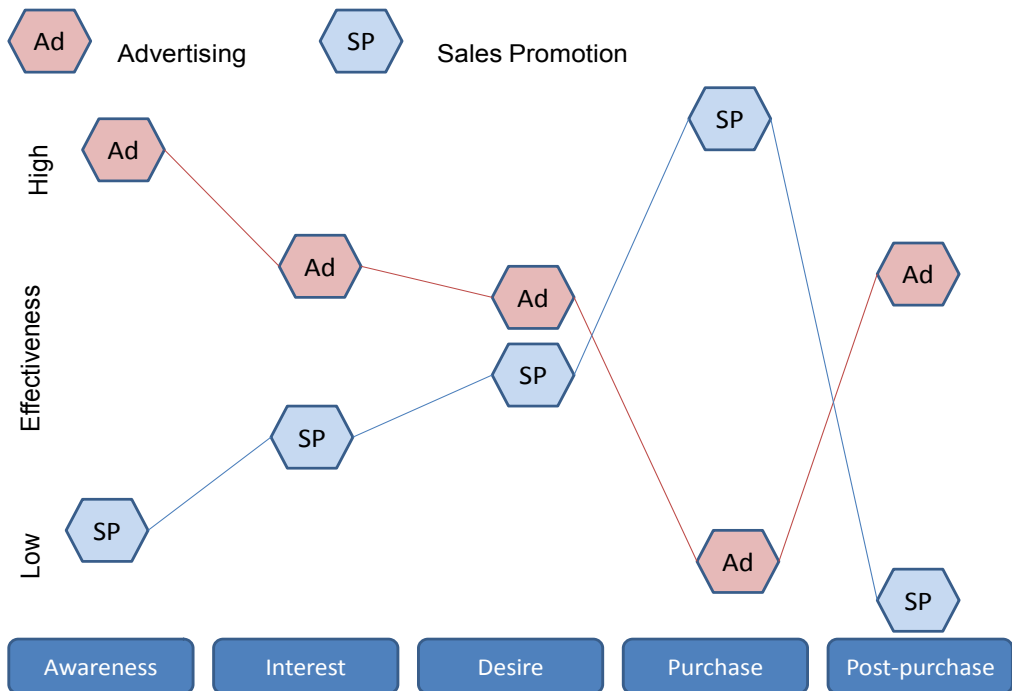
- The sale of test products – we could offer new products or products with new characteristics, products with a new flavour or new types of product packaging (but, it is very important that our customers can recognize the product they are in the habit of buying).
- To increase the sales volume – we must to utilize the overage of seasonal products. In case of the products with limited lifetime, we have to support mostly the sale of those products.
- Acquisition of new customers – it is very important to realize the steps for attracting new customers in our shop.
- Improvement of image of the company – try to improve the conditions for your customers in case of shopping them in your shop to be more interesting.

Despite the phenomenal size of the sales promotions industry and the data available for analysis, there are a frightening number of sales promotions that are relatively ineffective, and some are actually damaging in terms of branding, sales and cash flow (Smith, Zook, 2016).

Effective sales promotions can creatively build the brand franchise while achieving many other objectives, such as increasing sales, cementing loyalty, building databases, generating publicity and more. However, more than half of trade promotions fail: 59 per cent of global promotions do not break even (and in United States that figure is even higher, at 71 per cent with the UK at 58 per cent and Italy, the lowest failure rate at 41 per cent) (Nielsen, 2015).

It is very important to concentrate on trade promotion directly in the shop. We could say, that directly in the shop began over than 60 % of buying decisions. In the shop we have many opportunities to use the promotional materials and of course the space for organizing many promotional activities and actions.

Figure 6.2: Sales promotion relative to advertising



Source: Adapted by Egan (2015)

The trade promotion has few shapes:

- Customer support/consumer promotions – directly to customers and potential customers.
- Trade support/trade promotions consists of the expenditures or incentives used by manufacturers and other members of the marketing channel to purchase goods for eventual resale.
- By Smith and Zook (2016) we recognize also Sales Force Promotions – the sales person has more impact in the final stages of AIDA.

Consumer promotions tools are:

- Coupons.
- Premiums.
- Contests and Sweepstakes.
- Refunds and Rebates.
- Sampling.
- Bonus packs.
- Price-offs.
- Overlays and Tie-Ins.

Trade support tools are:

- Trade allowances.
- Trade contests.
- Trade incentives.
- Trade shows.

Coupons offer the price reduction directly to consumers. The coupons could be distributed by print media, direct mailing, in- or on-package, in-store, digital or delivered by employees.

Trade discounts could be:

- off-invoice allowances
- drop-ship allowance
- slotting fees
- exit fees

Retail competitions:

1. Broker versus broker.
2. Wholesaler versus wholesaler.
3. Shops within retail chain among each others.
4. Retail chain inside.
5. Sellers within one shop among each others.

Trade incentives are extra inducement to purchase:

- Agreement of cooperation in promotion.
- Program of corporate trade.
- Quantitative discount from production price.
- Discount for transport.
- Discount for supply chain, premium packages.

Trade promotions

Trade promotions are incentives designed by members of the trade channel to entice another member to purchase goods for eventual resale. Trade promotions are aimed at retailers, distributors, wholesalers, brokers, or agents (Kenneth, Baack, 2016).

Figure 6.3: Types of Trade promotions



Source: adopted by Kenneth and Baack, 2016

Trade promotions contribute to many successful IMC programs. Individual companies select trade promotions techniques based on several factors. The factors could be as follows:

- The type of company,
- The nature of the business (manufacturer or distributor),
- The type of customers (retailer or wholesaler),
- The company vision, company preferences,
- The external factors.

Trade allowances:

- Off-invoice allowance: a per-case rebate paid to retailers for an order.
- Slotting fees: Money paid to retailers to stock and new product.
- Exit fees: Money paid to retailers to remove an item from their SKU inventory.

Trade contests are used for achieving sales targets and the winners (members of trade channel) could receive prizes, cash or spiff money.

Trade incentives:

- Cooperative merchandising agreement.
- Premium or bonus pack offers.
- Co-op advertising programs.
- Money off.
- Refunds.
- Combined offers.
- Sampling.
- Premiums or self-liquidating premiums.
- Competitions.
- Loyalty schemes (loyalty cards, members cards etc.).

¹ Free-of-charge trialling of products in-store or at other locations.

² Premium or gift.

³ Card issued to the customer to loyalty scheme, used also for controlling of the scheme.

Figure 6.4: Co-op advertising program of TESCO

TESCO
Life

36/2016

Ceny platí od 7. 9. od 8 hodin do 13. 9. 2016 nebo do vyprodání zásob.

-50%
Platí do 20. 9. 2016
Domestos
tekutý WC čistící různé druhy, 750 ml (100 ml = 3,59 Kč)
Používejte biocidní přípravky bezpečně, před použitím si vždy přečtěte údaje na obalu a připojené informace o přípravku.
~~55,90~~
26⁹⁰

-50%
Platí do 20. 9. 2016
Persil
80 pracích dávek, prací prášek, 5,6 kg (1 prací dávka = 3,50 Kč)
~~599,00~~
279⁹⁰

-50%
Platí do 20. 9. 2016
Savo Original
dezinfekční prostředek, 1 l
Používejte biocidní přípravky bezpečně, před použitím si vždy přečtěte údaje na obalu a připojené informace o přípravku.
~~39,90~~
19⁹⁰

-50%
Platí do 20. 9. 2016
Tento Kuchyňské utěrky
Zvrstvě, 2 role (1 role = 8,45 Kč)
vybrané Tento kuchyňské utěrky
~~33,90~~
16⁹⁰

-30%
Platí do 20. 9. 2016
Tesco Loves Baby Ultra Dry
46-78 ks, dětské pleny, různé druhy vel. mini-junior (1 ks = 2,31-3,91 Kč)
~~269,90~~
179⁹⁰

-30%
Platí do 11. 9. 2016
Tesco Kuřecí prsní řízků
chladené balené, 1 kg
~~159,90~~
109⁹⁰

-50%
Platí do 11. 9. 2016
Cukr krystal
1 kg max. 12 ks/den
~~22,90~~
10⁹⁰

-40%
Platí do 20. 9. 2016
Coca-Cola
více druhů, 4x 2 l (1 l = 9,61 Kč)
V nabídce také Fanta a Sprite 4x 2 l se slevou 40 % max. 12 ks/den
~~134,90~~
76⁹⁰

100 Kč = 1 ZNÁMKA
SBÍREJTE ZNÁMKY A ZÍSKÁJTE SLEVU NA EXKLUZIVNÍ VÝROBKY BOHEMIA CRYSTAL
7 ZNÁMEK S CLUBCARD
10 ZNÁMEK BEZ CLUBCARD

SLEVA AŽ 66%

ID. č. 2016/28_1k.

Source: www.tesco.sk

Trade shows problematic is explained detail in the Chapter 9.

Advantages and disadvantages of sales promotions

By Eagle et al. (2015) the type of sales promotion activity is a factor, we have noted that the overall aim of sales promotions is to increase trial and brand selection relative to competitors and, hopefully, result in more frequent purchases. Baidya and Basu (2008) note, that there has been considerable debate about the

short-term versus long-term impacts of sales promotions. There is evidence of both short- and long-term positive benefits for some products that can be attributed to the impact of sales promotion activity, short-term effects appear stronger.

However, there is no guarantee that price reductions alone will result in purchase if the perceived brand equity is weaker than that for competing brands (Alvarez and Casielles, 2005).

Table 6.1 Advantages and disadvantages of sales promotions

Advantages:	Disadvantages:
Delivering diminishing returns	Damage the equity of brand
Price sensitivity of customers may increase	No link to brand values
Action oriented	In some case could be expensive
Possibility for consumer to try product	In some case damaging of sale
In B2B good way for creating list of custom.	Damaging of cash flow
Increasing of usage particular brands	Needs educated personal
Easy supported by PR, advertising etc. Part of IMC.	Could not be used separately without other IMC tools
Very successful during recessions	

Source: Author

Examples of consumer promotions of the retail chains in Slovakia

Figure 6.5: Billa offers online comparison of foodstuffs prices



Source: Author

Figure 6.6: DM Drogeries offers Birthday discount for members of DM Club



Source: Author

Figure 6.7: TESCO offers seasonal discounts for the members of TESCO Club



Source: Author



Case study

Label Quality from Our Regions and project Ask for a “Slovak Product” (Pýtajme si slovenské!)

- The base is label Quality from Our Regions (logo of the brand, Figure 6.9),
- Social Responsibility Project,
- The project support community of producers, not just one,
- Resident’s association, volunteering,
- Food and non food products and services,

It is a project of social responsibility, based on a consumer education through media campaigns and consumer contests, but we can say at the same time that it is a brand that distinguish registered products in campaign, and, of course only those producers that respect specified rules from other such products. This campaign sees region as national, it communicates regional products, though this standard is bit different from the standard definition of so called regional product. The trademark we mention here exists for four year period. Producer can receive trademark after he is successful in the process of trademark using request, followed by fulfilling all the obligatory requirements and payment for trademark usage license. Payment includes also the option to use the trademark in his own marketing activities. These activities also need to be accepted. The trademark is delegated to applicant by Board of NGO

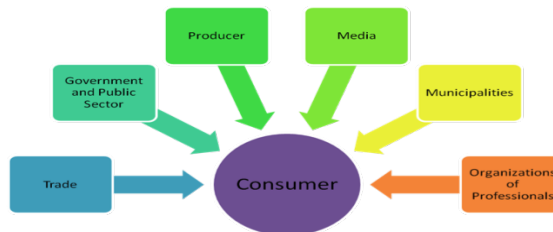
Why project “Quality from Our Regions” came into existence at the first place? The reason is insufficient and descending interest of Slovak consumer about local products. This tendency persists in Slovakia since 1990s¹. Several sources state that we can bind this scenario with global corporation market entry onto Slovak market. Another important reason is long-term negative development in agri-food sector of Slovak Republic, constant decrease of labour force and investment in primary and food production, resettlement and landscaping. General claims about contrary status in food production of Slovak Republic rely on open economy, but they do not appreciate the support of local market demand as well as absence of systematic approach to communication is still in place.

The goal of the project is to educate Slovak consumer in the first place, especially in these fields:

- Why it is important to purchase local products.
- How does economy work and how can the citizen take part with his purchasing behaviour in quality of society living standard improvement.
- What impact on education, healthcare, infrastructure, employment rate and other areas has Slovak products purchasing.
- Other partial goals of the projects are:
- Slovak food products and non-food products purchasing support and support of local services in form of campaigns and other communication activities.
- Products and services branding based on fulfilling criteria needed for usage of label QFOR.

- To connect market participants.
- To create synergic cooperation between sales, production, primary production, legislative and executive power, professional associations, local government, consumer communication oriented media.
- Increase of quality in macroeconomic indicators through purchasing behaviour change in Slovak Republic (establishing new job offers, GDP increase, investment needs creation, etc.).
- Progress in sales and distribution relationship based on optional relationship settings and transparency.
- To support local tourism using the synergy in communication and information campaigns.
- To support local pride of craft, esprit de corps and the value of craft professions and to improve the structure of needed professions on the labour market in cooperation with other market participants.
- To educate consumers as well as youth citizens with stress on the significance of products quality and their connection with health status of individuals in the society.
- Progressive consumer movement creation, that cares about the future of the country where they live (internal documentation of INCOMA Slovakia s.r.o.).
- From all of the marketing communication tools, mainly advertising through TV and radio shots, billboards and print media advertising are being used. Public relations campaign is used actively, using press conferences and information mainly in press media. Interesting complimentary tool in campaign is mobile application intended for Slovak consumers. Consumer can use application to verify whether the product is required to use the trademark “Quality from Our Regions”. Application also gives producers space for company products and news presentation (www.kvalitaznasichregionov.sk and internal documentation of INCOMA Slovakia s.r.o.).

Figure 6.8: Consumer education project scheme



Source: processed by author from www.kvalitaznasichregionov.sk

Figure 6.9: “Quality from Our Regions” trademark logo, communication example and logo for HoReCa segment



Source: archive of INCOMA Slovakia s.r.o.

Marketing communication of label Quality from Our Regions Advertising

Figure 6.10: TV spot visual with consumer contest



Source: archive of INCOMA Slovakia s.r.o.

Figure 6.11: Billboard spot with contest



Source: archive of INCOMA Slovakia s.r.o.

Figure 6.12: Educational visuals

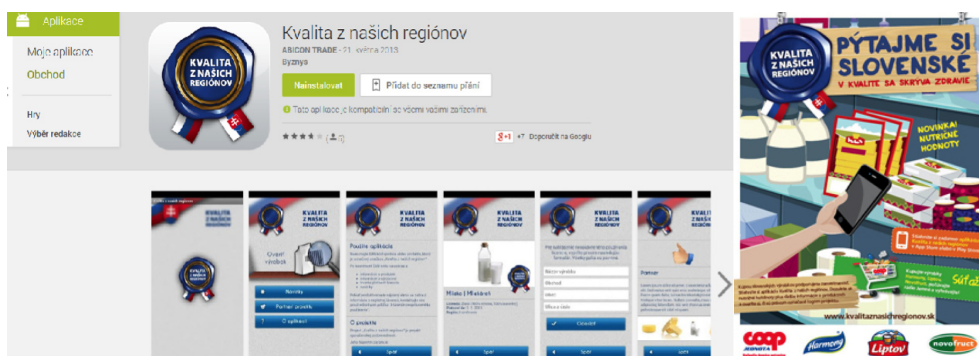


Source: archive of INCOMA Slovakia s.r.o.

Modern communication

Label “Quality from Our Regions” is corresponding with modern age and uses the latest tools of marketing communication. Mobile app “Quality from Our Regions” is set for sales support and for checking those products which are labelled with brand “Quality from Our Regions”. Using this app consumer can find out whether product is required to use trademark “Quality from Our Regions” and gets knowledge and further information about product and its producer as well as news that are set for consumer. Scanning branded products’ EAN code in the application the information about product, producer, license validity and news will show up in the app.

Figure 6.13: Mobile application Google Play Android for the “Quality from Our Regions (QFOR)”



Source: <https://play.google.com/store/apps/details?id=sk.incoma.kvalitaznasichregionov>

The association uses local consumer surveys for sales support of the brand and especially for proper marketing communication tools implementation. Existence of such a trademark and activities of the association have brought primal results, stated by INCOMA s.r.o. as followed. Survey results say that in Slovak market change in consumer behaviour takes place in favour of local products sales increase. Surveys realized by GfK further say that local product sales slump has stopped and in comparison with years 2012 and 2013 the purchase ratio has increased for 5 per cent in favour of local products, from 54 per cent to 59 per cent. This numbers represent the value of 300 million EUR and further potential for job offers creation in agro-food sector. During this period new synergy in cooperation through market participants has been established. This synergy has allowed to create sufficient conditions for local products sales support. Partners of the project and its communication activities are producers, growers, sales representatives, local and national government, associations and media. Major success is to establish Food Cluster as part of the initiative of Food Chamber of Slovakia. Based on data received by GfK survey we can see increase in the consumer ability to distinguish local and foreign products. Annually, this means 12 per cent increase. In 2013, more than 59 per cent of consumers have no issues with brand of QFOR distinguishing, 39 per cent have minor issues and only 2 per cent of consumer have major problems to identify the brand. We can thus say that the brand is considered to be significant sales support tool within local products. Since 2013, producer can receive QFOR trademark right after fulfilling given requirements. Since 2014, this is possible in HoReCa segment. This news have positive potential in further local products and services sales support.

By purchasing of such a product, consumer declares that he is willing to pay for quality. Annually this percentage rises in interval of 1 to 7 per cent, which creates potential for project goals accomplishment success. Establishment of civic association QFOR was one of the vital steps. The project itself motivates as well as 80 per cent of customers to buy local products (GfK survey). Oncoming goal of the association is to create customers' movement, important for local products and services support. Educational activities of the association aim at various target groups. In 2012 project called "The Craft has a Gold Bottom", aimed at 5th to 9th grade of primary education. In 2014, project initiative "Academy of Business in Agriculture" launched its activities, focused on agricultural sector and farmers. ⁵

⁵ Processed from internal documentations of INCOMA Slovakia s.r.o.

Figure 6.14: World Food Day, Oct. 14th campaign visual for supporting the Slovak economics



Source: archive of INCOMA Slovakia s.r.o.

Figure 6.15: Billboard of QFOR campaign



Source: archive of INCOMA Slovakia s.r.o.

QFOR trademark communication campaign runs also in radio, oriented to support the trademark. Text of the campaign in various radios is stated below:

“Every family knows now, that even with small purchase of Slovak products, it can start big changes. Just 1 Euro daily in favour of Slovak producers for each of us can employ as well as 100 000 people in Slovakia. Buy products Budiš, Harmony, Liptov, Novofruct, St. Nicolaus and Zeleninárska branded with ‘Kvalita z našich regiónov’ trademark in Coop Jednota, Kaufland, and Tesco chains and win a free 100 EUR purchase!”⁶

Very important result of the campaign is media monitoring and the value of media outputs in form of press releases, articles, as well as media impact on consumers. This value during media impact through May moves at sum of 200 000 EUR.

Strong communication tool for QFOR trademark are billboard. They are focused on various areas of economy, goaled to address wider spectrum of Slovak population. Examples of these billboards used in the years 2015 and 2016 are

stated in Figure 6.14.

Trademarks mentioned in the article are not the only ones that highlight consumers on Slovak origin of product. We can although say that all other brands are private, whether through sales chains or other privates companies and associations, e.g. Slovak Gold.

Figure 6.16: Examples of printing visuals



Source: archive of INCOMA Slovakia s.r.o.



Task and discussion questions:

What could be the similarities and difference between advertising and sales promotion?

Describe some of retail chain loyalty program and explain why it is supposed to be effective?



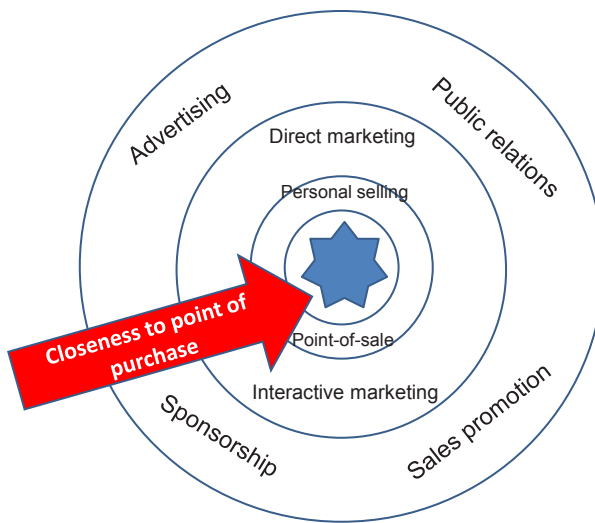
Questions

1. Define “sales promotions”.
2. What tools are used in sales promotions?
3. What is the difference between consumer promotions and trade promotions?
4. Describe a cooperative merchandising agreement.
5. How would you evaluate the impact of sales promotions on brand equity across a range of fast moving consumer goods, consumer durables and services?

7 PERSONAL SELLING IN INTEGRATED MARKETING COMMUNICATIONS

Personal selling is referred to as point of sale (POS) or point of purchase (POP). We could say, that point of sale (POS) or POP are described by in-store materials displayed at the place where customers are making their buying decisions. In our brave new digital age, we sometimes forget how important these latter seemingly boring, aspects of communication are. Approximately 80 % of retailing is still off-line and of those customers who still shop 76 % (and growing) of their decisions are made in-store (2012 Report of POPAD in Egan, 2015). Figure 7.1 shows those influences closest to the point of sale.

Figure 7.1: Communications Tools closest to the customer



Sorce: Adapted by Egan (2015)

Personal selling is the personal communication between a company's sales force and customers for the purpose of making sales and building customer relationships.

Personal selling offers a face-to-face opportunity to build relationships with consumers. It takes place in both consumer and business-to-business transactions. Personal selling may result in the acquisition of new customers, in addition to influencing current customers to increase their levels of purchases. It can also be used to service and maintain existing relationships. The goal of personal selling should not be limited to making sales. Developing longer-term relationships with customers represents a second key objective. Relationship selling seeks to create a customer for life, not for a single transaction (Clow, Baack, 2016).

Personal selling is the oral presentation and/or demonstration of one or more salespersons aimed at selling a company's products or services. It is a personal contact between a company representative and a prospect or client (De Pelsmacker, Geuens and Van Den Berg, 2010).

The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy a product, or at least try the product. The terms "personal selling" and "Salesmanship" are often used without distinction. However, there are some acceptable differences between the two terms. Salesmanship is the initiated effort of a seller that provides prospective buyers with information and motivates them to make favourable decisions concerning the seller's products or services. Personal Selling is a highly distinctive form of promotion. It is basically a two-way communication involving not only individual communications, but social behaviour, too. It aims at bringing the right products to the right customers at the right place at the right time.

In some parts of the buying process, particularly in obtaining preferences, creating opinions and persuasion to action are the most effective tools for personal selling. Personal selling, especially when it is compared with advertising, has several unique advantages:

- There is personal interaction between two or more people; this means that each person can take into account the needs and characteristics of their opponent and convert immediate adaptation.
- Personal selling also allows the creation of all sorts of relationships, from an objective relationship between a buyer and seller to a deep personal friendship. A good vendor has at heart the interests of his customers to create with them a long-term relationship.
- Finally, in the case of personal selling, the buyer usually has a greater need to listen and respond, even if his reaction would just be a polite refusal (Horská et al., 2014).

A good example of personal selling is found in department stores at the perfume and cosmetic counters. A customer can get advice on how to apply the product and can try different products. Products with relatively high prices, or with complex features, are often sold using personal selling. Great examples include electronics, computers, cars, special machinery, office equipment (e.g. photocopiers) and many products that are sold by businesses to other industrial customers.

Personal selling – mutual face-to-face communications, what its content is, offering information, showing, maintaining and building long-term relationships, or to tempt concrete persons.

Personal selling is the process of determination of the needs and wishes of a potential customer and the way of presentation of the product, services or idea, which motivates buyers to buy.

Personal selling is a part of IMC and therefore it is necessary to support it by advertising, Public Relations, sales promotions, direct marketing and by participation at trade fairs and exhibitions. The target of personal selling is to find the prospective buyer of the product, in this case to inform him, to show him the functionality of the product, to persuade them to buy the product and to offer and provide them after-sale services. The sale is not the final target; the final target is really a satisfied customer.

Advantages of personal selling:

1. Direct contact between a company and its customers.
2. Immediate feedback.
3. Individualised communication.
4. Bigger chance for customer loyalty.

Every coin has two sides; personal selling's disadvantages:

- Time is a limiting factor in personal selling.
- Repulsion towards the personal selling on B2C and B2B markets.
- The human factor and losing control of the content of shared information.
- Relatively high unitary costs.
- Few objective segments, geographical concentration of customers.

Two different ways of personal selling:

1. Sales orientation.
2. Customer orientation.

We can describe the 5 basic categories of personal selling activities:

- communication,
- sales,
- relationships,
- team building and team selling,
- database management.

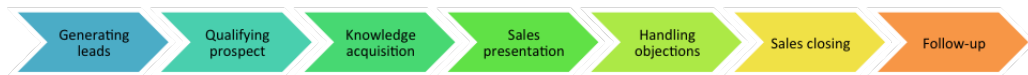
The basic activities of sellers are: sales, cooperation with other members of a marketing chain, the services linked with the product, information support, conferences, meetings, trainings, recruiting, social activities, travelling, cooperation with distributors.

The basic types of personal selling:

Trade selling	Supermarkets, mixed goods, chemist's etc.
Missionary selling	The customers of our customers
Retail selling	"Traditional customers"
B2B	Companies and organizations
Professional selling	The effectors of our target group

The general steps in personal selling process are follows:

Figure 7.2: Steps in the Selling Process



Source: adopted by Clow and Baack, 2016

Retail sales:

1. Sales in retail shops
2. Sale of services
3. Telemarketing

7 Ps of Personal Selling – 7P approach to selling skills (Smith and Zook, 2016)

1. Prospecting (looking for potential customers).
2. Preparation (objective setting, continual customer research).
3. Presentation (demonstration, discussion).
4. Possible problems (handling objection).
5. "Please, give me the order" (closing the sale or getting the order).
6. Pen to paper (recording accurately all relevant details).
7. Pont-sail service (developing the relationship).

Increasingly today, more and more sales come from past customers and through growing the share of wallet of existing customers. Both employees and past employees can help to prospect for new business.

Emotional intelligence is the ability to understand one's own emotions and the emotions of people with whom one interacts on a daily basis. The qualities are important for adaptive selling and may spell the difference between effective and ineffective order-getting salespeople.

A good salesperson always follows up with both prospects and clients after making a presentation. If a prospective customer is still unsure of the benefits of your product or service, this is another chance to address his concerns. If he has already decided to purchase your product or service, it's important to check in and make sure he is satisfied with it.

We can state that personal selling as a part of marketing communications is connected to managerial communications, and formal and informal personal communication as well. Especially, it is very visible in high context cultures. Informal communication is often more important than formal (Horská et al., 2014).



Case study

Company AVON – example of personal selling

The story of AVON started in California. The history of AVON company looks like fantastic story. The salesperson with books, David H. McConnel started to add to books little scented gift, as an additional perk to his female customers at the end of 19th century. Before long the scents were more requested than books, Mr. McConnel founded his own company named “California Perfume Company” in 1886. McConnel expected very well that personal contact and personal selling is the most important way for direct selling in case of selling goods of woman to woman. The first distributor of his company was Mrs. P.F.E. Albee, who became first Avon Lady. In 1886, 34 years before women in the U.S. earned the right to vote, the founder of AVON, helped give them the chance to earn an independent income. Since women had a passion for his products and loved networking with other women, McConnell was inspired to recruit them as Sales Representatives. From a small New York City office, McConnell himself mixed the company's first fragrances. In 1929 was marketed the first line of products under the name of city where was born the most favourite author of Mr. McConnel, William Shakespeare, Stradford upon Avon. The name became so popular, that the company has been official renamed on Avon Products Inc. in 1939.

Avon Values and Principles:

Time and again, Avon's five values and guiding principles have served as sources of strength for the company and still do today. Avon's values date back to its founding in 1886 and grew from BIRTH.

Belief is the cornerstone of empowering Associates to assume responsibilities and be the very best they can be. Believe in someone — and show it — and that person will move mountains to prove you're right.

Integrity should be the hallmark of every Avon Associate. In setting and observing the highest ethical standards and doing the right thing, we fulfill a duty of care, not only to our Representatives and customers in the communities we serve, but to our colleagues and ourselves.

Respect helps us to value differences, to appreciate each person for her or his unique qualities. Through respect, we help bring out the full potential of each person.

Trust means we want to live and work in an environment where communications are open — where people feel free to take risks, to share their points of view and to speak the truth as they see it. Trust people to do the right thing — and help them to understand your underlying reasoning and philosophy — and they won't disappoint.

Humility simply means we're not always right — we don't have all the answers — and we know it. We're no less human than the people who work for us, and we're not afraid to ask for help.

Principles that Guide Avon

- To provide individuals an opportunity to earn in support of their well-being and happiness.
- To serve families throughout the world with products of the highest quality backed by a guarantee of satisfaction.
- To render a service to customers that is outstanding in its helpfulness and courtesy.
- To give full recognition to employees and Representatives, on whose contributions Avon depends.
- To share with others the rewards of growth and success.
- To meet fully the obligations of corporate citizenship by contributing to the well-being of society and the environment in which it functions.
- To maintain and cherish the friendly spirit of Avon.

The company for women everywhere - AVON in the Slovak Republic

The company AVON started the business in Slovakia in January 1993. Until 1998 the AVON has been part of centre in Germany. The AVON Slovakia is led by independent management for Czech Republic and for Slovakia nowadays. The company grows very fast. In the centre of AVON in Bratislava work over 50 employees. Around 50 000 of direct-sellers are involved into personal selling of AVON products, including AVON ladies and AVON gentlemen. They serve over 3,3 million customers yearly. The company is member of Association of Direct Selling. There are two ways to earn money as a Representative: by selling products or—through the Sales Leadership program—by selling products while recruiting others. The higher a Representative's campaign (selling cycle) sales are, the greater the percentage she will earn on those sales. Sales Leaders, Representatives who both sell and recruit, earn money based on their personal sales plus their recruits' sales, with a similar progressive earnings structure applied. The business model is working on multilevel marketing system.

Avon wants its Representatives to succeed by offering a no-barrier earnings opportunity to support themselves and their families. AVON supports each Representative in her efforts to achieve success and empower her to be self-sufficient by earning an income. The company's direct-selling model offers a low cost of entry, a wide range of training and development opportunities, management support, and digital direct selling tools that enable Representatives to manage and grow their businesses as never before. All it takes to become a Representative and launch a business is the nominal cost of an appointment fee. Once appointed, a Representative has flexibility over her schedule and is her own boss, setting the parameters and goals for her business. For some Representatives, selling Avon is a full-time business. Others sell Avon to supplement income from a full-time job, or for a set period of time to achieve a certain financial goal, such as a child's college tuition or a family vacation. Depending upon the level of sales, the earnings of a Representative generally can range up to 50 percent, providing greater incentive and earnings to those who are committed to personal success. Credit-eligible Representatives generally do not pay Avon until their customers pay them directly, meaning a Representative does not have to make a cash outlay to cover the cost of her customers' orders. The AVON business model enables many women, who otherwise might not have access to credit, to pursue and attain their personal financial goals.

The company offer many digital tools—on the Internet, social media and mobile technology—that enhance Representatives' reach, productivity, and earnings. Representatives businesses can integrate seamlessly with the way people today connect, share and shop, and create communities, through our new multi-channel selling tools such as:

- Social media.
- Tools and videos so Representatives can share valuable beauty content with their customers.
- Customized social media environments for Representatives to reach customers and other Representatives.
- Avon-branded networking sites for Representatives, their customers, sales leaders and all empowered women. These sites enable users to interact to share their love of beauty, as well as connect with each other. Representatives also receive peer-to-peer support on the sites.

The vision of AVON Slovakia: “We would like to be a company, what understand very well the women’s needs in the field of products, services, self-realisation, and what satisfy them globally.”

Avon offered women the opportunity to be CEOs of their own businesses and control their economic destinies.

Figure 7.3: Newspaper advertisement used in Mexico, 1958. The true perfume, 1898.



Source: www.digital.hagley.org

Figure 7.4: Rise Stevens, opera star, advertising Avon, 1949



Source: www.digital.hagley.org

Figure 7.5: Project of AVON against breast cancer, Bratislava 2015



Source: www.zdraveprsia.sk



Task

Explain the principal differences between personal selling and mass communications and discuss.

Could be online retailing the future of shopping?



Questions

1. What steps are involved into personal selling process?
2. When is personal selling most effective?
3. Is there any difference between POP and POS?
4. What are the 7Ps of personal selling?

8 NEW TRENDS IN MARKETING COMMUNICATION

This part presents material on perhaps the most exciting, ever-growing and changing tool found in IMC today - that is social media.

“Traditional marketing talks at people. Content marketing talks with them.”
Doug Kessler

Traditional marketing may be in decline, but billions of dollars are still spent on it every year. Many marketers utilize a mix of both traditional and non-traditional marketing strategies. Both have advantages and disadvantages. The key is determining which strategy will be most effective for the product that is being pushed.

Non-traditional marketing strategies rely on new and unorthodox marketing methods. Anything that falls outside the categories of traditional marketing can be considered non-traditional, but the term has typically referred to a more specific range of marketing tactics.

Social Media

Social media represents web-based and mobile technology used to turn communication into interactive dialogue. Business companies may refer to social media as “consumer-generated media.” Social media integrates technology and social interactions to create value for users and helps to solve consumer problems by establishing communication.

Figure 8.1: Social Media Landscape 2016



Source: <http://www.fredcavazza.net/2016/04/23/social-media-landscape-2016/>

Facebook, Twitter and Google are at the centre of this ecosystem. Not only do these three companies own the most popular services, but they create a virtual circle by extending the reach of content and discussions.

Comparisons with Traditional Media

There are five points of comparison between social media and traditional media.

- Reach – both offer scale but traditional media is more centralized, while social media is decentralized
- Accessibility – social media is more accessible at little or no cost, assuming there are no country-specific restrictions.
- Usability – social media requires no need for digital expertise to use. Anyone with online access can generate content for social media
- Immediacy – traditional media time lags can be quite long while social media can be immediate.
- Permanence – traditional media cannot be altered once distributed, but social media can be changed immediately. Changes can be made “on the fly” with social media

Social Media Advantages and Disadvantages

Current advantages include:

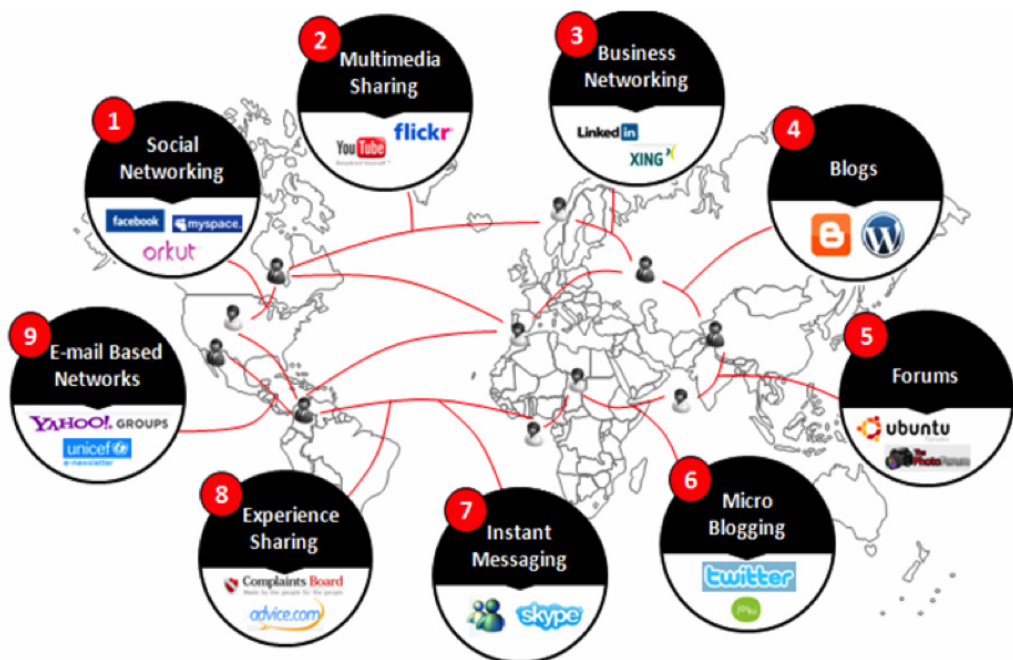
- Flexibility: ability to quickly modify postings, ads, blogs
- Reach: the ability of companies to reach small audiences and at the same time extremely large audiences as well
- Consumer engagement: with consumer generated content it helps to ensure engagement in sites
- Two-way dialogue: Consumer feedback; new product and brand ideas; pricing, location and promotion modifications can all be gleaned from social media sites
- Integration and ability to drive traffic: ability to redirect consumers to other sites
- Improved metrics and research: audience measurement statistics, such as monthly brand impressions and the overall weight of a brand campaign
- Cost effectiveness: compared to placing an ad in traditional media, placing an ad in social media (with price based on cost per click or cost per views or free) is more cost effective

Disadvantages include:

- Privacy: Social media has privacy policies to avoid privacy issues
- Lost productivity, addiction and fatigue: Many companies worry that employees working on social media projects will experience a loss of productivity. In fact, there have been cases of social media addiction, burnout or fatigue
- Meaningless comments and babble
- Hackers and frauds: Social media sites have been hacked at times and there have been instances of fraud
- Dealing with negative comments: While it's beneficial for businesses to get feedback from their customers, social media makes the feedback public. If a customer has a bad experience with a brand, they may be compelled to share the experience on a social network. Companies have to be prepared to handle negative feedback immediately, before it ruins their brand's reputation.

Categories of Social media

Figure 8.2: Categories of Social media



Source: <https://forteconsultancy.wordpress.com/2010/02/17/the-social-media-buzz-%E2%80%93-what%E2%80%99s-it-all-about/>

Defining social media as a group of technologies and channels used to create and enable a massive community of participants to collaborate productively, several different categories arise, differentiated by the nature or the mechanism of how it works. We categorize social media under 9 categories:

1. Social Networking

The most popular online platforms are in this category. People gather in and around social networking websites to connect with their friends and family, to interact with new people and to share interests, activities and other personal content such as videos or photos. The most popular members of this category are Facebook, Myspace and Friendster. Companies traditionally use this social media to interact with their customers via company profile pages, and to advertise to target market segments.

2. Multimedia Sharing

This category hosts the platforms in which multimedia content (video, presentations or photos) are the main focus. Multimedia sharing sites also act as a complementary channel used by bloggers to host images and videos they attach in blogs and other social media. Youtube and Flickr are two popular websites in this category. Companies traditionally use these channels to upload commercials (both old and new ones), product information clips, how-to videos, product and service expert opinions, and recommendations. Companies today are even producing commercials tailored for these social media platforms.

3. Business Networking

This category's members are solely focused on the corporate environment. Business networking websites are mainly used by professionals. Entrepreneurs looking for new partnerships, executives searching for subject matter experts, HR specialists looking for new recruits, company alumni sharing company experiences, and companies displaying a company profile are among some of the common usage methods of such sites. LinkedIn, with more than 55 million users, is the most popular member of this category, along with XING.

4. Blogs

Blog is a contraction of "web log," defining an online journal where individuals or companies post regular entries about a particular subject or use it as a diary. A blog may contain images, videos or text and may have elements from other categories. Readers can leave a comment on a blog and, as such, blogging facilitates two-way interaction. 113 million blogs have been indexed by Technorati since 2002. Companies own blogs as well, where they usually share content about products, services or business news. Professional individual's blogs, such as CEO Blogs, are also starting to become more common. A few examples of successful blogs are Mashable, TechCrunch and Media Decoder of the New York Times.

5. Forums

Online discussion forums where people discuss and share information about anything can be grouped under this category. Companies often monitor and facilitate forums to review what people are thinking about their products and services. Easy access to forums to read a review about a product makes it vital for companies to carefully follow such forums to reduce negative word-of-mouth, and, inversely, to leverage positive feedback.

6. Microblogging

Microblogging is very similar to blogging; however, its content is much smaller than with blogs. It also differs from blogging by the nature of its use or frequency of blogging. Microbloggers usually only post a sentence or two in their blogs, sometimes a video or link instead. Twitter dominates this category. Dell, Zappos and Comcast's Twitter pages are very popular, especially in the US, thanks to their effective use of Twitter to communicate with customers.

7. Instant Messaging

Text based communication in real time is the core feature of instant messaging, and is used primarily as a social media tool. Windows Live Messenger have 330 million active users, followed by Yahoo Messenger and AIM. Instant messaging is usually applied in customer services actions by companies seeking to increase satisfaction and loyalty in the long term.

8. Experience Sharing

Sharing experiences (complaints or appreciation) about a product with other people is an easy and direct expression of satisfaction or dissatisfaction for a customer, hence there are many websites created for publishing such experiences. Companies usually follow social media platforms to reach customer feedback easily and take action accordingly. Complaints Board is a popular platform, where the latest complaints about products and news about customer service failures or company successes are published. Registered users on the platform are both customers and companies.

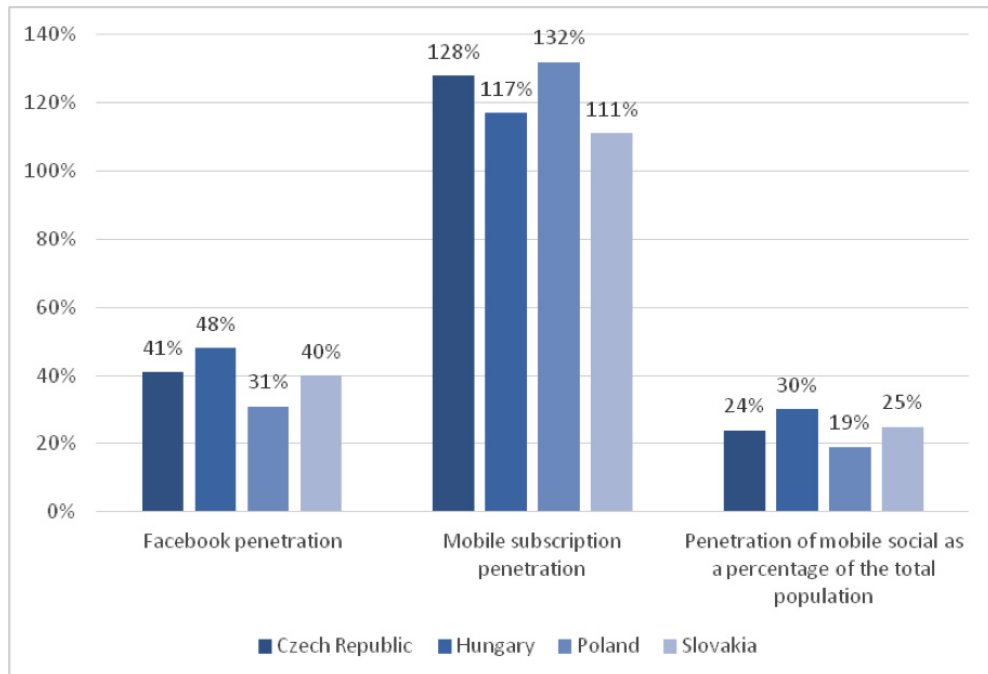


Case study

Social Media in Europe

At the start of 2014, Europe boasted almost 300 million active social media users, accounting for 40% of the region's population. Mobile social media continued to grow in importance around the region, with two thirds of the region's social media users regularly accessing via mobile devices.

Figure 8.3: Social and mobile in the V4 countries in 2014



Source: <http://wearesocial.com/blog/2014/02/social-digital-mobile-europe-2014>



Questions

1. An examination of Figure 3 suggests the very high importance of social and mobile media in the V4 countries. Provide specific ideas and suggestions on how companies can use social media?
2. How should social media be organized within agencies and companies?

Guerrilla Marketing

The original term was coined by Jay Conrad Levinson in his 1984 book 'Guerrilla Advertising'. The term guerrilla marketing was inspired by guerrilla warfare, which is a form of irregular warfare and relates to the small tactic strategies used by armed civilians.

This alternative advertising style relies heavily on unconventional marketing strategy, high energy and imagination.

Guerrilla marketing is often ideal for small businesses that need to reach a large audience without breaking the bank. It also is used by big companies in grassroots campaigns to compliment on-going mass media campaigns. Individuals have also adopted this marketing style as a way to find a job or more work.

The available secondary information on marketing servers identifies 12 different types of Guerrilla Marketing used for business purposes. All the types have as their common goal the promotion of products or services in such a way that increases their efficiency among traditional media. The following types of traditional (offline) guerrilla marketing are presented in order to identify possible application to the online environment, where these similar or the same guerrilla marketing campaigns may be performed on the Internet.

a) Astroturfing

Astroturfing is a kind of guerrilla marketing that creates the impression of being spontaneous and dominating a scene. The techniques are very often used on blogs that are actually provided by people financed by a company that is selling the particular product. Situations have already been identified situations when Astroturfing was used to promote politicians during political campaigns. The blogs owned by astroturfers are called often "flogs" – meaning fake blogs (Delana, 2008).

b) Viral marketing

Viral marketing, viral advertising, or marketing buzz are buzzwords referring to marketing techniques that use pre-existing social networking services and other technologies to try to produce increases in brand awareness or to achieve other marketing objectives (such as product sales) through self-replicating viral processes, analogous to the spread of viruses or computer viruses

Viral marketing is basically any marketing technique that induces Web sites or users to pass on a marketing message to other sites or users, creating a potentially exponential growth in the message's visibility and effect (Anvil Media, Inc., 2009). Viral marketing is based on the assumption that people like to share interesting and entertaining content and they do so willingly and with no persuasion from the external environment. Viral marketing therefore creates the content to share and very often also the functions or tools to share the content easily.

c) **Ambient Media**

Ambient media started to appear in British media jargon around 1999, but now seems to be firmly established as a standard term within the advertising industry. It is the name given to a new breed of out-of-home products and services determined by some as non-traditional or alternative media. Ambient media advertising can be used in conjunction with mainstream traditional media, or used equally effectively as a stand-alone activity. The key to a successful ambient media campaign is to choose the best media format available and combine it with an effective message.

Ambient marketing may be defined as an activity of a business creating brand recognition without necessarily pushing its product (Delana, 2008). The campaign is very often carried out by finding a thing that can be clearly connected with the business and by communicating the thing instead of the business itself.

d) **Undercover marketing**

Undercover marketing, also known as buzz marketing or Word-of-mouth marketing (WOM) is a marketing technique for creating buzz about a product and increasing awareness and attraction to purchase the product (Delana, 2008). Buzz marketing may involve educating and cultivating opinion leaders and getting them to spread information about a product or service to people in their communities. Word-of-mouth marketing is a reference to the passing of information from one person to another. The techniques of WOM are often used not only in oral communication but also on the Internet by using social network websites (Facebook, MySpace, Twitter, YouTube ...) and blogs.

e) **Tissue-packing advertising**

Tissue-packing or Tissue-pack advertising refers to an advertising technique used first by the Japanese. The idea is to place the advertisement in tissue-papers, and since it is a very useful product, it usually remains with a person until it is used. (Philippine Business, 2008). The technique is being used in many countries and gains, according to Delana, 2008, higher advertising efficiency than classic printed fliers.

f) **Wild posting**

Wild Posting advertising is an inexpensive form of advertising with a high degree of gained exposure when postings are placed in a large number in several places in order to attract maximum attention. Posters are often adhered to construction site barricades, building façades, in alleyways, and on assorted buildings. However, the resources do not often mention the possible illegality of wild-postings when the postings are not placed on appropriately rented hoardings. However, a few online blogs of professionals or marketing supporters mention their own definition of Wild Posting as being "like graffiti, but legal"(Christian, 2009).

g) Presence marketing

Presence marketing is along the same principles as ambient marketing. The principle lays in communicating the products to the target audience on a daily basis in such a way that it raises their recognition continuously.

h) Alternative marketing

Alternative Marketing by its name refers to such marketing techniques that are not performed traditionally and its guerrilla marketing principle seems to be, according to Philippine Business, 2008 like publicity that is outside of the company producing the product. Some instances even happen accidentally without any planning from the side of the business but would definitely have an appeal to the target audience.

i) Experiential marketing

Experiential marketing, or Customer-Experience Marketing, is a kind of guerrilla marketing that connects the people to the product by experience (Philippine Business, 2008). As the secondary resources indicate, the crucial element of Experiential marketing is to let the target audience interact with the product, which enables them to get to know the product before the potential purchase.

j) Presume marketing

Presume marketing is based on thought, according to Philippine Business, 2008, that people need to feel the presence of the product. The company use Presume marketing for increasing exposure and recognition of a product in public places, very often achieved during festivals, TV shows or by product placement in movies. Presume marketing may be applied on the Internet by placing visuals or notes about the product on social networks like Twitter, Facebook, and others.

k) Ambush marketing

Ambush marketing can be defined as a tactic whereby a company attempts to ambush or undermine the sponsorship activities of a rival that owns the legal rights to sponsor an event; it often involves creating the sense that they, and not the actual sponsor, are associated with the owners of the event or activity (Chadwick, 2004).

Mobile Marketing

Any marketing activity conducted through a ubiquitous network to which consumers are constantly connected using a personal mobile device

Mobile Advertising

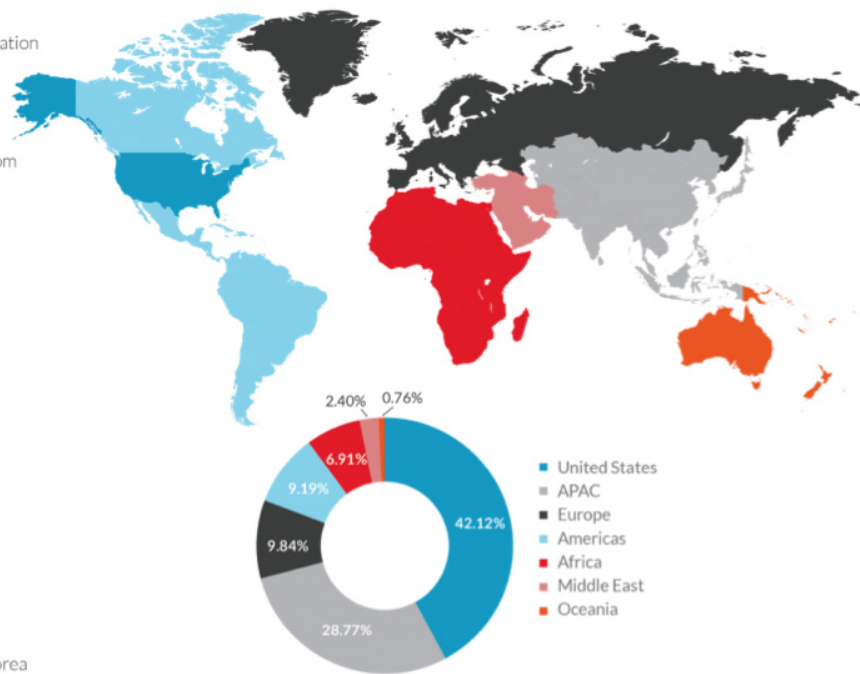
Mobile phones are also an advertising medium. Depending upon the phone, the device may offer many features including texting, GPS, camera capabilities, online connectivity, music, and more. Many critics of wireless advertising are concerned that unwanted messages represent an invasion of privacy. Some argue that the last thing people want is to receive unwanted, interrupting

advertising messages. Another limiting factor is that the small screens limit the space for presenting creative advertising messages.

Figure 8.4: The mobile ad market is expanding worldwide

Top 25 countries

- United States
- India
- Indonesia
- Russian Federation
- Mexico
- South Africa
- Brazil
- United Kingdom
- Canada
- Germany
- Nigeria
- Italy
- Bangladesh
- Argentina
- Pakistan
- Turkey
- Australia
- Vietnam
- Japan
- Spain
- Venezuela
- Egypt
- Ukraine
- Philippines
- Republic of Korea



Source: <http://operamediaworks.com/innovation-and-insights/state-of-mobile-advertising-2015-q2>

Globally, the United States is the clear leader in terms of traffic and revenue generation. However, Africa, and, as of recently, the Middle East, are both steadily growing their market share.



Questions

1. What is your own experience with social media? Which one do you use? What do you consider to be its major advantages and disadvantages?
2. Assume you are a social media manager! Your task is to write a social media marketing campaign for your favourite brand!
3. How would you use social media marketing to drive traffic to your other IMC elements in an integrated campaign?
4. How would you use Pinterest or Snapchat for marketing?

9 TRADE FAIRS AND EXHIBITIONS AS THE INSTRUMENT OF IMC

Trade fairs and exhibitions are primarily promotional activities. As we have explained, they both use a variety of communication tools and channels. They also use both promotion strategies – the pull-strategy is used, for example, when addressing visitors through advertising and public relations, and the push-strategy, on the other hand, could be the provision of air and bus transport for participants (exhibitors and visitors).

Exhibitions and fairs play a very important role for producers in the integrated marketing communications program. Trade exhibitions are the space for face to face communications between producer, seller and potential or existing customers.

Exhibitions and shows are thus closely linked with overall sales management, public relations and sales promotional activity. They can be extremely useful for introducing new products or new models, particularly when demonstrating features or giving potential customers the chance to “try before they buy” – such as somewhat daunting new electronic products (Eagle, 2015).

Exhibitions and fairs, similarly to private sales, are not new marketing communication tools. Their emergence is dated to ancient historical times, when markets were held mainly in the immediate vicinity of temples at the time of worship. Over time, the markets were separated from worship, but their original purpose, namely to serve as a place where sellers can meet directly with buyers, has remained unchanged until the present (Horská et al., 2014).

Fairs are a unique place where parties sharing an interest in a subject are physically represented under one roof at the same time. These different parties come to the trade fair as they share a common interest in a specific subject. The exhibitors as well as the visitors are prepared to spend time, money and effort to fulfil their needs (Blythe 2010).

If companies want to be successful they need to integrate trade fairs into their multi-channel communication strategy. Solely fair participation depends on the integration of various media since it includes other marketing communication tools such as advertising, social media, direct mail, sponsoring, promotion and printed matter (Häyrinen & Vallo 2012, 33).

This is a very diverse category of sales-linked activity. Exhibitions have a long history, originating in Roman times (De Pelsmucker, P., Geuens, M, and Van den Bergh, J., 2011). They may focus on narrow or broad areas, such as bridal shows, home furnishings, agricultural shows, outdoor activities, and a range of food and wine shows, to name just a few. They may be aimed at the general public, members of the trade or both (Eagle et al., 2015).

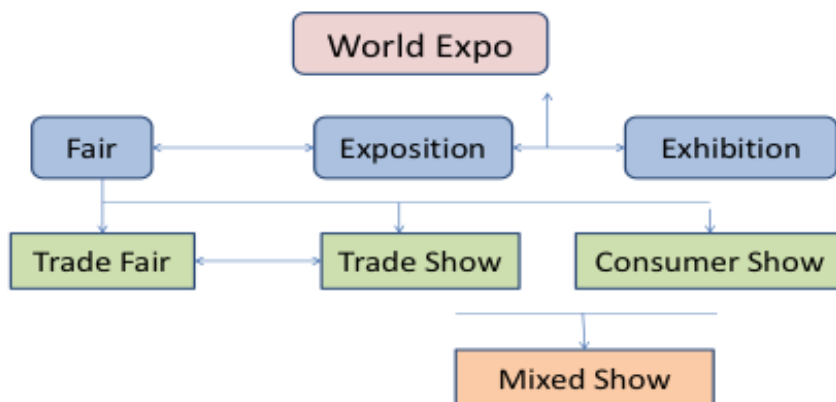
The roots of the words “Fair“, “Exhibition” and “Exposition”

The word “Fair” comes from the Latin “feria”, meaning “holiday” as well as “market fair”. This in turn corresponds to the Latin “feriae”, which came to mean a religious festival. During the 12th century the importance of trade meetings increased; fairs were held close to churches, so that the concepts of a religious festival and a market fair was combined in the common language. The Middle English word “feire”, which means a gathering of people held at regular intervals for the barter or sale of goods, is the one from which the present day definition, i.e. a periodic gathering for sale of goods, often with shows or entertainment, at a place and time fixed by custom, is taken.

The word “exposition” goes back to the same origin as “exhibition”. Expositions, rooted in old French, tended to be very similar to their English cousins, exhibitions. Expositions were held in facilities built specifically for them. They were organized by either government departments or groups of entrepreneurs with government assistance for the express purpose of promoting trade. Manufacturers were invited to show their goods (Beier and Damböck, 2006).

World’s Fair – EXPO is the generic name for various large expositions held since the mid 19th century. The official sanctioning body is the Bureau International des Expositions or BIE. Expositions approved by BIE *are universal, international or specialized*, lasting from 3 to 6 months in duration. Universal expositions encompass universal themes that reflect the full range of human experience. These Universal Expos usually have themes based upon which pavilions are made to represent the country’s interpretation of that theme (Beier and Damböck, 2006). The exhibition industry system is documented in Figure 9.1

Figure 9.1: Exhibition industry system



Source: Adapted by Beier and Damböck, 2006

Fair – earliest type of market, direct selling

Exposition/Exhibition – generic terms, interaction of buyers and sellers, displaying their goods and services

Trade Fair - International exposition, special segment of an industry

Trade Show - B to B exposition, trade fair visitors

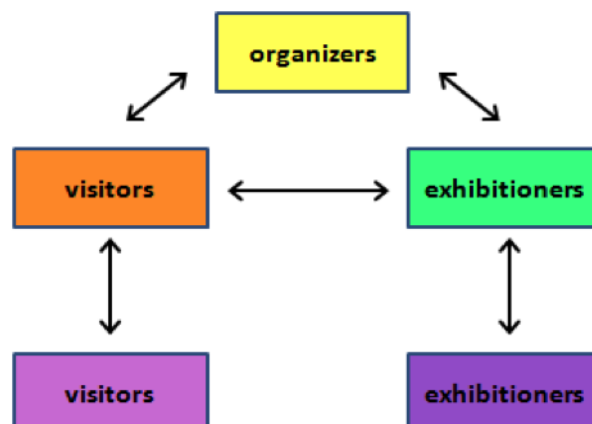
Consumer Show - B to C expositions, general public as visitors

Mixed Show – open for trade and public visitors

Communication at trade fairs and exhibitions can be illustrated by a triangle. The initial impulse is given by the *organisers*. They have to ensure participation of the largest number of important (and preferably also most famous) companies from the given industry possible. To achieve this, the organisers use the so-called bandwagon effect – once they manage to ensure participation of one of the market leaders (for example, in the information technology business it may be Microsoft, IBM, Dell Computer, Compaq Computer, or Intel) the upcoming event immediately becomes more prestigious and attractive for other exhibitors and also for visitors. It is then easier to contact other potential participants, or they even enrol themselves. To organise a successful trade fair or exhibition is not only a matter of material and economic conditions that the organisers are able to provide, it is far more important whether and to which extent the event becomes significant – i. e. how many prestigious companies are willing to participate and how they will present their products, how many competent visitors come, and how the event will be presented in the media. However, we should not focus only on the communication of organisers and exhibitors with *visitors* (for example through the media), as there is no doubt that visitors also communicate among themselves within the accompanying events, professional seminars, etc. Likewise, also *exhibitors* communicate with each other, whether it concerns learning about their competitors or, vice versa, arranging future cooperation.

These outlined basic communication links are illustrated in Figure 9.2.

Figure 9.2: Trade fairs and exhibitions communication links



Trade fairs and exhibitions undoubtedly represent important instruments not only regarding promotion, but the entire marketing communication.

It is not so important how advertisers, implementers, or distributors see marketing communication; the crucial thing is how the addressees (listeners, readers, viewers, or visitors) perceive it. Similarly, from the marketing point of view, it is not so important what producers or retailers think about the price, distribution, or the product itself; far more important is the opinion of customers.

As we know, trade fairs and exhibitions belong to instruments of the marketing mix instruments, specifically instruments of marketing communication (promotion). This specification is generally accepted, but the question is whether they fall under advertising or public relations. The publication *Marketing Communication* (Foret, 2011) contains detailed arguments for why should we understand trade fairs especially as a part of sales promotion and, in contrast, exhibitions as a part of public relations.

What are the differences between trade fairs and exhibitions? An *exhibition*, especially if it is not associated with the sale of goods (the so-called selling exhibition), is a presentation of especially artistic, cultural, educational, scientific, research, business, leisure, or other activities. Exhibitions document and present the achieved results and findings, level of development, and also future prospects. The nature of exhibitions is primarily informative and educational. Exhibitions are usually intended for the general public. The thematic focus of exhibitions can be very broad; however, their non-commercial nature always prevails (at least in the first plan). The organisers of exhibitions are often government institutions, interest groups, NGOs, social movements, civil initiatives, individuals, or companies. Exhibitions typically last over a longer time - weeks, months, and sometimes, as in the case of permanent displays in museums, years. However, there also the so-called travelling exhibitions that change their venue. Each exhibition is usually a unique product thanks to its specific content and exhibits. In terms of marketing communication, exhibitions are especially important as a part of public relations – they can improve our relations with certain groups of the public and help us to improve our image.

For example, company museums are an important, yet, in our country, still little known and used part of corporate marketing communication, especially concerning the aforementioned public relations. The best known are the museums of car manufacturers Tatra in Kopřivnice and Škoda in Mladá Boleslav. Using the example of the museum of A. W. company in Loštice, we have also suggested various possibilities for making local museums more attractive for foreign visitors (as a part of developing local tourism) – these suggestions were made in 1996 within the project “*Communicating Town*” (see Foretová - Foret, 1996).

Trade fairs, on the other hand, have a clear commercial focus – they aim at strengthening trade relations and economic cooperation. In addition, trade fairs are also used to sell products, although this aspect has been losing its importance over the last few decades. This is why we rank trade fairs rather among the instruments of sales promotion than public relations. The content orientation of trade fairs is becoming increasingly specialised – they are increasingly often focused on a very narrow group of specialists (experts). Another trend concerning trade fairs is the shortening of their duration – they usually last for several days. On the other hand, there are trade fairs with the same thematic focus that successively take place at various locations around the world.

Depending on the organising subjects and the statistical data on the visitors and exhibitors, we can divided the trade fairs held in the Czech Republic into the specialised ones that are intended for (and mostly visited by) professionals and the general ones that are aimed at the general public. The first type mostly includes business negotiations with corporate customers, distributors, suppliers, or competitors, while the second case mostly consists of dealing with customers and consumers.

The growing number of trade fairs and the increasing specialisation leads to the joining of individual trade fairs into bigger events. Holding an event means organising more than one trade fair at the same time, at the same exhibition site, and most likely with a similar thematic focus. An example might be the various trade fairs focused on the different areas of the construction industry that are similarly named and held at one exhibition site at the same time. The visitors will appreciate the possibility to visit more specialised trade fairs at the same time, often without even knowing that they are moving from one trade fair to another. This *synergistic effect* should be more recognised and used. Exhibitors should be prepared for the fact that their visitors originally came to see some different, simultaneously held, trade fair.

We distinguish the *domestic* trade fairs that take place in our country and the foreign trade fairs that take place elsewhere in the world, starting with Slovakia and other neighbouring countries.

The non-governmental Union of International Fairs (Union des Foires Internationales - UFI), which was founded in 1925 and is headquartered in Paris, defines the *international* trade fair as a trade fair with the proportion of foreign exhibitors reaching at least 20 % or a trade fair where the foreign exhibitors take at least 20 % of the total exhibition area.

The question of development of information technologies is naturally important for the classical trade fairs that felt at risk especially at the beginning of the Internet era. However, trade fair experts say that the biggest advantages of trade fairs – the personal meetings of experts and the public with the producers and suppliers of the advertised products and also the “non-virtual presentations of products, services, and technologies” – are practically irreplaceable. The proof for this statement can be found in the statistical data that showed a permanent increase in the development of trade fairs around the world at the turn of the century. The influence of information technologies over trade fairs manifests in various ways these days – information technologies are being used with an increasing efficiency for organising trade fairs – they are used for contacting exhibitors and visitors, maintaining the contacts, and even for establishing “virtual marketplaces”, which we have mentioned. However, it seems that the operators of these “virtual marketplaces” who stand outside the trade fair administration did not achieve such a business success in developed countries as it might seem. It is certain, though, that the penetration of e-commerce into trade fairs is unstoppable. The fair administrations all over the world expect the possible division of activities between them and the information technologies. The point is that the Internet will take over the contracting function and trade fairs will keep their essential, i. e. communication, function. This trend of development has already been evident for several years, although it differs depending on the individual types of trade fairs.

According to our findings, only a quarter of the visitors make some preparations before visiting trade fairs. As regards the experts, the proportion is slightly higher (less than one-third). Experts are those who come to trade fairs for professional reasons, i. e. basically on business. Even so, it is obvious that the vast majority of visitors come to trade fairs without any special preparations, with a “clear mind”. These visitors are therefore completely open to the messages conveyed by the marketing communication instruments. Visitors want to let the exhibiting companies impress them; they form their opinions after seeing the exhibits and on the basis of evaluation of the obtained information.

Many visitors come to look around, to get an idea of the current market offer – those are “the unprepared” who leave the trade fair with lots of brochures and leaflets. A significant percentage of visitors, however, already has a certain idea when coming to a trade fair. They are influenced by some previous information and have some ideas and knowledge. Such visitors generally expect that they will find more information and learn about more companies and, most importantly, see these companies’ products with their own eyes.

It is extremely important to see trade fairs as an instrument for communication with customers (and the entire environment) because also the

company's success at a trade fair (which is a longer-term issue – the success of participation in a trade fair may become identifiable after days, or even after months) is the result of a successful synchronisation of various activities, and especially of the long-term effects of these activities. Such successful synchronisation can significantly contribute to the immediate positive effects of participation in a trade fair.

There are companies that do not present themselves in any other way than at trade fairs. They unquestionably know why they act like this, why they can afford to reduce their promotional activities only to trade fairs. Undoubtedly, they see benefits in participating in trade fairs. These benefits, of course, depend on the quality and the synchronisation of such aspects as the appearance of the stand, the presence of their sales staff, the quality of promotional materials and exhibits, etc. Personal presentations (due to all the advantages that stem from the nature of personal contacts) have the decisive role here. If the company used the same financial resources for other forms of communication the effect might be far from reaching the same level.

Our research (see Foret, 2011) showed that:

Companies use and combine multiple instruments of marketing communication at trade fairs – next to personal selling they include also public relations, advertising in local media, direct marketing, and the Internet. As we have already mentioned, because the main aim of participation in trade fairs is to establish, consolidate, and develop business contacts and because it is still possible to buy products at trade fairs, concerning marketing communication we rank them among the instruments of *sales promotion*. Two thirds of trade fair exhibitors start or even conclude some business negotiation there;

The business benefits of a well-prepared participation in trade fairs *far exceed* the costs incurred;

The vast majority of the surveyed exhibitors give *at least equal importance* to participation in trade fairs as other, often much better known, marketing communication instruments such as personal selling, public relations, advertising, direct marketing, or the Internet;

Participation in trade fairs often brings the exhibitors more than a quarter of all new customers.

The essential communication advantages and opportunities brought by participation in trade fairs include (i.e. the specifics of marketing communication at trade fairs are):

Personal contact and the resulting unmatched efficiency of personal communication with a great number of potential and current customers;

An extremely advantageous position for business negotiations as visitors already expressed their interest in the products (by their visit to the trade fair);

The “*communication tune*” of exhibitors and visitors – both parties are extraordinarily willing to seek and provide information and express their views; there is an atmosphere of showing off and pride, not an excessive cautiousness and an embargo on providing even common information.

Moreover, the exhibitors provide promotional materials and even products or their prototypes are available;

Clear spatial and temporal (the duration of the trade fair) *focus* of product and company presentations;

Exhibitors can present their products “*in natura*”, i.e. not only via schemes, photographs, or other virtual forms, but also in real size, design, and operation;

Exhibitors can immediately and directly observe *visitors’ reactions* (conduct evaluations, ask questions). They can respond to these reactions and stimulate further interest from visitors. This form of trade fair participation actually represents an overlap with marketing testing and research on customer interests and, derivatively, with the testing of entering new (especially foreign) markets;

Trade fair promotional activities can be *enhanced* by using other instruments of marketing communication such as advertising (catalogues, CDs, or bulletins), outdoor advertising (billboards, banners, inflatables) in and outside the exhibition grounds, promotional materials and gifts, demonstration shows, participation in the accompanying program for experts (round tables), or press meetings. Participation in trade fairs can be considered an example of *integrated marketing communications (IMC)*.

The monitoring of competitors who also come to the trade fair with their new products and are willing to provide information about themselves and present their latest achievements;

The willingness of exhibitors, especially foreign ones, to sell their exhibits (often with a great discount) at the end of the trade fair (so that they don’t have to transport them back home);

Trade fairs as a whole, and especially expositions of the leading companies, provide a unique opportunity to learn about *the latest trends* in the industry.

Participation in trade fairs, like any other marketing activity, should be properly *planned* and should have clearly formulated goals. First of all, it should be based

on the organisation's marketing strategy or marketing plan. Depending on the organisation's market position, the goals of trade fair participation can be to:

Know the market, explore the competition or establish contacts and cooperation with competitors, monitor and stimulate prospective customers (contact and approach them);

Enter the market – introduce the new company and its products, outline business goals and ambitions, gain attention and attract visitors and exhibitors;

Consolidate market position, present the company to visitors (customers) and exhibitors (competitors, business partners) as a stable and credible organisation, enhance its credibility and present business achievements;

Strengthen market position, present innovations, address new customers and conclude contracts with them.

Especially when a company is interested in exporting its products to a foreign market, a properly prepared participation in a trade fair held in that country – either in the role of visitor or even exhibitor – may represent a very effective way to get acquainted with the market and enter it. In this case, trade fairs really play the role of “ways to new markets”. (Pricer, Foret, 1995)

The economic significance of the exhibitions' spin-off effect plays a very important role for related parts. The benefit of trade fairs is not only restricted to the direct participants. The spin-off effects also include the indirectly related players. This means that also the authorities profit from taxes paid on economic activities related to trade fairs. Of course, all hospitality service providers profit by an exponential rise in demand, especially the accommodation industry, transportation, restaurants and other purveyors of food and beverages. (Beier and Damböck, 2006)

From economic effects we could describe the paying registration exhibitors paying registration and other fees to the organiser (residents and also non residents). They place orders, buy personal goods, pay taxes, rent cars and pay for accommodation. One very important economic effect is also that they employ temporary staff and contribute to the exposition with information, incentives and sales orders. The organizer benefits with other participating sides, such as employees from the exhibition's region, retail companies, handicrafts, hotels, restaurants, transportation, souvenirs, entertainment and local government.

However, the producers openly talk about the high cost for trade shows and exhibitions, they have to stay on the “stage” and they must not disappear from the view of customers and public. “Eye- catching stands” (Figures 9.3, 9.4, 9.5) are the best promotional tool for staying in the memories of potential and current customers.

Figure 9.3: Creative stand of Debenhams Wedding collection



Source : www.creativeexamples.com

Figure 9.4: The creative stand of Equanet



Source : www.thedmcuk.com

Figure 9.5: Coca Cola upcycling pavilion at Expo CIHAC by BNKR Arquitectura, Mexico City



Source : www.retaildesign.net



Case study

Exhibition Centre for the agricultural sector in Slovakia – AGROKOMPLEX Exhibition Centre a.s. Nitra

The organization was founded in 1974 and nowadays it is one of the most prestigious fair organizations in Slovakia. Regarding the total rented-out area, its market share in Slovakia is more than 40%. From the beginning of 2008, the organization changed its legal status from an allowance organization into a government enterprise. The mission of the organization is to support communication between businesses on a national and international level and to support trade and economic cooperation. Pursuant to the Ministry of Agriculture Resolution No. 512/2007-250 as of 7. 12. 2007, the Agrokomplex allowance organization – Výstavníctvo Nitra was cancelled as of 31. 12. 2007 and 1. 1. 2008; the property of the cancelled Agrokomplex – Výstavníctvo Nitra allowance organization, including any respective rights and obligations, was put into the newly established government enterprise Agrokomplex- Výstavníctvo Nitra by the Ministry of Agriculture as its founder. Along with the above property, the newly established government enterprise also assumed any rights and obligations following from the employment contracts and other relationships as well as any payables and receivables of the cancelled allowance organization. The government enterprise Agrokomplex – Výstavníctvo Nitra has become the full legal successor of the cancelled allowance organization. The advantage for exhibitors is the success of the exhibition centre. The tradition lasting longer than forty years and experience are the ideal base for producers to decide to exhibit their products and services in Nitra.

The Agrokomplex area is 143 ha large and the indoor exhibition area is 40,906 m²; the outdoor exhibition area is 50,000 m² (Figure 9.6). The exhibition centre offers all promotional, projection, arrangement and executive services in the exhibition industry. These services have for many years been used by small, medium and large enterprises. The Agrokomplex exhibition centre is strongly built on a quality base.

The advantages for visitors are in the new trends of the exhibition industry. Agrokomplex is connected not just to the agricultural sector, but since more than 20 years ago, the exhibitions on an international level have been oriented towards the building industry, special machinery, hunting, dog shows, gardening, the furniture industry, etc.

Figure 9.6: Map of The Agrokomplex Exhibition Centre



Source: www.agrokomplex.sk

Figure 9.7: Outdoor stand of Zetor company during the biggest agriculture exhibition Agrokomplex



Source: photo Juraj Huba, 2015

Figure 9.8: Stand of Slovak Hunters Chamber on exhibition Hunting and the Nature 2016



Source: archive of author



Questions

1. Why are trade fairs and exhibitions part of sales promotion?
2. What are the problematic issues concerning marketing communication at trade fairs and exhibitions?
3. What is the basic scheme of communication at trade fairs and exhibitions?

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