

Marketing

AMA : (American **Marketing** Association) - defined **marketing** as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create **exchanges** that satisfy individual and organizational objectives.

AMA : focused on **exchange** as a central concept in **marketing** and the use of the basic **marketing** activities to create and sustain relationships with customers.

Exchange : Advertising and promotion play an important role in the **exchange**.

exchange as the core phenomenon or domain for study in **marketing**.

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Marketing focuses on Relationships and Value

CRM : (customer relationship management) - IT (Information technology) & MC (Marketing communication) are integral part of CRM

Marketing Mix : The basic task of marketing is combining these four elements (**4Ps** : product, price, place (distribution), and promotion) into a marketing program to facilitate the potential for exchange with consumers in the marketplace.

*Many companies also recognize the **need** to integrate their various marketing communications efforts, such as media advertising, direct marketing , sales promotion, Internet marketing, event sponsorships, and public relations, to achieve more effective marketing communications.

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IMC

A task force the American Association of Advertising Agencies (the "**4As**") developed one of the first definitions of **IMC**.

- The **4As**' definition focuses on the process of using all forms **of promotion** to achieve maximum communication impact.

- Advocates of the **IMC** concept argued for an even broader perspective that considers all sources of brand or company contact that a customer or prospect has with a product or service. They noted that the process of **IMC** calls for a "**big-picture**" approach to planning marketing and promotion programs and coordinating the various communication functions.

- The **IMC** approach **seeks** to have all of a company's marketing and promotional activities project a consistent, unified image to the marketplace.

- many companies see **IMC** as a way to **coordinate** and **manage** their marketing communication programs to ensure that they send customers a consistent message about the company and/ or its brands.

- As marketers become more **sophisticated** and develop a better understanding of **IMC**, they are recognizing that it involves more than just coordinating the various elements of their marketing and communications programs into a "**one look, one voice**" approach.

- As **IMC** evolves, it is being recognized as a business process that helps companies identify the most appropriate and effective methods for communicating and building relationships with customers and other stakeholders.

Don Schultz :

IMC is a strategic business process used to **plan, develop, execute and evaluate coordinated, measurable, persuasive brand communications programs over time** with consumers, customers, prospects, employees, associates and other targeted relevant external and internal audiences.

The goal is to generate both short-term financial returns (برگشت سرمایه در کوتاه مدت) and build long-term (ایجاد ارزش در درازمدت) brand and shareholder value.

IMC as an **ongoing strategic business process** rather than just tactical integration of various communication activities.

IMC recognizes that there are a number of relevant audiences that are an important part of the process. These include customers, prospects, suppliers, investors, interest groups, and the general public.

IMC views internal audiences such as employees as an important part of the **IMC** process.

IMC reflects the increasing emphasis that is being placed on the demand for accountability and measurement of the outcomes of marketing communication programs as well as marketing in general.

IMC is proving to be a **permanent change** in marketing activities.

IMC has been described as one of the "**new-generation**" marketing approaches

IMC is undoubtedly the major communications development of the last decade of the **20th century**.

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Reasons for the Growing Importance of IMC

-The **IMC** approach to marketing communications planning and strategy is being **adopted** by both large and small companies and has become popular among firms marketing consumer products and services as well as business-to-business marketers.

-A **fundamental** reason is that they understand the value of strategically integrating the various communications functions rather than having them operate **autonomously**.

-By coordinating their marketing communications efforts, companies can avoid duplication, take advantage of **synergy** among promotional tools, and develop more efficient and effective marketing communications programs.

Advocates of **IMC** argue that it is one of the **easiest ways** for a company to maximize the return on its investment in marketing and promotion.

- The move to **IMC** also reflects an adaptation by marketers to a **changing environment**.

- **IMC** discusses how technology is leading to **greater fragmentation of media** and **how the focus of marketers is shifting from mass to micromarketing**.

The **IMC movement** is also being driven by changes in the ways companies market their products and services. A major reason for the growing importance of the **IMC approach** is the **ongoing revolution** that is changing the rules of marketing and the role of the traditional advertising agency.

The Role of IMC in Branding

One of the major reason for the growing importance of **IMC** over the past decade is that it plays a **major role** in the process of developing and sustaining brand identity and equity(برابری-مایملک شرکت-ادارایی).

Building and maintaining brand identity and equity require the creation of well-known brands that have favorable, strong, and unique associations in the mind of the consumer.

-Companies recognize that **brand equity** is as important an asset as factories, patents, and cash because strong brands have the power to command a premium price from consumers as well as investors.

Brand identity is a combination of many factors, including the name, logo, symbols, design, packaging, and performance of a product or service as well as the image or type of associations that comes to mind when consumers think about a brand.

Brand identity encompasses the entire spectrum of consumer's awareness, knowledge, and image of the brand as well as the company behind it.

Brand identity is sum of all points of encounter or contact that consumers have with the brand.

Brand identity extends beyond the experience or outcome of using it.

IMC discusses how many companies are finding **new ways** to build **brand equity** as the relationship between consumers and brands changes.

-A successful IMC program requires that marketers find the **right combination** of communication tools and techniques, define their role and the extent to which they can or should used, and coordinate their use. To accomplish this, the persons responsible for the company's communication efforts must have an understand- ing of the IMC tools that are available and the ways they can be used.

4 The Promotional Mix(ادرس پنجم): The Tools for IMC

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea.

The basic tools used to accomplish an organization's communication objectives are often referred to as the **promotional mix**. **promotional mix** has included **4 elements**: advertising, sales promotion, publicity/public relations, and personal selling.

*Each element of the **promotional mix** is viewed as an **IMC** tool that plays a distinctive role in an **IMC** program.

Advertising is defined as **any paid** form of no personal communication about an organization, product, service, or idea by an identified sponsor. Example : **PSAs** (public service announcement).

Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness

Advertising is a very important promotional tool, particularly for companies whose products and services are automobile manufacturers, packaged goods, and drug companies.

Aadvertising is still the most cost-effective way to reach large audiences.

-for marketers who are interested in building or maintaining brand awareness and reaching a mass audience at one time, there is no effective substitute for network television.

Advertising is also a valuable tool for building company or brand equity as it is a powerful way to provide consumers with information as well as to influence their perceptions.

Advertising can be used to create **favorable** and **unique images** and **associations** for a brand which can be very important for companies selling products or services that are difficult to differentiate on the basis of functional attributes.

Brand image plays an important role in the purchase of many products and services, and **advertising** is still recognized as one of the best ways to build a brand.

Direct Marketing : One of the fastest-growing sectors of U.S. economy is **Direct Marketing**.

Direct marketing has not been considered an element of the promotional mix.

Direct marketing has become such an integral part of the IMC program of many organizations and often involves separate objectives, budgets, and strategies.

Direct marketin is a component of the **promotional mix**.

Direct marketing is much more than direct mail and mail-order catalogs.

Direct marketing involves a variety of activities, including database management, direct selling, telemarketing, and direct-response ads through direct mail, the Internet, and various broadcast and print media.

One of the major tools of **direct marketing** is **direct-response advertising**, whereby a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer.

Direct-response advertising and other forms of **direct marketing** have become very popular over the past two decades.

-The convenience of shopping through catalogs or on a company's website and placing orders by mail, by phone, or online has led the tremendous(چشمگیر) growth of **direct marketing**.

Direct-marketing tools and techniques are also being used by companies that distribute their products through traditional distribution channels or have their own sales force.

Direct marketing plays a big role in the **IMC** programs of consumer-product companies and **business-to-business marketers**.

Direct marketing techniques are also used to distribute product samples.

The **interactive nature of the Internet** is one of its major advantages

interactive nature of the Internet capability enables marketers to gather valuable personal information from customers and prospects to adjust their offer accordingly, in some cases in real time.

5 The Promotional Mix (ادرس قبلی), **sales promotion, publicity/public relations, and personal selling** (این درس) : **The Tools for IMC**
Sales promotion is generally broken into two major categories: **1-consumer-oriented** **2-trade-oriented activities**.

1-Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes couponing, sampling, premiums, rebates, contests, sweepstakes, and various point-of-purchase materials.

Consumer-oriented promotional tools encourage consumers to make an immediate purchase and thus can stimulate short-term sales.

2-Trade-oriented sales promotion is targeted toward marketing intermediaries such as wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contest, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

*In recent years many companies have shifted the emphasis of their promotional strategy from advertising to **sales promotion**. Reasons for the increased emphasis on sales promotion include **1-** declining brand loyalty and **2-** increased consumer sensitivity to promotional deals. **3-** retailers have become larger and more powerful and are demanding more trade promotion support from companies.

Promotion and **sales promotion** are two terms that often create confusion in the advertising and marketing fields.

Publicity/Public Relations

Publicity refers to no personal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship.

Publicity usually comes in the form of a **1-news story**, **2- editorial**, or **3- announcement** about an organization and/or its products and services.

The company or organization attempts to get the media to cover or run a favorable story on a product, service, cause, or event to affect awareness, knowledge, opinions, and/or behavior refers to **Publicity**.

*Techniques used to gain publicity include news releases, press conferences, feature articles, photographs, films, videotapes. An advantage of **publicity** over other forms of promotions is its **credibility**. Another advantage of publicity is its **low cost**.

Publicity is not always under the control of an organization and is sometimes unfavorable.

Public Relations When an organization systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, it is really engaging in a function known **as public relations**.

Public relations is defined as the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance.

Public relations generally has a broader objective than publicity, as its purpose is to establish and maintain a positive image of the company among its various publics.

Public relations is used publicity and a variety of other tools to enhance an organization's image.

Personal Selling

The final element of an organization's promotional mix is **personal selling**, a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea.

personal selling involves direct contact between buyer and seller, either face-to-face or through some form of telecommunications as telephone sales.

personal selling gives the marketer communication flexibility; the seller can see or hear the potential buyer's reactions and modify the message accordingly.

personal selling allows the seller to tailor the message to the customer's specific needs or situation.

Personal selling also involves more immediate and precise feedback because the impact of the sales presentation can generally be assessed from the customer's reactions.

6 IMC Involves Audience Contacts

The **IMC** program is generally developed with specific goals and objectives in mind and is the end product of a detailed marketing and promotional planning process.

The IMC Planning Process

In developing an **IMC** strategy, a company **combines** the various promotional-mix elements, balancing the strengths and weaknesses of each to produce an effective communications program.

IMC management involves the process of **1-planning, 2- executing, 3- evaluating, and 4- controlling** the use of the various promotional-mix elements to effectively communicate with target audiences.

*The marketer must consider which promotional tools to use and how to integrate them to achieve marketing and communication objectives.

planning plays an important role in the development and implementation of an effective **IMC** program. **planning** is guided by an **IMC** plan that provides the framework for developing, implementing, and controlling the organization's **IMC** program Those involved with the **IMC** program must decide on the role and function of the specific elements of the promotional mix, develop strategies for each element, determine how they will be integrated, plan for their implementation, and consider how to

evaluate the results achieved and make any necessary adjustments. Marketing communications is but one part, and must be integrated into the overall marketing plan and program.

Review of the Marketing Plan

The **first** step in the **IMC planning** process is to **review** the marketing plan and objectives.

Before developing a promotional plan, marketers must understand where the company (or the brand) has been, its current position in the market, where it intends to go, and how it plans to get there.

For most firms, the **promotional plan** is an integral part of the marketing strategy

Promotional planners focus on information in the marketing plan that is relevant to the promotional strategy.

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Promotional Program Situation Analysis

In the **IMC** program, the **situation analysis** focuses on the factors that influence or are relevant to the development of a promotional strategy. **1-** internal **2-** external analysis.

From **situation analysis**, a firm develops an understanding of the market and various opportunities it offers, the competition, and the market segments or target markets the company wishes to pursue.

Internal analysis assesses relevant areas involving the product/service offering and the firm itself. The capabilities of the firm and its ability to develop and implement a successful promotional program, the organization of the promotional department, and the successes and failures of past programs should be reviewed.

Internal analysis should have the relative advantages and disadvantages of performing the promotional functions in-house as opposed to hiring an external agency (or agencies).

Internal analysis assesses the strengths and weaknesses of the firm or the brand from an image perspective.

Internal analysis assesses the relative strengths and weakness of the product or service: its advantages and disadvantages; any unique selling points or benefits it may have: its packaging, price, and design, and so on.

External Analysis The external analysis focuses on factors such as characteristics of the firm's customers, market segments, positioning strategies, and competitors.

External Analysis assesses consumers' perceptions and attitudes, lifestyles, and criteria for making purchase decisions, Often, marketing research studies are needed to answer some of these questions.

In **external Analysis** the attractiveness of various market segments must be evaluated and the segments to target must be identified.

A key element of the **external analysis** is an assessment of the market.

External analysis also includes an analysis of the marketing environment and current trends or developments that might affect the promotional program.

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Analysis of the Communications Process

Analysis of the Communications Process examines how the company can effectively communicate with consumers in its target markets.

The response process for products or services for which consumer decision marketing is characterized by a high level of interest is often different from that for low-involvement or routine purchase decisions.

Communication decisions regarding the use of various source, message, and channel factors must also be considered

Promotional planners focus on information in the marketing plan that is relevant to the promotional strategy.

Promotional planner must think about the process consumers will go through in responding to marketing communications

Promotional planner should recognize the different effects various types of advertising messages might have on consumers and whether they are appropriate for the product or brand.

An important part of the **promotional planning** process is **1-** establishing communication goals **2-** objectives.

Marketing objectives refer to : what is to be accomplished by the overall marketing program. They are often stated in terms of sales, market share, or profitability

Communication objectives refer to : what the firm seeks to accomplish with its promotional program. They are often stated in terms of the nature of the message to be communicated or what specific communication effects are to be achieved.

Communication objectives may include creating awareness or knowledge about a product and its attributes or benefits; creating an image; or developing favorable attitudes, preferences, or purchase intentions.

Communication objectives should be the guiding force for development of the overall marketing communications strategy and of objectives for each promotional-mix area.

Budget Determination

After the **communication objectives** are determined, attention turns to the promotional budget. Two basic questions are asked at this point:**1- What** will the promotional program **cost?** **2- How** will the money be **allocated?**

Developing the IMC program is generally the most involved and detailed step of the promotional planning process.

***Each promotional-mix** element (تاسف4) has its own set of objectives and a **Budget** and **strategy** for meeting them.

A **Budget** will be determined, providing the advertising manager and the agency with some idea of how much money is available for developing the ad campaign and purchasing media to disseminate the ad message.

***Two** important aspects of the advertising program are **1-development of the message** and the **2- Media strategy**.

1- Message development, often referred to as creative strategy, involves determining the basic appeal and message the advertiser wishes to convey to the target audience.

2- Media strategy involves determining which communication channels will be used to deliver the advertising message to the target audience.

Monitoring , Evaluation , and Control

The final stage of the IMC planning process is **monitoring, evaluating,** and **controlling** the promotional program.

The **IMC planner** wants to know not only **how** well the promotional program is doing but also **why**.

The **Monitoring , Evaluation , and Control** is designed to provide managers with continual feedback concerning the effectiveness of the IMC program, which in turn can be used as input into the planning process. Information on the results achieved by the IMC program is used in subsequent promotional planning and strategy development.

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Marketing Strategy and Analysis

Any organization that wants to **exchange** its products or services in the marketplace successfully should **have a strategic marketing plan** to guide the allocation of its resources. A **strategic marketing plan** usually evolves from an organization's overall corporate strategy and serves as a guide for specific marketing programs and policies.

marketing strategy is based on a **situation analysis**.

Market opportunities are areas where there are favorable demand trends, where the company believes customer needs and opportunities are not being satisfied, and where it can compete effectively.

*A company usually identifies **market opportunities** by carefully examining the marketplace and noting demand trends and competition in various market segments.

*The **business market** consists of **both** small companies and large corporations.

A **competitive analysis** is an important part of marketing strategy development and warrants further consideration.

Competitive Analysis

In developing the firm's **marketing strategies** and plans for its products and services, the manager must carefully analyze the competition to be faced in the marketplace.

*At a more general level, marketers must recognize they are competing for the consumer's discretionary income. So they must understand the various ways potential customers choose to spend their money.

*An important aspect of **marketing strategy development** is the search for a competitive advantage, something special a firm does or has that gives it an edge over competitors. Ways to achieve a competitive advantage include: having quality products that command a premium price, providing superior customer service, having the lowest production costs and lower prices, or dominating channels of distribution. Competitive advantage can also be achieved through advertising that creates and maintains product differentiation and brand equity.

Competitors' marketing programs have a major impact on a firm's **marketing strategy**, so they must be analyzed and monitored.

A **final aspect of competition** is the growing number of foreign companies penetrating the U.S. market and taking business from domestic firms.

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Target Market Selection

After evaluating the opportunities presented by various market segments, including a detailed competitive analysis, the company may select one, or more, as a **target market**. This **target market** becomes the focus of the firm's marketing effort, and goals and objectives are set according to where the company wants to be and what it hopes to accomplish in this market. These goals and objectives are set in terms of specific performance variables such as sales market share, and profitability. The selection of the **target market** (or markets) in which the firm will compete is an important part of its marketing strategy and has direct implications for its advertising and promotional efforts.

Specific objectives — **both** marketing and communications — **are derived from** the situation analysis, and the promotional-mix strategies are developed to achieve these objectives.

Target Marketing Process : 1- Identifying markets with unfulfilled needs → 2- segmenting the market → 3- targeting specific segments → 4- positioning one's product or service through marketing strategies.

Target market identification isolates consumers with similar lifestyles, needs, and the like, and increases our knowledge of their specific requirements and attitudes and consumer's social class and lifestyle and economic status.

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Market Segmentation

Market segmentation is "dividing up a market into distinct groups that (1) have common needs and (2) will respond similarly to a marketing action.

segmentation process involves five distinct steps:

1. Finding ways to group consumers according to their needs.
2. Finding ways to group the marketing actions — usually the products offered — available to the organization.
3. Developing a market-product grid to relate the market segments to the firm's products or actions.
4. Selecting the target segments toward which the firm directs its marketing actions.
5. Taking marketing actions so reach target segments.

Geographic Segmentation : nations, states, counties, or even neighborhoods.

Demographic Segmentation : age, sex, family size, education, income, and social class .

Psychographic Segmentation Dividing the market on the basis of personality and/or lifestyle is referred to as psychographic segmentation. While there is more disagreement as to whether personality is a useful basis for segmentation, lifestyle factors have been used effectively. Many consider lifestyle the most effective criterion for segmentation.

*The determination of lifestyle is usually based on an analysis of the activities, interests, and opinions (**AIOs**) of consumers. These lifestyles are then correlated with the consumers' product, brand, and/or media usage.

* For many products and/or services, lifestyle may be the best discriminator between **use and nonuse**, accounting for differences in food, clothing, and car selections, among numerous other consumer behaviors.

Psychographic segmentation has been increasingly accepted with the advent (ظهور) of the **Values And Lifestyles (VALS)** program. Although marketers employed lifestyle segmentation long before **VALS** and although a number of alternatives.

VALS has become a very popular method for applying lifestyle segmentation. **VALS 2** divides Americans into **8** lifestyle segments that exhibit distinctive attitudes, behaviors, and decision-marketing patterns.

SRI believes that when combined with an estimate of the resources the consumer can draw on (education, income, health, energy level, self-confidence, and degree of consumerism), the **VALS 2 system is an excellent predictor of consumer behaviors.**

Behavioristic Segmentation Dividing consumers into groups according to their usage, loyalties, or buying responses to a product is behavioristic segmentation. For example, product or brand usage, degree of use (heavy versus light), and/or brand loyalty are combined with demographic and/or psychographic criteria to develop profiles of market segments.

Industrial marketers refer to the **80-20 rule**, meaning 20 percent of their buyers account for 80 percent of their sales volume.

Benefit Segmentation In purchasing products, consumers are generally trying to satisfy specific needs and/or wants. They are looking for products that provide specific benefits to satisfy these needs. The grouping of consumers on the basis of attributes sought in a product is known as benefit segmentation and is widely used.

The **Process of Segmenting a Market** develops over time and is an integral part of the situation analysis. (: مثل marketing strategy , communication , segmentation)

The **VALS** and **PRIZM** systems discussed earlier are just a few of the services offered; others use demographic, socioeconomic, and geographic data to cluster consumer households into distinct "**microgeographic**" segments.

Selecting a Target Market

The outcome of the segmentation analysis will reveal the market opportunities available. The next phase in the target marketing process involves steps: **(1)** determining **how many** segments to enter and **(2)** determining **which** segments offer the most potential.

(1) determining how many segments to enter : **Three** market coverage alternative are available. Undifferentiated marketing involves ignoring segment differences and offering just one product or service to the entire market.

Differentiated marketing involves marketing in a number of segments, developing separate marketing strategies for each.

Concentrated marketing, is used when the firm selects one segment and attempts to capture a large share of this market.

12 Market Positioning

Positioning has been defined as the art and science of fitting the product or service to one or more segments of the broad market in such a way as to set it meaningfully apart from competition.

Approaches to **Positioning** Positioning strategies generally **focus on either** the consumer or the competition

Many advertising practitioners consider market positioning the most important factor in establishing a brand in the marketplace.

*Jack Trout and Alries suggest that **brand image** must contrast with competitors.

Developing a **Positioning Strategy** A number of **positioning** strategies might be employed in developing a promotional program.

Positioning by Product Attributes and Benefits A common approach to **positioning** is setting the brand apart from competitors on the basis of the specific characteristics or benefits offered

Positioning by Price/Quality.

Positioning by Use or Application

Positioning by Product Class

Positioning by Product User

Positioning by Competitor

Positioning by Cultural Symbols

Repositioning One final positioning strategy involves **altering** or **changing** a product's or brand's position.

Repositioning a product usually occurs because of declining or stagnant (کسادى-رکود) sales or because of anticipated opportunities in other market positions.

Repositioning is often difficult to accomplish because of entrenched (سنگرکندن-تجاوز کردن) perceptions about and attitudes toward the product or brand. Many companies' attempts to change their positions have met with little or no success.

Determining the Positioning Strategy : 1- Identifying competitors. 2- Assessing consumers' perceptions of competitors. 3- Determining competitors' positions. 4- Analyzing the consumers' preferences. 5- Making the positioning decision.

13 Developing the Marketing Planning Program

The **development of the marketing strategy** and selection of a target market tell the marketing department which customers to **focus on** and **what** needs to attempt to satisfy.

*A **product** is not just a physical object; it is a bundle of benefits or values that satisfies the **needs** of consumers. The **needs** may be purely functional, or they may include social and psychological benefits. The term product symbolism refers to what a product or brand means to consumers and what they experience in purchasing and using it. For many products, strong symbolic features and social and psychological meaning may be more important than functional utility.

*The product's quality, branding, packaging, and even the company standing behind it all contribute to consumers' perceptions. In an effective **IMC** program, advertising, branding, and packaging are all designed to portray the product as more than just a bundle of attributes.

Branding brand names communicate attributes and meaning. Marketers search for brand names that can communicate product concepts and help position the product in customers' minds.

Brand equity allows a brand to earn greater sales volume and/or higher margins than it could without the name, providing the company with a competitive advantage. The strong equity position a company and/or its brand enjoys is often reinforced through advertising.

Packaging

the **package** provided functional benefits such as economy, protection, and storage. The role and function of the **package** have changed because of the self-service emphasis of many stores and the fact that more and more buying decisions are made at the point of purchase.

*Many firms design the **package** to carry a sales promotion message such as a contest, sweepstakes, or premium offer.

*Many companies view the **package** as an important way to communicate with consumers and create an impression of the brand in their minds. In other instances **packages** can extend the brand by offering new uses.

Price Decisions

From an **IMC** perspective, the **price** must be consistent with the perceptions of the product, as well as the communication strategy. **Higher prices** will communicate a higher product quality, while **lower prices** reflect bargain or "value" perceptions.

*The **price**, the advertising, and the distribution channels must present one unified voice speaking to the product's positioning.

Relating Price to Advertising and Promotion

The study of **PIMS** (Profit Impact of Marketing Strategies) concluded that pricing and advertising strategies go together.

High relative ad expenditures should accompany premium prices, and low relative ad expenditures should be tailored to low prices.

Marketing channels, the place element of the marketing mix, are sets of interdependent organizations involved in the process of making a product or service available for use or consumption.

Channel decisions involve selecting, managing, and motivating intermediaries such as wholesalers, distributors, brokers, and retailers that help a firm make a product or service available to customers.

These intermediaries, some- times called **resellers**, are critical to the success of a company's marketing program.

Direct channels arrangement is sometimes used in the consumer market by firms using direct-selling programs or firms that use direct-response advertising, telemarketing, or the Internet to sell their products.

Direct channels are also frequently used by manufactures of industrial products and services, which often selling expensive and complex products that require extensive negotiations and sales efforts, as well as service and follow-up calls after the sale.

Developing Promotional Strategies: Push or Pull?

Programs designed to persuade the trade to stock, merchandise, and promote a manufacture's products are part of a **promotional push strategy**. The goal of this strategy is **to push** the product through the channels of distribution by aggressively selling and promoting the item to the resellers, or trade.

*The company may use **trade advertising** to interest wholesalers and retailers and motivate them to purchase its products for resale to their customers.

A **push strategy** tries to convince resellers they can make a profit on a manufacturer's product and to encourage them to order the merchandise and push it through to their customers.

The goal of a **pull strategy** is to create demand among consumers and encourage them to request the product from the retailer.

14

Winning Strategies An International Mission

Strategic planning is the process of determining how to move to a desired future state.

Strategic planning requires evaluating the environment, identifying long-term objectives, and developing the plans to reach those objectives.

Strategic planning typically takes a wide-view while tactical planning is more narrowly focused and more short-term.

When done properly.

Strategic planning forces a business to analyze the whole organization and the environment in which it operates. **Planning** can help map the future and can develop a common understanding and agreement within an organization It helps to focus energy toward common goals.

Strategic planning allows a business to respond better to problems and change direction in response to a changing environment.

Approaches to Planning :

- 1- **Proactive** international marketers realize that there are profits to be gained in global trade.
- 2- A business also can have a **Reactive** strategic approach when it is forced to react to environmental pressure.

Strategic planning process

Strategic planning helps a company makes lower risks.

Strategic planning process considers those factors that allow a business plan to succeed as well as those that can keep a plan from succeeding.

*When businesses use **strategic planning**, they must balance opportunities and risk.

There are **two** types of risks related to planning : **1-action 2- no action**.

Strategic planning follows a six-step process:

- 1- Develop a mission statement
- 2- Conduct a situation analysis (SWOT analysis)
- 3- Develop alternative goals and strategies
- 4- Develop the strategic plan
- 5- Specify action plans
- 6- Evaluate and control the plans

Mission Statements

Mission statement defines the purpose of an organization.

Mission statement provides direction, commits resources, inspires individuals, and focuses activities.

Mission statements guide the development of a company's strategy.

Once a company has developed a **mission statement** it develops mission statements which are more specific in terms of setting objectives and time frames.

SWOT

1- Strengths : A core part of the **strength** of an international business comes from its competitive advantages.

A business can also **gain strength** by working with strong international partners.

A business's **strengths** allow it to be proactive when pursuing opportunities.

2- Weaknesses : Weaknesses are typically the result of changing environmental factors.

3- Opportunities : Opportunities are areas that businesses decide to pursue. Businesses find opportunities through environmental scanning. Once an opportunity is spotted, a business must carefully develop plans to determine whether the opportunity can be profitable.

4- Threats : Most threats come from the external environment, including competitors and other social forces. In many global markets, changes in government can create threats.

Action plan

Creating the strategic plan requires the business to set specific **action plans**. The action plans should designate who is responsible for specific actions.

SBU

A Strategic Business unit (**SBU**) is the smallest unit around which a business develops a strategy.

Each **SBU** must follow the **6 steps** of the strategic planning process. The **SBU's** mission should fit within the parent organization's mission. Each **SBU** should conduct its own environmental scanning to identify factors that will influence its strategy. Parent companies often control the larger strategic planning process and allow the **SBU** to control the smaller tactical planning process. **SBU's** also could be country-specific.

** Once a company decides on a strategy, it should assign: **1- responsibility** **2- measurable goals** **3-timeline**. Without these three criteria, it is difficult to move strategies to action.

placid environment : there is very little change. \rightleftarrows develop strategic plans for longer time periods.

turbulent environment : where is rapid and unpredictable \rightleftarrows develop strategic plans for shorter time periods.

Businesses operate in a **macroenvironment**, which includes environmental factors that influence the economy, governments, legal environment, technology, ecology, social cultural factors, and competition.

International Entry Strategies

The **lowest level** of commitment to international marketing is **indirect exporting**.

The **highest level** of commitment is to **use the company's resources** and set up a **wholly-owned subsidiary**.

Contracting :

Contractual agreements enable a business to work with partners in foreign markets.

Contractual agreements may involve manufacturing, sales, licensing, and franchising.

Contractual agreements are a higher level of commitment.

Joint Venture

In a joint venture, two or more businesses create a new business to pursue a strategic goal.

FDI

Foreign Direct Investment (**FDI**) is the purchase of assets in a foreign country by a business.

FDI could include the purchase of land, property, or ownership in a foreign company. The highest level of commitment is when an international business purchases a company as a **wholly owned subsidiary**, which is an independent company owned by a parent company.

Entrepreneur

An entrepreneur is someone who undertakes a new venture . Entrepreneurs are typically seen as individuals who are willing to take on the risk of starting a business. In fact, most entrepreneurs are good at spotting windows of opportunity, or areas of opportunity that others don't see.

SME : Small-and Medium-sized Enterprises --- **GDP** : Gross Domestic Product

SBA : Small Business Administration

SBA offers online and print support material for business startup and small business management.

SBA support Small Business Development Centers (**SBDC**), which offer free consulting services for small businesses.

SBA will guarantee small business loans.

Business Incubators

A **Business incubator** is usually a physical facility set up to offer office or factory space at a reduced price.

Business incubators also offer **staff support** and **consulting services**.

Planning Economies Communist countries used to set five-year plans, which were defined plans with specific economic goals for the country.

industrial policy : is a strategy that a country adopts to support competitiveness.

Deregulation :

Deregulating removes government controls and restrictions on the way businesses operate.

In the 1990s, many countries **deregulated** their telecommunication industries, which opened these industries to competition.

The results were lower prices , more product alternatives, and more innovation.

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International Channel Design

Marketing Channels

Efficient distribution systems are important to global competitiveness.

Logistics includes activities that create an orderly and timely acquisition and transportation of products through the channel of distribution. Channels of distribution work **hand-in-hand** with **logistical** systems.

Channel Length

A **marketing intermediary** is an independent business that assists the flow of goods and services from producers to customers.

Intermediaries include agents and brokers, wholesalers, and others.

The **intermediaries** take possession of products and then sell to other channel members.

A **short channel** of distribution means that there are a few intermediaries.

The **shortest channel** is a direct channel from producer directly to the customer. Manufacturer A \longrightarrow Customer

A **long channel** of distribution implies that there are many intermediaries.

Manufacturer A \longrightarrow Agent \longrightarrow Wholesaler \longrightarrow Retailer \longrightarrow Customer

At a minimum, these channels include manufacturers, wholesalers, and retailers.

Industrial markets can have **shorter channels** of distribution

Marketing intermediaries have an important role in setting up distribution channels. Wholesalers and retailers provide a series of services to their customers by breaking the large bulk created by other channel members into an assortment of products for others to buy.

Marketing intermediaries also provide information to others in the channel.

Marketing intermediaries store products until others need them.

Marketing intermediaries may transport products, provide financing, and help promote products.

JIT :

With **JIT** inventory systems, products arrive just as they are needed. This process works for both manufacturers and retailers.

JIT is becoming a standard for manufacturers and retailers around the world.

Lower costs

There is a worldwide drive to lower the costs of moving products from manufacturing through channels of distribution to the customer.

companies must be competitive in these markets and at the same time provide the lowest-cost system possible.

Speed up distribution

In **Speed up distribution**, the reliability of distribution systems also is important.

Total Cost Concept

it is the idea that all costs must be taken into consideration when designing a channel of distribution.

Channel relationships

Channel members develop relationships the same way that people develop relationships.

Channel Power

A channel captain takes the leadership role in organizing a distribution system, which lessens the chances for conflict. Channel captains gain power through their ability to reward or punish channel members and through their knowledge of their product-market.

EMC

Export Management Companies (**EMCs**) specialize in helping businesses distribute products.

EMCs typically specialize in specific products and markets.

An **EMC** can act as an agent, or broker, for a company.

EMCs also could take ownership of the product, but then they incur the risk of selling the product. By using this strategy, however, **EMCs** could earn higher profits.

An **Agent** bring together buyers and sellers but typically does not take title, or ownership, of the product.

Agents usually take a percentage of sales.

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Exporting and Logistics

Exporting is the process of shipping a product to another part of the world for trade or sale.

Importing is receiving exported products.

Exporting includes preparing products for shipment, arranging all documentation, and planning the shipping and delivery of products.

indirect exporting When a company is not fully committed to international marketing, it may engage in indirect exporting. In **indirect exporting**, a business uses brokers or agents to help find customers and export products.

Indirect exporting can increase the total cost of the sale. When a company is more fully committed to foreign markets, it may engage in indirect exporting.

With **Direct exporting**, a company actively controls finding markets and exporting products.

Export trading companies provide services such as buying and selling products, conducting and market research, and distributing products abroad.

***An international freight forwarder** acts like a travel agent for cargo. It ships products to customers in foreign countries.

Documentation

There are a number of important documents that must accompany exported/imported products.

1- bill of lading 2- certificate of origin

***Restricted products** could include dangerous products, embargoed (ممنوع قدغن) products, fake (جعلی) products, or products made from endangered species.

A **customs broker** is an intermediary that helps products move through customs.

FTZ

A **Foreign Trade Zone (FTZ)** is an area designated by a country as a specialized zone where products may be exempt from duties. Products in the **FTZ** can be stored, modified, displayed, or otherwise used for business without paying duties. If a company assembles a product in an **FTZ** for sale in that country, it can pay a duty at lower finished-product tariff rate instead of a higher component-part rate.

Logistics and the Total Cost Concept

Transportation costs are a large portion of the total cost involved in exporting a product.

*Products shipped by water or land arrive with less certainty than products shipped by air. These products may need to be warehoused and insured for longer periods of time. There also are greater chances for loss, spoilage, and obsolescence. If the total cost of shipping by air is lower than these costs, then shipping by air should be the preferred shipping method.

FOB

The term **Free On Board (FOB)** is used to indicate where the shipper pays for the cost of loading and transporting products. For example, if a business in New York sends products FOB New York, it means that the Buyer pays for shipping from the New York dockside.

FOB destination means that the seller pays shipping to the receiving point of the buyer. Sellers also can agree to cover cost, insurance, and freight (CIF). A computer manufacturer may want to negotiate with its suppliers an **FOB destination** contract covering **CIF**. In this way, it may be able to lower its cost of purchasing products. This type of contract may work for a large buyer of computer products.

Transportation Modes

- 1- Water Transportation** : In the Water Transportation barges most often carry large bulk items and commodities such as grain or minerals. About 90 percent of the world's trade is transported in cargo containers.
- 2- Air Cargo** : Also called airfreight, air cargo is a growing part of international shipping. While shipping costs with air cargo can be high, this method cuts down on the need for warehousing. It also limits the possibility of theft.

The largest air cargo shipper in the world is FedEx.

- 3- Land Transportation** There are two major types of land transportation 1- rail and 2- truck.

Rail transport is typically used for bulk products.

- 4- Pipelines** Pipelines typically are used for energy-related products such as oil and natural gas.

- 5- Intermodal Transport** Often products move by a combination of transportation modes, or through intermodal transport.

1- Fishy back : truck + ships

2- Piggy back : truck + rail

3- Bird back : truck + air