



Chapter 11

Business Marketing Communication



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Objectives



- 01 Know development of an effective industrial communication program.
- 02 Recognize the role of advertising, sales promotion, PR, publicity and direct marketing in Business Marketing.

Content

- 01 Developing the industrial communication programme
- 02 The role of communication tools
- 03 Discussion



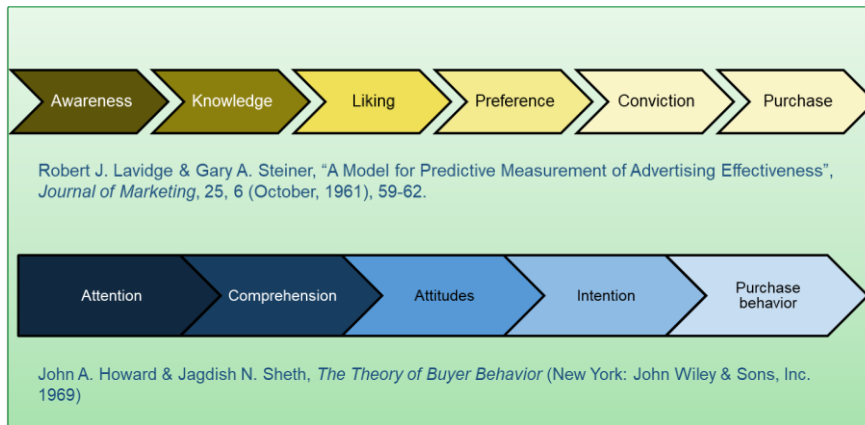
Brainstorming

- ❖ The communication mix for industrial product is different from the one for consumer product because of:
 - The technical nature of industrial product.
 - The relatively smaller number of buyers.
 - The complex nature of organisational buying process.



Brainstorming

The individual buyer's mental process (stages) is called a hierarchy of effects of communication.



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1. Developing the industrial communication programme

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1. Determining the communication objectives:

- ❖ They are formulated based on the firm's overall corporate and Marketing objectives.
- ❖ Before determining communication objectives, the industrial Marketer should find out the communication problem.
- ❖ The purpose of communication program is to move the potential buyer from unawareness to buying action.
- ❖ Thus, the industrial Marketer must look at three stages of buyer behavior:
 - Buyer's awareness levels.
 - Changes in buyer's attitudes.
 - Buying action.



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2. Identifying the Target Audience:

- ❖ Based on the target market segments
- ❖ Identification of the attitudes and the buying factors used by the buying centre members.

3. Determining the communication budget:

- ❖ Affordable Method.
- ❖ Percentage-of-Sales Method.
- ❖ Competitive-Parity Method.
- ❖ Objective-and-Task Method.



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Steps in the Objectives-and-Task Method

S. No.	Steps	Examples
1	Establish marketing objectives or goals	Set a target of 25 per cent market share.
2	Define specific promotional goals	Increase product awareness to 75 per cent of potential customers' and increase sales leads by 30 per cent over the previous year.
3	Identify the target audiences to be reached	Purchasing executives, production managers, and design engineers in automotive, luggage, steel tube, and metal container industries.



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Krishna K Havaldar (2010), *Business Marketing*, McGraw Hill, 3rd edition, p295.



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Steps in the Objectives-and-Task Method

S. No.	Steps	Examples
4	Determine promotional media to reach target audience	Advertising in trade journals, trade shows, and direct mail.
5	Establish other promotional support needs	Product catalogues, technical data sheets, and promotional novelties.
6	Decide evaluation of promotion plan	Measure awareness and sales leads before and after promotional plan is implemented.
7	Estimate promotional expenditure	Use computer to work out the costs in steps four, five, and six.



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Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3rd edition, p295.



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4. Developing the Message Strategy:

- ❖ The message/ theme/ appeal is developed to determine “What to say” to the target audience.
- ❖ The most common way of developing the message is through rational appeal, not only emotional appeal.
- ❖ Remember that industrial buyers are fairly well-informed or knowledgeable. So, the message should focus on customer benefits.



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5. Selecting the Media:

- ❖ Depends on the target audience, the communication objectives, and the budget.
- ❖ Depends on the wishes to penetrate a particular industry or cut across various industries.
- ❖ Depends on the circulation and the cost of advertising space.



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Communication Tools & Promotion Media used in Business Marketing

Promotion Tools	Advertising	Sales Promotion
Promotion Media, and Promotion Supports	<ul style="list-style-type: none"> -Print media -General business publications -Trade journals -Industrial directories 	<ul style="list-style-type: none"> -Trade shows -Exhibitions -Catalogues -Sales contests -Promotional novelties (gifts) -Seminars -Demonstration -Promotional letters -Entertainment



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Krishna K Havaldar (2010), *Business Marketing*, McGraw Hill, 3rd edition, p297.



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Communication Tools & Promotion Media used in Business Marketing

Public Relation and Publicity	Direct Marketing	Personal Selling
<ul style="list-style-type: none"> -Charitable donations -Adopting villages -Community relations -New item in press 	<ul style="list-style-type: none"> -Direct mail -Telemarketing -On-line marketing Channels 	<ul style="list-style-type: none"> -Sales calls -Sales presentation -Team selling -Relationship marketing



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Krishna K Havaldar (2010), *Business Marketing*, McGraw Hill, 3rd edition, p297.



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Business Marketer's Rankings on Effectiveness of Promotion Media

Ranking	Promotional Media	Index of Effectiveness
1	Personal selling (Sales calls)	100
2	Catalogues, specification sheets	46
3	Direct mail	39
4	Advertising	38
5	Trade shows and exhibitions	35
6	Samples, demonstration.	34
7	Publicity and public relations	31
8	Customer entertainment	26
9	Promotional novelties (gifts)	24



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Peter M. Banting & David L. Blenkhorn, "The role of Industrial Trade Shows", *Industrial Marketing Management*, 3, 5, (October, 1974)



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6. Evaluating the promotion's result:

- ❖ An evaluation is done by measuring the awareness, attitude and actual purchase before and after the promotional plan is implemented.
- ❖ The evaluation tasks become easier if these data have been collected by market research before.
- ❖ The major mistakes in practice are that of failure to quantify the promotional objectives into measurable goals and not to plan the evaluation.



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Example: Marketing Cost Per Unit:

$$MCPU = \frac{E_{mt}}{U_t}$$

- MCPU = Marketing Cost Per Unit
- E_{mt} = Total Marketing Cost spent in period t.
- U_t = Number of Units sold in period t.



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Example: Effectiveness of Direct mail

$$E = \frac{\text{Number of Customers reached}}{\text{Number of direct mails sent}}$$

$$E = \frac{\text{Turnover through Direct mails}}{\text{Number of direct mails sent}}$$

$$E = \frac{\text{Turnover through Direct mails}}{\text{Total Cost of direct mails sent}}$$



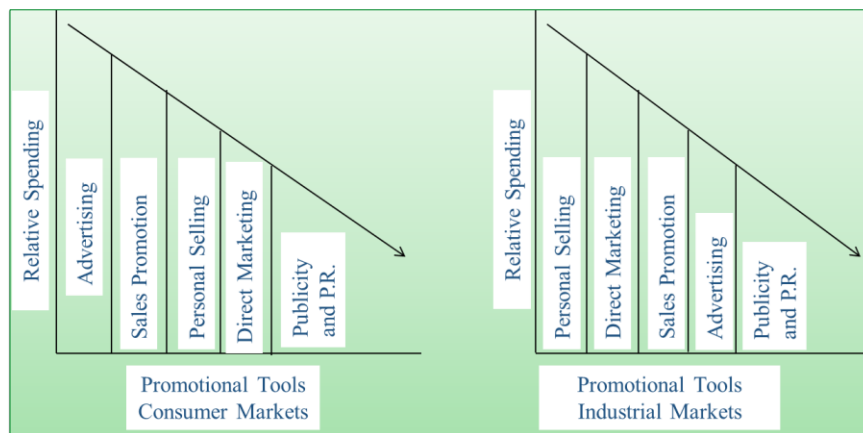
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2. The role of communication tools

02

Relative importance of Communication tools



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Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3rd edition, p301.



2. The role of communication tools

02

1. The role of Advertising:

❖ **Function performed by Industrial Advertising:**

- Creating Awareness.
- Reaching Member of Buying Center.
- Increasing Sales Efficiency and Effectiveness.
- Efficient Reminding (for who are not ready to buy).
- Supporting Distribution Channel Members.
- Sales Growth during Recession by maintaining Adv.
- Sales Lead Generation: Advertisements carrying the reply cards or telephone numbers for potential buyers.

❖ **Media used for Industrial Advertising:**

- General Business Publications and Trade Journal.
- Or Advertising Agency specialized in Industrial Mkt

2. The role of communication tools

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2. The role of Sales Promotion:

❖ **The objectives of sales promotion are:**

- Gathering Business Leads,
- Impressing and Rewarding customers,
- Stimulating the sales force to greater effort..

❖ **The methods are:**

- Trade shows (Trade fairs – Second most important after personal selling in business Marketing);
- Promotional novelties/ gifts (calendars, diaries, ball-point pens, leather bags, memo pads...);
- Promotional letter for product purchased infrequently (heavy machinery) in keeping closed with customers.
- Catalogues providing information about products;
- Sales contest for Salespeople or Dealers;
- Seminars and Demonstrations.

2. The role of communication tools

02

3. The role of Publicity and PR:

- ❖ PR Department deals with customers, suppliers, shareholders, employees, press, legislators. Government officials and public interest groups.
- ❖ Publicity may be a technical articles from the company and place in Trade Journals. This creates good image and reaches the members of buying centers.



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2. The role of communication tools

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4. The role of Direct Marketing:

- ❖ Direct Marketing attempt to achieve direct sales without using an intermediary.
- ❖ Industrial Marketers uses it to create interest with potential or new customers before salespeople visit them.
- ❖ Some tools are:
 - Direct Mail: Promotional letters, product leaflets, audio or video taps sent to prospective customers obtained from trade publications/ shows, directories.
 - Telemarketing (Tel) help to reduce sales force cost.
 - Online Marketing channels: Commercial online channels and the Internet (use the www non commercial).



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3. Discussion

03

DuPont, một trong những NSX công nghiệp lớn nhất về sợi hóa học tổng hợp, chi tiêu hàng triệu đôla hàng năm vào quảng cáo sản phẩm của công ty đến NTD. DuPont đầu tư hơn 1 triệu USD vào một chiến dịch quảng cáo ồ ạt trên TV nhằm nhấn mạnh về sự thuận tiện của quần jeans làm bằng sợi tổng hợp cotton-poliexte co giãn. Vì Dupont không sản xuất quần jeans và không bán các sản phẩm của họ cho NTD, tại sao một lượng chi tiêu lớn của công ty được thực hiện cho quảng cáo tới NTD như vậy?



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