Integrated Marketing Communications

Block

5

DYNAMICS OF MARKETING COMMUNICATIONS

BLOCK V: DYNAMICS OF MARKETING COMMUNICATIONS

Unit 17: Branding and Marketing Communications, discusses the role of marketing communications in brand building. The unit explores the features of successful brands and the determinants of brand equity. It also discusses various branding strategies and how they help in enhancing corporate image. The unit also focuses on international branding and brand management during recession.

Unit 18: Internal Marketing Communications, examine the importance of internal marketing communications and the role of employees in influencing external customers. The unit discusses the impact of advertising on employees and how internal marketing communications engage employees with the brand. The unit also examines how internal marketing communications enhance brand credibility. It also explores the benefits of internal marketing communications audit and the latest trends of internal marketing communications.

Unit 19: International Marketing Communications, discusses the influence of various international environmental factors on marketing communications. The unit examines the differences of global, local and glocal strategies for the success of international marketing communications. It also discusses message, agency and media decisions in the context of international marketing communications along with the role of various promotional mix elements for the success of global campaigns.

Unit 20: Ethics in Marketing Communications, introduces the dimension of ethics in marketing communications. It discusses the features of ethical company and focuses on the importance of ethics in marketing communications mix such as advertising, advertising research, advertorials and infomercials, and sales promotion. The unit also examines the legal and regulatory aspects of marketing communications along with social and economic effects of advertising.

Unit 21: Future Trends of Marketing Communications, examines the emerging trends of marketing communications. The future trends discussed are integration of internal branding and external branding, outcome-based measures to evaluate marketing communications, shared models of marketing communications costs, branding as strategy in marketing communications programs, future-looking planning and evaluation models, designing 'glocal' programs with supportive organizational structures, and special advertising situations such as retail, B2B, non-profit and social-cause advertising.

Unit 17

Branding and Marketing Communications

Structure

"A brand is a voice and a product is a souvenir."

- Lisa Gansky

17.1   Introduction

The information shows a role of a brand and product, which are discussed in this unit.

Brands are now the instruments of modem marketing strategy, as they carve out an image and personality for companies. Established brands also reflect the goodwill and image a company has. This goodwill helps in branding its other products. Image is an integral part of a company's strengths and weaknesses. A strong image, coupled with an opportunity in the market, creates a major source of strategic advantage for a firm.

Developing strong brand preferences in the minds of customers is a long-term process. Organizations have to make consistent efforts towards enhancing brand

image and awareness to develop brands, which will stand up to a tough competitive environment.

Warren Buffett says, "Your premium brand had better be delivering something special, or it's not going to get the business". Brand is synonymous with business growth. Competitors can copy a product but brand is unique. A product can be quickly outdated but a successful brand is eternal and timeless. To make brand eternal, companies have to design innovative products, craft branding strategies to enhance brand equity, focus on international branding to reach all types of customers.

17.2 Objectives

After reading through the unit, you should be able to:

- Understand the role of marketing communication in building brands
- Examine the features of successful brands and various categories of brands
- Explore various branding strategies
- Discuss brand equity with its various determinants
- Understand brand management during recession
- Explore international branding considerations
- Explore the ways of enhancing corporate image through brand management

17.3   What is Brand?

According to the American Marketing Association (AMA), a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition." To elaborate, a brand is the proprietary, visual, emotional, rational, and cultural image that one associates with a company or a product. It is always clubbed with a communication message, which it wants to be communicated to the consumers. It is this communication that binds the consumers in some psychological aspects to a brand, enhancing the brand image, personality and loyalty.

While a brand identity is the perception that a business wants the world to have about their company, a brand image is in the minds of customers about what the brand stands for.

A brand communicates the following elements:

- Attributes
- Benefits
- Values
- Culture
- Personality
- Target User

2

The reputed brand like Raymond's communicates all the elements.

Attributes: Brands highlight the product attributes to inform existing customers and to attract potential customers.

Example: Product Attribute in Branding by Parle-G

According to The Economic Times article (2022), if a customer entered a retailer's store and requested glucose-rich biscuits, Parle-G (Glucose) would be given over without a question. The information shows the brand's attributes. Parle-G is famous for glucose-rich biscuits.

Source: ETBrandEquity (13/02/2022). "Glucose-D: When Gabbar's asli pasand became every child's favourite". https://brandequity.economictimes.indiatimes.com/news/advertising/glucose-d-when-gabbars-asli-pasand-became-every-childs-favourite/89355049 Accessed on 16/09/2022

Benefits: The attributes should eventually transform into emotional and functional benefits, for the brand to be successful.

Values: Most brands associate some value with themselves.

Culture: Brands also represent a certain culture.

Personality: Brands communicate a type of personality.

Target User: Brands clearly state their user segments.

It is the psychological relationship with brands that makes them powerful. The power lies in what is imbibed by the minds of customers, what they learn feel, see and hear about the brand over time.

Classification of Brands

Brands can be classified to understand which group they belong to, why they have been placed in that category and how that category highlights the brands' attributes i.e.:

- Manufacturer Brands

- Private -label Brands

- Generic Brands

- Individual Brands

- Family Brands

Manufacturer brands: These are developed and supported with integrated marketing by manufacturers. The products bear the name of the corporate manufacturer and therefore enjoy the benefits of the corporate image in the market. New products in the category are not vulnerable to their counterparts in the market, as they already have an established brand name. Levi's, BMW, Maruti, Bajaj, LG, Samsung, Philips, etc. are examples of manufacturer brands. Thanks to their brand image and brand equity, these companies are sure to be winners if they introduce any type of extension in their product categories.

Private-label brands: Private-label brands are developed and owned by the businesses that operate in the distribution channel. They are also called own labels, store or dealer brands, which are developed and owned by wholesalers and retailers or middlemen, if any. There is no link between the manufacturer and the brand. Retailers are free to use their own brand names. They gain more power thus enhancing their store image, generating higher margins. They are more independent of the manufacturers of premium brands.

Similarly, there are also captive brands - brands that are manufactured by a third party, owned and sold exclusively by the retailers but carries no evidence of this affiliation. Like certain food products sold in MORE stores.

Generic brands: A brand that indicates only the product category and does not include the company name or other identifying terms is called a generic brand. They are usually sold at lower prices. We have a good number of pharmaceutical products with generic category names.

For example, doctors prescribe Crocin, a branded drug commonly used to treat fever and pain. The main chemical in the drug is Paracetamol. The chemist may suggest another drug – unbranded – that has the same chemical Paracetamol. Generic (Unbranded) medicine is generally more affordable and effective but some doctors may prefer to prescribe branded (more expensive) drugs in order to get incentives from pharmaceutical companies.

Individual brands: In this case, there are different brand names for different products and this is normally done when company's products vary greatly in use. For example, products of P&G. This facilitates market segmentation and in case the product fails, this acts as insurance for the company's reputation in the market.

Family branding: In this case the company markets several different products under the same brand name.

17.4   Features of Successful Brands

Very few brands make an impact in the market and there are varied reasons for this. Some common features shared by successful brands are listed below as follows.

- Superior product quality

- Additional services

- Differentiation from competition

- Pioneers in some way

- Long-term communications strategy

Superior product quality: Examples are Sony and BMW, which have developed a very strong brand image in the market because their products are known worldwide for their excellent quality. A strong brand image goes automatically

with quality and consistency. The confidence in the customers' minds about quality of products is the first step in developing a successful brand.

Additional Services: Maruti has service stations almost in every spot in India, giving it an edge over other players. This gives Maruti customer preference. This is because customers know that whenever and wherever they have a problem with their Maruti cars, a Maruti service station is nearby. Not all companies can match the same level of service. Such service accompanying a product is one of the characteristics of a successful brand.

Differentiation from competition: Organizations need to differentiate their offerings from that of competitors, to develop successful brands. The distinction must be clear in the minds of customers. If this is accomplished, customers will recognize and appreciate the unique aspect of the product. The quality of service provided by a brand over a period of time will become a hallmark of the brand.

Pioneers in a way: Sony is a pioneer in product innovation. Sony is known to bring out products, which are very small using miniature technology such as Walkman and other consumer digital goods. It is only to be expected that Sony will bring out still smaller electronic products. Thus, it has a safe pass to premium pricing. Similarly, Dell pioneered a new distribution channel for PCs and servers. Dell provided a channel through which customers could order PCs, notebooks, etc. independent of time and place. It also pioneered the concept of individualized customization in the PC market.

Example: Apple - Pioneer in Product Technology

According to an HBR article (2020), Apple's primary goal was to create goods that improve people's lives. This entails creating whole new product categories, like the iPhone and the Apple Watch, and as well as advancing those categories' current innovations. The iPhone camera may be the one product feature that most accurately represents Apple's dedication to ongoing innovation. The information shows that Apple has pioneered in making products that ease peoples' life.

Source: Joel M. Podolny and Morten (12/12/2020). "How Apple Is Organized for Innovation". https://hbr.org/2020/11/how-apple-is-organized-for-innovation   Accessed on 16/09/2022

Long-term communications strategy: Brands should have an effective long-term advertising strategy.

Brand's Contribution for Company's Success:

What is the contribution of brand/brands in a company's success? A strong brand can provide a variety of advantages by performing one or more of the following roles:

- **Tool for customer retention:** A strong brand performs most of the above roles by communicating a promise of utility, value, safety and reliability to its customers.

In general, top brands enjoy the confidence of a group of loyal customers, who are more particular about the brand than price. These consumers continue buying the same brand even when alternatives are available for a lower price. It is this strong association between the brand and the consumer that helps the company in retaining customers.

- **Guardian of sales and market share:** Strong brands maintain sales levels and market share. Many companies recognize brands as their most valuable assets and invest in developing strong brand equity to safeguard their future.

- **Reference for new product launch:** Brands provide the initial thrust to a company when it ventures into new product categories.

- **Ambassador for tapping new markets:** A brand has both tangible and intangible features. The tangible features of a brand like the product, packaging, etc. have monetary value for the company. The intangible features such as brand image, reputation, benefits and the way these are communicated lead to the development of a perception about a product in the minds of customers. Development of a strong brand image in the minds of customers generates an emotional attachment between the brand and the consumer and makes purchasing and owning a product as something that pleases them. Brands also play a major role in the valuation of a company.

17.5   Branding Strategies

Brand strategies start from the decision whether to put the brand name on a product or not. It is usually believed that for homogeneous and non-differentiated products branding does not make sense. Salt was previously considered a generic product till Tata started branding it as Tata Salt. Now, the market is flooded with branded salt.

Similarly, sugar, a non-differentiated product, may well become a branded product soon. Previously, all of us knew Bharat Sanchar Nigam Limited (BSNL) as the only telecom service provider. Now, the market is replete with telecom service providers such as Reliance Jio, Vodafone, Airtel, etc. All these players have also branded their cellular services. Branding is slowly catching up in the staple food markets too, where rice, bread, and vegetables are branded into packages of global/local chain retailers like Walmart.

For example, steel industry, which used to offer generic homogeneous products, is now branding its iron and steel products, such as Tata Steel, Jindal Steel, SAIL, Vizag Steel, etc.

After deciding that the company wants to brand its products, the next step is to meticulously look at the development of branding strategies. In the first place a product can have one brand name or at the most two, to position it in the market. In the case of one brand name, there are five different branding strategies, which can be followed:

- Line extension

- Brand extension
- Corporate branding
- Multi-branding
- Co-branding

17.5.1 Line Extension

A new variation of a product or service, sharing the essential characteristics of the parent, but offering a new benefit (such as flavour, size, package or type) is called a line extension. Here, a company uses the name of established brands, along with its attributes. A new product might be slightly different from the parent product but it initially relies on the strength of the parent brand to gain footage in the market. Marketers use this strategy for a variety of reasons. Some adopt this strategy to tap new market segments, others to increase their array of products, or to get more shelf- space for the brand or to beat competition.

- **Importance of Line Extensions:** Customers can easily recognize a new product if an established brand name is used for it. The credibility and confidence that the parent brand generates is extended to the new product. Promotional costs, in turn, are lower for a line extension. More line products expand the company's shelf space presence and enhance brand recognition.

- **Disadvantages of Line Extensions:** The potential for failure and intra-firm competition are two disadvantages. If a difference exists between the consumer perceptions of the parent and the new product, it may damage the brand name of different products. If the parent product and the line extension are not differentiated clearly, it might lead to intra-firm competition. Therefore, differences between the parent and the line extension should be absolutely clear and communicated to the customers.

17.5.2 Brand Extension

Brand extensions are brand names extended to new product categories. In other words, stretching the use of the parent brand to a new product or service category that has its own benefits. It is distinguishable from the parent brand and appeals to a different target market. Brand extensions can be of two types: Extension into related category and extension into unrelated categories.

- **Extension into related categories:** Extension into related categories is of two types: product related and image related.

Product related: When an extension is in the same product category with the same brand name. The new extension, in due course, develops its own brand image.

Example: Brand Extension by Bournvita

The world's leading food company Mondelez has expanded its Bournvita brand into the cookie market, the brand's second expansion in 2020. The information shows the brand extension of Mondelez.

Source: Viveat Susan Pinto (16/12/2020). "Mondelez extends Bournvita into cookies, second brand extension in 5 months". https://www.business-standard.com/article/companies/mondelez-extends-bournvita-into-cookies-second-brand-extension-in-5-months-120121501024_1.html Accessed on 16/09/2022

Image related: When there is an extension into a product category that gives similar utilities and holds the same brand name, it is called image-related extension. For example, extension of the Dettol antiseptic liquid to soap to hand wash where the brand image of the parent brand is extended to new launches in a different category, catering to different target segments. The new product continues to enjoy the brand image of the parent brand. The perception about Dettol in the minds of the customer was of an antiseptic liquid, which cleans up completely. However when the company tried to extend the same brand name to beauty soap, it failed during its initial launch. Later it changed its strategy and banked on its core image of being antiseptic and launched the soap and hand wash. Ultimately, Dettol successfully emerged as one of the largest selling premium toilet soaps and hand wash brands.

- **Extension into unrelated categories:** When a company extends a brand name to an altogether different product category, it is called extension into unrelated categories. Tata has its presence from an everyday used item like salt (Tata Salt) and tea (Tata Tea) to the automobile sector in the form of cars and trucks.

For example, Godrej has a firm presence in various sectors ranging from locks to cosmetic (hair dyes, soaps, etc.) to consumer durables like cupboards and refrigerators. Though these products do not have anything in common, they are all successful and have made their mark individually. This astonishing success comes from the pioneering advantage of having developed products of the highest quality. Some brands use quality as the main weapon to gain a competitive edge. Hence, when they bring in new products, they succeed. This extension usually involves an umbrella strategy, in which all the products bear the same brand name.

- **Advantages and Disadvantages of Brand Extension:** Brand extension retains the same benefits as that of line extensions, in limiting the risk of new product introductions. It also saves huge advertising expenses for launching a new brand. Research shows that brand extensions are more effective than brand introductions. The former capture more market share. However, if the brand image does not fit the new product category or the new market segment, the extension will not be successful. A company also runs the risk of brand dilution, which happens due to the sharing of the same name for a large line of brand extensions. This eventually affects the brand image.

17.5.3 Corporate Branding

Corporate branding is the gestalt of the organization, including its philosophy and culture, as well as its physical characteristics. The different approaches to corporate branding are monolithic branding and endorsement branding.

- **Monolithic branding:** In monolithic branding all the products or services of the company carry company name. This strategy is preferred by service companies like banks, insurance companies and hotels, who bank on their reputation. Technology companies too prefer this strategy. Japan has the major chunk of companies following corporate branding. A tactful combination of marketing and communication efforts is an essential requirement in corporate branding. For example, Sony follows monolithic branding for all its products. Companies like ICICl Bank, LIC, Taj Group of Hotels, and Hitachi are also good examples of monolithic branding.

- **Endorsement branding:** This is also called as house branding. In this strategy companies use both an idea and the corporate name. It helps products get their own identity and positioning in the market, while drawing on the strengths of the corporate name. This approach has been adopted by Kellogg's, which uses its corporate brand name to endorse all its products. For example, Kellogg's Corn flakes, Rice Krispies, Raisin Bran, Coco Pops etc. use both the corporate name and the brand name to position the product. Nestle's products such as Milo, Crunch, KitKat etc. also use endorsement strategy in corporate branding.

- **Advantages and disadvantages of corporate branding:** This strategy helps organizations gain economies of scale in advertising and communication. If a new product is launched with strong corporate name attached, it becomes easier to break into the market, especially if it is a mature market. However, there is a disadvantage. If the new product does not fare well in the market, it affects the corporate image adversely.

17.5.4 Multi-Branding Strategy

Multi-branding is used by companies, which use different names for products in the same product category. Facing increasing competition, it becomes necessary for a company to identify its core brand. The first step towards implementing a multi-branding strategy is to evaluate different brands and decide on the single brand that gives the highest sales volume and generates the highest revenue. Undoubtedly, this brand has to rule over others in terms of getting attention and favours in terms of brand building and positioning. Multi-branding is useful in finer segmentation and positioning, as one gets to recognize the core brand, which always needs to be strengthened and positioned. The other brands can be positioned on the flanks and allowed to carve their own target segments.

Each brand is fully loaded to grow on its own attributes. Companies using multi-branding strategies seem to prefer new brands when they bring in a product in a

new product category. Venturing into a new product category without having any of the own brands suitable for the brand name may also push a company to adopt a new brand name. For example, Toyota chose a new name for its luxury car range, the Lexus. Initially it made its mark in manufacturing trucks, economy and luxury range cars. When it ventured into the luxury car segment, it did not find any of the existing brand names suitable. None of them would have given the perfect picture and perception of a luxury car. So, it decided to give a new brand name for its new segment of luxury cars i.e. the Lexus.

Hindustan Unilever Limited (HUL) follows multi-branding strategies in consumer products like soap.

Raymond's as a core brand carved a niche for itself by its outstanding multi-branding. It moved into product segmentation based purely on socio-economic parameters. Park Avenue, the premium Raymond's brand of ready-mades, was introduced to cater to the new line of professionals who belonged to the liberalized era. For youth, more interested in casual wear, there was the much-admired Parx range of casuals. Color Plus is another high end casual wear brand of Raymond's. All these brands together improved the market share of Raymond's, even while carving a niche for themselves amidst tough competition.

Thus, we can see that Raymond's and Hindustan Unilever Ltd, as core brands, developed new flank brands to fight the competition in different segments, and thereby safeguarded core brands. These flank brands not only targeted new segments but also increased the revenues of the companies.

17.5.5 Co-Branding Strategy

In co-branding strategy, as the name suggests, companies combine their efforts to introduce a product with two different brand names in a bid to carry over the image of the two parent brands to the new product. Co-branding can take three forms:

- Ingredient branding
- Co-operative branding and
- Complementary branding

Ingredient branding: *In ingredient branding*, a basic ingredient of the product is mentioned next to the actual products name. The advantages are that both brands can benefit from the symbiotic effects of combining two strong brands. Moreover, costs such as advertising and communications can be shared. A prerequisite for this strategy is that the ingredient has to be of essential, differentiating and high quality. For example, many laptop and tablet manufacturers use the 'Intel atom inside' mark along with their brand names to benefit from the image of Intel chips. None of these companies can individually make a dent in the market. United, yes, they stand tall in the market.

Co-operative branding: *Co-operative branding* is the joint venture of two or more brands to form a new product or service, where both brands are well established

10

in their respective segments. Each helps the other in improving the awareness of the other brand. Apart from offering discounts, this strategy also leads to improving the brand image and should motivate customers to become loyal to these brands.

Complementary branding: It involves the marketing of two brands together to encourage co-consumption or co-purchases, such as a bottle of Coke with McDonald's French fries and burgers. McDonald's thus restricts the availability of Coca-Cola's rival, Pepsi, in its outlets and ensures more exposure and visibility to Coke. Coke in combination with McDonald's also increases the brand image of the two complementary brands since they go together.

Check Your Progress -1

1. Which of the following are communicated by a brand?

   i: Product attributes

   ii: Values

   iii: Culture of the company

   iv: Competitor strengths

   a. i, ii, iii

   b. i, iii, iv

   c. iii, ii, iii

   d. i, ii, iii, iv

2. Brands are classified into which of the following?

   i: Manufacturer brands

   ii: Private-label brands

   iii: Generic brands

   iv: Superior brands

   a. i, ii, iii

   b. i, ii, iv

   c. i, iii, iv

   d. i, ii, iii, iv

3. Tata owned fashion retail chain 'Westside' gets more revenue from which type of brands?

   a. Generic brands

   b. Private-label brands

   c. Manufacturer brands

   d. None of the brands

4. Which of the following are the features of a successful brand?

   i: Superior product quality

   ii: Pioneer in some way

   iii: Long-term communications strategy

   iv: Imitating competitor strategy

   a. i, ii, iii, iv

   b. i, ii, iii

   c. i, iii, iv

   d. i, ii, iv

5. A new variation of a product or service, sharing the essential characteristics of the parent, but offering a new benefit (such as flavor, size, package or type) is called as which of the following?

   a. Line extension

   b. Brand extension

   c. Corporate branding

   d. Co-branding

6. In which type of branding strategy, companies use different names for products in the same product category?

   a. Line extension

   b. Brand extension

   c. Multi-branding

   d. Co-branding

7. Which of the following forms of branding does co-branding strategy take?

   a. Ingredient branding

   b. Co-operative branding

   c. Complementary branding

   d. All the above

17.6 Brand Equity and Its Determinants

Brand equity is the combination of assets and liabilities associated with a brand that enhances or depreciates the value of the brand. Companies try to leverage the equity of an established brand to enter other categories of products. Brand equity not only creates a positive brand, but also drives demand because customers are often attracted towards a brand with better brand equity.

The concept of 'brand equity' has come to the limelight for several reasons. One obvious reason is the pressure to increase marketing productivity. This tends to push managers to increase marketing efficiency. Some authors have looked into the financial aspects of brand equity that help in brand valuation during mergers

or acquisitions. Others have stressed on the consumer behaviour. From the marketing point of view, the consumer effects are the appropriate focus and include a number of cognitive effects, where the intangible attributes of a brand add value to the product or service on offer.

Brand equity provides the following values to both customers and firms.

- **Value to the customer**

  Customer expectations and perceptions are changing faster than ever. They have risen steadily over the last three decades. Customers are becoming more sophisticated and more interested in innovative products and customized services. At the same time, they have also become unpredictable in their tastes and needs. Owing to this, they have started demanding more "value" for their money. If a company fails to deliver the expected value, it cannot succeed in the market place. Consumers are opting for companies that offer exceptional services, over their competitors who sell at the same price. Increased competition has led to companies adopting different marketing strategies. It has given customers the freedom of choice to evaluate the product on various criteria. The roles that brands play in the various purchase decision stages are discussed below.

- **Brand as an indicator of search attributes:**

  A search property is a characteristic of a product that can be evaluated by collecting information during the pre-purchase decision process. The following are examples of search attributes:

  Bike: "What is the mileage of the bike?"

  Credit Card: "What is the maximum credit limit and credit period?"

  Clothing: "Which blazer will suit me the best?"

  Colour: "Will this colour set match my drawing room?"

  People tend to take substantial effort to gather information on search attributes, so that they can evaluate the alternatives. These sources include advertisements, product labels trademarks, word-of-mouth information and the internet. These product attributes can be evaluated before using the product, but it is up to the buyer how much time he spends in gathering information. If the consumer is buying a high involvement product, he is sure to look out for alternatives, unless he has considerable information or he is loyal to a particular brand.

- **Brand as an indicator of "use attributes":** The "use" properties of a product involve those characteristics that cannot be evaluated until the consumer uses the product. Examples of use attributes are:

  Dolls: "Will my daughter like it?"

  Daily food: "Will it increase the calcium content in the body?"

Investor: "Will this investment actually yield annual return of 15%?"

The consumer forecasts the product performance based on his perception of the brand name. If the buyer feels that the preferred brand will provide results that are more beneficial, that brand will retain the competitive edge and stay in the top of the consumer's mind every time he goes out to buy the product.

- **Brand as an indicator of credence attributes:** A credence attribute is a product characteristic that a customer can never evaluate completely. Following are examples:

Bike: What is the actual mileage I will get?

Chemical sprays: How effective will they be in keeping out cockroaches and mosquitoes?

Automobile: Will the air bag reduce the seriousness of an injury in a car accident?

Courier: Will it reach in time?

Evaluating such properties may not be always possible for the consumer. In such cases, he either goes for a preferred brand name with established credentials or one with less perceived risks.

- **Brand loyalty / Inertia:**

Brand loyalty reflects a consumer attitude, when he has a purchasing intention, but does not evaluate other brands. The use of a brand gives the consumer a sense of pride and joy. Hence, when customers are brand loyal, they do not take much effort to gather information on other brands. This is not just because they are habitual buyers of a particular brand, but because they feel a sense of belonging and pride in acquiring the product. This makes them committed buyers.

- **Value to the firm**

Apart from its role in adding value to a customer, brand equity also adds value to the firm by generating marginal cash flow. It helps organizations attract new prospects and retain old customers. A promotion programme for a familiar brand with line promotion is always effective. The brand name might induce the consumer to make a purchase based on perceived quality. High brand equity facilitates premium pricing and cost savings, because a company spends less on promotion. It also paves the way for brand extensions. Strong brand equity, when extended, will draw people to buy it depending on their perceptions about the parent brand. Brand equity can also provide an advantage in the distribution channel, as more dealers and retailers will be willing to store more volume. It also acts as a barrier for competitors by providing a competitive edge to the firm.

Determinants of Brand Equity

Brand equity is the commercial value that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself. According to David Aaker, brands have high equity because they have high awareness, many loyal customers, a high reputation for perceived quality, brand associations, and proprietary brand assets such as patents and trademarks.

The brand equity of a product or service has five major determinants.

- Brand Awareness

- Brand Loyalty

- Perceived Quality

- Brand Association

- Other Proprietary Brand Assets (Patents, Trademark and Relationships)

Customers prefer high-equity brands because they find it easier to interpret what benefits the brand offers, feel more confident of it, and get more satisfaction from using it. Because of such consumer preferences, the brand can charge a higher price and command more loyalty.

17.6.1 Brand Awareness

Brand awareness is the ability of a prospective customer to recall that a brand is a member of a product category. There is a link between the brand and the product class. A specific brand, in order to generate awareness, must define a company's uniqueness and set it apart from competition. If potential customers have knowledge about a company, it makes the job easier. A business should always plan to develop brand awareness cost-effectively. It is necessary to design a suitable communications message that reflects the brand's differentiating features and unique value for the target segment. Brand awareness has various levels that range from the uncertain feeling that the brand is part of a product category, to the point when it is known to be the only one in its category.

- **Levels of Brand Awareness:** As shown in figure 17.1, at the lowest level are those who are unaware of the brand. There is a very low chance that they will buy the brand. The next level consists of consumers who recognize the brand as an alternative to purchase. That is, they recognize the brand. These are prospective customers because they are aware. Non-availability or dissatisfaction with their usual brands due to economic or functionality reasons will make them switch. One step up is brand recall, which, unlike brand recognition, is characterized by an "unaided recall". Here a person is asked to name a brand in a product category. It is thus associated with a stronger brand position. The first brand to be named in an unaided recall occupies the top-slot in the awareness pyramid having achieved top-of-the-mind awareness. Whatever brand a customer recalls in a particular category

will be in his basket once he is on his buying spree. It is ahead of other brands on a person's mind in a product category and provides a strong competitive edge to spearhead the frontal assaults from the cutthroat competition.

Figure 17.1: Levels of Brand Awareness
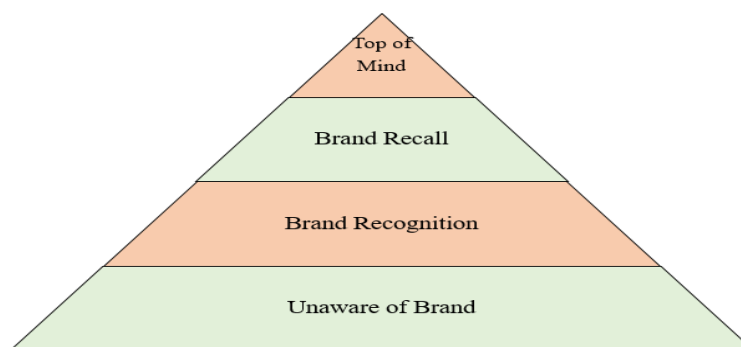
Source: ICFAI Research Center

Example: Attempt to Increase Brand Awareness by PhonePe

In 2021, to increase the brand awareness for its services in Tamil Nadu and Kerala, Phonepe, a digital payment platform, had developed localized brand campaigns. The popular snack, Parippu vada was honoured in the Kerala campaign wherein Actor Jayasurya was showcased to highlight the offerings and strengths of PhonePe. It also explored several Parippu vada perspectives in the advertisement. For Tamil Nadu region, it showcased various daily life moments in Tamil Nadu connected to PhonePe services. The information shows how PhonePe made efforts to increase its brand awareness in selected markets.

Source: ETBrandEquity (13/10/2021), "PhonePe builds brand awareness through regional campaigns". https://brandequity.economictimes.indiatimes.com/news/advertising/phonepe-builds-brand-awareness-through-regional-campaigns/86991174 Accessed on 18/09/2022

17.6.2 Brand Loyalty

A brand is the physical and emotional alliance between a company and its customers - a web of messages, shared experiences and relationships. A brand consists of both tangible and intangible elements. When the tangible elements are separated from the brand, what is left is intangible. This is conceived in the customer's mind in the form of attributes. This perception functions as a foundation stone, which leads to repurchasing and later gets settled as brand loyalty. When a consumer buys a new brand, he is a little apprehensive about its quality and performance. When he is satisfied with its performance, it becomes a habit to buy the same brand whenever he thinks of buying in the same product category. The consumer has by then become familiar with the product and brand and feels that the brand is suitable for him. Thus, an attachment is developed between the brand and the customer.

People tend to evaluate brands in terms of money during recession or if they are not loyal to any available brand. Manufacturers, who fight competition on pricing, may become vulnerable and lose customers and their leadership position. Human

beings like a sense of normalcy and this is provided by brand loyalty as consumers do not like to go around looking for alternatives and evaluating them every time they go shopping. People are slaves of habits, so brand loyalty will always be there. Brand loyalty results in:

- Generating higher sales volume for the company as reducing customer loss leads to the brand being repurchased repeatedly.

- Premium pricing for the company as brand loyals are generally less sensitive to price changes because of their emotional attachment to the brand.

- Lower costs for the company in the form of reduced promotion costs, since brand loyals are less sensitive to campaigns for other brands.

- Making new customers brand loyals and spread positive word-of-mouth recommendations about the brand.

Brand loyalty is developed by repeated purchases and customer satisfaction. Nevertheless, to make customers brand loyal and encourage them to repeat purchase' it is necessary to advertise both before and after sales. To create and maintain brand loyalty, a firm should take note of the following points:

- Companies should ensure that the product caters to customer needs.

- A sales promotion by means of discounts or offering prizes induces repurchase.

- The product should get adequate shelf space in retail stores and be available at the convenience of customers.

- The firm should go out of its way to provide excellent services to its customers.

- **Levels of Brand Loyalty:** The target customers can be categorized into various levels depending on the level of loyalty they exhibit towards a brand. Customers at each level pose a distinct marketing challenge and marketers should devise various ways to maintain or enhance their loyalty towards the brands. (Figure 17.2).

Figure 17.2: Levels of Brand Loyalty
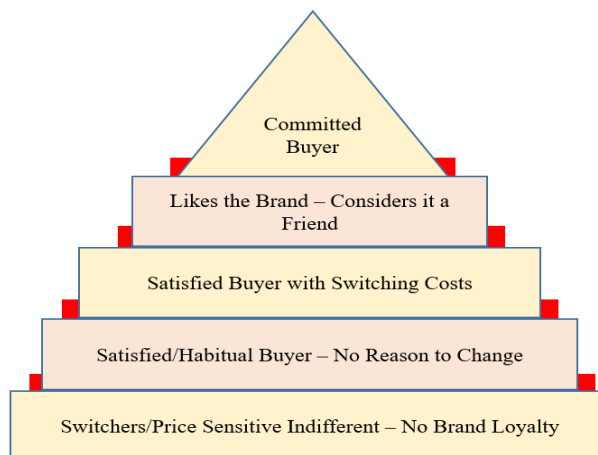
Source: ICFAI Research Center

The bottom level consists of non-loyal buyers who are completely indifferent, exhibit no loyalty and are promiscuous switchers i.e. the brand name plays little role in buying decisions. They probably buy solely on the basis of price, or are convenience shoppers, buying based on availability. The second level consists of customers, who are satisfied with the product, but have a limited set of brands from which they will choose, depending on the circumstances and the occasion. They are constrained switchers and can be vulnerable to competitors. The third level consists of satisfied buyers who can be induced to change with switching costs or offers to compensate the switch. They too are vulnerable to competitors. The fourth level consists of customers who truly like the brand, due to associations or some brand attribute and consider brand as a friend. In the fifth level, customers buy out of commitment and are called brand loyals. They are useful in spreading a good word about the brand. A brand loyal provides a time advantage for a firm to react to competition.

17.6.3 Perceived Quality

Perceived quality can be defined as a customer's perception towards the product or service, relative to alternatives. It is influenced by intrinsic and extrinsic values. Intrinsic values refer to the visible, verifiable physical aspects of the product such as features, colour and taste. These cues lead to more abstract beliefs about the product's quality and benefits. Extrinsic cues are related to the product, but are not part of the physical product. These include price, level of advertising, warranty etc. The perception of quality can differ across industries. Perceived quality means something different between two similar brands such as a Lexus car and a BMW car. For example, the Lexus RC-F and BMW's M4 look similar and are pretty much the same size. They produce near enough the same power. They are both rear-wheel-drive, two-door version and many other similar features.

Perceived quality cannot be determined objectively as it is a perception of customers and varies with each customer. Research has repeatedly shown that the real force behind market leadership is value perceived by the consumers and not price or inherent product attributes. As long as the customer perceives value in the product, it will move in the market. This makes consistency a highly important feature of brand behavior. In case of brand loyals or customers unaware of the stages of 'information search' and evaluation of alternatives', perceived quality has a direct impact on purchase decisions.

17.6.4 Brand Association

It was not until the 20th century that branding and brand association became so central to competition. In fact, a distinguishing characteristic of modem marketing has been to move beyond generics to branded products. The underlying value of a brand is often based on specific association of a "use context" such as cholesterol prevention by using "Saffola". This can provide a reason-to-buy, attracting customers. Such association represents the product's meaning to customers.

Brand associations represent bases for purchase decisions and for brand loyalty. There are hosts of possible associations that a firm can build in a brand. For example, the association of Nike shoes with the sport celebrities can provide credibility and enhance confidence in the product. If a brand is well positioned on a key attribute like after-sales-service or technological expertise, it will give more safety to the company against competition.

The associations convey either the concept or the meaning of the product in terms of how it fulfills a customer need. In today's highly competitive environment, a brand image with distinctive features is most likely to ward-off threats. As consumers become more unpredictable, they rely more on a product's image than its actual attributes in making purchase decisions. One brand association that a firm can use in differentiating its product is customer benefit, which refers to the need that the product promises to satisfy.

For example, cavity control by toothpaste is a customer benefit. Customer benefit may be rational, psychological (emotional) or self- expressive benefit. A rational benefit is closely linked to a product's attribute and is part of a "rational" decision process. The toothpaste benefit is an example. A psychological benefit relates to what feelings are aroused while experiencing the brand. An example of a rational benefit from toothpaste to a consumer would be its ability to stop cavities from developing whereas psychological benefit would be the feeling of being confident that no cavities exist. For a Volvo vehicle, the psychological benefit would be the feeling of safety when driving it. The self-expressive benefit relates to the ability of a brand to help a consumer communicate his self-image. Brand image has today become a crucial factor in purchase decisions.

In today's highly competitive environment, a distinctive product image and clear positioning is most important. As products with similar features are available in the market and buying decisions are becoming complex, consumers mostly rely more on the brand image than its actual attributes in making purchase decisions.

Brand Association and Value Creation

Can brand associations create value? Yes, they can both for the marketer and the consumer. Brand associations are of more use to the latter. The way a brand association creates value for the customer differs from individual to individual. Reality is based on personal needs, wants and personal experiences. Customers respond to external sources of information that help define their personal identities. Thus different customers will perceive reality differently. Although two individuals may be subject to the same stimuli under apparently the same conditions, the way they perceive, organize and interpret them depends on their individual personalities. The very purpose of branding is to establish some association between the consumer and the brand. These associations represent the core for purchase decisions in the case of brand loyals. A brand association can create value to customers in different ways. They are described below.

- **Help process and retrieve information:** Brand associations create concise information for the buyer. He recalls the information during purchase

decision making. For example, the bitten apple may spark thoughts about the brand Apple or experiences with it.

- **Differentiation:** In some product classes like perfumes, liquor and clothes, brands are not very easily differentiated by customers. Hence, an association with the brand name plays an important role in differentiating one product from another. The personality of Shahnaz Hussain, for example, provides a point of difference in beauty treatment. As her herbal treatments are unique, the brand that bears her name is also unique. The personality of Dr. Batra provides a point of differentiation and uniqueness for his line of hair treatments and lends uniqueness to the brand that bears his name.

- **Reason to buy:** Brand associations are a basis for purchase decisions and brand loyalty, as they involve product attributes or customer benefits that constitute a specific reason to buy and subsequently use the brand. If a Formula 1 champion rider uses MRF tyres, or a professional hair stylist uses a particular shampoo, consumers' feel confident about the product or the service.

- **Positive attitudes:** Brand associations and symbols stimulate positive feelings which are then transferred to the brand. They create a sense of uniqueness in favour of the brand. Advertisements, for instance, can make the experience of drinking 'Thums Up' more fun and driving a 'Scorpio' more adventurous.

17.6.5 Patents, Trademarks and Relationships

The brand equity also gets valued based on patents, trademarks, copyrights, and channel relationships. These types of assets usually prevent competitors attack on the products or company. These assets also help in restoring customer loyalty and reinforce company's competitive advantage.

For example, Intel has patents over its microprocessor chips and this has prevented competitors from copycatting its chip technology. Intel is the leader in computer microprocessor industry due to its patent rights and the only competitor at present is AMD.

For example, Walmart is able to sustain its leadership in retailing due to its hold on channel relationship with all the suppliers. It is now ranking its suppliers, from best to worst in each category based on 'The Sustainability Insight System (THESIS) Index (formerly the Sustainability Index)'. It is able to influence thousands of suppliers to better understand and manage their own supply chains to get high rating on the Index. It has helped Walmart to increase customer trust in Walmart and its brands along with productivity and environmental benefits.

17.7   Branding and Marketing Communications

Marketing communications are an essential part of branding. Their role is to bring out the brand personality and strengthen the relationship between the brand and the customer. A brand with different positioning strategies or varied

communication messages has little chances of success. So, it becomes critical for the marketing communication message to deliver a consistent image. Brand managers should not be lured by short-term profit and damage long-term profitability of the brand. Every advertisement should help in developing the brand image. A consumer may not be able to trace the source of the message in brand recall, but as long as the brand remains at the top of his mind, it does not matter. But a marketer should always meticulously examine the components of his communication process to ensure that it reinforces and revitalizes the brand image. Advertising as a key tool for market communications is indispensable and invaluable when it comes to establishing and maintaining strong brands. It influences the brand building process.

There are various factors in marketing communications that go into building brand equity. They are as follows:

- Consistency in advertising

- Sales promotion and brand image

- Sponsorships and spokesperson

- Packaging

- **Consistency in Advertising:** If we look at some ad campaigns, we will find the concept of "enduring message" in them. Brand equity is developed and supported by means of consistent, long-term, integrated marketing communications. The communicator should try to convey the core benefits the brand promises to deliver.

- **Sales Promotion and Brand Image:** Sales promotion tools should not be used too often. Price slashes such as low-priced offers, money-off discounts and other types of incentives used to achieve short-term profitability might induce the customer to develop an expectation of reduced prices as a norm, and undermine the quality perception and positioning of the brand as a premium quality, premium-priced brand. It is long-term sales promotion strategies, which help in brand building and maintaining the core values of the product. A strong brand is always profitable for the company and a weapon against competitors. A different type of sales promotion campaign, in the form of after sales service for automobile companies on a regular basis, gives a favourable impression of the brand image.

For example, Maruti Suzuki Service Station is the widest and the deepest service network in India within the reach of hand where 46,000 cars get services every single day. It has been No.1 in the J.D. Power Customer Satisfaction Award for a staggering 16 years in a row. It's a survey that rates the after-sales service experience, one that no other global car market leader has won even once. [1]

---

1 *https://www.marutisuzuki.com/corporate/about-us/strength, 2023 (accessed on7th January 2023)*

- **Sponsorships and Spokesperson:** Marketers use sponsorships and spokespersons to capture the market. If the sponsored activity generates a positive synergy between the brand and the activity, it is likely that a favourable image will be created.

- **Packaging:** Packaging is also one of the ways in which the brand proposition is kept in the forefront of the consumer's mind. Packaging consists of tangible elements of physical products and can install a desired image for the brand, through its attributes like colour, nature of the container or label. There are products, which can be distinguished among similar products because of the unique colour or shape of the container. Companies operating on a tight budget for market development and promotions use product packaging to convey the brand value and image. When support from other promotional sources is minimal during recession and firms reduce their advertising expenses, emotional values have to be drawn on and communicated to their best effect through packaging.

Example: Nandu's eco-Friendly Package

The largest hyperlocal and omnichannel meat brand in India, Nandu's, made a significant development in its pursuit of becoming a fully sustainable business in 2021. It introduced a cutting-edge eco-friendly packaging for all of its home delivery orders that expected to meet the needs of both consumers and the environment in terms of sustainable solutions. The information shows that Nandu's has introduced a new, creative packaging method in an effort to draw customers with its environmentally friendly product packaging.

Source: ANI Press Release (22/09/2021), "Nandu's becomes India's first meat-based start-up to launch innovative, eco-friendly packaging". https://www.business-standard.com/content/press-releases-ani/nandu-s-becomes-india-s-first-meat-based-start-up-to-launch-innovative-eco-friendly-packaging-121092200890_1.html Accessed on 18/09/2022

17.8 Rejuvenating and Revitalizing Brands

In this fast changing marketing environment consumer needs and desires are getting changed faster than before. Many marketers find it difficult to introduce new products because they attract heavy investments. Even when they do, some products and services are positioned inadequately thus minimizing the potential market. So company makes changes to a product's positioning to augment its value in the mind of customers. This might also be done to change its potential market. In that case all elements of the mix the same but reposition the brand in the minds of customers. This is called as repositioning.

Product lifecycle says brands passes through irrevocable life stages such as birth, growth, maturity, plateau and decline. Generally when brands reach decline stage marketers cut marketing and advertising expenditure and reallocate the money to the growth brands. The assumption is that declining brands have no future. There

are also companies that sell off declining brands and focus on introducing new brands.

There are brands that have proved that even declining brands can be revitalized to give a new life to the diminishing brand. Companies can rejuvenate declining brands to avoid heavy investments required to introduce new brands and products.

Brands can be revitalized through many ways such as refurbishing logo, trademark, trade dress, etc. to recreate the entire brand image. Many a times revitalization requires to update product attributes with better features to meet the changing need of customers. The revitalization of products also demands better and sophisticated packaging to appeal to new generation of customers.

Companies can make a decision of rejuvenation of older brands based on customer surveys and experts advice rather than going for new product introduction with heavier investments. Change is necessary and brands have to revitalize and rejuvenate brands to stay in current times.

Example: Brand Rejuvenation of Lafaurie-Peyraguey

According to a Forbes article (2021), a well-known wine brand from the nineteenth century, Lafaurie-Peyraguey, was losing its appeal in the twenty-first century. Therefore, Mr. Silvio Denz, who bought the hotel Maison Laique more than 10 years ago, decided to revive the Lafaurie-Peyraguey brand. In order to entice the buyer to drink this exceptional wine, he updated this outstanding wine and presented it in engraved bottles and thereby rejuvenated the brand. The information shows how Mr. Silvio Denz has rejuvenated the brand image of Lafaurie-Preyraguey.

Source: Y-Jean Mun-Delsalle (19/03/2021), "How Chateau Lafaurie-Peyraguey Is Rejuvenating The Old-Fashioned Image Of Sauternes Wines".
https://www.forbes.com/sites/yjeanmundelsalle/2021/03/19/how-chateau-lafaurie-peyraguey-is-rejuvenating-the-old-fashioned-image-of-sauternes-wines/?sh=25e353dc503e Accessed on 18/09/2022

17.9   Brand Management during Recession

Brand management during good market conditions might not test managerial skills as much as it would in times of recession. There have been recessions in the past and no doubt, they will occur in the future too. Managers have to formulate a strategy for tackling recession. They should keep in mind the following aspects:

- Investors are quick to sense the risk and back out, laying the whole blame for the recession on the company's performance. This results in lowering of share prices and the company losing goodwill.

- Labourers fall into the same category and become depressed, which affects productivity.

- The consumer starts losing faith, leading to lower demand and consequent reduced profits.

It is during these times that the effectiveness of top management is tested. These people usually stick to the safe path. They divert advertising expenses towards funding sales promotion activities. This strategy affects short-term profitability, but ensures that there is not much of loss in the market share. Food, medicine and gasoline might not feel the effects of the recession, but people are always on the lookout for low priced goods. Recessions need to be dealt with cleverly and tactfully. It might even turn out to be a boon in disguise. It is at this time brand custodians look to the value they provide in their products to retain customers. A brand that has positioned itself as the cheapest should cash in on such a situation, rather than positioning itself differently. This depends entirely on the product category. If it is an essential commodity, it can retain the advantage, if it has already been positioned as a cheaper brand in the product category. People do not stop buying during recessions but rather buy those products which they require urgently or which offers value for money. They are surrounded by insecurity, which most companies fail to encash on.

Advertising as a promotional tool is invaluable at this stage, because it is at this time when brand switching occurs. People try out new brands with lower prices or lower perceived risks. A company can use this to its own advantage and make quality assurances and other promotions to attract new consumers. Brand managers should not panic and announce discounts when they see sales volumes coming down. They should realize that competitors are equally affected. Even if a competitor offers discounts, a company should not follow suit. It would not be appreciable for a firm to follow the discounting strategy of competitors. The erosion of the competitors' brand equity might end up in the firm coming out stronger from the crisis. Difficulties lead to new inventions.

The effectiveness of the distribution channels can also be looked into. In case of any noticeable weak points, new channels can be added for better results. Various media, in response to the low volume of advertisements, might come up with discounts for advertising during that period. Thus, a company should use this opportunity and gain from it and increase customer awareness at a low cost. There are several examples of companies that have come up during times of recession. Brands with long-term strategic plans will pass the acid test of recessions and come out stronger to rule the market.

Example: Ford Leveraged Pandemic Time for Brand Management

In 2020, Ford, a renowned carmaker launched a campaign called #BuiltToLendAHand in the US wherein it gave financial support to its customers in a difficult pandemic time. Through the campaign, Ford announced a 6-month payment relief for the customers who have loans on their cars – Ford makes 3 payments and defer 3 payments. In response, thousands of customers responded/retweeted to thank the company.

Contd. .....

The above information shows how Ford has leveraged the pandemic time to influence the behavior of its customers towards the brand by giving financial support.

17.10 International Branding

Companies brand value fluctuates based on their international branding strategies and competition from international brands.

Brand's overall value is calculated based on three parameters: financial performance of products, brands influence on customer choice, and the strength the brand has to command a price premium.

What do Apple and Coca-Cola have in common? They are familiar brand names throughout the world. Having different brand names, adapted to each country or region, also has its own share of advantages. The issue of international branding and positioning has been under strict review of late as media, travel and standard of living have brought tastes and styles to a state of homogeneity. As a result, a product or a marketing strategy effective in one corner of the world is likely to gain audience in another corner too. It becomes a critical issue whether to give a brand a global or local identity.

A company planning to carry out overseas operations should study many things into consideration in branding its products. A successful brand name in one country might not evoke the same response in another as ideas, perceptions, culture and language differ from one country to other.

The functional area or utilities of a product may also differ across borders. An instant coffee marketer, who sells coffee in both Latin America and the U.K, will fail in the U.K unless he learns of the likes and dislikes of the people there. People in Latin America prefer strong coffee compared to their counterparts in the U.K. So, a marketer cannot afford to sell the same blend in both the places.

Example: Zontes, a Chinese Brand, Entry in India

Chinese motorcycle manufacturer Zontes stated in 2022 that it would enter the Indian market in association with Adishwar Auto, a company based in Hyderabad. With a wide dealer network all across the nation, the brand intended to introduce an exciting portfolio of five models. The company said that the brand with its futuristic technology was ready to thrill the Indian premium two wheeler customers. The information shows the international branding by Zontes.

17.11 Branding and Corporate Image

Tom Peters says, 'branding is everything'. A clearly positioned corporate image can add to effective marketing communications. This image holds within itself the mission of the company and justifies its present positioning. Since people differ in their personalities and perceptions, the names of Sony, IBM and Coca-Cola are perceived differently by different individuals. What finally matters is the overall picture of the company in the minds of the people.

Components of Corporate Image

Goods and services are only a part of the total picture taken into account to build a corporate image. Corporate image integrates all things from zero to infinity within a company's operation, such as factories, headquarters, dealers, products, advertisements etc. A corporate image contains many invisible and intangible elements. The tangible elements include the goods and services sold, retail outlets where the products are sold, factory outlets where they are produced, advertising promotions and other forms of communications, corporate name and logo, packages and labels and employees. The intangible elements consist of corporate, personnel and environmental policies, ideas and beliefs of corporate personnel, the culture of the country and location of the company and media reports. The beliefs and attitudes consumers have about a country influence the image of companies in the country. For example, Japanese products are known for their quality. When people talk of Sony and Toyota, they first think of them as producers of quality products. Japan became a leader in technological expertise, which gives credibility to the products from that country. Sony, Toyota and Hitachi are considered technologically superior to their competitors.

17.11.1 Role of corporate image - consumer perspective

A positive corporate image can bring in a lot of changes regarding the perceptions of the people about the company. This proves beneficial to corporate in different ways. A positive corporate image provides the customers with:

- Assurance regarding quality and accountability in purchase decisions in unknown places.

- Assurance regarding quality service in purchases where there is little previous experience.

- Reduction of search time in purchase decisions.

- Psychological reinforcement and social acceptance.

A pair of Nike shoes bought from India or United States will have the same quality. Similarly, product purchased from any outlet of Walmart, if it turns out defective, can be exchanged in any outlet in any part of the world it has its operations. So, there is an assurance of quality and service, which builds the *company*'s corporate image. This assurance also spreads by word of mouth and helps the company to attract new customers.

This assurance grows in importance when consumers purchase goods and services with which they have had little experience. Consider a family on a vacation to Singapore. Obviously, they will purchase from stores where they find their preferred brands, to be on the safe side about quality and other parameters. Even if they may not stay in a Hyatt hotel, they would have preferred it if it was available. Customers prefer the known to the unknown. Reduction in search time is one aspect where corporate image plays an important role. Buying products from a familiar firm can save consumers considerable time and energy. A loyal customer looking for a BMW car will not go to a Honda showroom. He knows what he wants, thereby saving himself a lot of time and energy.

There are individuals who gain psychological reinforcement and social acceptance by purchasing from a company with a good corporate image. The consumers feel pride in using such products. The consumers with their high notion towards the company presume the brand to give better results. A factor in this may be peer pressure.

17.11.2 Role of corporate image - company perspective

Strengthened by what consumers feel about the company, company develops a positive image about itself. This is to its advantage. It leads to

- Positive consumer feelings to new extensions.
- The ability to charge a premium price.
- Consumer loyalty leading to positive word of mouth endorsements.
- Attracting new customers.
- Creating a better image in the minds of financial observers and analysts.

When customers are satisfied with a company's image they will certainly try the new product launched by the company. They will transfer their long-term trust and faith in the corporate to the new product. So, a quality corporate image provides the ground for launching new products.

A strong corporate image allows a firm to sell its products for a premium price, because customers believe that they get what they pay for. This raises the equity of the firm, which in turn leads to better markup margins and higher profits. Firms with well-developed corporate images have more customers who are loyal. If a customer is loyal to a store, say Sony show room, he is sure to visit it more frequently and buy more over a period of time. With high levels of brand loyalty, consumers often take the initiative to talk of their good experiences. Customers tend to believe such suggestions more than marketing communication.

When a company builds a solid brand image, it also tends to attract potential workers from competitors. This results in the reduction of recruitment and training cost for the firm, due to lower employee turnover, and less advertising expenditure. A strong corporate image also fetches favourable ratings for the firm

from analysts and financial institutions. This proves helpful to the company when it tries to get financial capital as it frames a positive image in the eyes of the law and the society.

Example: Apollo Hospitals perspective on its corporate image

Apollo Hospitals, a renowned chain of corporate hospitals in India, claimed that it had specialist doctors with globally recognized experience and expertise to treat any disease condition, which attracted the patients from over 140 countries for treatment. The information shows the company's perspective on its corporate image.

Source: Apollo Hospitals official website, 2022,
https://www.apollohospitals.com/locations/india/hyderabad Accessed on 19/09/2022

Check Your Progress-2

8. Which of the following is the combination of assets and liabilities associated with a brand that enhances or deprecates the value of the brand?

    a. Brand awareness

    b. Brand reputation

    c. Brand equity

    d. Brand image

9. Which of the following are the determinants of brand equity?

    a. Brand awareness, brand loyalty, perceived quality, brand association, patents & trademarks

    b. Brand reputation, Brand image, Brand awareness, Copyrights

    c. Brand awareness, brand association, brand image, trademarks

    d. Brand rejuvenation, brand awareness, brand association, perceived quality

10. The levels of brand awareness follow which of the following sequence?

    a. Unaware of brand, brand recognition, brand recall, top of mind

    b. Unaware of brand, brand recall, brand recognition, top of mind

    c. Top of mind, unaware of brand, brand recall, brand recognition

    d. Unaware of brand, top of mind, brand recall, brand recognition

11. Which of the following is called as the final level of brand loyalty?

    a. No brand loyalty

    b. Habitual buyer

    c. Satisfied buyer with switching costs

    d. Committed buyer

12. Which of the following factors of marketing communications enhance brand equity?

    a. Consistency in advertising

    b. Packaging

    c. Sponsorships and spokesperson

    d. All the above

13. Which of the following brand occupied No 1 position among global brands in terms of brand value in the year 2013?

    a. Google

    b. Samsung

    c. Toyota

    d. Apple

14. During recession companies should follow which of the following strategies?

    a. Cut down the advertising budget

    b. Follow the competitor's discount strategy

    c. Provide assurance to customers

    d. None of the above

15. Reebok has made which of the following steps to rejuvenate the brand in India?

    a. Repositioned as a premium fitness brand

    b. 'Live with Fire' campaign

    c. Exciting retail formats and Innovation in products

    d. All the above

17.12 Summary

- Developing strong brand preferences in the minds of customers is a long-term process. A brand communicates attributes, benefits, values, culture, personality and use. The power of a brand lies in what is imprinted in the minds of customers. What they learn, feel, see and hear about the brand as a result of experiences over time plays a role.

- The categories of brands include the manufacturer's brands, private-label brands and generic brands.

- Brands play a number of roles like communicating a promise of utility, value, safety and reliability to customers.

- Successful brands have some common features such as superior quality, differentiation, long-term communication strategy etc.

- Companies can adopt different brand strategies depending on various factors such as environment, budget, etc. The different branding strategies include line extension, brand extension, corporate branding, multi-branding and co-branding.

- Brand equity is the overall result of factors like monetary value, intangibility and perceived quality.

- The brand equity of a product or service has five major determinants: brand awareness, perceived quality, brand loyalty, patents and trademarks. Brand awareness is the ability of a person to recall the brand name. Perceived quality is a relative term used to establish the overall image of the brand in comparison to alternatives based on key attributes. Brand association is the linking of the brand to the customer.

- Rejuvenating and revitalizing of brands are necessary to avoid introducing new products with huge expenditure. Brand management during recession is at the discretion of managers and requires their intuition and good tactics to deal with the situation. This would involve avoiding discounting methods for short-term profitability and sticking to advertising for improving brand awareness.

- Marketing communications for branding includes four imperative factors critical to the success of the brand. These are consistency in advertising, sales promotion and brand image, sponsorships and spokespersons and packaging.

- International branding considerations consist of vital factors like language, culture and religion, which a company has to consider in depth. Any shortcomings in this regard can lead to the loss of billions.

- The components of corporate image consist of the perceptions of the customer and the company itself where both have to be aligned to rejuvenate corporate image.

17.13 Glossary

Brand: A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.

Brand association: Brand association is the images and symbols associated with a brand or a brand benefit.

Brand equity: Brand equity is the combination of assets and liabilities associated with a brand that enhances or depreciates the value of the brand

Brand awareness: Brand awareness is the ability of a prospective customer to recall that a brand is a member of a product category.

Brand extension: Brand extensions are brand names extended to new product categories or stretching the use of the parent brand to a new product or service category that has its own benefits.

Brand loyalty: Brand loyalty is where a customer buys products or services from the same company repeatedly rather than from other competitors.

Corporate image: Corporate image is the way an organization is presented to or perceived by its members and the public

Co-operative branding: Co-operative branding is the joint venture of two or more brands to form a new product or service, where both brands are well established in their respective segments.

Line extension: A new variation of a product or service, sharing the essential characteristics of the parent, but offering a new benefit (such as flavor, size, package or type) is called a line extension.

Monolithic branding: In monolithic branding all the products or services of the company carry company name.

Perceived quality: Perceived quality can be defined as a customer's perception towards the product or service quality, relative to alternatives.

Private-label brand: Private-label brands are developed and owned by the businesses that operate in the distribution channel. They are also called as own labels, store or dealer brands, which are developed by wholesalers and retailers or middle men, if any.

17.14 Self-Assessment Test

1. What is brand? Discuss the features of successful brands?

2. Discuss various branding strategies in the light of current globalization.

3. What is brand equity? Explain various determinants of brand equity.

4. What is International branding? Is it feasible under heterogeneous customer groups?

5. How do you promote branding during recession?

6. How do you use branding for enhancing corporate image?

7. Discuss branding and marketing communications of a multi-brand company.

17.15 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021

2. Michael Branding, Social Media Marketing, Notion Press, 2021.

3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021

4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

17.16 Answers to Check Your Progress Questions

1. **(a) i, ii, iii**

   A brand communicates the following things:

   - Product attributes
   - Values
   - Culture of the company
   - Personality
   - Target user

2. **(a) i, ii, iii**

   Brands are classified into the following three types.

   - Manufacturer brands
   - Private-label brands
   - Generic brands

3. **(b) Private-label brands**

   Tata owned fashion retail chain 'Westside' gets 90% revenue from private-label brands

4. **(c) i, ii, iii**

   The following are the features of a successful brand.

   - Superior product quality
   - Pioneer in some way
   - Long-term communications strategy

5. **a) Line extension**

   A new variation of a product or service, sharing the essential characteristics of the parent, but offering a new benefit (such as flavor, size, package or type) is called line extension.

6. **(c) Multi-branding**

   In multi-branding, companies use different names for products in the same product category.

7. **(d) All the above**

   Co-branding strategy takes the following three forms of branding.

   - Ingredient branding
   - Co-operative branding
   - Complementary branding

8. **(c) Brand Equity**

   Brand equity is the combination of assets and liabilities associated with a brand that enhances or deprecates the value of the brand.

9. **(a) Brand awareness, brand loyalty, perceived quality, brand association, patents & trademarks**

   The five elements are the determinants of brand equity: Brand awareness, brand loyalty, perceived quality, brand association, patents & trademarks.

10. **(a) Unaware of brand, brand recognition, brand recall, top of mind**

    The four levels of brand awareness follow the sequence from *Unaware of brand*, *brand recognition*, *brand recall*, to *top of mind*

11. **(d) Committed buyer**

    The final level of brand loyalty is called committed buyer.

12. **(d) All the above**

    The following factors of marketing communications enhance brand equity

    - Consistency in advertising
    - Packaging
    - Sponsorships and spokesperson
    - Sales promotion and brand image

13. **(d) Apple**

    Apple brand occupied No 1 position among global brands in terms of brand value in the year 2013.

14. **(c) Provide assurance to customers**

    During recession companies should follow the following strategies.

    - Increase the advertising budget
    - Don't follow the competitor's discount strategy
    - Provide assurance to customers

15. **(d) All the above**

    Reebok has made the following steps to rejuvenate the brand in India.

    • Appointed Eric Haskell as the new Managing Director of Reebok India.

    • Repositioned as a premium fitness brand

    • 'Live with Fire' campaign

    • Exciting retail formats and Innovation in products

Unit 18

Internal Marketing Communication

Structure

"Our role as communicators is not to simply re-report the news to our employees. Our job is to contextualize it."

- Becky Graebe

18.1 Introduction

The information shows the significant role of organizational leaders or managers in internal organizational communication.

In this competitive world you cannot satisfy an external customer until you satisfy your internal customer. To satisfy internal customer, it becomes important to communicate with them at different levels of platform, train them, and provide insights about the company which are true and relevant, and time to time take a feedback on the application level of the training imparted and improvise further. In this unit, we are going to learn what internal marketing communication is, how it is done in the company, what are the key elements of internal marketing communication and how should we keep a check on the performance level of the communication been done.

18.2 Objectives

After reading through the unit, you should be able to:

* Define internal marketing communication

* Recall purpose of internal marketing communication

* Explain channels of internal marketing communication

* Analyse advertising and its impact on employees

* Illustrate how to engage employees to the brand

* Review the MBTI concept

18.3 Purpose of Internal Marketing Communication

The gamut of marketing is changing day by day. Companies today need to have a committed spotlight on developing internal marketing communications. They have to develop employees who breathe in and breathe out about the values and the proposition of the company and its product. It is also important for the company's officials to bolster culture and values of the company in the employees. Considering the current challenging world of marketing any company can only satisfy their external customers only when they can satisfy their internal customers.

So before going any forward first let's understand who external and internal customers are (Table 18.1).

Table 18.1: External and Internal Customers

External Customers	Internal Customers
Customers who are end users or buyers of the product	Stakeholders
	Shareholders
	Employees at all levels

Internal customers are the people who are engrossed in conveying value to the end customers –

* Internal function within the business

* R&D/production/operations/logistic people

* HR/IT/customer services people

* Sales & marketing people

Gone are the days when few good companies used to come out with weekly/ monthly /quarterly/semi-annual /annual magazines or news letters to inform about the company's product /policies /procedures, circulated among the higher-ups in the organization.

Now with media and social media challenges coming up in the market it's all the more important to promote the company's product to both external and internal customers.

As the expeditious developing panorama is grasping the organizations, changes in technology and attitude of organization is dominating companies to target more on internal marketing communications. This shift has strong significance on business be it product or service.

Organizations have to embrace to the challenges to manage a highly linked and self-governing work force. Changes are happening faster than they were expected. Changes and challenges are entering the companies with excitement. Processes, structures and participation are moving towards innovations in technology.

There is a great opportunity for internal marketing communication to take prominent role with developing a plan that establishes workforce engagement while their employees work from various different locations.

In this chapter we are going to study about internal marketing communication, its methods and impact on the growth of company.

18.3.1 What is Internal Marketing Communication

> Internal marketing is orienting a motivating customer contact employees and supporting service people to work as a team to provide customer satisfaction.
>
> -   (Kotler and Armstrong 2010)

Until and unless we have a passionate and committed team to work progressively towards the achievement of the company's objectives and mission of the company, the organization cannot succeed to the desired levels.

18.3.2 History of Internal Marketing Communications

In 1989 for the very first time "American Association of Advertising Agencies" defined internal marketing communications as - "an approach to achieving the objectives of a marketing campaign through a well-coordinated use of different promotional methods that are intended to reinforce each other."

Later in the The Journal of Integrated Marketing Communication at Medill School of Journalism, Northwestern University explained internal marketing communications as "*strategic marketing process specifically designed to ensure that all messaging and communication strategies are unified across all channels and are centered around the customer.*"

The latest definition explains internal marketing communications as, "True Internal Marketing Communication is the development of marketing strategies and creative campaigns that weave together multiple marketing disciplines (paid advertising, public relations, promotion, owned assets, and social media) that are selected and then executed to suit the particular goals of the brand."

18.3.3 Stages of development of Internal Marketing Communications -

From the last four decades there has been a transformation in the marketing processes of company's around the globe. There has been a paradigm shift in understanding of the consumer process, marketing process and its implementation in a practical manner. In the last decade of 20th century latest directions of IMC arrived. Consumers are more educated and along with societal changes, demands of customers have also changed. Understanding all these companies also need to change their strategies to best suit the market demand.

So the major influx of new marketplace trend can be summed up as given in Table 18.2.

Table 18.2: Decrease and Increase in Marketplace Trend

Decrease in	Increase in
Message impact & credibility	Client expertise
Cost of database	Mergers and acquisitions
	Global marketing
	Use of media
	Number of products

Internal marketing communication is still a new concept which gained its recognition in late 1980s. Stages of development to IMC can then be projected as given in Table 18.3.

Table 18.3: Stages of Development of IMC

Year	Author	Concept
1980's	N.A	Companies started understanding the importance of internal marketing communications
1989	American Association of Advertising	Defined internal marketing communications for the very first time
1993	Duncan & Everett	Believed internal marketing communication is a good thing
1998	Spotts, Lambert & Joyce	Defined IMC as something we have always done
1999	Kitchen & Schultz	The previous theories lack coherent base.
2000	Cornelissen & Lock	Said IMC is everything in between.

Internal marketing communication is a new concept in management and is still evolving in many ways. As far as academics is concerned, many researchers are

still researching the impact of internal marketing communication on the growth of development of any organization.

18.3.4 Foundation Procedure of Internal Marketing Communication Process

Figure 18.1: Basic Steps of Internal Marketing Communication Process
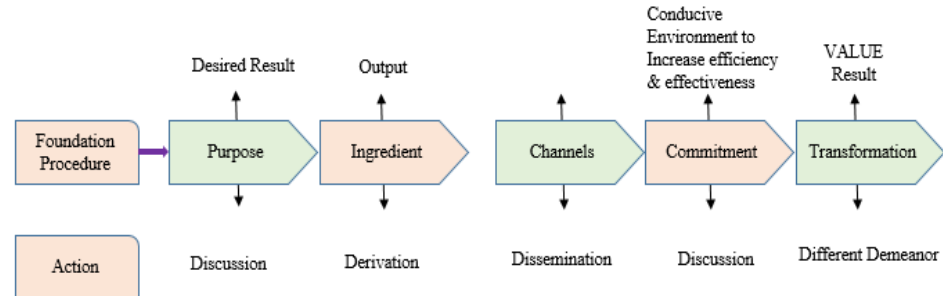
Source: ICFAI Research Center

For any internal communication process, it is important for the organizations to first decide upon the *purpose* of that communication process (Figure 18.1). We then need to mix various internal *ingredients* such as

a. Means of communication,

b. Target audience to be communicated,

c. Time of communication and

d. Desired result

Company then decides upon one of the various *channels* through which the message will be communicated. Between any communication and desired result, it is important to

a. Create an environment where the employees are best suited to learn,

b. Training should be conducted in a manner as to increase the productivity of the employee,

c. Discussion should be done at all levels.

These can increase *commitment* level in the employees. All the processes put together creates a *transformed* employee who is loyal and productive to the organization.

18.3.5 Internal Marketing Communication Mix

Internal marketing communication in any organization is a mix of four elements as shown in in Figure 18.2:

a. Business communication

b. Management communication

c. Organizational communication

d.   Corporate communication

Figure 18.2: Internal Marketing Communication Mix
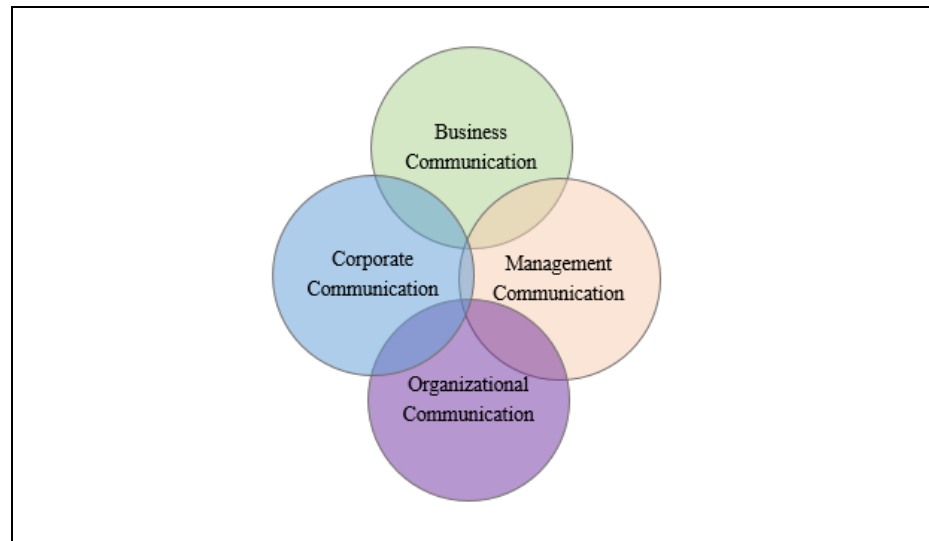
There are different kinds of communications that flow in the organization. *Business communications* are mainly related to brand, customer, advertising, technical and professional matters. It also includes communications through various media channels as well. *Management communication* includes interpersonal communication, imparting training and giving feedback, and methods of devising new communication methods. *Organizational communication* includes analysis of the training program and auditing the communication program. *Corporate communication* is all about communication done to internal and external customers to have a positive view in their eyes. This includes communication of company's vision, mission, values and CSR activities.

Example: How Sales Leaders Can Approach Coaching to Close

Forbes published an article in 2021 where it mentioned various tips on coaching approach. One such tip was creating a mutual plan. Here, it emphasised that leaders should train their team on handling a diverse set of expectations, in writing. By making a written agreement that sum up how the prospect would understand the value, the sales reps do modify their timeline keeping the opportunity on track thereby committing to succeed in the business.

The information shows how a leader can adopt a coaching approach to train their team.

18.3.6 Goals of Internal Marketing Communication

According to Argenti (1998) the following are the main goals of internal marketing communication:

i.   Employees are the important assets of the organization.

ii. Infuse self-confidence and cultivate altruism.

iii. Educate employees about the domestic development of the company.

iv. Impart knowledge about products, culture, ethics, beliefs, vision and mission of the company.

v.   Adapt employees to be more focused towards the growth of the organization.

vi. Explain incentive plans.

Now for example suppose you are on an official tour to some city and hire a hotel for 2 days. On entering the room, while you are having a look around the room the porter starts saying evil things about the owner of the hotel. You ignore and send the porter back. After relaxing for a while you order for breakfast. The waiter who comes in, after placing the breakfast starts abusing the manager of the hotel. You keep wondering about what he said, you send the waiter back and start having your breakfast. Later, you get ready and leave for office. As you place your keys at the reception, the receptionist starts talking ill about the maintenance of the hotel. Confused, would you like to spend a single more minute in the hotel? The answer would be NO. *And that's why it becomes important to inculcate culture and values in each and every employee of the organization and doing so is known as Internal Marketing Communication.*

Internal marketing communication can totally modernize the face of any company.

According to Fisk (1993), two main issues in internal marketing are –

1st – Employee is the most important internal customer

2nd – Organizations need to satisfy the internal customers so that they are best prepared to serve the external customers.

18.3.7 Traditional Vs Modern Approach

With smart phones and tablets becoming normal way of working in the present scenario it's time to understand differences between the traditional and modern methods of internal communications (Table 18.4).

Table 18.4: Traditional Vs Modern Approach

Traditional Approach	Modern Approach
Traditional Marketing	Digital / Interactive Marketing
Talking Vs Shouting	Talking Vs Listening

Traditional Approach	Modern Approach
Rigid bureaucracy and top-down approach	Managing network of relationships
Individual Phone Calls	Conference Calls
Face to Face Meetings	Multiple Video calls at the same time
Copy Machine / Fax Machine / Computer	E- Mail / Text Message
Message Board	Instant Messaging
News Letter	Social Media Tools
Mass Media	Specialized Media
Limited Connectivity	Pervasive Connectedness

18.3.8 Methods of Internal Marketing Communications

The following are few methods of internal marketing communications:

1. Create Compassion

It is of utmost priority for the senior management to create compassion among all the employees of the organization. Compassion means to be together in good and bad times equally. If the employee lives in fear of fulfillment of target and insecure about his job, it is only natural that his focus would be more on finding out new ventures rather than performing the job. It is for the team leaders to make employees comfortable in performing the job, lift them in difficult times and guide them in a manner to achieve their targets on time. Implementing change today relies on building consensus rather than manager's dictum.

2. Bring Transparency

When we talk about internal marketing communications it is important for the organization to bring *transparency* in the communication being sent to the employees. There should be no hidden factors in the communication. It is first important to take employees in confidence and then communicate important messages to the employees. But the communication should be authentic and validated.

3. Create an Excellent Buy – In Plan

Before communicating with the employees it becomes important for the company officials to create an excellent communication plan. The training officials of the company should work on a great *buy – in plan* which can be infused to the employees and is acceptable to all the employees. The language should be easy

and message should be clear. If the imparting of the communication is conducted in some exotic location with a 2-3 days outing for the employees, it creates an environment where employees can relax and have a better understanding of the message being communicated.

4. Bring the team into the Game Plan

Employee involvement is again an important aspect of internal marketing communication. The training should be imparted in such a manner where all the employees become a part of the *game.* Then the desired results can be achieved. Some breath in time should also be given to the employees so that the message imparted can sink in to the employees.

5. Ensure Employee Engagement

After communicating the game plan to the employees, it is responsibility of senior officials of the companies to ensure that the employees are *engaged in* implementing the plan. There should be daily /weekly / monthly reporting from the field employees and the reports should be verified by the seniors. Top leaders should work towards keeping their team energized, advocate new alliances and development, and assure that the employees know they're important and directly related to the company's success.

6. Minimize Risk

It is important for the organization to minimize the risks. They should keep investments to the minimal. Also care should be taken to ensure that crucial information is shared with selected employees only. Though risks are few in the process, it should be taken care of.

7. Measure Current Results with Past Results

It is very important for the senior management to put in place measurable goals to track success of internal marketing communications. Past records can be taken as baseline and new targets as index to measure results. At certain intervals it is the responsibility of managers to audit the performance of the employees with the base line data. This would also give employee feedback and a tool to measure his performance. This helps employees also to mould their performance accordingly.

18.3.9 Role of Internal Marketing Communications in Organizations

It is to:

a. Inculcate corporate values in the employees.

b. Bring cultural change in the organizations.

c. Have a common understanding of organizations goals and strategies.

d. Improve employee development & customer retention.

e. Increase coordination among the different departments of the organization.

f. Have an effective flow of information between different departments.

g.   Empower employees by giving then accountability and responsibility.

18.3.10 Channels of Internal Marketing Communication

With phones, cell phones, android phones, tablets, iPhones becoming a part of daily routing almost 90% of employees of every organization are connected with some or the other form of social media all the time. Figure 18.3 lists different channels of internal marketing communication.

Figure 18.3: Channels in Internal Marketing Communication
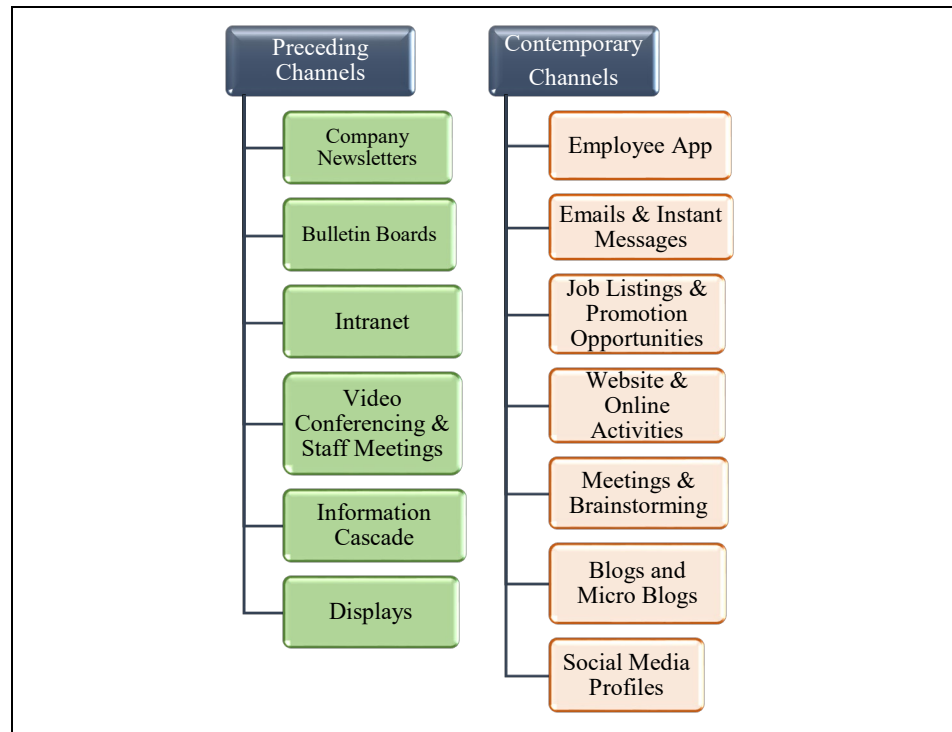
Source: ICFAI Research Center

18.4   Boundary of Employee / Non-Employee

Role of employee and non-employee in internal marketing communication is very crucial. Let us now discuss the same.

a.   Those who serve the customers

b.   Those who serve those serving the external customers. Before understanding the boundary of employee and non-employee we need to understand who are employees and non-employees (Table 18.5).

Table 18.5: Characteristic of Employee and Non-Employee

Employee	Non- Employee
All staff of the company	Directors
	Board of Governors

	Franchise owners & their employees
	Sales Person / Sales Man / Delivery Boy

Let us take 2 examples –

i. Employee and non-employee of a car company – i.e. Maruti (Table 18.6)

Table 18.6: Example of Maruti

Employee	Non-Employee
CEO	Directors
General Manager	Board of Governors
Managers	Staff at company's show room (mostly franchise)
Sales & Marketing Staff	Staff at service centers (mechanics/washer/sweeper/repairman)
Employees of Logistic / Supply Chain / Production / R&D Department	Field service staff of franchise
HR / IT / Operations staff	

ii. Employee and non-employee of an FMCG company – i.e. HLL (Table 18.7)

Table 18.7: Example of FMCG Company

Employee	Non-Employee
CEO	Directors
General Manager	Board of Governors
Managers	Staff at C&F / franchise / wholesaler / retailer establishment
Sales & Marketing Staff	Field staff involved in delivering the product
Employees of Logistic / Supply Chain / Production / R&D Department	Retailer and their staff
HR / IT / Operations staff	

18.4.1 Boundary of Employee

There are various types of employees in the organizations and their boundaries of work are decided by their segmentation (Figure 18.4).

Figure 18.4: Boundary of Employee
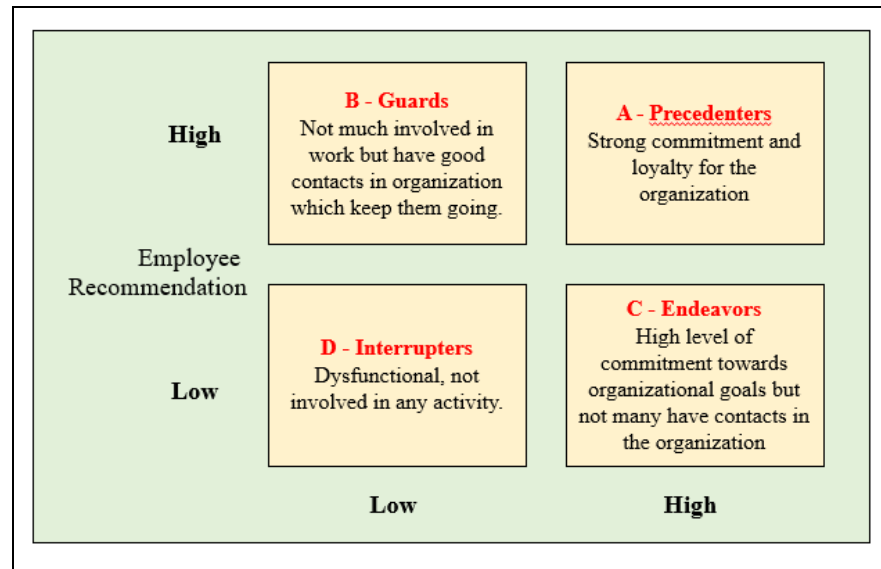
Source: ICFAI Research Center

Employee commitment level

The boundary of the employee is decided on two basic parameters –

a. Level of commitment of an employee

b. Recommendation of employee by senior officials

When these two parameters are taken into consideration four kinds of employees emerge in any organizations –

A. Precedenters

These are strong, hardworking, diligent and loyal employees of any organization. They are proactive and dedicated towards goals and its achievement of the organization. Employees of this kind are seen as examples for any other employee in the organization. Very often they are targeted by other company officials to bring them into their company.

Example: Big Tip to the Employees of Wahoo Seafood Grill

According to The Economic Times article (2021), the ten staff members of Wahoo Seafood Grill in north Florida received a $10,000 gratuity from a customer who appreciated their hard work. The sum was divided by the restaurant's owner among its diligent staff. Ashley Green was one among the

Contd. ....

---

employees rewarded with the big tip. About the hard work of Ashley Green, the restaurant owner said that though she was struggling with her child`s health which she had to take care, she was still able to manage her dedication and loyalty to the restaurant.

The information shows an example of a dedicated employee, which is known as Precedenter.

B. Guards

These employees are commonly found in large numbers in any organizations. These employees work less but yes, they do complete their task, may be not at the right time. Most of their time is utilized in building relations with senior officials. They gather lot of information from the market, which at times works beneficial for the organizations.

C. Endeavors

These employees have high level of commitment for the organization. They may not be better skilled, but these employees put their heart and soul in the organizations. They are the ones who work very hard and do the endless running to complete their tasks in time in a better manner, which in turn helps the organizations in achievement of their goals. If well preserved these employees later become stalwarts for the company.

D. Interrupters

These employees are dysfunctional towards the goals and the objectives of the company. They are more involved in gossip line and somehow finish their assigned work. These employees do not worry about the growth of the organization and are more interested in getting their salary for the month. "Such employees should be put under performance monitoring plan".

18.5 Advertising & the Impact on the Employee

According to Susan Strayer LaMotte, founder of Exaqueo, a Washington, D.C.-based workforce consultancy, "establishing an employer brand is one of the most important parts of the candidate's experience and future employee engagement. It gives candidates a glimpse into what it will be like to work for your organization. That makes it important to carry the brand through the entire candidate and employment experience. If you don't, candidates and employees will be sure to let the world know your brand let them down."

Let us take an example of a pharmaceutical company. There are so many companies operating in the same hemisphere, selling almost same products with almost same composition. We have Ranbaxy, Cipla, Lupin on one hand, who sell the top brands in the market to local companies. The local and regional companies

try to sell the same product in the market as top brands with local composition of salts. There are medical representatives of all these companies selling the same products in the same area to the same set of doctors. If the company does not brand their products the employee will be confused as their counterpart is also selling the same product and even the customers will be confused about the product. Henceforth it becomes important for the employers to brand their products and communicate the same to their employees.

Example: Employer Branding of Microsoft

According to the results of Randstad Employer Brand Research (REBR) 2022, Microsoft India became India's most "attractive employer brand." In a survey, Microsoft India received very good marks for its financial stability, solid reputation, and appealing income and perks, which were the top 3 Employee Value Proposition (EVP) drivers for the company. The information shows how Microsoft was recognized as India's most "attractive employer brand", which had a good impact on employees as it would increase confidence among employees.

Source: Brand Connect Initiative (21/07/2022). "Microsoft, Mercedes-Benz and Amazon named India's most attractive employer brands at Randstad Employer Brand research (REBR) 2022". https://hr.economictimes.indiatimes.com/news/industry/microsoft-mercedes-benz-and-amazon-named-indias-most-attractive-employer-brands-at-randstad-employer-brand-research-rebr-2022/93026612 Accessed on 23/09/2022

18.5.1 Impact of advertising on the employee

a. Boosts confidence in the employee

b. Helps employee in giving reference to the customers

c. Helps the sales and marketing team to achieve results

d. Helps in increased number of walk-ins

e. Helps employees to differentiate their products from other companies.

18.6   Strategic Credibility

In this cut throat competitive world of marketing it becomes all the more relevant to evolve employees to think strategically. "Out of box" thinking is the new concept prevailing in the market these days. Every employee should be engrossed in strategic conversations with each other. It becomes like a non-formal brain storming session.

Team leaders should emphasize on harnessing key skills of the employees by:

• Ensuring that the company's training program coordinates with the corporate strategy and help employees understand how their actions and decisions affect the organizational success.

• Incorporating a business acuity to focus on a curriculum that offers employees to develop a deeper knowledge of companies' policies, products,

pricing strategies, marketing gimmick, advertising game plan, customer satisfaction and customer feedback.

- Providing extensive opportunities to engage in critical thinking in the training programs and applying them in real-world situations and analyzing the consequences.

- Empowering the training programs by incorporating role – plays, simulation – exercises, sweet – talks, fun games, reverse discussions, assignments and various different types of learning exercises.

This will help employees establish their own method of critical thinking.

Example: Strategic Learning Labs at Envoy

According to a Forbes article (2020), Envoy, a US based company, created programs called Envoy Learns – conducted twice every year where employees participated in a series of broad-based learning labs in units divided based on level of experience — whether new to management, an individual contributor, an experienced manager, a leader, a manager, etc. Employees were taught on how to set up goals, hold individuals responsible for them, and provide and receive feedback.

Source: Lynee Luque (19/05/2020), "Improve The Employee Experience and Career Growth with Employee Learning Programs".
https://www.forbes.com/sites/forbeshumanresourcescouncil/2020/05/19/improve-the-employee-experience-and-career-growth-with-employee-learning-programs/?sh=7db14222436a Accessed on 23/09/2022

18.7   Brand Engagement

As per the current scenario and marketing trends it is important for any organization to focus on 3 key points at the entry time of any employee –

a.   Brand strategy

b.   Application process of the brand

c.   On boarding

Employees carry the company's brand on their shoulders. Take the example of service industry specially, insurance. Insurance products sell only when an employee has at least 3-4 face to face meetings with the customer. With several other products available in the market in insurance industry it becomes utmost important for the employee to know his company's brand, know what information is available on internet, what the new trends in the market are and how his company is dealing with them. If the employee is not aware of such development, he may probably lose the deal to the other company employee. Thus, it becomes important for the companies to engage the employees in their brand and keep them updated on the changes happening.

18.7.1 Reasons to Engage Employees with Brand

a. Gives facts to the employee to have faith in the company and motivates them to achieve their goals.

b. Enables the employee to understand the brand, assimilate the values attached to the same and deliver the same to the customers.

c. Helps HR in recruitment and retention of the employees.

d. Infuses self–dignity and pride to stand above the competitors.

e. Gives in depth knowledge on where to focus exactly during the sales pitch.

18.7.2 Three Stages of Brand Engagement

The three stages of brand engagement are shown in Figure 18.5.

Figure 18.5: Three Stages of Brand Engagement
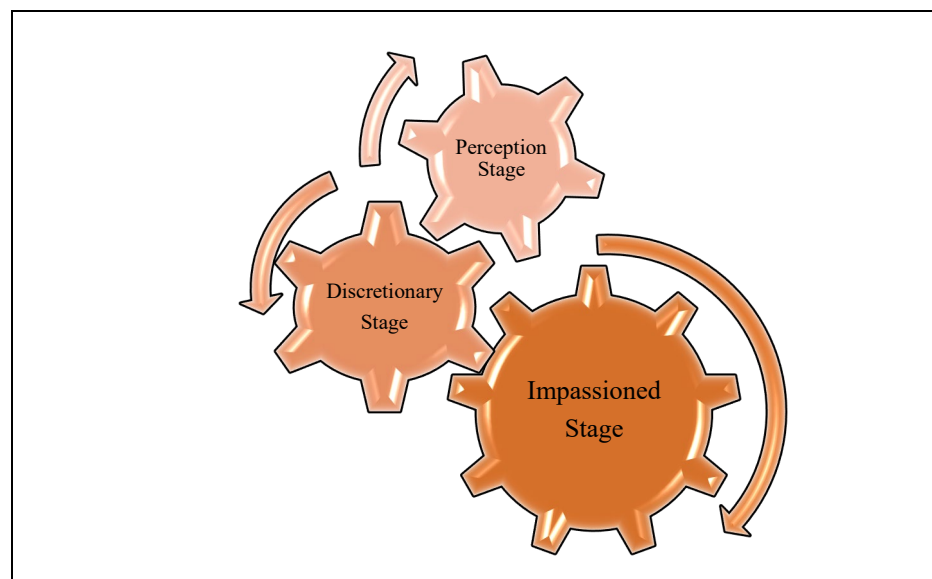
Source: ICFAI Research Center

a. Perception Stage

In this stage the employees have a feeling about the brand. They do not know about what the product is but have some feeling about the brand. This stage usually comes through listening about the product from other people, reading or watching commercials about the brand or may be even just general thinking behavior of the employee.

b. Discretionary Stage

In this stage the employees start getting knowledge about the brand from the company officials. They get to know the hard facts about the brands and how their brand is different from other company's brand. It now comes to employees own discretion to make an opinion about the brand. There may be certain questions in the mind of the employees about the brand which should be properly addressed by the senior officials of the company.

c. **Impassioned Stage**

This stage comes when the employee is fully engrossed with the company's brand. He gets emotionally attached with the brand and lives with the brand. They become very passionate and advocate brand to live in and live out to the customers. Employees of Amway, Herbal life, various religious organizations are example of such stage.

Example: Bizarre Bazaar Initiative by Myntra

According to a Mint article (2021), Myntra not only engaged its workers but also encouraged them to show interest in how the business runs. In doing this, the company launched may initiatives, and one among them was Bizarre Bazaar where employees were urged to start their own businesses as vendors who sell their own products like crafts, local foods, etc. to their coworkers. This helped in their understanding of the selling process, product creation, marketing, and pitching. The information shows how Myntra engaged its workforce.

Source: Sohini Sen (02/09/2021), "Engage employees to take ownership at every step". https://www.livemint.com/news/business-of-life/engage-employees-to-take-ownership-at-every-step-1542036000628.html Accessed on 23/09/2022

18.7.3 Three stages of efficient Brand Engagement policy

Three stages of efficient brand engagement policy are as shown in Figure 18.6.

Figure 18.6: Three Stages of Efficient Brand Engagement Policy
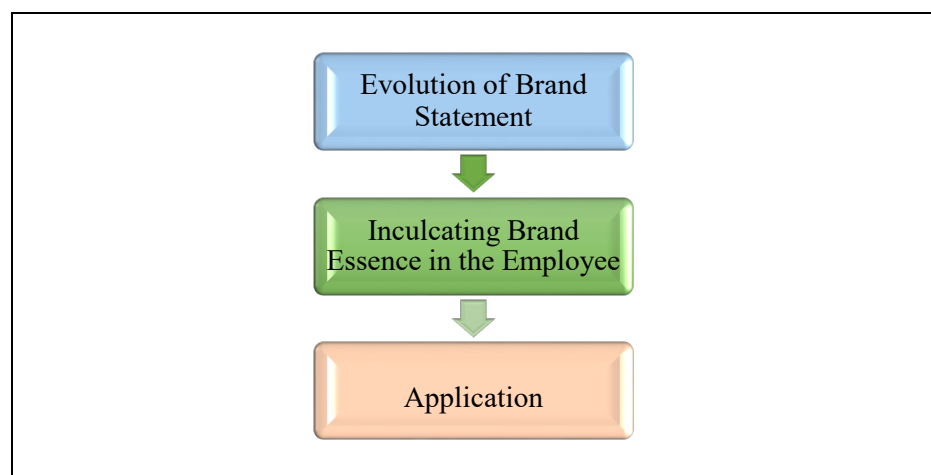
Source: ICFAI Research Center

a. **Evolution of Brand Statement**

The senior officials of the companies should sit together to formulate a brand statement which comprises all attributes of brand, communicate the values associated with the same, true to the best knowledge and easy to understand. This statement should have complete essence about the brand.

b. Inculcating Brand Essence in the employees

This brand essence should be thoroughly inculcated in the employees of the company. There should be series of training programs, workshops, and evaluation sessions for the employees. Employees with less understanding should again go through the same process. At the end of the day it becomes important for the management to ensure all employees are equipped with the brand statement of the company.

c. Application

After training and evaluation program, it becomes important for the employees to apply the brand essence in their daily communications with the customers. This application process should be tested by the senior officials during fixed intervals and feedback should be provided to the employees.

5 Methods to engage Brand Loyalty in the employees -

1. Include: Treat people fairly, exhibit receptiveness to their problems and appreciate their efforts.

2. Coach: Implement strategic directions, train them, empower them to face difficulties on the way, support in difficult times and provide growth opportunities to all the employees.

3. Appreciate: Employee of the week, employee of the month, annual rewards, incentives, bonus, recognition, celebration all should be a regular part of IMC.

4. Respect: Establishes trust and mutual respect among all employees for each other.

5. Comprehend: Exhibit sensitivity to engage team to achieve a healthy balance between life and work.

Companies should focus on building a brand – based environment in the organization. This has a long term impact on the development of the organization. Take the example of TATA, GOOGLE, APPLE, they have built brands over a long term. Their employees advocate their brands. There should be a continuous learning and development program for the employees in which they are inculcated about the various changes happening in the brand. This brand centric culture will establish that employees have to live the brand on a day to day basis, across all departments of the organizations, in all locations around the globe. This is not an easy task, but if properly done, the company will achieve new glories. All Japanese companies such as Panasonic, Suzuki etc. have incorporated the same policy.

It's important for the company to ensure success in their brand engagement program by

a. Remarkable perseverance of the employees

b. Well framed brand strategy

    c.   Cross–functional team

    d.   Adhering to your program

18.8   Marketing Communication Audit

An internal marketing communication is a platform to analyze the communication and its effectiveness so to understand the reach of the communication program to the audience. It helps the company to understand the position of the IMC done to the employees in their mind and how effectively they are using it in their day – to – day work style and what impact it has on the end customers.

18.8.1 Objectives of IMC Audit

a.   Relevance of the communication

b.   Effectiveness of the communication

c.   Reception of the message by the audience

d.   Feedback from the audience

e.   Revision of the message according to the feed back

5 crucial steps in conducting internal communication audit in any organization-

1.   Determine key areas to be audited.

2.   Evaluate the employees by conducting a test, feedback program at least three months after the training program.

3.   Conduct a SWOT analysis of the IMC program

4.   Think like a communications consultant and give feedback to both trainer and the trainee.

5.   Put together a plan for future communications.

Example: Doctor Scar Audited its Marketing Communications

In 2022, Doctor Scar, a skincare clinic brand based in Vietnam, wanted to reach out to more customers. For this, it added in-stream video ad campaigns on Facebook with ThruPlay. Earlier, it used to release usual business videos for advertisements. After the campaign, it recorded 35% less cost per ThruPlay, and 2.1X more video completion rate, than business-as-usual video ads. The information shows how Doctor Scar audited its marketing communications.

Source: Doctor Scar case study. https://www.facebook.com/business/success/2-doctor-scar Accessed on 23/09/2022

18.8.2 Internal Communications Audit Work-sheet

Table 18.8: Internal Communication Audit Work-sheet

Communication Tool	Frequency of use	Top performers (Employees)
Print Publication		
Electronic Publication		
Bulletin Boards		
Internet		
Emails		
SMS		
Video Conferencing		
Webinars		
Social Media		
Face to Face		
Grape Vine		
Sales Promotion Methods		

Companies should consider internal marketing communication as an investment in their company. IMC influences all aspects of any organization be it marketing, sales, building reputation in the market, attract efficient new employees, retain valuable old employees, add value to the objectives of the company and help organization in achieving higher heights both in terms of revenue and reputation.

Hence forth it becomes important for any organization to invest in IMC and time to time conduct audit for the same and keep on improvising on the IMC. The audit can be done using the work-sheet given in Table 18.8.

18.9 The MBTI Model

Companies should now start using Myers-Briggs Type Indicator® (MBTI®) for effective internal marketing communication.

The MBTI model has four different stages

a. *Energize*: How an individual is energized and reenergized (Extroversion and Introversion)

b. *Perceive*: How an individual processes information (Sensing and Intuition)

c. *Decide*: How an individual makes decision (Thinking and Feeling)

d. *Live*: How an individual adopts his lifestyle (Judging and Perceiving)

Benefits from MBTI

Using MBTI during the social media team building process allows organizations to -

1. Categorize employee capability.

2. Harmonize employee capability to the appropriate career stream.

3. Construct efficient line up of employees to match the most suitable customers.

4. Develop a policy for employee retention and scale down costs.

Social media had already constructed its path in the corporate culture in the past three years. It is up to the organizations now on how they incorporate social media into their daily communication. There was a time when officials used to send emails to their employees every morning to motivate them to achieve their daily target. Same can now be replaced by WhatsApp group message with a motivating thought. Similarly, when field staff employees face some problem in market, instead talking to the client on phone there can be a Skype conversation. Face to face talks are always beneficial rather than a telephonic conversation. Twitter can be used to convey important messages instantly to the employees. Several leading leaders, film stars around the globe keep on tweeting important messages to their followers. Writing blogs and micro blogging sites are important for the companies. These days' companies are hiring bloggers to write about their company progress and CSR activity.

Instead of sending daily reports, if a company develops a simple app through which a field staff can enter their daily report through their cell phone, it would be time saving and cost saving for the company.

Example: MBTI helped Rohit, an Employee of McKinsey, in Communication

According to a McKinsey article (2021), Rohit, an employee at McKinsey achieved a professional objective by transitioning to cloud infrastructure at McKinsey. He also learnt from some of the world's brightest minds and made an investment on himself. He was introduced to educational resources by McKinsey, which inspired him to pursue more credentials. Additionally, he learned about the Myers-Briggs Type Indicator® (MBTI®), which improved his ability to communicate effectively and comprehend how people might differ from one another. The information shows how MBTI helped Rohit.

Source: McKinsey blog (04/11/2021), "An expert in software makes a transition to the cloud". https://www.mckinsey.com/careers/meet-our-people/careers-blog/rohit Accessed on 23/09/2022

18.10 Top 10 Trends in Internal Marketing Communication

The following are the major trends in internal marketing communication:

- Increase emphasis of social media

- Executing network of relationships

- Investment in agile technology

- Workplace applications to rise and shine

- Use of data analytic tool

- Intense use of digital technology

- Focus on storytelling and transparency

- Employees to become knowledge workers

Example: Employee to Become Knowledge Workers

In 2021, TeamLease, an India-based manpower consulting company adopted a model called 'hire, train, deploy and manage' model for cloud security engineers. It started investing in training cloud security engineers and testers, as it was witnessing a huge demand for such talent from its clients of healthcare and financial sector.

Source: Anandi Chandrashekhar (02/03/2021), "Staffing companies hire, train Cloud talent as demand rises". https://telecom.economictimes.indiatimes.com/news/staffing-companies-hire-train-cloud-talent-as-demand-rises/81285861 Accessed on 23/09/2022

- Responsiveness and authenticity

- BYOD (Bring Your Own Devise) becomes a culture

- Gamification as a tool

- Employee influence measurement

- Video

The above trends clearly show that use of social media for all internal communications will be the focus in all emerging and trending organizations.

Check Your Progress - 1

1. Who are not the internal customers of any organization?
    a. Customers
    b. Stake Holders
    c. Share Holders
    d. Employees at all levels

2. American Association of Advertising Agencies defined internal marketing communication for the first time in which year?

    a. 1988

    b. 1989

    c. 1979

    d. 1990

3. Which one is not the part of foundation procedure of internal marketing communication?

    a. Channel

    b. Foundation

    c. Commitment

    d. Purpose

4. Please state whether the following statements are true or false.

    a. Employees are important liability of any organization – True / False

    b. Companies should explain incentive plan – True / False

    c. Organizations need to satisfy the external customers so that they are best prepared to face the external customers – True / False

    d. Employee involvement is an important aspect of internal marketing communication – True / False

5. Which of the following is not a contemporary channel of internal marketing communication?

    a. Email

    b. Facebook

    c. Internet

    d. Franchise

6. Who among the given options is a non-employee?

    a. Director

    b. Sales Man

    c. Staff

    d. Franchise

7. State whether the following statements are true or false.

    a. Non-employee has nothing to do with company – True / False

    b. Guards are always involved in security of the company – True / False

    c. Precendenters are loyal to the company – True / False

    d. Interrupters are not involved in any work of the company – True / False

    e. Endeavors have a good skill set – True / False

    f.   Advertising boosts confidence – True / False

    g.   Advertising increases sales – True / False

    h.   Advertising helps marketing team to take rest – True / False

    i.   Advertising differentiates products – True / False

8. Which one of the following is not a method to engage in brand loyalty?

    a. Exclude   b. Appreciate   c. Respect   d. Comprehend

9. Which communication tool is not a part of internal marketing communication worksheet?

    a. Print

    b. Media

    c. SMS

    d. Grape Vine

10. Which one of the following is not a stage of MBIT?

    a. Energize

    b. Perceive

    c. Decide

    d. Harmonize

18.11 Summary

- In this unit we have learnt about internal marketing communication, role of employee in internal marketing communication, strategic methods to communicate with the employee, methods to measure their performance and provide feedback to the employees.

- Internal marketing communication is an integral part of any company.

- With social media gearing up, IMC becomes a separate department with a separate budget.

- The companies who recognize its importance and start implementing IMC at the earliest will be market leaders in the coming time.

18.12 Glossary

Internal Marketing: Internal marketing is orienting a motivating customer contact employees and supporting service people to work as a team to provide customer satisfaction.

Kings of Pops: Kings of Pops is the most famous food truck on the streets of Atlanta serving mouthwatering Latin American style paletas and frozen popsicles.

Precedents: These are strong, hardworking, diligent and loyal employees of any organization. They are proactive and dedicated towards goals and its achievement of the organization.

Endeavors: These employees have high level of commitment for the organization. They may not be better skilled, but these employees put their heart and soul in the organizations

Impassioned Stage of Brand Engagement: This is the stage comes when the employee is fully engrossed with the company's brand. He gets emotionally attached with the brand and lives with the brand. They become very passionate and advocate brand to live in and live out to the customers.

MBTI Model: Companies should now start using Myers-Briggs Type Indicator® (MBTI®) for effective internal marketing communication.

Perception Stage of Brand Engagement: This is the stage where the employees have a feeling about the brand. They do not know about what the product is but have some feeling about the brand.

Guards: These employees work less but complete their task, may be not at the right time. Most of their time is utilized in building relations with senior officials. They gather lot of information from the market, which at times works beneficial for the organizations.

Interrupters: These employees are dysfunctional towards the goals and the objectives of the company. They are more involved in gossip line and somehow finish their assigned work.

Internal customers: Internal customers are the people who are engrossed in conveying value to the end customers such as people in Internal function within the business, R&D/production/operations/logistic people, HR/IT/customer services people, sales & marketing people, etc.

18.13 Self-Assessment Test

1. Define three stages of brand engagement.
2. What do you understand by internal communication audit?
3. Mention top 5 trends of internal marketing communications in 2014.
4. Explain the foundation procedure of internal communication process.
5. Explain internal marketing communication mix in any organization with examples.
6. Explain the various types of employees in the organization and their boundaries.
7. Explain the methods through which employees can establish their own method of critical thinking.
8. Explain 5 methods to engage brand loyalty in the employees.
9. Explain internal communication audit worksheet.

10. What do you understand by MBTI Model? Please explain with examples.

18.14 Suggested Readings/References

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021

2. Michael Branding, Social Media Marketing, Notion Press, 2021.

3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021

4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

18.15 Answers to Check Your Progress Questions

1. **(a) Customers**

   Customers are treated as external to the company hence the communication is external communication

2. **(b) 1989**

   American Association of Advertising Agencies defined Internal Communication in the year 1989.

3. **(b) Foundation**

   Foundation is not the part of the procedure of Internal Marketing Communication

4. **(a)** False

   (b) True

   (c) False

   (d) True

5. **(d) Franchise**

   Franchise is not a contemporary channel of internal marketing communication

6. **(d) Franchise**

   Franchise is not a non-employee

7. **(a)** False

   (b) False

   (c) True

(d) True

(e) False

(f) True

(g) True

(h) False

(i) True

8.   **(a) Exclude**

Exclusiveness is not a proper method to engage in brand loyalty.

9.   **(b) Media**

Media is not a part of internal marketing communication worksheet.

10. **(d) Harmonize**

Harmonize is not a stage of MBIT.

Unit 19

International Marketing Communications

Structure

"Good companies will meet needs; great companies will create markets."

- Philip Kotler

19.1   Introduction

The information shows the characteristic of great companies – creating markets. Marketing communication plays a significant role in the process of creating new markets internationally, and this is discussed in the unit.

There are many international ad campaigns that have just lost in translation.

Unless companies understand idiosyncratic characteristics of every market, it is very difficult for the brands to create any impact at global level. Locally designed ads often miss the global message and also forgo the advantage of economies of scale. Global brands like HSBC, McDonald's, Toyota, etc. are focusing on glocal advertising strategy to communicate the global message in a local flavor.

19.2   Objectives

After reading through this unit, you should be able to:

- Discuss the role of international marketing communications in international marketing

- Examine the influence of various international environmental factors on international marketing communications

- Understand the differences of global, local and global strategies for the success of international marketing communications

- Discuss the importance of message, agency and media decisions in international marketing communication campaigns

- Examine the role of other promotional mix elements and their importance in international marketing communications campaigns

19.3 Scenarios of International Marketing

Though the concept of international marketing has been in use for several decades, it gained prominence during the l990s with the various changes that occurred in the international marketing environment. These changes include saturation of domestic markets, opening of economies, technological advancements and growth in international media channels that facilitate marketing across borders.

- **Saturation of Domestic Markets**

   Companies set sight on foreign markets owing to dwindling demand in their domestic markets. In countries like the USA and Japan, domestic demand went down because of decline in population growth rates, increased competition and recession. This prompted companies to look for other markets, to stem the decline in sales and to expand business. They turned to Asian markets, which had remained untapped.

- **Erosion of Profit Margins**

   As markets matured in developed countries, companies' profit margins reduced, prompting them to look for other profitable avenues. Competition, brand similarities and consumers preferring cheaper products resulted in the erosion of profit margins of the company. This prompted companies to look for other avenues to maintain or increase their profit margins. As these companies had strong brand equity in Asian markets, they got easy access to these lucrative markets like China, Malaysia and India.

- **Opening up of Economies**

   Liberalization of economies across the world was another reason that made companies focus on international markets. In the late 1980s, various countries opened up to economies and simplified regulatory environments, paving the way for global players to operate. The favourable environment also enabled multinational companies to consolidate their production at few places and sell the products on a global scale, thereby gaining the advantage of economies of scale.

Example: Ola Leveraging International Markets

In 2020, Ola, a popular ride hailing brand, was witnessing a sharp decrease in its profit of corporate travel services unit due to COVID-19 pandemic. To address this issue, it expanded its corporate travel services, in an effort to boost income, to foreign countries including UK, New Zealand, and Australia. According to Ola, the market potential in Australia alone, for corporate travel, was huge. There were over 2.3 million companies who were in need for business travel services. The information shows how Ola leveraged international markets and thereby managed the loss of the domestic market.

Source: Salman H (21/07/2020). "Ola expands corporate travel service to international markets". https://www.livemint.com/companies/news/ola-expands-corporate-travel-service-to-international-markets-11595325206405.html Accessed on 27/09/2022

- **Growth of International Ad Agencies**

    The advent of satellite technology helped popular television channels like CNN, MTV, and Star TV enter the drawing rooms of customers living across the world. These media channels exposed a wide variety of consumers to information relating, to various products and services. This influenced their desires and wants. So, the increasing influence of the international media was a catalyst for marketers to reach global markets using international advertising campaigns.

    The factors cited above were mainly responsible for the growth of international marketing. This led to the creation of multinational companies like Procter & Gamble and Unilever and global brands like Coca-Cola and Nike.

    The need for effective marketing communications increased as companies entered unfamiliar markets, where consumers were not aware of a company's products. The growing importance of global advertising and promotions is reflected in the increased advertising spending by multinational companies and emergence of global advertising organizations.

    To implement an effective promotional strategy multinational companies have to understand the marketing environment in each of the markets.

19.4 International Marketing Environment

Before designing a marketing communication program, a company has to first analyze the marketing environment from an international advertising perspective. The examination of various environmental factors can aid the design of an advertising strategy specific to a particular country or region. Let us look at the various environmental factors that influence a company's global advertising strategy.

- **The Economic Factors**

  Analysis of the economic environment is of great importance to the advertiser, as it helps the company evaluate the market potential of the product and the communication strategy, which should be adopted. Countries can be divided into developed and developing nations based on their economic status. Developed nations have high purchasing power and coupled with good infrastructure, offer better marketing opportunities to companies. As the consumer is well to do, these markets are ideal for companies to market luxury products. The communication infrastructure enables companies to have more media avenues for product promotion. Communication tools like direct mail, catalogue marketing, online marketing and telemarketing can be used with good results in these countries.

  In developing countries, due to less purchasing power, the market potential for high-end products is low. Penetrating the market in such countries will be difficult for foreign players. Moreover, because of poor media infrastructure, companies are forced to rely more on traditional advertising media such as television and print. An additional factor is low literacy rate. So, the reach of the print medium is low, resulting in increasing dependence of advertiser on television for executing their promotional activities.

- **The Demographic Factors**

  Marketers have to look at demographic variables such as age, income levels, education and population size while designing an advertising campaign for a particular country. Data on these should be collected and analyzed by the company while designing an advertising strategy. For example, India is one of the biggest markets in the world in terms of overall market size. So, a mass marketing approach is a cost effective way to promote a product in such a market. Though the market size is large, lower and middle income groups constitute a major portion of the overall consumer market. So, companies have to focus on positioning their products more on affordability and value-for-money platforms.

- **The Cultural Factors**

  Cultural barriers are considered as a key factor that companies should consider while entering foreign markets. Culture is defined as "collective programming of the mind, which distinguishes the members of one group or category of people from those of another." A company has to consider various cultural aspects of a country before entering its markets. These factors include religion, values and attitudes, customs, language and education.

  Tastes, customs and manners in a particular country also influence the acceptance of foreign products and advertising campaigns. Language is another key factor that a company has to consider while developing marketing communications. A company has to be very careful in using brand names and taglines in foreign markets. One way to avoid such mistakes is to take the services of local agencies and consultants in designing campaigns.

This helps the company to communicate the right message to consumers. Another option is to use the English tagline across the world, without translating into local languages.

- **The Legal and Regulatory Factors**

  The legal and regulatory environment existing in a country has a major influence on the marketing communications of a company. A thorough understanding of this environment is a must for a global company, as different countries have different media policies, restrictions on product launches, tax policies towards advertising etc.

Example: CCPA Barred GSK from Advertising Sensodyne Products

According to The Indian Express article (2022), as a result of violating regulations, the Central Consumer Protection Authority (CCPA) issued a judgment against GlaxoSmithKline (GSK) Consumer Healthcare Ltd. and ordered them to stop advertising Sensodyne products in India. In its advertisements, GSK was featuring that dentists outside India were endorsing Sensodyne products.

The information shows how legal and regulatory factors barred GSK in its marketing communication.

Source: PTI (13/02/2022). "Sensodyne asked to discontinue advertisements in India". https://indianexpress.com/article/india/sensodyne-advertisements-india-7765362/ Accessed on 27/09/2022

Advertising Standard Council of India (ASCI) has been banning many advertisements based on legal and regulatory factors. The ads have come from reputed companies Viz. HUL, ITC, Maruti Suzuki, Audi, Nivea, L'Oreal, Apple India, Dabur, etc. Marketers have to carefully study the legal and regulatory framework of each country before going for any international ad campaign.

19.5 Standardization vs. Localization vs. Glocalization in Advertising

One of the difficult tasks in marketing communications is to decide whether to standardize advertising on a global scale or localize it to each country. Standardization involves the use of similar advertising campaign elements, i.e. the message, the execution style, etc. across the countries where the company has a presence or is planning to enter. Localization refers to developing separate advertisements for each country in which it operates and is also known as adaptation. The argument for globalization has gained prominence, with Theodore Levitt, a leading professor in the Harvard Business School, saying in an article that "The world is becoming a common marketplace, in which people - no matter where they live - desire the same products and life-styles. Global companies must forget idiosyncratic differences between countries and cultures and instead concentrate on satisfying universal drives." In reality however,

companies face many difficulties in implementing standardized advertising strategies.

19.5.1 Advantages of Standardization

Supporters of standardization have listed various benefits that a company can derive by standardizing their marketing communications. Some of them are as follows.

- **Economies of scale**

  Savings resulting from economies of scale are one of the most visible advantages of standardization of marketing communications. Using the same advertising campaign will provide significant cost savings in production and execution. As a single ad is being aired across markets, the company can also save costs in media buying.

- **Consistency**

  Standardization of communications enables the company to be consistent in the message it conveys to customers. This helps the company maintain its brand identity across the world. Apart from cutting costs, standardization also helped the company to project a similar brand image in all its markets.

- **Creating talent pools**

  By standardizing marketing communications, companies can allocate more resources towards developing a single message. They can also use the services of large advertising agencies to develop their marketing communications programs. Companies can attract the best talent and build a competent advertising team at its headquarters, rather than creating teams for each market. The globalization of the advertising planning process will also improve the quality of advertising. This is because local divisions will not have enough financial and creative resources to develop and implement effective advertising campaigns. Entrusting the job to a single competent agency will improve the quality of the campaign.

- **Cross-fertilization**

  Standardization of advertising strategy can help various divisions within a company to share creative ideas, which have proved successful in their markets.

19.5.2 Advantages of Localization

Though standardization gives a variety of benefits, there exist a number of challenges that a company has to face while standardizing its marketing communications. Companies find localization as an answer to the challenges of standardization.

- **Cultural differences**

  Though consumers from across the world respond similarly to global brands like Nike, Coca-Cola or Gillette, they still exhibit strikingly different tastes, values, attitudes and usage patterns. This strengthens the need for localizing advertising campaigns. For example, Honda City is positioned as a mid-sized car in the American and European markets. It was positioned as a luxury car in India as a car is still considered a luxury product by the consumers in India. As a result of such differences, a company has to devise different advertising campaigns in different markets. Chinese consumers prefer local-made ads than foreign-made ads and find local-made ads more interesting and not irritating.

- **Product life cycle**

  The product may be at different stages of the product life cycle in each of the markets. A company has to adopt a different communication mix in each of these markets. For example, private insurance companies, which entered India a few years back, are focusing thir communications on building brand and product awareness. Indians are new to variety of insurances such as auto, home, health, life, accident, causality, etc. In countries like the USA, where they are well established, the companies' communication mix aims at maintaining brand equity.

- **Organizational problems**

  Companies may also face organizational problems while implementing a global advertising campaign. Personnel at the local market may not show much interest in executing communication programs specified by the head office. They might be more interested in developing creative advertising campaigns in accordance with the needs and preferences of the local market.

- **Competition**

  The communication strategy adopted by competitors may also challenge a company's decision to standardize communications. When a company has a global advertising strategy, it becomes impossible to respond to the localized campaigns of competitors. Therefore, competitors who tailor their communication mix according to the local market, stand to benefit.

19.5.3 Glocalization in Advertising

As standardization and localization strategies both have pros and cons, marketing experts have suggested a middle path where a standardized campaign, with a few changes, is used to suit local conditions.

This approach is popularly described as "think global, act local". In this approach, certain aspects like brand names, logos, and underlying themes are standardized, while the ad copy, models and taglines are designed to suit local conditions. This approach is also known as 'pattern advertising' where companies follow a basic

approach globally but ad copy and visuals may be changed according to local conditions.

Example: Glocalization Marketing by Coca-Cola

In 2020, Coca-Cola announced that as part of its hyper-local marketing strategy, it would begin branding its beverage in regional languages starting in 2021. The information shows how Coca-Cola followed localization in branding its beverages in local markets.

Source: Brand Connect Initiative (05/03/2020). "Coca-Cola eyes better connect, to brand in local languages". https://economictimes.indiatimes.com/industry/services/advertising/coca-cola-eyes-better-connect-to-brand-in-local-languages/articleshow/74484927.cms Accessed on 27/09/2022

Some companies have totally localized their advertising themes except the brand name to suit local customers.

Check Your Progress - 1

1. Which of the following factors have contributed for the growth of international marketing?
   a. Saturation of domestic markets
   b. Opening of economies
   c. Growth of international ad agencies
   d. Growth in profit margins
   e. a, b and c

2. Which of the following ad agency is the no.1 in global ranking in terms of turnover?
   a. Starcom MediaVest Group
   b. OMD Worldwide
   c. ZenithOptimedia
   d. Mindshare
   e. Mudra Communications

3. International marketing environment is shaped by which of the following factors?
   a. Economic factors
   b. Demographic factors
   c. Cultural factors
   d. Legal and regulatory factors
   e. All the above

4. Which of the following are the benefits of standardization in advertising campaigns?
   a. Economies of scale
   b. Inconsistency

   c.   Cross-fertilization

   d.   Cultural differences

   e.   a and b

5. Which of the following factors have contributed for localization of advertising campaigns?

   a.   Cultural differences

   b.   Product life cycle

   c.   Inability of head office to execute in local market

   d.   Localized campaign of competitors

   e.   All the above

6. 'Think global, act local' advertising campaign is known as which of the following?

   a.   Standardization

   b.   Localization

   c.   Glocalization

   d.   Globalization

   e.   None of the above

19.6 International Advertising: Message Decision

The message decision involves deciding on the positioning of the brand, the message to be delivered, the advertising format and visual imageries to be used. The major decision that a company has to take at this stage relates to the degree of standardization that it would like in its marketing communications. If all-round standardizing is decided on, the company has to ensure that the campaign that is being created will appeal to the target audience across markets.

Example: "Jeete Hain Shaan Se" Campaign by Honda Cars

A 360-degree marketing campaign launched by Honda Cars India (HCIL) in 2021 promoted the release of the Honda Amaze's second generation. "Jeete hain shaan se" (live with pride) was the campaign's tagline. Honda Cars portrayed Amaze as Shaandar (super) and owning this car would be shaan (pride). The information shows how Honda Cars delivered a message to appeal to customers through its advertisement campaign. For more details, check out

---

Source: ETBrandEquity (18/08/2021), "Honda Cars portray Amaze as 'Shaandar' in latest ad". https://brandequity.economictimes.indiatimes.com/news/advertising/honda-cars-portray-amaze-as-shaandaar-in-latest-ad/85430583 Accessed on 27/09/2022

Companies can standardize positioning of the brand and design advertising content differently for local markets. In some cases, a company has to position its products differently in different markets. This may be due to economic conditions in that country or due to cultural differences and tastes. In such cases, the company has to adopt a completely localized strategy.

Messages decisions are more successful if taken from the local context.

The positioning as well as message strategies are also different in different markets. After deciding on standardization or adaptation, a company has to decide on the elements of the ad copy. Due to various environmental factors, appeals will differ in each country. For example, appeals associated with a sense of achievement will create interest in consumers in Western countries that are dominated by individualistic societies. Appeals associated with family relationships and values will enthuse consumers of Asian countries. In America, ads that are informative will appeal to consumers whereas Japanese consumers prefer ads with emotional appeals. UK consumers like humor in their ads.

Company should also decide on celebrity and his/her popularity in local markets for endorsing a product. Every celebrity may not have international appeal.

19.7 International Advertising: Agency Decision

The choice of the agency depends on the company's policy towards international advertising. If the company plans to adopt a standardized advertising strategy, the company may then choose a single agency to manage its global advertising activities. However, a company should only consider those agencies, which have offices in the markets that the company wants to operate in. The other factors such as creative talent, size of the agency, services offered, pricing, and reputation also influence agency decision.

Appointing a single agency saves costs and helps the company maintain consistency in its communications in every market. The company can easily coordinate its activities with a single agency and more efforts can be put into designing and implementing better communication campaigns.

Example: Coca-Cola Selected WPP as its Marketing Agency Partner

Coca-Cola selected WPP to be its international marketing partner in 2021. Henceforth, the WPP firm would be in-charge of marketing for the whole Coca-Cola product lines, including Costa Coffee. The information shows that Coca-Cola brand has chosen WPP as its global marketing partner.

Source: Ratna Bhushan (06/04/2022), "PepsiCo India ends 30 years of partnership with WPP". https://economictimes.indiatimes.com/news/company/corporate-trends/pepsico-india-ends-30-years-of-partnership-with-wpp/articleshow/90672236.cms Accessed on 27/09/2022

At the other extreme, a company may hire local agencies for each market. This is appropriate for companies that have a different advertising strategy for different markets. This strategy proves beneficial as local agencies have a better understanding about local markets. Moreover, coordination between local agencies and the company management at the local market can help in designing effective advertising campaigns. This is preferred by FMCG companies like HUL and P&G.

In some cases, a company may select a local agency, which has affiliation with a global advertising partner. Such an agency set up is called an agency network.

With increased competition in the advertising industry, smaller advertising agencies become affiliated to global organizations to cope with competition and enhance brand image. The global agency also benefits by such a setup, as it gets reach to markets where it had no presence. Agency networks are formed through global advertising agencies taking a stake in the local agencies or through mutual agreement. Advertisers use this strategy to take advantage of the knowledge of local agencies about the marketplace. The affiliation with a global agency also ensures quality.

19.8 International Advertising: Media Decision

Choice of the media mix has become crucial due to media restrictions and regulations in various countries. For example, India banned advertisements for liquor and tobacco products in the broadcast and print media. So, any company planning to market these products in India has to design its media strategy in accordance with these regulations.

There are two vital media decisions that a company has to take while implementing its global advertising campaign - selection of media channels and media buying strategy.

19.8.1 Selection of Media Channel

In some countries, media channels like television or print dominate the market and other media have a feeble presence. For example, in India, television is the key advertising medium with the highest reach compared to other channels like radio, print and internet. This makes the print medium ineffective. In the USA, catalogue marketing is well developed. In developing countries, this has limited success as these countries lack proper customer databases to depend on. After deciding on the media channels to be used, a company has to decide on the nature of the media channel i.e., whether to choose international media channels or local media channels.

Example: Alcohol Brands using OTT Platforms for Advertising

According to a Mint article (2020), Diageo India, an alcohol manufacturing firm, began advertising its alcoholic beverages on OTT since the government banned alcohol brand advertisements on television in India. The information shows that the alcohol manufacturing firm started advertising its products on OTT as the government of India banned alcohol brands advertisements on television.

Source: Saumya Tewari, Lata Jha (23/08/2020), "Liquor ads run on OTT in absence of advertising code". https://www.livemint.com/news/india/liquor-ads-run-on-ott-in-absence-of-advertising-code-11598172163767.html Accessed on 27/09/2022

International media channels: Digital advertising is growing at a faster rate at global level. Other media channels include print, TV, direct marketing etc. Reader's Digest, Business Week, Fortune and Economist are some prominent print publications that have a global presence. These magazines enable

multinational companies to reach their customers spread across countries, in a cost effective manner.

Though these publications have a presence and good brand equity in number of foreign markets, the reach in each market is restricted to a few target segments. For example, Reader's Digest is more patronized by the affluent and educated 50+ age group consumers. So, FMCG companies like P&G or a fashion garment company like Levis, can use this medium to communicate with their audience.

International television channels are another media widely used by companies for global communications. With the advent of cable & satellite technology, international TV channels like CNN, BBC, HBO and Star TV network have gained prominence. For example, the Rupert Mudroch owns Star TV network consists of various television channels catering to various Asian countries. Companies may make use of such large networks to enter many markets or launch a product across markets at one go.

Local media channels: National or regional channels have a larger reach in their own markets, which is well suited for mass market product companies. Apart from traditional advertising media like television and radio, companies can also use non-traditional media like outdoor advertising, in-store promotions and cinema promotions to communicate with the customer. Luxury products companies can undertake in-store promotions in upscale retail outlets like Shopper's Stop and Lifestyle, as these outlets attract a large number of the target audience from the upper middle class and upper class. The in-film promotion is another major non-traditional channel that can be used by companies to promote products.

19.8.2 Media buying decision

The media buying function in many companies is largely localized, as a majority of media space is bought from the local media. Localization of this function becomes necessary as media characteristics like media reach, media space and media cost differ from market to market and country to country. Media buying activities are usually handled by local agencies. These agencies obtain media space at bargain rates as they consolidate the media space requirements of various clients, resulting in purchase of media space in bulk. This, in turn, helps clients obtain media space at lower rates. The growth of global advertising agencies helps companies to consolidate their global media space requirements.

19.9 Promotional Mix in International Marketing Communications

Apart from advertising, other promotional elements such as personal selling, sales promotion, public relations, etc. play a significant role in improving a company's performance. Each element provides the necessary complimentary support for advertising. The following promotional mix elements are discussed as follows.

19.9.1 Personal Selling

Personal selling, which involves two-way communication between the seller and the consumer is an effective marketing communication tool. It is most prevalent

in companies selling industrial and pharmaceutical products. It is also indispensable for companies dealing in hi-tech products. FMCG companies also use personal selling extensively to reach out to their channel members, rather than end-consumers. It is a cost effective option for companies operating in developing countries due to easy availability of human resources and lower wage structures in these countries compared to developed countries. Due to cultural differences in each market, companies follow a different personal selling strategy for each market. The management of personal selling efforts is entrusted to local divisions. The parent company decides the basic framework within which the subsidiaries operate.

19.9.2 Sales Promotion

Sales promotion is growing globally due the proliferation of media, easy transfer of promotion programs across countries and liberalization of their economies. The most prevalent sales promotion programs in the international markets include event sponsorships, free samples, contests, coupons and trade promotions. Sales promotions are gaining ground in Asian countries now. There are various factors that a company has to consider while implementing sales promotions in the foreign markets. These include economic factors, demographic factors, retail environment and legal and regulatory factors.

For example, in developing countries, sales promotional tools such as contests and sweepstakes that require purchase of the product may not be well received by consumers with low disposable incomes. In India, women generally do the shopping for groceries and household goods. They are more attracted towards price cuts and free gifts as they consider that the marketer is offering better value for money.

The perception of sales promotion offers among consumers will also impact the success of sales promotion offers. In Hong Kong, coupons and discounts are well received by consumers as they perceive them as money savers.

The retail environment in foreign markets will also influence sales promotion strategies. In developed countries like the United States, Canada and UK, retail channels are well developed and major product sales come from a few big retailers. As a result, retailers wield considerable influence both on consumers and companies. Companies in these countries focus more on trade promotions and in-store promotions to gain higher visibility in the stores. In Asian countries like India and China, the retailing industry is fragmented. So, the focus on trade promotions is less.

The regulatory environment in each country is yet another factor that a company has to consider while designing the sales promotion campaign. For example, the US is more lenient when it comes to sales promotions. As such, marketers can choose from a wide range of promotional techniques but any type of deception is avoided. In countries like Japan, Canada, and France there are strict rules and regulations when it comes to certain kinds of sales promotions. In Japan, contests and sweepstakes require proof of purchase to participate and the prize value

should not exceed 20 times the product cost. Some countries ban sales promotions, which are targeted at kids.

Sales promotion programs of MNCs are designed by headquarters and the implementation is left to local managers. It is crucial to provide enough freedom to local managers to implement programs in diverse local markets to create more impact.

19.9.3 Public Relations

PR as a promotional tool has come a long way in enhancing a company's corporate image in overseas markets. It is used to maintain a good relationship with the media, the public, trade unions and the government. The main aim of public relations is to create a favorable image about the company. Another major function of it is to deal with any public relations crisis that may come up, so that the company's image in the minds of consumers is not affected. To project the company as a good corporate citizen, committed to contribute to the country's economy, companies undertake various social marketing activities.

Example: Google Offering Financial Support to Small Businesses

According to a Business Standard article (2021), as a part of a social impact program, Google and Small Industries Development Bank (SIDBI) had signed an agreement that would give small businesses a financial support up to Rs. 1 crore at lower interest rates and thereby contributed to the progress of Indian business economy. The information shows that Google has signed an agreement with SIDBI in order to provide the financial support to micro business and thereby strengthen the public relations of Google.

Source: Abhijit lele (18/11/2021), "Google to chip in Rs. 110 crs for MSME lending project in pact with Sidbi". https://www.business-standard.com/article/finance/google-to-chip-in-rs-110-cr-for-msme-lending-project-in-pact-with-sidbi-121111801349_1.html Accessed on 27/09/2022

Check Your Progress - 2

7. Which of the following decision has destroyed the brand image of 'Tata Nano' as the cheapest car in the world?

    a. Message decision

    b. Media decision

    c. Agency decision

    d. Pricing decision

    e. None of the above

8. If a company plans to adopt a standardized advertising strategy, it is better to choose which type of ad agency for its global advertising campaign?

    a. Single global ad agency

    b. Local agencies for each market

   c. Agency network

   d. Create its own advertising wing

   e. None of the above

9. In-store advertising is considered as which type of media channel?

   a. Local media channel

   b. International media channel

   c. Glocal media channel

   d. National media channel

   e. None of the above

10. Which of the following media has the highest growth in the world?

   a. Internet display

   b. Television

   c. Newspaper

   d. Cinema

   e. Radio

11. Which of the following customers don't show interest in a coupon as they consider it beneath them?

   a. Indian women

   b. Hong Kong customers

   c. Hispanics in U.S.

   d. Chinese men

   e. None of the above

12. Which of the following promotion mix element represents the program 'Pepsi Refresh Project'?

   a. Public relations

   b. Sales promotion

   c. Advertising

   d. Personal selling

   e. Direct marketing

19.10 Summary

- Companies are increasingly entering foreign markets due to various factors. These include saturation in domestic markets, decreasing profit margins, advancements in technology, and proliferation of global media. The need for proper global marketing communications has risen, to promote their products in world markets.

- This unit has examined the various aspects involved in global marketing communication programs. First, we discussed the international marketing environment from a marketing communication perspective and then looked at various environmental factors that a company has to consider while designing its marketing communication programs.

- Later, we emphasized the need for evaluating the pros and cons of standardization and localization of advertising strategy and explained the reasons for glocalization strategy.

- The unit also examined the various key decisions that a company has to take while developing international advertising campaigns. These include message decisions, selection of advertising agency and media decisions.

- Finally, we examined the other elements in the promotional mix such as personal selling, sales promotions, and public relations in the international marketing context.

19.11 Glossary

Adaptation: Adaptation refers to developing separate advertisements for each country or market in which a company operates.

Culture: Culture is defined as collective programming of the mind which distinguishes the members of one group or category of people from those of another.

Deception: According to the Federal Trade Commission, a misrepresentation, omission, or practice that is likely to mislead the consumer acting reasonably in the circumstances to the consumer's detriment.

Economies of scale: A decline in costs with accumulated sales or production. In advertising, economies of scale often occur in media purchases as the relative costs of advertising time and/or space may decline as the size of the media budget increases.

Glocalization: Glocalization is a form of advertisement development process popularly described as 'think global, act local'. In this approach, certain aspects like logos, underlying themes and visual images are standardized, while the ad copy, models and tag lines are designed to suit local conditions.

Idiosyncratic behavior: Behavioral characteristic peculiar to an individual or group that distinguishes one (group) from another (group).

International advertising: International advertising means dissemination of a commercial message to target audiences in more than one country.

Local advertising: Advertising done by companies within the limited geographic area where they do business.

Localized advertising strategy: Developing an advertising campaign specifically for a particular country or market rather than using a global approach.

Pattern advertising: Advertisements that follow a basic global approach although themes, copy, and sometimes even visual elements may be adjusted.

Standardization: Standardization involves the use of similar advertising campaign elements such as the message, the execution style, etc. across the countries where the company has a presence or planning to enter.

19.12 Self-Assessment Exercise

1. What is international marketing communications? How does the scenario of international marketing help international marketing communications?

2. Discuss the various elements of international marketing environment for the growth of international marketing communications.

3. What is standardization and localization in international marketing communications?

4. What is glocalization in international marketing communications? Discuss with examples.

5. What decisions do you make to develop an international advertising campaign?

6. Discuss any three promotional mix elements of international marketing communications.

19.13 Suggested Reading/Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021

2. Michael Branding, Social Media Marketing, Notion Press, 2021.

3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021

4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

19.14 Answers to Check Your Progress Questions

1. **(e)   a, b and c**

    The following factors have contributed for the growth of international marketing.

    - Saturation of domestic markets
    - Opening of economies
    - Growth of international ad agencies
    - Erosion of profit margins

2. **(a) Starcom MediaVest Group**

    The four ad agencies ranked globally in terms of turnover are Starcom MediaVest Group, OMD Worldwide Zenith Optimedia and Mindshare in that order

3. **(e) All the above**

    International marketing environment is shaped by the following factors.

    - Economic factors
    - Demographic factors
    - Cultural factors
    - Legal and Regulatory factors

4. **(e) a and b**

    The benefits of standardization in advertising campaigns are economies of scale, consistency, cross-fertilization, creating talent pools, etc.

5. **(e) All the above**

    The following factors have contributed for localization of advertising campaigns.

    - Cultural differences
    - Product life cycle
    - Inability of head office to execute in local market
    - Localized campaign of competitors

6. **(c) Glocalization**

    'Think global, act local' advertising campaign is known as glocalization.

7. **(a) Message decision**

    The faulty message decision has destroyed the brand image of 'Tata Nano' as the cheapest car in the world. The message of 'cheap' has destroyed the value of the car.

8. **(a) Single global ad agency**

    If a company plans to adopt a standardized advertising strategy, it is better to choose single global ad agency to derive economies-of-scale and delivery of consistent message.

9. **(a) Local media channel**

    In-store advertising is considered as local media channel because it is decided at store level.

10. **(a) Internet display**

    Internet display has the highest growth in the world with 32.4% per annum. The growth rates of other media are as follows:

- Television – (4.3%)
- Newspaper – (-2.2 %)
- Cinema – (-1.3%)
- Radio – (-0.7%)

11. (c) Hispanics in U.S.

Hispanics in the USA don't show interest in a coupon as they consider it beneath them.

12. (a) Public Relations

Pepsi has promoted a public relations program 'Pepsi Refresh Project' to fund good ideas that refresh our world.

Unit 20

Ethics in Marketing Communications

Structure

"Communication leads to community, that is, to understanding, intimacy and mutual valuing."

- Rollo May

20.1   Introduction

The information shows the effective outcome of ethical communication.

There is an old adage that everybody hates advertising until they have something to sell. Advertising is extremely important to consumers and to our market economy. It provides consumers with information about the products and services in which they are interested and it fosters competition. For these reasons government has brought legal actions to prohibit its restraint by players in the market. While many laws and regulations determine what advertisers can and cannot do, not every issue is covered by a rule. Marketers must often make decisions regarding appropriate and responsible actions on the basis of ethical considerations rather than on what is legal or within industry guidelines.

Ethics are standards or moral principles, which individuals or groups of people follow. In other words, their decisions are governed by principles. To quote

Jef I. Richards, the Chairman of the University of Texas' Advertising Department, "If it is not done ethically, advertising won't be trusted, if consumers don't trust it, advertising is pointless." This comment well explains the importance of ethics in advertising or marketing communications.

Communications is in fact the most explicit function of marketing where a lapse in ethical standards or judgment can result in actions that are highly visible and often very damaging to a company. Often, marketing communication strategies come under fire for encouraging materialism and consumption, stereotyping, encouraging impulse purchase of products that a person does not need, taking advantage of children, manipulating consumer behaviour, using sex appeal to sell and contributing to the degradation of values.

The Indian advertising industry has seen many controversial ads in the past decades, most of them creating controversy on the basis of being vulgar, obscene and unfit for public consumption. Brand infringement is another area where a company uses competitor's product or brand name or tag line to damage its brand reputation. For example, the fight between Coke and Pepsi in the media has created ethical and moral dilemmas in marketing communications. One sure way of avoiding such pitfalls is to have a well thought out and planned system of ethics from which the company will not depart.

20.2 Objectives

After reading through this unit, you should be able to:

- Examine the importance of ethics in various elements of marketing communications.

- Discuss various dimensions of ethics for the promotion of marketing communications.

- Evaluate the legal and regulatory aspects of marketing communications on influencing customer buying behavior.

- Understand the social and economic effects of marketing communications on customer loyalty and brand reputation.

20.3 Social Responsibility and Ethical Company

Social responsibility is vital to the success of a business because even after a particular product from a company is no more in the market, the product may be forgotten but the company's activities benefiting society will be remembered. A socially responsible business is one that engages not only in activities that are profitable for the business but also beneficial to the community. Social responsibility involves being ethical, accountable and responsive to the needs of society. An organization has to work towards achieving both social and commercial objectives. Activities like empowerment of employees, charitable contributions, sponsoring local events, selling environment safe products, outplacement programs and supporting community events are good illustrations of discharging social responsibility.

The social responsibility of a company can be classified as level 1 and level 2. *Level 1* refers to companies which include social responsibilities in their business philosophy. A company manufacturing eco-friendly products is an example of a Level 1 company. Body Shop promotes only natural products and is against the animal testing of its products. *Level 2* refers to companies who go beyond social responsibility and incorporate ethical practices in all business processes. Level 2 companies are highly ethical companies that make ethics as an integral part of their every business operation. Social responsibility is only one of the components of ethical business practices. Ethical companies not only promote ethical business standards and practices internally, they exceed legal compliance minimums and shape future industry standards by introducing best practices today.

Example: Mamaearth Set an Example of Social Company

Mamaearth is a popular toxin free personal care brand. The company claimed that it processed toxin free natural based products and thereby follows a zero-animal cruelty, and plastic positivity philosophy. Also, it promoted plantation to improve soil quality, air quality, and groundwater levels. Once the company receives an order on its website, it initiates the plantation process and links the order with their respective sapling. Customers can check the details about their tree on company's website.

The information shows level 1 of social responsibility.

Source: Mamaearth's official website. https://mamaearth.in/plant Accessed on 24/09/2022

20.4 Ethics in Advertising

In advertising, ethical issues are broadly divided into two categories. The first is ethical dilemma and the second is ethical lapse. An ethical dilemma arises when the pros and cons regarding a particular issue are even, where ethics are concerned. For example, companies use advertorials to promote a company's products or services. The advertorial attracts readers' attention and the ad copy has a bigger impact on the minds of the reader than an ordinary advertisement. The appearance or layout of an advertorial is similar to that of magazine or newspaper editorials. Especially as the indication that the text is an advertisement appears in very small print in a corner of the page, readers are beguiled into thinking that they are reading an article.

An ethical lapse refers to unethical behavior that is violation or deviation from standards knowingly. Ethical lapse is conveying an inaccurate message through an advertisement while being well aware that it is wrong.

It can be decided whether an advertisement is ethical or not on the basis of three parameters. These are advocacy, accuracy and acquisitiveness. Advocacy refers to what the advertisement is trying to say and whether this is objective or neutral. Accuracy refers to whether the claim made by the company is true and verifiable. Acquisitiveness refers to whether it is promoting materialism.

Some common ethical issues, which come up, are puffery, bad taste, stereotyping, targeting children and advertising harmful products.

20.4.1 Puffery

Puffery means making exaggerated claims about the product being advertised. The claims cannot be supported by evidence. Such inflation is commonly used by marketing people in slogans and tag lines. There is no way these claims can actually be proved, but such puffery cannot be considered illegal either. It is preferable to avoid puffery as customers might be misled.

20.4.2 Bad Taste

People have different likings and tastes, different things appeal to different people. What appeals to one person may offend another. This is true of ideas as well as products. For example, some people find advertisements for products such as contraceptive pills, condoms and female hygiene products offensive. Advertisements which touch on sex, vulgarity, nudity, violence and use double entendre are considered in bad taste.

Example: Layer'r Shot Unethical Advertisement

In 2022, Layer'r Shot, a popular body spray brand, was cracked down by ASCI and ordered to remove its advertisement, which promoted rape culture. In the advertisement, it showcased four men who enter a couple's room and start giving usual facial expression. One among the men, ask the man on the bed if he did score a shot. Another man in the group responded by showing Layer'r Shot spray and said now it's his turn. The information shows unethical advertisement by Layer'r Shot.

Source: Prasad Sangameshwaran (04/06/2021). "Layer'r Shot ad, a reflection of poor advertising values: Comment".
https://brandequity.economictimes.indiatimes.com/news/advertising/layerr-shot-ad-a-reflection-of-poor-advertising-values-comment/92009256?utm_source=Mailer&utm_medium=ET_batch&utm_campaign=etbrandequity_news_2022-06-06&dt=2022-06-06&em=bXVkYXNzaXJAaWNmYWl1bml2ZXJzaXR5Lmlu Accessed on 24/09/2022

20.4.3 Stereotyping

In advertising, the marketer wants to convey a message in a short span of time. For this purpose, visual clues are used, to make it easier for the audience to relate to the character. For example, spectacles are put on a kid to show that the child is intelligent. Sometimes, in this process of categorization, the advertisements tend to show a group of people in an inappropriate way. Here we will discuss stereotyping of men and women, racial and ethnic groups, with examples.

Advertisements promoting household products like detergents and floor cleaners use women and most of the times they are shown as housewives. Men on the other hand are used in commercials, which need a strong, intelligent, decision-making and bread earner image. Some commercials show conflicts between the mother-in-law and the daughter-in-law, portraying the relationship in a negative manner.

It is also common to see women being used as mere objects to promote products such as like shaving cream, razors and after shave lotion.

Stereotyping is not restricted only to men and women. Some advertisers target racial and ethnic groups too.

20.4.4 Advertising to Children

Airing advertisements to children means that a company places a commercial message within or immediately following a children's programme (any programme targeted at individuals below 12 years) or any commercial message targeted at children, carried in any other programme. Advertising to children draws criticism as children, especially very young children, are impressionable and vulnerable, therefore easy targets. Very often, they are not in a position to distinguish between reality and fantasy. Many advertisements are criticized as they take advantage of this weakness of children, and entice them using hard selling techniques.

Marketers use kids to promote products, which are not meant for children. Children have persuasive power and can influence the purchase decisions of their parents, but targeting them is unethical as they cannot be expected to process information and make rational choices. India has opened its doors to multinational products and services, but has not put in place adequate rules and regulations to check the content of advertisements aimed at children.

Western countries like the US and Europe have stringent regulations to monitor advertisements to children. For example, in Denmark, Finland, Norway and Sweden, TV advertising aimed at children below 12 and sponsorship of children's programmes is not permitted by law. Similarly, in Greece, advertisements of toys on television are banned between 7.00 a.m. and 10.00 p.m., which are the time spans children usually watch programs. Advertising Standards Council of India (ASCI) has issued the following guidelines to the advertisers using children for the promotion of the products:

- Unless a food product has been nutritionally designed as a meal replacement, it should not be portrayed as such.

- Messages in advertising to children will represent accurately the products, in a way that is in keeping with their ability to understand.

20.4.5 Promoting Unhealthy Products

There are far more serious allegations about advertisements, which promote the consumption of products like tobacco (cigarettes, gutka, beedi etc.), alcohol, prescription drugs and habits like gambling in casinos. Many consider such advertising unethical as it increases the consumption of products which are harmful to individuals and to society at large. Consumption of tobacco products has now been proved to cause cancer, while drinking alcohol can lead to ill health and death. The advertisements of tobacco products project that people who smoke are gutsy and enjoy a good lifestyle. Though advertisers warn viewers in small

print that 'Smoking is injurious to health', these statutory messages do not convey the adverse effects of smoking. Some experts are of the opinion that these advertisements have an effect on children too and they may be tempted to take up these habits.

Food Safety and Standards Authority of India (FSSAI) propound a ban on the sale and promoting of unhealthy food high in fat, salt and sugar inside the school building and inside the radius of 50 meters of school premises under the Food Safety and Standards Regulation 2019.

20.4.6 Subliminal Advertising

A subliminal message is a signal or message designed to pass below (sub) the normal limits of perception, and yet register on the consciousness. These messages are aimed at a point below the normal threshold level of the audience. A subliminal message can be a sound -- voice over -- or an image — blurred static image or motion picture exposed for a split second. Subliminal advertising involves exposing customers to brand names, product pictures or other things to stimulate their senses, when they are not consciously aware of it. It is believed that the customer acts on messages, which have been observed unconsciously. The term was coined by James Vicary in his book *The Hidden Persuaders*, published in 1957. Other common forms of subliminal advertising are embedding letters or images in ad copy, music or messages embedded in the voice over for a commercial. Though there is no substantial evidence available to prove the effectiveness of subliminal advertising, it is considered illegal in most parts of the world.

An example of subliminal advertising is the logo of Amazon the leading e-commerce player, which consists an arrow at the bottom of the first four letters. This arrow connects letters A to Z, which reveals that Amazon can offer all types of products under one roof.

20.4.7 Shockvertising

Shockvertising is a particular type of marketing communications designed with the attempt to awe and shock the target audience by using taboo subjects and emotion/thought provoking words and images. The issue with shockvertising is that what one person hails as brilliantly creative another sees as offensive and vice-versa.

For example, Chhattisgarh, the 10th largest state of India, is struggling to fight terrorism. Corporate Chhattisgarh, a monthly corporate magazine, has sponsored an ad campaign. The shocking ad questions the faith-based terrorism and the role played by religion in rewarding and justifying it. For example, leading apparel brand Benetton and Calvin Klein which shows pictures of a patient dying with AIDS.

20.4.8 Ambush Marketing

Ambush marketing is a promotional strategy to grab the attention of the audience at the cost of other sponsor. The meaning of 'ambush' is 'an attack from a hidden

position' to leverage competitor's platform. The term, ambush marketing, was coined by marketing guru Jerry Welsh while working for American Express during 1980's.

Ambush marketing refers to a situation in which a brand (company/product) seeks to ride on the publicity value of a major event without paying any sponsorship fee. Ambush marketing happens when one company pays to become an official sponsor of an event (sports, marathons, games, film festivals, etc.) and another competing company attempts to connect with the even indirectly without paying any sponsorship fee without breaking any laws. Ambush marketing is more effective because it grabs the attention of customers without any sponsoring fee.

Ambush marketing is more popular during Olympic Games and World Cup where rivals adopt this strategy at the cost of official sponsor. Ambush marketing involves unauthorized use of company logos or designs associated with the event. Ambush marketing confuses the audience about the official sponsor of the event. The primary purpose of ambush marketing is as follows:

- To leverage the event platform at the expenses of competitors

- To dilute the branding efforts of competitors by creating advertising clutter

- Grabbing the attention of the audience towards its brands in indirect ways

The shampoo brands, Dove and Pantene, also try to ambush each other by keeping the hoarding one above the other or besides. Pantene is promoted as 'a mystery shampoo' whereas Dove says 'there is no mystery' to ambush each other.

South Korean giant Samsung followed ambush marketing strategy by opening a pop-up outlet near apple's outlet in Sydney at the time of the apple's iPhone 4S launch.

The ambushed marketing strategy cannot be questioned in any court of law since there is no law that exists at present. It can only be considered an unfair trade practice. As long as ambush marketing is indirect, there is no remedy but companies can take the help of the Trade Mark Act 1999 and the Copy Right Act 1957 if the ambush marketing is direct.

Ambush marketing is considered as an intruding behavior from the commercial perspective hence there is a need to clearly define what is fair and unfair in ambush marketing. The ethical dimension behind ambush marketing is still to be defined in finer terms. To avoid ambush marketing in India, the ICC and BCCI have made some rules to discourage players to endorse any brands of rival companies to protect event sponsor.

20.4.9 Permission Marketing

Permission marketing is an approach to selling goods and services in which a prospect explicitly agrees in advance to receive marketing information. For example, 'opt-in' e-mail, where internet users sign up in advance for information about certain products or services. Permission marketing is more impactful because the prospect has already accepted to receive a message in advance. It is

also cost-effective because the target customer is correctly identified. It is also considered as more positive when compared to spam and automated telemarketing in customer buying process.

Companies request customers to send e-mail product material or newsletters. It is generally used by internet marketers, mobile marketers and search marketers. Direct marketers also use widely permission marketing to send a brochure in response to a request. Permission marketing as a concept is popularized by Seth Godin with his book 'Permission Marketing'.

Permission marketing was also practiced before the Internet age in the form of a business reply card as the final page of a book. Customers provide their permission in both ways i.e. explicit in the form of direct acceptance or implicit in the form of querying a search engine. For example, customers may search for a particular book on 'Flipkart' where it is considered as implicit permission for 'Flipkart' to send an e-mail with information about related books. Flipkart can also suggest variety of books based on prospective query.

Interruption marketing is the opposite of permission marketing where companies send information about product categories to prospective customers without their permission. Intrusive telemarketing is one of the examples of interruption marketing. Customers may consider telemarketing phone calls and direct mail campaigns such as junk mail as interruption marketing. Spam mail and unsolicited mobile text messages are also considered as interruption marketing. Customers also consider direct marketing as interruption marketing when flyers hung on their door knobs, big billboards and outdoor advertisements crowd the main road, etc. Even television and radio advertisements with unusual sound, inserts in newspapers, etc. are also considered as interruption marketing. Customers often to avoid interruption marketing provide secondary e-mail so as to protect their primary e-mail with spam. Many governments have also come out with a National Do Not Call Registry to regulate interruption marketing. Telecom Regulatory Authority of India (TRAI) brought this into force from 27 September 2011.

20.4.10 SPAM

Spam is the use of internet (or any media) to send unsolicited messages in bulk in an attempt to thrust the message on prospective customers who would not otherwise choose to receive it. The 'spam' contains the message in the form of commercial advertising and other promotional schemes. Customers normally dissent spam because it is sent indiscriminately without prior permission. The various forms of 'spam' are e-mail spam, instant message spam, search engine spam, spam in blog, search engine spam, mobile phone messaging spam, fax spam, etc.

E-mail spam is more popular in targeting individual users with direct mail messages. E-mail spam is often created by stealing internet mailing lists or searching the website for e-mail IDs. The other way of e-mail spam is sending mail to mailing lists of various forums to target special groups. Spammers use

sophisticated tools to steal the mailing list and addresses. Spamming is also cost-effective and easy since spammers have no operating costs beyond the management of their mailing lists and they are not accountable for their mass mailings.

Mobile spam is another form of spam that is targeted at mobile phones in the form of the text message such as SMS spam, text spam, m-spam, etc. Companies collect mobile numbers from third parties and send the promotional messages to all types of prospective customers. TRAI has come out with a law to stop unsolicited SMS so as to discourage SMS spam in India. In the United Stated, mobile users can file a complaint with the Federal Communications Commission. Mobile spam is also illegal in China.

In the context of marketing communications, a company should not resort to deception, bad taste, targeting children, subliminal messages, spam, etc. The Advertising Standards Council of India (ASCI) was established in 1985 to protect the interests of the consumers from the misleading communication in the advertising messages of different products/services. This regulator was formed with the sectors associated with the advertising industry. These sectors include Advertisers, Ad Agencies, Media, PR agencies and Market Research agencies. Advertising Standards Council of India (ASCI) monitors ads continuously through its internal mechanism, called NAMS (National Advertising Monitoring Service) and takes necessary action against ads that go against ASCI's code of conduct.

American Advertising Federation ensures advertising guidelines through the Institute of Advertising Ethics.

The Preamble of Institute for Advertising Ethics

The Institute for Advertising Ethics (IAE) is administered by the American Advertising Federation (AAF). Its primary purpose is to inspire advertising, public relations and marketing communications professionals to practice the highest personal ethics in the creation and dissemination of commercial information to consumers. The preamble is based on eight principles as follows.

- **Principle 1**: Advertising, public relations, marketing communications, news, and editorial all share a common objective of truth and high ethical standards in serving the public.

- **Principle 2:** Advertising, public relations, and all marketing communications professionals have an obligation to exercise the highest personal ethics in the creation and dissemination of commercial information to consumers.

- **Principle 3:** Advertisers should clearly distinguish advertising, public relations and corporate communications from news and editorial content and entertainment, both online and offline.

- **Principle 4:** Advertisers should clearly disclose all material conditions, such as payment or receipt of a free product, affecting endorsements in social and

traditional channels, as well as the identity of endorsers, all in the interest of full disclosure and transparency.

- **Principle 5**: Advertisers should treat consumers fairly based on the nature of the audience to whom the ads are directed and the nature of the product or service advertised.

- **Principle 6:** Advertisers should never compromise consumers' personal privacy in marketing communications, and their choices as to whether to participate in providing their information should be transparent and easily made.

- **Principle 7:** Advertisers should follow federal, state and local advertising laws, and cooperate with industry self-regulatory programs for the resolution of advertising practices.

- **Principle 8:** Advertisers and their agencies, and online and offline media, should discuss privately potential ethical concerns, and members of the team creating ads should be given permission to express internally their ethical concerns.

Surrogate Advertising

Surrogate advertising is one of the types of advertising which is practiced to promote banned products from the market such as liquors, tobacco based products, in the disguise of another product. Marketers try to promote a product which is closely associated with the banned product, for example promoting a mineral water with the alcohol brand name (Kingfisher Mineral water).

Many marketers promote their banned products through surrogate advertising.

- ➢ Examples: Men will be Men of Imperial Blue, ITC is using their popular cigarettes brand Wills to their apparel stores Wills Lifestyle.

- ➢ The alcohol brand name Royal Challenge was used in the IPL Bengaluru franchise – Royal Challenge Bengaluru (RCB).

- ➢ Royal Stag, the alcohol brand, was taken to promote Royal Stag Music CDs.

Bait advertising

Bait advertising is widely used advertising technique that is unethical and illegal. It involves an advertiser attracting customers towards an unrealistically low priced product. But in reality the advertiser keeps the advertised product unavailable in the store. (Fisher, Josephine A)

For example, Airlines also uses bait advertising technique for their prospective customers by offering attractive airfare deals, but in reality these airlines may charge more fare than promised. Hotels also use the Bait advertising practices.

Those responsible for consumer affairs regularly conduct audits of retailers for bait advertising practices.

Check Your Progress - 1

1. Who said the statement "If it is not done ethically, advertising won't be trusted, if consumers don't trust it, advertising is pointless"?
    a. Philip Kotler
    b. David Aaker
    c. Jef I. Richards
    d. William Bernbach
    e. George E. Belch

2. Which of the following Indian companies are ranked as the most ethical companies in the world in 2014?
    a. Wipro
    b. Tata Power
    c. Infosys
    d. BHEL
    e. a and b

3. Which of the following means making exaggerated claims about product being advertised? The claims cannot be supported by evidence.
    a. Subliminal advertising
    b. Stereotyping
    c. Bad taste
    d. Puffery
    e. Shockvertising

4. The 'Angel and Devil' campaign of United Colors of Benetton communicates which of the following message?
    a. Bad taste
    b. Stereotyping
    c. Subliminal advertising
    d. Promoting unhealthy products
    e. Puffery

5. Advertising Standards Council of India (ASCI) monitors advertisements continuously through its internal mechanism -----------------to take necessary action against ads that go against ASCI code of conduct.
    a. Press Trust of India (PTI)
    b. Press Council of India (PCI)
    c. National Advertising Monitoring Service (NAMS)
    d. Central Bureau of Investigation (CBI)
    e. Local Police Station

6. In which type of advertising, message is designed to pass below the normal limits of perception, and yet register on the consciousness?

    a. Shockvertising

    b. Subliminal advertising

    c. Advertising to children

    d. Stereotyping

    e. Puffery

20.5   Ethics in Advertising Research

Companies conduct research on their own or outsource the task to research agencies. Advertising research involves collecting primary data, which is usually done by asking questions of the respondent and noting the responses. The questions should be designed so that they do not intrude into the privacy of the respondent. Research involves the collection of personal data about the respondent like address, phone numbers, income, age, and occupation. Many research agencies and companies claim that such data will be kept confidential and used only for research purposes. But there have been instances where they have sold data to direct marketing companies, or used the data to generate leads. This is unethical. It is important that the responses be kept secret. If results of any survey are released to the media, the methodology used for the survey should also be released.

When a respondent participates in a survey, he or she gives information required by the company and devotes time for this. So, it is the respondent's right to be aware of the purpose of the study, its sponsor, and how the data will be used. Most of the companies do not want to waste time in giving information to the respondent, but this is wrong. There is another type of unethical research, where it is conducted in a "disguised" manner. For instance, a sales person asks for a person's preferences and opinions on a product. The respondent is not aware that he is participating in a survey. Research, which involves interviewing children, is also considered unethical. In other instances, companies outsource research work to a third party. Sometimes the third party manipulates the data, to give good results for the survey.

Example: Challenge in Gathering Consumer Data for Advertising Research

According to a study conducted by McKinsey (2020), consumer trust levels were low in giving out their data to the companies. 44% of consumers trust companies in financial and healthcare services to give their data. Notably, these

Contd. ....

> sectors require more customer interactions including highly personal and sensitive data. Around 90% consumers do not trust Consumer Packaged Goods (CPG) companies or entertainment and media companies to give their data.

Source: Venky Anant (27/04/2020). "The consumer-data opportunity and the privacy imperative". https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/the-consumer-data-opportunity-and-the-privacy-imperative Accessed on 24/09/2022

20.6 Ethics in Advertorials and Infomercials

An *advertorial* is an advertisement, in a newspaper or a magazine that has the appearance of, news column or an editorial. Some readers confuse an advertorial with a regular Editorial and tend to take the discussion as emanating from a neutral party. Advertisers are required to mark advertorials as a 'Special Advertising Section' or give a similar title. The placement of an advertorial is crucial and usually advertisers like it to be placed in a related section. This raises the important issue of who should control the content and placing of the advertorial – the newspaper or magazine editor or advertisers. To increase the impact of the advertorial, an advertisement is also included before or after the pages featuring the advertorial.

An *Infomercial* is a long television commercial (about 30 minutes), that gives information about a product. Companies opt for infomercials for the sake of length and chance to convey more information. The length is considered important as it distinguishes the commercial from the advertising clutter in the consumers' minds. People raise objections to infomercials as they seem like a non-commercial programme, such as a news programme or a talk show. Viewers tend to believe the content has been prepared by an independent source. Also, they might not be aware that the 'common person' who appears in the show has been paid to endorse the product. This again raises issues of ethics.

Example: Laptop Branding on News Channel

News anchors at ABP News, a popular Hindi news channel in India, promote brands or companies by pasting the respective brand logo or name on their laptops which are shown while delivering news programs.

The information shows infomercial.

Source: Laptop Branding on ABP News. https://www.themediaant.com/television/abp-news-tv-advertising/laptop-branding Accessed on 24/09/2022

20.7 Ethics in Sales Promotion

Like advertising, various consumer sales promotions and trade sales promotion also face ethical issues. Here we will discuss ethical issues regarding contests and sweepstakes, and slotting allowances.

20.7.1 Contests and Sweepstakes

In an event, if victory is dependent on chance, it is called a lottery. This is a form of gambling. Contests or sweepstakes are considered against the law if winning

depends on chance. So, the marketer has to make sure that winning the contest is independent of chance. Entry to most contests requires a coupon which comes along with the purchase of a product. If purchase of a product is pre-requisite for entering the contest, it is again deemed gambling. Apart from mentioning the conditions, the marketer also needs to give complete information about the contest. This includes the exact number of prizes to be awarded, the odds of winning, the duration, the last date of the contest and availability of lists of winners of various prizes.

For example, leading car manufacturer Maruti Automobiles planning to move to the untapped rural market to increase its market share. To achieve greater sales volumes, the company has launched a pan-India, advertisement campaign "Mera Sapna Meri Maruti" has partnered with many banks to lend money to rural customers. It has also tied up with bigger rural finance companies like Magma Shrachi Finance, Shriram Finance, the State Bank of India and M&M Finance Services to offer loans to rural customers at lower interest rates. It has decided to offer cash discounts of INR.5000 on Maruti 800 model, INR.3000 on Omni and INR.2000 on its other small cars to the customers of the hinterland.

The company developed a huge network of 1500 dealers in the rural markets.

20.7.2 Slotting Allowances

Making products available in retail stores is a prerequisite to making a sale. The location where the product is displayed determines the amount of exposure it gets. Very often manufacturers pay slotting allowances to retailers for stocking their products on store shelves or getting best locations for display. As retailers have limited shelf space and a large number of products compete for the shelf space, they charge very high fees as slotting allowances. The main reasons for paying slotting allowances for the retailers are; a retailer would meet with costs when it exchanges one product with other as new product introduction is always a risky proposition.

Slotting allowances, include a broad range of expenditures, e.g., 'slotting fees' for new products, 'pay-to-stay' fees to remain on shelves, 'facing allowances' to increase space or improve position and 'street money' for aisle display. No one knows precisely how much retailers collect in slotting allowances, but some estimates range between $6 billion and $18 billion a year.

The question is, is it ethical for retailers to charge for displaying products in the retail stores. Because the retailers can sell only if there are products on the store shelves. Big companies can afford exorbitant fees, so their products get more visibility, and consequently more sales. Small companies cannot pay high slotting allowances and their products get placed on inconspicuous shelves or are kept on shelves for a short time, leading to low sales. Charging slotting fees is considered unethical as the consumer might miss a good product from a small company, which is unable to pay slotting fees. Manufacturers often resort to passing on the extra cost of promotions to customers who end up paying more for the product.

Example: Retailers and Slotting Fees

Retailers charge the suppliers to find their shelf space based on the location of shelf in the store. In 2021, before Diwali, many leading FMCG and lifestyle companies were rushing to block shelf space in advance at retail stores across India to meet high festive demand. However, this practice could hinder the small suppliers/manufacturers to find the shelf space due to the advance booking by big companies.

The information showcases slotting fees.

Source: Ratna Bhushan & Rasul Bailay (02/09/2021), "Hoping it's a festival of festivals, firms rush to stock shelves early". https://economictimes.indiatimes.com/industry/cons-products/fmcg/hoping-its-a-festival-of-festivals-cos-rush-to-stock-shelves-early/articleshow/85575603.cms?from=mdr Accessed on 24/09/2022

20.8 Ethics in Public Relations

In marketing communications that deals with brand image and public opinion, it is necessary that public relations are conducted ethically. There has been a criticism on public relations that there can be no ethical public relations because the practice itself is an act of manipulation and propaganda. The nature of PR is to gain public confidence because they are regularly in public eye. For public relations campaign to be effective, the public must trust PR professionals. The PR executive acts like a reputation manager of a company or brand who works for and his job is to promote positive coverage of his company or brand and manage any negative opinion in the public. PR executives also have to educate the public about the company or brand and address any misunderstandings that would put the company in a negative image. Public relations are considered as the 'corporate conscience' that reflects the spirit of an organization.

Example: Ethical Public Relation by Bhavish Agarwal

Ola Electric, started delivering e-scooters in December 2021 (within five months from unveiling e-scooters). However, soon after the delivery of e-scooters, it started receiving massive complaints from customers on the issues like battery performance, reverse running mode, heat, software, panel gaps, etc. This got fuelled up by negative publicity in March 2022, when an Ola e-scooter caught fire suddenly in Pune. In response to this, Bhavish Agarwal (CEO) admitted that there were issues with the product and that the company was fixing the issue very fast, and assured that the quality standard would be checked. The information shows how Bhavish Agarwal dealt ethically in maintaining public relation.

Source: Shubhodeep Chakravarti (24/04/2022), "Ola Electric fire: Bhavish Aggarwal responds to govt warning for erring firms". https://auto.hindustantimes.com/auto/news/ola-electric-fire-bhavish-aggarwal-responds-to-govt-warning-for-erring-ev-firms-41650773273477.html Accessed on 24/09/2022

It is also difficult to draw a line between ethical and unethical PR practices. For example, in negative situations, such as a violent employee, a company has an obligation to keep some information confidential to protect the dignity and privacy of the victims and the right s of the accused. At the same time, an organization has an obligation to inform the community about the potential danger, even if it may reflect negatively on the organization or reveals company negligence.

Public relations executives cannot build the reputation of the company if they have been found to be lying. At this point PR professionals have to use personal ethical code and that of the industry, and expose the company by telling the truth about their activities. Telling a lie, even for the good of the company, is not acceptable when weighed against the good of the society.

Companies can maintain ethical PR practices by following industry codes of conduct. The primary objective behind the codes of conduct is to form guidelines for professional behavior. Industry codes of conduct provide basic standards for its professionals and every PR society has a code of ethics by which its members are expected to abide. For example, Public Relations Society of India follows 12 codes of ethics as shown below.

Public relations professionals are becoming strategic in decision making. Decisions at the highest levels of the organization invariably include an ethical component hence is the time to PR from strategic perspective.

PR professionals have to define the mission statement in simple terms so as to communicate the values to the employees. The values can be translated into a code of conduct or other codified policies to enhance consistency in organizational policies. All employees have to practice company values so as to enhance corporate image.

Code of Ethics: Public Relations Society of India (PRSI)

The Public Relations Society of India hereby declares that it accepts, as its moral charter the principles of the following Code of Ethics, and that if, in the light of evidence submitted to the Society, a member of this Society should be found to have infringed this Code in the course of his professional duties, he will be deemed to be guilty of serious misconduct calling for an appropriate penalty.

Accordingly, each Member of this Society -

Shall Endeavour

1. To contribute to the achievement of the moral and cultural conditions enabling human beings to reach their full stature and enjoy the indefeasible rights to which they are entitled under "Universal Declaration of Human Rights";

2. To establish communication patterns and channels which, by fostering the free flow of essential information, will make each member of the group feel

that he is being kept informed, and also give him an awareness of his own personal involvement and responsibility and of his solidarity with other members;

3. To conduct himself always and in all circumstances in such a manner as to deserve and secure the confidence of those with whom he comes into contact;

4. To bear in mind that because of the relationship between his profession and the public, his conduct - even in private - will have an impact on the way in which the profession as a whole is appraised.

Shall Undertake

5. To observe, in the course of his professional duties, the moral principles and rules of the "Universal Declaration of Human Rights";

6. To pay due regard to, and uphold, human dignity, and to recognize the right of each individual to judge for himself;

7. To establish the moral, psychological and intellectual conditions for dialogue in its true sense, and to recognize the right of the parties involved to state their case and express their views;

8. To act, in all circumstances in such a manner as to take account of the respective interests of the parties involved: both the interests of the organization which he serves and the interests of the publics concerned;

9. To carry out his undertakings and commitments which shall always be so worded as to avoid any misunderstanding, and to show loyalty and integrity in all circumstances so as to keep the confidence of his clients or employees, past or present and of all the publics that are affected by his actions.

Shall Refrain From

10. Subordinating the truth to other requirements;

11. Circulating information which is not based on established and ascertainable facts;

12. Taking part in any venture or undertaking which is unethical or dishonest or capable of impairing human dignity and integrity;

Using any "manipulative" methods or techniques designed to create subconscious motivations which the individual cannot control of his own free will and so cannot be held accountable for the action taken on them.

20.9   Legal and Regulatory Aspects of Marketing Communications

India has passed an act to ban advertisement of tobacco products in print, television and radio in 2003. In addition, smoking in public places and sale of tobacco products to minors was also banned. Advertisements have been restricted to point of sale. This makes it clear that regulations can have an effect on the marketing communication decision-making process. The communication strategy has to comply with local state and national level rules and regulations. Regulations make sure that the claims made by the company are verifiable and do not offend people. They are framed to ensure that promotional activities are ethical.

20.9.1 Legal Aspects of Marketing Communications

Advertisement is often described as commercial speech and enjoys protection under Article 19(1)(a) of the Indian Constitution. However, the manner of facilitation is subject to a number of statutory provisions. Under the Indian legal regime, the prominent, prohibitory legal provisions that regulate advertising are as follows.

- Advertising alcoholic beverages under the Cable Television Network (Regulation) Amendment Bill which came into effect on 8th September 2000.

- Advertisements of cigarettes and other tobacco products under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.

- Any political advertisement forty hours prior to polling time under the Representation of People Act, 1951.

- The indecent representation of women under the Indecent Representation of Women (Prohibition) Act, 1986.

- In 1985, a self-regulatory mechanism of ensuring ethical advertising practices was established in the form of the Advertising Standards Council of India (ASCI), a non-statutory tribunal. Though it is not a legal body, it has quasi-judicial powers due to the existence of Consumer Complaints Council (CCC) in it that can take suo moto actions to ban advertisements.

Advertising Standard Council of India

For example, ASCI has banned 'Cadbury 5 star' advertisement in March 2014 that shows 'a lady giving birth to a laughing baby'. The background voice says that babies used to be laughing while being born in earlier days and later they started crying at childbirth due to a disease called seriousness. So eat '5 star' to become jovial again. The ASCI has concluded that the advertisement conveys a wrong message of child birth and is offensive.

For example, ASCI also banned advertisement of popular refrigerator brand 'Voltas Beko' for the claim of preserving vegetables fresh for one month which was considered to be misleading. Similarly, the regulator also banned the ad of Bharti Airtel, which claims that it was the 'best network' as misleading. ASCI also upheld the advertisement claim of Spice Jet the leading airways for claiming to be most punctual airlines.

Example: ASCI Banned Liquor Brands from Surrogate Advertisements

In 2021, Advertising Standards Council of India (ASCI) banned 12 liquor companies from doing surrogate advertisements to promote their products. It received complaints during IPL 2020 about alcohol brands doing 'surrogate' ads in IPL 2020. The brands were advertising their products like non-alcoholic beverages, packaged water, etc. as surrogate for their liquor products.

The information shows how ASCI has banned liquor brands from doing surrogate advertisement.

Source: Aishwarya Ramesh (20/01/2021), "ASCI bans alcohol brands' 'surrogate ads' that ran during IPL". https://www.afaqs.com/news/advertising/asci-bans-alcohol-brands-surrogate-ads-that-ran-during-ipl Accessed on 24/09/2022

20.9.2 Regulatory Aspects of Marketing Communications

The main purpose of regulations is to promote healthy competition and guard customers from economic or physical harm. They cover areas regarding deceptive or unfair content, the delivery of the advertisement and protection of susceptible groups (like children and minorities). Different countries have different regulations but the following regulations are applicable in India.

- **Self-regulation:** People involved in preparing a promotional campaign - manufacturers, advertising agencies, media - come together to ensure that the communication is authentic and ethical. Some manufacturers believe that self-regulation is better as interference from government or other regulatory bodies will make the rules more stringent. Self-regulation has been a success to some extent in curbing malpractices in communication. The three levels of self-regulation are self-discipline, pure self-regulation and co-opted self-regulation. As it is not mandatory for manufacturers or agencies to abide by rules emerging from self-regulation, government regulations are also required.

- **Self-discipline:** At this level of self-regulation, the organizations (marketer, advertising agency, and media) make their own guidelines, standards and policies and abide by them. The marketer and the agency talk to each other and decide what kind of promotion they want to do, so as not to offend customers. The marketer checks that the communication done by the company is in sync with the company's communication strategy. It also ensures that the message is authentic and that the communication is not misleading or offensive. Sometimes the communication messages are scrutinized by the company lawyer to make sure that the claims do no breach

any law. As an example of self-regulation, the magazine Reader's Digest does not accept advertisements for tobacco or liquor products.

- **Pure self-regulation:** When companies from an industry come together to form regulations, it is termed pure self-regulation. Such regulation is generally followed by industries, whose promotions are likely to face controversies. Examples are alcohol, tobacco and drugs. One issue which needs to be discussed is, should professionals like doctors, lawyers and others promote the services offered by them. Also, when professionals are used to endorse products, there is a greater chance that people will believe them. Sometimes, instead of using a professional, the advertisement uses a celebrity to convey the message. This is misleading.

- **Co-opted self-regulation:** In co-opted self-regulation, the advertising industry voluntarily comes together to form a regulator body. Non-industry people are also part of the regulatory body, which is responsible for the development, application and enforcement of rules. In India, the Advertising Standards Council of India (ASCI) is the co-opted self-regulation body. The code formed by ASCI is applicable to advertisements in print, TV, radio and film media. The code is also applicable to promotion messages on packaging of goods. ASCI has given recently guidelines for fairness cream companies not to make any offensive or misleading advertisements as given below:

ASCI Guidelines for Fairness Cream Ads:

- Advertising should not communicate any discrimination as a result of skin colour.

- Advertising should not use post production visual effects on the model/s to show exaggerated product efficacy.

- Advertising should not associate darker or lighter colour skin with any particular socio-economic strata, caste, community, religion, profession or ethnicity.

- Advertising should not perpetuate gender based discrimination because of skin colour.

20.10 Social and Economic Effects of Advertising

Advertising is believed to have good as well as bad social and economic effects. One school of thought argues that advertising gives more information to the consumers while another argues that advertising gives more power to the marketer. Advertising focuses on the advantages of the product or how the product is superior and how using the product will improve the consumer's lifestyle. As the consumer is aware of the various options available, he can make better purchases. It is also argued that advertising or promotion leads to extra consumption of products. The extra consumption may lead to more obesity.

Food Safety and Standards Authority of India (FSSAI) signed a Memorandum of Understanding with ASCI to address misleading advertisements in the Food &

Beverages sector in 2016. ASCI meticulously monitors the ads of this industry across different media like print, electronic etc.

We will study the socio-economic effects of advertising at customer and industry level on the following parameters.

- **Consumer Choice:** Heavily advertised brands score well on top-of-mind recall scores. It is also argued that heavy advertisement by a national brand results in limiting the consideration set of consumers. At the time of purchase, the consumer will buy the advertised brand as he is aware of it. Good advertising by a new company can help the company enter the market and build a brand.

- **Competition:** Big advertising budgets of existing players in a particular industry can create barriers to entry of new players. It also hampers the growth of other small companies as they cannot afford to match or counter the advertising of the big spenders. The soft-drink industry is an ideal example of this situation. The two major players, Coca-Cola and Pepsi, spend crores of rupees in advertising and celebrity endorsement. Their budget for one advertisement is more than the whole advertising budget of a small sized company.

- **Product Costs and Prices:** Heavy advertising adds to costs and the product price increases in turn. Mostly, the extra cost of advertising is passed on to customers. The advertising creates a different and superior image of the product in the minds of the consumer and so the consumer does not mind paying more for the product. For example, Nike is into shoe designing and marketing. Nike shoes are priced almost double compared to other company shoes. But the customer is willing to pay the price because of the hype created by the Nike 'swoosh'.

Experts say that advertising creates a perceived value in the consumers' mind, which leads him to pay extra for a product, which he has seen on television or read about. He thinks he is buying a superior product. It is very likely that he is actually paying more for the advertising cost. Consumers are apprehensive to buy the product which has similar features (as their preferred brand) and lower price, if they are not aware of it.

Example: Impact of Social Media Advertising

According to a report from Deloitte, 29% consumers who use social media were more likely to buy on the same day when they were exposed to an advertised product. They click on the provided link to buy it. Moreover, consumers who were influenced by social media platforms spent 4X more on purchases.

Source: Aleh Barysevich (20/11/2020), "How social media influence 71% consumer buying decisions". https://www.searchenginewatch.com/2020/11/20/how-social-media-influence-71-consumer-buying-decisions/ Accessed on 25/09/2022

Check Your Progress - 2

7. How do you make advertorial an ethical advertisement?

   a. By charging more to the advertisement

   b. Marking advertorial in a special advertising section

   c. Donating money to the particular magazine

   d. Paying salary to the editor of the magazine

   e. None of the above

8. Contest or sweepstakes in sales promotion are considered as unethical if winning depends on which of the following?

   a. Lottery

   b. Chance

   c. Answering a question

   d. Gambling

   e. a, b and d

9. Walmart does not charge slotting fee to the suppliers but request equivalent consideration in the form of lower prices to offer 'Every Day Low Price (EDLP)' to customers. Walmart faces which of the following criticisms due to its EDLP strategy?

   a. Predatory pricing

   b. Monopoly power

   c. Damaging local businesses

   d. a, b, and c

   e. Bribing

10. Which of the following are true about Advertising Standards Council of India (ASCI)?

    a. Established in 1985

    b. Self regulatory voluntary organization

    c. Consumer Complaints Council is its heart and soul

    d. Protects interests of consumers

    e. All the above

11. Which of the following guidelines has been given to regulate fairness cream advertisements by Advertising Standards Council of India (ASCI)?

    a. Advertising should not communicate any discrimination as a result of skin colour.

    b. Advertising should not use post production visual effects on the model/s to show exaggerated product efficacy.

    c.   Advertising can associate darker or lighter colour skin with any particular socio-economic strata, caste, community, religion, profession or ethnicity.

    d.   Advertising can perpetuate gender based discrimination because of skin colour.

    e.   'a' and 'b' only

12. Heavy advertising adds to the cost of the product hence companies increase product price. The extra cost of advertising is passed on to which of the following groups?

    a.   Government

    b.   Customers

    c.   Shareholders

    d.   Financial institutions

    e.   Charitable bodies

20.11 Summary

- The unit discusses the ethics and social responsibility of an organization with a focus on ethical company features.

- The main ethical issues in advertising discussed are puffery, bad taste, stereotyping, targeting children, promoting unhealthy products, subliminal advertising and shockvertising.

- Puffery refers to making exaggerated claims about the product, which cannot be proved. Advertisements are said to be in bad taste when they offend people.

- Stereotyping refers to portraying men or women in a particular role, with a negative image.

- Advertisements targeted at children are considered unethical as children are not capable of processing the given information.

- Consumption of unhealthy products like fast food and tobacco products lead to bad health. So promoting such products is not good.

- In subliminal advertising, the viewer is exposed to product messages and pictures in such a way that he is not aware of watching them.

- In shockvertising, an attempt is made to awe and shock the target audience. Ambush marketing, permission marketing and spam are also discussed to understand the ethical dimension.

- We also discussed ethical issues in advertising research, advertorials and infomercials and sales promotion and public relations. We went into the various legal and regulations applicable to the advertising industry. The legal

aspects are discussed by providing various acts that prohibit tobacco and indecent representation of women in advertisements.

- The self-regulation and regulating bodies like ASCI operating in India were also discussed in detail.

- Finally, we discussed the social and economic effects of advertising on consumer choice, competition and product cost & prices. Advertising influences people to buy heavily advertised products and pay more, as advertising costs are often passed on to the customers.

20.12 Glossary

- **Advertorials**: An advertorial is an advertisement in newspaper or a magazine, which has the appearance of a news column or an editorial.

- **Ethical company**: The company that is rated high on five dimensions such as ethics and compliance program (255), reputation, leadership and innovation (20%), governance (105), corporate citizenship and responsibility (25%) and culture of ethics (20%).

- **Ethical dilemma:** The ethical dilemma refers to a situation where the pros and cons about an issue present a balanced picture.

- **Ethical lapse**: The ethical lapse refers to the unethical behavior i.e. violation or deviation from the standards knowingly.

- **Ethics**: Ethics are standards or moral principles which an individual or group of people follow and their decisions are governed by these principles.

- **Infomercial**: An infomercial is a long commercial (about 30 minutes), which gives information about the product on television.

- **Puffery**: Puffery is exaggerated claim about the product being advertised, which cannot be supported with evidence.

- **Self-discipline**: In self-discipline level of self-regulation, the organizations (marketer, agency, and media) make their own guidelines, standards and policies and abide by them.

- **Slotting allowances**: Slotting allowance is a fee, which a manufacturer pays a retailer to secure shelf space for his new products.

- **Social responsibility**: The obligations of an organization of being ethical, accountable and responsive to the needs of society are known as social responsibility.

20.13 Self-Assessment Exercise

1. What is ethics? Why do think ethics is important in marketing communications?

2. What is social responsibility and what makes a company ethical company?

3. Explain various ethical issues in advertising with suitable examples.

4. Do you agree that subliminal advertising is unethical?

5. Discuss various ethical issues in sales promotion.

6. What is ASCI? How does it regulate unethical practices in marketing communications?

7. What is regulation? Discuss three levels of self-regulation in promotional campaigns.

8. Discuss social and economic effects of advertising on consumers.

20.14 Suggested Reading / Reference Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021

2. Michael Branding, Social Media Marketing, Notion Press, 2021

3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021

4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

20.15 Answers to Check Your Progress Questions

1. **(c)   Jef I. Richards**

    Jef I. Richards said the statement "If it is not done ethically, advertising won't be trusted, if consumers don't trust it, advertising is pointless".

2. **(e)   Wipro and Tata Power**

    Indian companies such as Wipro and Tata Power are ranked as the most ethical companies in the world in 2014 by Ethisphere Institute, American think tank.

3. **(d)   Puffery**

    Puffery means making exaggerated claims about product being advertised. The claims cannot be supported by evidence.

4. **(b)   Stereotyping**

    In 'stereotyping advertising' marketers want to convey a message in a short span of time with the help of visual clues to make it easier for the audience to relate to the characters The 'Angel and Devil' campaign of United Colors of Benetton communicates the following message.

5. **(c)** **National Advertising Monitoring Service (NAMS)**

   Advertising Standards Council of India (ASCI) monitors advertisements continuously through its internal mechanism 'National Advertising Monitoring Service (NAMS)' to take necessary action against ads that go against ASCI code of conduct.

6. **(b)** **Subliminal advertising**

   In subliminal advertising, message is designed to pass below the normal limits of perception, and yet register on the consciousness.

7. **(b)** **Marking advertorial in a Special Advertising Section**

   Advertorials can be made ethical by placing at a special section such as 'Special Advertising Section' so that customers understand that it is not from third party.

8. **(d)** **Lottery, Chance and gambling**

   Contest or sweepstakes in Sales Promotion are considered as unethical if winning depends on either lottery or chance or gambling. It should have a deliberate and transparent approach such as answering a question to become ethical.

9. **(d)** **a, b and c**

   Walmart does not charge slotting fee to the suppliers but request equivalent consideration in the form of lower prices to offer 'Every Day Low Price (EDLP)' to customers. Walmart does not bribe any supply to source goods. Walmart faces the criticism due to its EDLP strategy are Predatory pricing, Monopoly power, Damaging local businesses, etc.

10. **(e)** **All the above**

    The following things are true about Advertising Standards Council of India (ASCI).

    - Established in 1985
    - Self-regulatory voluntary organization
    - Consumer Complaints Council is its heart and soul
    - Protects interests of consumers

11. **(e)** **'a' and 'b' only**

    Advertising Standards Council of India (ASCI) has given the following four guidelines to regulate fairness cream advertisements.

    - Advertising should not communicate any discrimination as a result of skin colour.
    - Advertising should not use post production visual effects on the model/s to show exaggerated product efficacy.
    - Advertising should not associate darker or lighter colour skin with any particular socio-economic strata, caste, community, religion, profession or ethnicity.

- Advertising should not perpetuate gender based discrimination because of skin colour.

12. (b)   Customers

Heavy advertising adds to the cost of the product hence companies increase product price. The extra cost of advertising is passed on to the customers only.

Unit 21

Future Trends of Marketing Communications

Structure

"People will ignore or skip anything they don't like. So brands have to start making things they love."

- Steve Pratt, Partner, Pacific Content

21.1   Introduction

The information shows a trend of marketing communication where people skip advertisements. Therefore, marketers have to consider the marketing communication trends so that people love to hear/read.

The marketer and consumer loop is very dynamic and marketing communications is changing at lightning speed. The future of marketing communications is very bright with the ever increasing marketing communications budget. The research in marketing communications is providing innovative tools to connect and engage customers with the marketers' messages. The role of marketing communications has also become strategic from tactical due to its proactive perspective.

Marketing communications has shifted its outward-orientation to inward-orientation. It has expanded its functional silo-minded approach to business and

integrative approach. It has also restructured its past-looking models into future-looking planning and evaluative models. Advertising is extensively using analytics tools to make predictive decisions. The future of marketing communications is becoming more integrative, future-oriented, all-inclusive and holistic.

21.2 Objectives

After reading through this unit, you will be able to:

- Explore various trends of marketing communications to predict the future

- Understand the importance of internal branding to align and engage employees in external branding.

- Explore various methods of sharing marketing communications costs

- Discuss future-looking marketing communications models

- Discuss global and local influence on marketing communications

- Explore special advertising situations of the future

21.3 Future Trends of Marketing Communications

The future of marketing communications has unstoppable growth. The digital revolution has made marketing communications more vibrant. The pace of change in the market has put pressure on marketing communications mangers to balance the short-term operations and the long-term strategic and creative vision. The pressure for change is also throwing multiple challenges before the top management. The management cannot overcome these challenges overnight but it needs clear understanding of the future and deliberate planning with operational models. The future trends of marketing communications guide marketing communications managers to take proactive measures with calculated risk. The future trends also help the top management to decide where to invest money in marketing communications programs.

The following are the various marketing communications trends which provide a direction to top management and other marketing communications personnel to intensify their effort to overcome the challenges.

- Integration of internal and external branding to communicate the singe message.

- Result-oriented metrics to evaluate the effectiveness of marketing communication programs.

- Distribution of marketing communications costs among stakeholders such as customers, community, etc.

- Strategic orientation of 'brand' to deliver the integrated marketing communications with a purpose.

- Shift from past-looking to future-looking planning and evaluation models such as scenario planning and analytics.

- Designing 'glocal' marketing communications programs so as to be global and local simultaneously.

- Designing future supportive holistic organizational structures to serve customers.

- Emerging trends in special advertising situations such as retail advertising, B2B advertising, non-profit advertising and social-cause advertising.

Marketing communications trends facilitate marketing communications personnel to face the future with advanced preparedness. The challenges are many and are also emerging with a rapid speed but understanding future trends help them to consider them as an opportunity rather than threat.

Example: Contextual Marketing

According to a Forbes article (2022), the CEO, Founder, and Manager of Hot Dog Marketing said marketers must use contextual marketing to keep up with the industry's expansion. As technology advances, marketers must change their strategy of approach. According to him, contextual marketing, in which a marketer must fully comprehend the behavior of the consumer, would be the next trend in marketing communications. As per him, the biggest distinguishing trait of future marketers would be creativity. The information shows a future trend of marketing communications - contextual marketing.

Source: Jessica Scanlon (31/05/2022). "The Future Of Marketing: More Creative, Customer-Centric". https://www.forbes.com/sites/forbesbusinesscouncil/2022/05/31/the-future-of-marketing-more-creative-customer-centric/?sh=cfaff8a26b69 Accessed on 02/10/2022

21.4   Integration of Internal and External Branding

Marketing communications have till now focused more on external communication to influence customers for brand building known as 'external branding'. Companies have till now shown little importance to the relationship between employees and external branding and the role of employees in external brand building.

A company can be successful without 'internal branding', but a company has a much greater chance of success and is more likely to achieve higher levels of success if it provides internal brand building the importance it deserves. Today companies have realized the importance of internal marketing communication for the success of external marketing communication and the relevance of internal branding for the sustenance of external branding.

Internal branding is the employee engagement process to focus employees' attention and behaviors on consistently adding value for customers. Internal branding should be a priority for all types of employees those who are in direct contact with customers or those who are working behind the scenes. Every employee should be in a position to describe the brand's promise, brand benefits and what it means to customers. Internal brand alignment is crucial to build a

strong brand. For example, Virgin has a brand manual that provides greater importance to employees to create a powerful external brand.

Companies have to focus on internal communication to ensure that employees' have understood the brand promise. For example, when a company launches a new product, it has to engage in an internal communication program through posters, apparel and other brand-related material. When employees speak about their companies' brand it adds more value to the brand and customers believe and become loyal to the brand. Internal brand building efforts align employees' actions and attitudes with the brands distinctive value it offers to customers. Companies have to teach employees on ongoing basis about their brands, otherwise they cannot understand what their brands stand for. Employees should be involved in the brand in every way possible to increase their emotional connection to it and their belief in its promise. Employees should become passionate about the brand to advocate it to customers or in other words they should become brand champions and brand guardians. Companies have to ensure that employees understand brand's unique story and make it their own. Companies have to improve internal communication and cultivate a strong internal culture to enhance external brand value.

Great brands such as Virgin, Infosys, Apple, Tata, etc. have performed exceptionally well over long periods of time. These brands have an image, a feeling, and an experience that stays consistent over the years. Even if they offer short-term promotions, the promotions are consistent with the core identity of the brands. When great brands recruit new employees, they are not just given a rules book, but are baptized into the culture.

Internal branding efforts are as critical to a company's success as all of the dollars and hours spent on external marketing efforts. Taking advantage of every opportunity to showcase and reinforce brand's mission and values to employees will empower them to make decisions and take actions that are in line with the brand promise. Once, employees deliver brand promise, customers become brand loyal and brand advocates. Most companies incorporate promotion of the brand culture into staff communications and their intranet. Walmart even uses the mass media in its internal branding. Its television advertisements featuring greeters in store are as much about demonstrating appropriate behavior to the company's own employees as they are about promoting the store to the general public.

Example: Apple 'Think Different' Campaign

According to a Forbes article (2021), Apple's "think different" commercial emphasized the company's identity and culture in addition to advertising the company's products. This advertisement shows how Apple employees are unique from other workers. The information shows how the company promoted internal branding through its advertisement.

Source: Todd Irwin (15/06/2021). "When Recruitment Is The Problem, Internal Branding Is The Solution". https://www.forbes.com/sites/forbesagencycouncil/2021/06/15/when-recruitment-is-the-problem-internal-branding-is-the-solution/?sh=104604d44d8c Accessed on 02/10/2022

For example, Southwest Airlines has become a cult brand because its employees are able to deliver brand promise. It has focused more on internal branding to deliver brand promise.

Integrated marketing communications align internal and external marketing communication to promote the single brand message. Customers experience a consistent brand message whether they touch the brand or the brand touches them wherever, whenever and however. The need of the hour is to integrate both internal and external marketing communications.

21.5 Outcome-based Measures to Evaluate Marketing Communications

Marketers are evaluating the effectiveness of marketing communications programs based on supply-side parameters such as measuring awareness level, interest, recognition, desire, etc. These measures are necessary but not sufficient to understand the effectiveness of marketing communications programs. Attitudinal measures are different from behavioral measures or action measures. The attitudinal measures such as awareness, interest, desire, etc. may not lead to purchase or action. Marketers have to understand the impact of marketing communications on sales to plan for further investment in marketing campaigns.

Marketers have to move from supply-side measures to outcome-based measures to understand the true impact of marketing communications on sales. This calls for shifting away from attitudinal measures to behavioral approach to measurement and evaluation. Instead of looking at how customers feel, marketers have to look at what customers do. Behaviors results in actions, and actions results in sales. And the better the relationship between dollars out of and dollars back to the company, the more concrete the support for investments in marketing communications programs.

Marketers at present know about the message that is sent out. They are not even aware whether anybody has received the message. Thus for marketers to grow and prosper in the future, they have to adopt outcome-based or behavioral measures of media planning and buying to optimize the usefulness of marketing budget. The past methods that evaluate the results of the campaign on the basis of how many messages were sent out or how many press mentions were received are –and –should be –over. Marketers must find ways to develop outcome-based measures to evaluate the impact of marketing communications on customer purchase behavior in terms of sales.

Example: Evaluation of RBI ad Campaign

In 2020, the Reserve Bank of India chose to evaluate the success of its nationwide #RBIkehtahai campaign. RBI requested Expressions of Interest (EOI) from qualified companies with a minimum of five years of expertise in these kinds of projects in order to evaluate the impact of its advertisement. The information shows that RBI is evaluating the impact of its ad #RBIkehtahai.

Source: Press Trust of India (01/11/2020). "Reserve Bank to evaluate impact of 'RBI Kehta Hai' awareness campaign". https://www.business-standard.com/article/economy-policy/reserve-bank-to-evaluate-impact-of-rbi-kehta-hai-awareness-campaign-120110100270_1.html Accessed on 02/10/2022

21.6 Shared Model of Marketing Communications Costs

Companies allocate huge budget to various marketing communications campaigns to attract audience. Companies wanted to know whether the money spent is generating desired result. Companies are aware that their advertising budget is getting wasted i.e. not able to influence fifty percent of audience. The owner of the first departmental store in Philadelphia, John Wanamaker said, "Half the money I spend on advertising is wasted; the trouble is I don't know which half".

Since the marketers are not aware of who is purchasing the products or who is interested, the best approach is to cast a broad net and hope that through creative messages and promotional benefits, non-buyers may be attracted to make a purchase or buying decision. When there are large numbers of nonusers, this approach has worked, although there is still huge waste in terms of sending messages or incentives to people or companies who would never buy or are not even prospects. It is this waste factor that now haunts many marketers, particularly since media alternatives have expanded exponentially and audiences have been driven down to noneconomic levels when compared to the cost of message and incentive distribution.

In spite of marketers' sophistication in terms of customer identification and the ability to predict customer responses, they still waste substantial amount of money in developing and delivering messages and incentives to customers or prospects who, for any number of reasons, are neither ready to buy nor ready to look nor listen. This has forced marketers to find ways to reduce their outbound marketing communication costs.

Marketers have developed interactive systems that allow customers and prospects to access information from the organization on demand such as company websites or social media sites. The two-way interactive systems have allowed customers to interact at their convenience and within their own time frames through the medium of their choice. The two-way interactive systems help companies to reduce its outbound marketing communications expenditure. The two-way interactive systems help the companies to share marketing communications expenditure between the marketer and customer. For example, when a customer accesses company's website, it incurs a cost to the customer, not to the marketer. Even though, the marketer has invested in developing website with latest information, it is the customer who pays his money to access the information. Customer uses his own resources such as computer and internet connection, time and effort to retrieve company information from company website. This facility has helped marketers to shift some of the cost of marketing communication to the customer.

Social media has further reduced outbound marketing communications cost of marketers. Marketers can promote their company on social media free of cost or with a nominal fee. Marketers can influence social media content without much cost. Customers also invest their time and resources in terms of online search on

internet or mobile to search for product information. In many cases, customers accept that cost, they welcome it, because the convenience of the communication makes their life and their acquisition of products and services much easier. Satisfied customers also promote a particular product with their effort in terms of writing reviews, sharing experiences and recommending others to purchase the product.

Customer search for product information on social media has reversed the outbound marketing communications cost. It is the customers who pay for the information, not the company. Marketers have now focused on content marketing to influence customers because content has become a valuable resource.

Customers use different social media sites for various retail categories. For example, customers use Facebook to search for watches and jewelry, YouTube to buy beauty and skincare category, Pinterest to buy home and gift category, etc.

Customers not only share the cost of marketing communications but also promote the advertisement on Internet and social media sites.

Customers have become co-creators of products and product promotions. Companies gain more about product modifications, new product ideas and other collaborative solutions through social media interactions. Customers even reach the company first before the 'First Moment Of Truth' (FMOT) called as 'Zero Moment Of Truth' (ZMOT) by investing his personal time and effort.

Example: Flipkart Big Billion-Day 2022

According to a Business Standard article (2022), Flipkart had more than one billion customer visits on its website during the big billion-day campaign. The information shows the reversal of marketers' outbound marketing cost to customers.

Source: Peerzada Abrar (30/09/2022), "Big Billion Days: Flipkart witnesses over 1 billion customer visits". https://www.business-standard.com/article/companies/flipkart-witnesses-over-1-billion-customer-visits-during-festive-sale-tbbd-122093001146_1.html Accessed on 02/10/2022

Check Your Progress - 1

1. Internal branding is targeted at which of the following people?

   a. Customers

   b. Employees

   c. Financial institutions

   d. Government

   e. Competitors

2. Which of the following is the latest trend between internal branding and external branding?

   a. Separation

  b. Integration

  c. Competition

  d. Cooperation

  e. Unification

3. Which of the following helps to evaluate marketing communications effectiveness?

  a. Supply-side

  b. Outcome-based

  c. Attitudinal

  d. Behavioral

  e. b and d

4. In the shared model of marketing communications costs, there is trend of transferring advertising expenditure of marketers to one of the following group. Which one is it?

  a. Employees

  b. Customers

  c. Government

  d. Competitors

  e. None of the above

5. Who has become the top most visited retail site on Thanksgiving Day?

  a. Walmart

  b. Target

  c. Amazon

  d. BestBuy

  e. Sears

6. Who pays for the marketing communications cost of the Zero-Moment-Of-Truth?

  a. Company

  b. Customer

  c. Competitor

  d. Top management

  e. Advertising Manager

21.7 Brand Journalism

Customers are becoming more brand conscious hence marketers have to design marketing communications programs to enhance brand value. For example, Apple is successful because it has made all of its marketing efforts around brand

building. Every marketing communications program must reinforce its brand with the consistent message.

Marketers have understood the importance of 'branding' in marketing communications to sustain its competitive value. In the past, marketers have viewed the brand as a product name and marketing communications as something that can be turned on and off based on top management likes and dislikes. Today marketing communications has become brand communications where marketing communications has moved away from tactical-orientation to strategic – orientation. Marketing communications has become a strategic tool in enhancing the brand value of a company. Top management has taken a priority in developing marketing communications programs to build brand image of a company. The top management has to support marketing communications programs to enhance brand value as they show interest in research and development for products and services.

Top management's focus on 'branding' in marketing communications automatically builds customer relationships. All future-looking companies differentiate their brand from clutter through 'branding' in marketing communications. Future-looking companies also invest huge money in research to develop innovative marketing communications programs and training marketing managers to promote the brands more effectively.

Example: Nike Platforms

According to a Forbes article (2022), the Nike Run Club and Nike Training Club apps were part of Nike's brand flagship platform. Beyond selling personalized sports apparel, the platform also provides social gatherings, competitions, and leaderboards organized by the neighborhood, professional advice, playlists of upbeat music, and personal training services offered by outside sources, and exclusive Nike merchandise in addition to inspirational content. This helped Nike in creating a brand image among people. The data demonstrates the steps taken by Nike to build its brand's reputation.

Source: Julian R.K. Wichmann, Nico Wiegand, and Werner J. Reinartz (oct-2022), "Building Your Own Brand Platform". https://hbr.org/2022/09/building-your-own-brand-platform Accessed on 02/10/2022

For example, Apple has built a personality around its brand, often termed as 'brand personality'. The 'brand personality' focuses on the emotions of customers. The marketing communications of Apple make 'emotions' central in any of its campaigns. The Apple brand personality is about lifestyle, imagination, passion, hopes, dreams, aspirations, etc. The integrated marketing communication of Apple promotes the 'dimension of emotion' to connect with customers. All the products of Apple, such as iPad, iTunes, iPhone, and iPod reinforce the dimension of brand personality in terms of emotions.

Apple's next marketing communications strategy is the Apple iCloud. It delivers a seamless experience for using and sharing content across all Apple devices

(iPhone, iPod, iPad, or Mac). iCloud enables a common "it just works" experience for using content across all of Apple's mainstream products. iCloud positions the company for a future where customers' experiences and their digital lives transcend the hardware devices which they use, and enables Apple to extend the brand experience well beyond individual products.

For example, 'iCloud' again reinforces its brand personality to promote customer 'emotions' in the product usage. Customers can have their 'iCloud' account to download music, apps, books, etc. to give power to customers.

Apple has made 'branding' as its strategy in all marketing communications programs and products to reinforce its brand personality.

21.8 Future-looking Planning and Evaluation Models

Marketers often believe 'advertising is 85% confusion and 15% commission'. They are not happy with the outcomes of marketing communications budget. The biggest drawback with the existing measurement systems is that they calculate returns on money spent. Marketing communications actually influence customers over a period of time. Marketers have yet to develop measurement systems to measure potential benefits of marketing investments. Senior management is reluctant to invest money on marketing communication because they cannot see any direct and immediate result. In order to convince senior management exactly what will come back if money is spent in certain ways, marketers must move away from measuring what happened in the past to what might happen in the future. That requires forecasting future returns by estimating what would likely happen if various alternatives are developed.

The following three approaches come to the rescue of senior managers to forecast what will happen in the future with the level of investment in marketing communications.

- Future-looking scenario planning
- Predictive advertising analytics
- Communication analytics

21.8.1 Future-looking Scenario Planning

Scenario planning is planning technique to develop strategies for future. In scenario planning, usually top management sets out to design a small number of scenarios called as stories about how the future might unfold and might affect an issue that confronts them. Scenario planning is popularized by companies like Royal Dutch Shell, Accenture, Motorola, Disney, etc.

Marketers have to develop media scenario planning to get the best return on investment in advertising. Marketers need to figure out how to get the right message in front of the right people at the right time. Media scenario planning is identifying options, along with costs and reach/frequency levels, for how to best reach target audience. Media scenario planning is the best way to understand company options for advertising and what the media metrics and costs are to reach

target audience. It is like doing 'media math' to objectively evaluate different advertising media scenarios such as different types of media, combinations of media, media weights and spend levels.

Example: Facebook's Self-Service Advertisement Tool

Facebook offers a self-service advertisement tool to empower its advertisers. The tool allows advertisers to use the power of content and strong database to reach its target audiences and followers in a personalized way, and also to lookout a new market opportunity.

The information shows how Facebook is offering future-looking scenario planning tool to its advertisers.

Source: Facebook official website. https://www.facebook.com/legal/self_service_ads_terms Accessed on 02/10/2022

For example, Google research has found that consumers spend their time online spread between four primary media devices including TVs, computers, tablets, and smart phones. Some of this time is combined, as 77 percent of respondents use another device while watching TV, and 90 percent use multiple screens sequentially to complete one task. This behavior presents a unique opportunity to implement cross-channel campaigns.

Media scenario planning considers several parameters while running scenarios such as media mix, share of voice, scheduling, reach, frequency, Gross Rating Point (GRP), etc.

Media scenario planning is creating alternative scenarios of reach and frequency and GRP (Gross Rating Point) levels to different broader or narrower target audience groups to understand the costs and trade-offs of different options (scenarios). It is then used to determine which media strategy is the best way to accomplish your specific objectives within your budget.

21.8.2 Predictive Advertising Analytics

The traditional marketing communication methods that are based on backward-looking are called as advertising analytics 1.0. Those methods, which look backward a few times a year to correlate sales with a few dozen variables, are dangerously outdated. Many of the reputed big companies are now deploying advertising analytics 2.0, a set of capabilities that can process hundreds of variables and big data in real time to take predictive and future-looking decisions.

Advertising analytics 2.0 uses predictive tools to analyze future and make decisions based on future potential rather than past happening. It facilitates the big companies to create a better picture of their marketing performance, run scenarios, and change ad strategies to suit future uncertainties. The advertising analytics 2.0 models enabled by high computing power, cloud-based analytics, and cheap data storage, measure the interaction of advertising across media and

sales channels. It also identifies how precisely exogenous variables such as competitive forces and other economic factors affect ad performance.

Marketers are using advertising analytics 2.0 to run what-if scenarios for advertising new-product launches, ad buys in markets where data is limited, and the potential effects of surprise moves by competitors. For example, a global consumer electronics company was preparing to launch a game-changing product in an emerging market where historical sales-marketing data were scarce, it used advanced analytics to review advertising behavior by competitors and accurately predict their spending for upcoming release. Using those predictions and optimization scenarios, the company successfully entered the market with a much clearer understanding of the strategic landscape and adjusted its plans quickly to address new competitive dynamics.

Marketers and agencies are focusing on scenario planning and advertising analytics to make better marketing communications decisions to face contingent future with calculated certainty. It is not just about reports but about using data as the voice of the customer. They also tell how to handle the dangerous HiPPO (the Highest Paid Person's Opinion) in a productive fashion.

21.8.3 Communication Analytics

Communication analytics (CA) helps the companies to develop personalized services, strengthen customer relationship and enhance sales. Communication analytics take the customer data from multiple, disparate operational systems and formats so as to make better marketing communication decisions. CA cleans, transforms and stores the refined data in a foundation data mart for further usage. For example, customer profile analysis helps the company to predict and develop a deeper understanding of customer's likely services and the best way to meet them.

CA is an effective enabler in communication decisions. It helps the companies to better understand customer preferences, their preferred services, their browsing and purchase behavior and their calling patterns. It also facilitates in delivering a well-managed customer experience and in targeting and timing of offers and content to the right user at the right time.

CA helps companies in the following ways:

- CA helps in buying the right media to reach the right audience. By bringing all marketing data together on one platform, companies gain integrated understanding of media and audience. CA provides real-time predictive insights, connecting online and offline data so that companies can measure the effectiveness of advertising campaign across all media and audience on a single platform.

- CA is better for taking integrated marketing communication decisions on a single platform.

- Companies can fine tune targeting and spend decisions as each campaign unfolds so as to improve marketing results.

- CA facilitates to measure and track all channels and all audience based on entire marketing ecosystem. For example, data from all parties such as 1st, 2nd and 3rd, social media, display and search data, CRM data etc. are pooled for informed decisions.

- CA helps in effective personal and individual marketing based on customer intelligence.

21.9 Designing 'Glocal' Marketing Communications Programs

The functional orientation of marketing discipline has been replaced by marketing orientation of a company in the globalized world. Marketing has transcended its functional barriers and every function has started looking the company from marketing perspective. This marketing orientation has also influenced marketing communications to design campaigns from global perspective. The global perspective is successful when one size fits all. But today customers are looking for their individual tastes and priority at the same time.

Marketing communications has to transcend from historically restricted view of markets and marketing systems to one that accommodates multinational and global perspectives. Marketing communications should cross all boundaries such as political, physical and cultural and at the same time respect idiosyncratic customer cultural practices. There is a need to develop new breed of IMC managers who become not only global but also local in their perspective while designing marketing communications programs. The new breed of marketing communications managers have to be glocal in their skills and talents to meet global and local demands.

Example: Local Marketing Communication by a Global Company – Coca-Cola

According to a Mint article (2020), as part of its local marketing strategy, in India, Coca-Cola started offering its products with packaging that is specific to the local region. The local language of the area is used on the labels of the company's products. The information shows how the company started packaging its product in regional languages as a part of its marketing strategy.

Source: Suneera Tandon (04/03/2020), "Coca Cola India steps up regionalisation efforts, launches Bengali packaging for West Bengal". https://www.livemint.com/industry/retail/coca-cola-india-steps-up-regionalisation-efforts-launches-bengali-packaging-11583328723637.html Accessed on 02/10/2022

For example, the past global model of advertising agency which is developed based on 'scale' and 'one-size-fit' are not able to meet the demands of present day customers. The future of advertising agency model is 'glocal' which is leaner, nimble and agile rather than a single huge and global model.

21.10 Future Advertising Designing Holistic Organizational Structures to Serve Customers

The present organizational structures are designed based on industrial age assumptions such as command and control that put people and processes into functional silos. Thus, companies are organized vertically and oriented internally. The need of the hour is to design holistic organizational structures that are flat and have integrative processes. The organizational structures have to be horizontal rather than vertical for seamless communication. The functional division based on old-structures compensates people based on what they do inside rather than on serving customers. If the present structures and processes that reward people based on fulfilling functional silo-activities rather than on impacting customer lives, they reinforce the past employee behavior and companies make little progress on effectiveness of marketing communications.

Marketing communications can be more fruitful if organizational structures are designed based on customer focus. Unless organizational structures are designed based on customer focus, employee reward systems cannot motivate them to serve customers well. It is the challenge for companies to design appropriate organizational structures and processes so as to motivate employees to serve customers. Senior management has to consciously design outward-looking organizational structure that is customer-focused where employees are compensated to maintain and serve customers. Motivating employees with supportive organizational structure are necessary to serve customers and creating impact on them through marketing communications programs.

Example: VakilSearch Customer Service

VakilSearch, is a leading online-only platform for legal services for both individuals and businesses reaching thousands on each day at very affordable cost. The services include trademark, drafting basic, legal and business contracts and documents, accounting, payroll services, tax filing, corporate compliance support, patent registrations, company incorporation, etc. Once customers request for the services, the customer support team connects in a very customer-friendly manner to finish-off the work or offer their services in an easy, quick and agile way as they connect on WhatsApp, phone call, SMS, online dashboard, etc. The information shows how VakilSearch set organizational structure to serve customers better.

Source: The official website of VakilSearch.. https://vakilsearch.com/ *Accessed on 03/10/2022*

21.11 Special Advertising Situations

The latest trends of various advertising situations are evolving to attract and influence various customer segments in multiple ways. Four special advertising situations are discussed as follows.

• Retail advertising

- B2B advertising

- Non-profit advertising

- Social-cause advertising

21.11.1 Retail Advertising

Retail advertising is advertising that is aimed at creating awareness of different retail products and directly targets the consumers. Generally, retailer advertising is to influence customers at point-of-purchase or point-of-choice at aisles among competing brands. Its primary purpose is to help the retailer effectively reach their existing customer and also attract new ones. Retail media has emerged as powerful channel to promote shopper advertising campaigns. The retail media include in-store advertising, on-line advertising, coupons, loyalty cards, samples, etc. Retail media has also transcended from inside-store to outside-store due to the transit nature of fleet vehicles. Retail advertising is also often considered as local advertising because that is an effective way to connect local customers surrounding the retail store. Retailers can connect with the local customers through fliers, mailers, coupons, etc.

The latest trend in retail advertising is content marketing in retail. Retail brands wanted to leverage the content marketing to influence the end customers. Retailer brands with their constant stream of new products can utilize imagery, video and social channels to effectively engage their target customers. A research study has shown that 4 in 10 retail brands are now using Vine, Twitter's short-form video service, as a way of demonstrating products and creating interesting content for their fans and potential customers to share.

Retail advertising is an emerging area where in-store and out-stores advertising trends have shown an opportunity for retailers to connect and engage customers on variety of retail media.

21.11.2 B2B Advertising

In B2B advertising, companies target business organizations rather than domestic consumers. Out of the top 10 best global brands five brands are essentially B2B such as Google, IBM, Microsoft, GE and Intel. The rest of brands too spend more money on B2B advertising such as Apple, Samsung, and Toyota. Even though, personal selling is the most preferred form of marketing communications, B2B advertising is also taking a primary role in influencing industrial customers. There is also growing interest in B2B brands about the role of advertising hence advertising expenditure is also growing year after year.

It's easy to think of memorable examples of successful Business-To-Consumer (B2C) advertising campaigns such as Coca-Cola, McDonald's, or Unilever's Dove soap. It is much more difficult to think of campaigns created by Business-To-Business (B2B) companies. The reason is that many think B2B advertising is dull and boring and it is difficult to create interest. To create interest in B2B

advertising, companies have borrowed advertising concepts from B2C while designing creative B2B advertising campaigns.

For example, Xerox has created 'Get Optimistic' B2B advertising campaign that has influenced many business decision makers. The B2B advertising has also excited marketing team and management team of Xerox Company. The Get Optimistic campaign has begun with a series of targeted biweekly emails to the prospects. These e-mails are followed up with telephone calls to invite identified decision-makers to either C-level webinar or to schedule a meeting. After e-mail campaign, a magazine 'Chief Optimist' is created with the help of Forbes and is sent to all prospects. They are also sent a link to digital version of the magazine that can be accessed by iPad or PC. Fast Company editor is featured in the magazine where prospects can access the video containing excerpts from his talk via a link to the e-version of the magazine. Both formats of 'Chief Optimist' have industry specific versions.

The campaign has provided valuable insights into how similar companies have used optimism and confidence to reach greater heights. The campaign has generated more than $1 billion business within a short-span.

21.11.3 Non-Profit Advertising

Non-profit companies are also taking advantage of advertising to inform and influence target audience. Non-profit advertising is often termed as advocacy advertising where instead of promoting a product or service; it promotes a message or makes a request to fund a cause. For example, non-profit advertising may advocate customers to fund cancer research by donating some money. Sometimes, non-profit company may run paid advertisements on television or print media in order to raise money through donations, and want to use the money for the treatment of cancer.

The latest trend of non-profit advertising is to promote ideas to motivate people for higher challenges. For example, TED talks, promoted by TED, a non-profit organization, to campaign for idea spreading. TED talks use video to promote inspiring content and knowledge among target audience. TED has become one of the biggest and most prestigious online resources to spread knowledge.

TED also conducts annual conference to spread ideas by conducting TED Conference. They invite successful leaders to deliver talks. They have invited Bill Gates, Microsoft founder to deliver his talk.

TED talks have utilized video advertising to complement the TED mission of spreading ideas; which, in effect, has become a rather successful advertising initiative. Using video as its central platform, TED talks have accumulated over 1 billion views.

21.11.4 Social Cause Advertising

The latest trend of commercial advertising is to link commercial purpose with a cause. The commercial dimension is fused with a cause to influence target audience to provide a softer perspective to advertising. Marketers are becoming more socially responsible hence they are including cause-related advertising, sustainability and corporate social responsibility, etc. in their business practices.

Example: Social Cause Advertisement by Skinella

In a move to stop the spread of COVID-19 by wearing masks, in May 2020, Skinella, a cosmetics brand launched a social media campaign to promote a positive attitude towards wearing masks. It asked the participants and influencers to upload their selfie photos wearing a mask as their profile photos across all social channels –Instagram, Facebook, and WhatsApp.

 The information shows how Skinella did social cause advertisement.

Source: ET BrandEquity. (02.05.2020), "Skinella rolls out 'Best Face Mask This Season' campaign. https://brandequity.economictimes.indiatimes.com/news/marketing/skinella-rolls-out-best-face-mask-this-season-campaign/75503483 Accessed on 03/10/2022

Marketers are including popular causes in their promotional programs such as environmental concerns, feminist issues, female empowerment, health, education, etc. Marketers also find it difficult to convince customers that they are promoting causes solely to make more profit. Marketers have to prove that the 'cause' they are promoting is genuine otherwise consumers have a natural skepticism not to trust brands. The trend in cause advertising is about convincing customers with the true cause so that customers trust the brand.

Check Your Progress - 2

7. The latest trend of marketing communications is to consider branding as which of the following decisions?
    a. Tactical
    b. Strategic
    c. Operational
    d. Functional
    e. None of the above

8. Which of the following are the latest trend of marketing communications planning and evaluation models?
    a. Future-looking
    b. Past-looking
    c. Backward-looking
    d. Forward-looking
    e. a and d

9. The media 2015 Scenario matrix provides four media scenarios based on two dimensions i.e. consumer attention and media access. In which of the following scenario, media access is unbridled and consumer attention is highly fragmented?
   a. Portal of Me
   b. Traditional New Media
   c. Media Buffet
   d. Tons of Twitter
   e. None of the above

10. Which of the future advertising agencies display the following features?
    a. Global agency model
    b. Lean
    c. Nimble
    d. Agile
    e. b, c and d

11. The retailer brand, Forever 21 has gone for 'Blogger Crushes' campaign on Pinterest to influence fashion blogger community. This represents which of the following type of advertising?
    a. Social-cause advertising
    b. B2B advertising
    c. Retail advertising
    d. Non-profit advertising
    e. All the above

12. Lifebuoy has promoted Muthu's story through 'hand wash' campaign. The campaign represents which of the following advertisement?
    a. B2B advertising
    b. Retail advertising
    c. Non-profit advertising
    d. Social-cause advertising
    e. None of the above

21.12 Summary

- The unit discusses future trends of marketing communications. Marketing communications is changing at a lightning speed because the marketer and consumer loop is very dynamic. The role of marketing communication has also become strategic from tactical due to its proactive perspective.

- The unit uncovers various marketing communications trends to provide direction to top and other marketing communications personnel. Few of the trends discussed are integration of internal and external branding, result-

oriented metrics to evaluate marketing programs, strategic orientation of brand, shift from past-looking to future-looking planning and evaluation models and various special advertising situations.

- The first trend is about internal branding. Marketing communications have now focused on external branding but they will become more successful if they integrate internal branding with external branding. Internal brand alignment with external brand is crucial to build a strong brand.

- The next trend is about outcome-based measures to evaluate marketing communication programs. The traditional measures are attitudinal metrics that may not lead to purchase or action. Marketers have to move from supply-side measures to outcome-based measures to understand the true impact of marketing communications on sales.

- The other trend is about sharing of marketing communications costs. Marketers are transferring their cost to share with customers. Customers are also investing their time to search for a product or information about product.

- The next trend is about branding where it has moved away from tactical perspective to strategic perspective. Top management has taken a priority in developing marketing communications programs to build brand image of a company.

- The other trend is about future–looking planning and evaluation models where future-looking scenario planning and predictive advertising and communications analytics are discussed.

- The latest trend is about designing 'glocal' marketing communications programs where the campaigns are both global and local simultaneously for creating more impact.

- Another trend discussed is about designing holistic organizational structures to serve customers in place of the old command and control structures.

- The unit also discusses four special advertising situations such as retail advertising, B2B advertising, non-profit advertising and social-cause advertising.

21.13 Glossary

Advertising Trend: The general direction in which advertising discipline tends to move into the future.

Advocacy advertising: Advocacy advertising is a non-profit type of advertising where instead of promoting a product or service; it promotes a message or makes a request to fund a cause.

Analytics (Advertising/Marketing): Advertising/Marketing analytics comprises the processes and technologies that enable marketers to evaluate the success of their advertising/marketing initiatives by measuring performance using

important business metrics such as ROI, advertising/marketing attribution and overall advertising/marketing effectiveness. In other words, it tells managers how advertising/marketing programs are really performing.

B2B advertising: B2B advertising is advertising that is aimed at creating awareness of different products and directly targets business organizations rather than consumers.

Brand personality: Brand personality is a set of human characteristics that are attributed to a brand. A brand personality is something to which the consumer can relate, and an effective brand will increase its brand equity by having a consistent set of traits such as emotions, excitements, passions, etc.

External branding: External branding is the sum of all marketing activities created to influence the mind-set and purchase behavior of customers and prospective customers for a particular product/service.

Internal branding: Internal branding is a cultural shift within an organization, where the employees become more customer focused and more business focused.

Media Buffet: In this media scenario, consumer attention is fragmented and media access is restrained. Consumers dip in and out of media, taking little of what catches their eye here and there. Brand marketers and media agencies that deliver spot-on information via multiple channels are most likely to capture consumers' attention at some point.

Media scenario planning: Media scenario planning is creating alternative scenarios of reach and frequency and GRP (Gross Rating Point) levels to different broader or narrower target audience groups to understand the costs and trade-offs of different options (scenarios). And then determining what media strategy is the best way to accomplish your specific objectives within your budget.

Non-profit advertising (or advocacy advertising): Non-profit advertising is often termed as advocacy advertising where instead of promoting a product or service; it promotes a message or makes a request to fund a cause.

Portal of Me: It is a media scenario where media access remains always on but consumer attention is narrowed and focused to a few trusted partners.

Retail advertising: Retail advertising is advertising that is aimed at creating awareness of different retail products and directly targets the consumers.

Scenario: Scenarios are possible views of the world, described in narrative form (stories) that provide a context in which managers can make decisions.

Tons of Twitter: It is a media scenario where media access is unbridled and consumer attention is highly fragmented.

Traditional New Media: In this media scenario, consumer attention and media access is limited. Consumers' media interaction is habitual, functional and relatively stable. They care more about utility and entertainment more than connectivity and active engagement. Media consumption is very linear.

Zero-Moment-of-Truth (ZMOT): The truth that happens when customer reaches before the first-moment-of-truth to know about a product or company is called as zero-moment-of-truth.

21.14 Self-Assessment Exercise

1. What do you mean by future trends of marketing communications? What are they?

2. What is internal branding? How do you integrate internal branding with external branding?

3. How can companies transfer marketing communications costs to customers?

4. What is 'zero- moment- of- truth'? How is it different from first-moment-of-truth?

5. How does scenario planning help marketers to plan for advertising campaigns?

6. What is retail advertising? Explain latest trends in retail advertising?

7. What is social cause advertising? Discuss with a suitable example.

21.15 Suggested Reading/References Material

1. George E. Belch, Michael A. Belch, Keyoor Purani, Advertising and Promotion: An Integrated Marketing Communications Perspective, 12th Edition, McGraw Hill, 2021

2. Michael Branding, Social Media Marketing, Notion Press, 2021.

3. William D. Wells, Sandra Moriarty, Nancy Mitchell, Advertising and IMC: Principles and Practice, 11th Edition, Pearson Education, 2021

4. Ritu Narang, Advertising, Selling & Promotion, First Edition, Pearson Education, 2020

5. Manendra Mohan, Advertising Management – Concept and Cases, McGraw Hill Education, 1st edition, 2017

21.16 Answers to Check Your Progress Questions

1. **(a) Employees**

   Internal branding is targeted at employees to inform them about external brand.

2. **(b) Integration**

   There is a latest trend of integration and alignment between internal branding and external branding.

3. **(e) b and d**

   There is a new trend of outcome-based measures to evaluate marketing communications effectiveness in terms of sales and customers purchase decision in terms of action.

4. (b) **Customers**

    In the shared model of marketing communications costs, companies are transferring advertising expenditure to customers because customers also want to know about products and companies by themselves.

5. (c) **Amazon**

    Amazon.com has become the top most visited retail site on Thanksgiving Day. Walmart is the second and Target the third.

6. (b) **Customer**

    Customers pay for the marketing communications cost of the zero-moment-of-truth. They wanted to search for the company and product before the first-moment-of-truth.

7. (b) **Strategic**

    There is a shift from tactical-orientation to strategic-orientation of branding to make branding as a core strategy.

8. (e) **'a' and 'd'**

    Future-looking and forward-looking marketing communications planning and evaluation models are to predict the future and plan in a forward-looking direction

9. (d) **Tons of Twitter**

    In the Tons of Twitter scenario, media access is unbridled and consumer attention is highly fragmented. The media 2015 Scenario matrix provides four media scenarios based on two dimensions i.e. consumer attention and media access. The other scenarios are Portal of Me, Traditional New Media and Media Buffet.

10. (e) **'b', 'c' and 'd'**

    The future advertising agencies are lean, nimble and agile to design 'glocal' campaigns

11. (c) **Retail advertising**

    The retailer brand, Forever 21 has gone for 'Blogger Crushes' retail advertising campaign on Pinterest to influence fashion blogger community.

12. (d) **Social-Cause advertising**

    Lifebuoy has promoted Muthu's story through 'hand wash' campaign. The campaign has integrated social-cause into its campaign.

Marketing Communications
Course Components

BLOCK I	**Introduction to Marketing Communications**
Unit 1	Basics of Marketing Communications
Unit 2	Marketing Communications Models
Unit 3	Consumer Buying Behavior
BLOCK II	**Marketing Communications Strategy and Planning**
Unit 4	Marketing Communications Planning Process
Unit 5	Marketing Communications Research
Unit 6	Advertising Objectives and Planning
Unit 7	Budgeting for Marketing Communications
BLOCK III	**Marketing Communications Execution**
Unit 8	Message and Creative Strategy
Unit 9	Media Planning and Strategy
Unit 10	Mass Media and Outdoor Advertising
Unit 11	Measurement and Evaluation of Marketing Communications
BLOCK IV	**Marketing Communications Mix**
Unit 12	Sales Promotion
Unit 13	Personal Selling
Unit 14	Public Relations, Sponsorship, Publicity and Corporate Advertising
Unit 15	Direct Marketing
Unit 16	Digital Marketing
BLOCK V	**Dynamics of Marketing Communications**
Unit 17	Branding and Marketing Communications
Unit 18	Internal Marketing Communications
Unit 19	International Marketing Communications
Unit 20	Ethics in Marketing Communications
Unit 21	Future Trends of Marketing Communications