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SPECIFICS OF MARKETING COMMUNICATION IN SELECTED MARKETS

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MARKETING COMMUNICATION 2/NAMK2

OUTLINE OF THE LECTURE

1. International marketing
2. Services marketing
3. B2B marketing
4. Nonprofit organizations marketing

1. INTERNATIONAL MARKETING

- **International marketing is exercising business activities allocated to planning, pricing, promotion and management of production flow from the company to its customers in more than one country, for profit.**
- **International marketing can also be characterized as a management strategy to facilitate and speed up exchange relations of goods and services realized across national borders.**
- The company must adapt itself to different environment (cultural, political, social, legislative, economical etc.) and adapt its marketing mix accordingly.
- Passive and active motivational factors of entering the new markets.

INTERNATIONAL MARKETING

- **There are three main categories of companies operating globally:**
 - **International companies** – have no investment outside their home country other than the direct purchase of products or services and are, essentially, importers and exporters.
 - **Multinational companies** – maintain assets and operations in more than one country and concentrate on adapting products and services to the specific needs of each country.
 - **Global companies** – maintain assets and operations in more than one country and concentrate on penetrating multiple countries with a minimally customized marketing mix.

COUNTRY-OF-ORIGIN EFFECTS (COE)

- **The country-of-origin effect (COE), also known as the made-in image and the nationality bias, is a psychological effect describing how consumers' attitudes, perceptions and purchasing decisions are influenced by products' country of origin labeling.** Since 1965, it has been extensively studied by researchers.
- Government officials want to strengthen their country's image to help domestic marketers that export and to attract foreign firms and investors. Marketers want to use positive country-of-origin perceptions to sell their products and services.

COUNTRY-OF-ORIGIN EFFECTS (COE)

- **Research studies have found the following:**
 - People are often ethnocentric and favorably predisposed to their own country's products, unless they come from a less developed country.
 - The more favorable a country's image, the more prominently the „Made in...“ label should be displayed.
 - The impact of country of origin varies with the type of product. Consumers want to know where a car was made, but not the lubricating oil.
 - Certain countries enjoy a reputation for certain goods: Japan – cars, France – wine, perfumes,

INTERNATIONAL DIFFICULTIES IN MARKETING

- Here are some of the intricacies that contribute towards the difficulty of global marketing:
 - Language (incorrect translation), literacy
 - Colour
 - Gestures
 - Product features, packaging, materials
 - Original national identity
 - Media availability, media overlap, lack of media data, lack of media credibility
 - Varying media characteristics, different media usage
 - Legal restrictions
 - Competition
 - Names of products (local name is inappropriate for foreign markets)

MARKETING STRATEGIES IN INTERNATIONAL MARKETS

- **Global marketing strategies (principle of adaptation x standardization):**
 - **Same product + same communications** (Coca-Cola).
 - **Same product + different communications** (bicycle in Europe for relax x in Africa for transport).
 - **Different product + same communications** (different petrol formulae but the same advertising image – Esso's tiger).
 - **Different product + different communications** (clothes – exception is Levi's brand which uses the same product and wordless ads internationally).
 - **New product (invention) + new communications** (hand-powered washing machine).

MARKETING STRATEGIES IN INTERNATIONAL MARKETS

- **Four global advertising strategies:**
 - Central strategy and production
 - Decentralized strategy and production
 - Central strategy and local production
 - Central strategy with both central and local production

2. SERVICES MARKETING

- Marketing of services is a relatively new phenomenon in the domain of marketing, having gained in importance as a discipline only towards the end of the 20th century.
- The services sector is remarkably diverse. It comprises a wide array of industries that sell to individual consumers and business customers, as well as to government agencies and nonprofit organizations.
- The size of service sector is increasing in almost all economies around the world. Even in emerging economies, service output is growing rapidly.
- **A service is an intangible product involving a deed, performance or effort that cannot be stored or physically possessed.**
- **Services are economic activities offered by one party to another.**

TYPES OF SERVICES

- **Core Services:** A service that is the primary purpose of the transaction. E.g.: transport, universities, car rental, travel agencies, law offices, hairdresser's, taxi drivers, estate agency, restaurants, telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services, ...
- **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product, e.g.: car, mobile phones, electrical appliances, ...
- **Not all products are either pure goods or pure services. An example would be a restaurant, where a waiter's service is intangible, but the food is tangible.**

CHARACTERISTICS OF SERVICES MARKETING

- **INTANGIBLE** is the most characteristic attribute of services and from this one the other attributes are deduced. Pure service is not possible to assess by any physical sense – we can't look through it before the purchase and only in a few cases it's possible to try it.
- **INSEPARABLE** means that producer of service and customer have to meet each other in place and time. Producer of service can be sometimes replaced by machine (cash dispenser, technological distribution).
- **HETEROGENEOUS (variable)** In process of providing service there are present people. Their behaviour can't be always anticipated, in case of customers it is even more difficult to determinate specific norm of behaviour. It can happen that providing the same service is different, even in the same company.

CHARACTERISTICS OF SERVICES MARKETING

- **PERISHABLE (PASSING)** The characteristic of service intangibility leads up to the fact that services we can't store, sell again or return.
- **IMPOSSIBILITY OF OWNERSHIP** A right to own goods passes to customer by goods purchase. In providing services customer doesn't acquire by exchange for his/her money any ownership. Customer buys only the right to provide a service.

EXTENDED MARKETING MIX OF SERVICES

- PRODUCT, PRICE, PLACE, PROMOTION + **PEOPLE, PHYSICAL EVIDENCE, PROCESSES**
- **PEOPLE:** Without efficient and motivated staff, service organizations will lose customers. An important marketing task, then is to set standards to improve the quality of service provided by employees and monitor their performance.
- **PHYSICAL EVIDENCE:** Physical evidence is the environment in which the service is delivered, and any tangible goods that facilitate the performance and communication of the service. Physical evidence is divided into two basic parts: exterior and interior.
- **PROCESS:** Process is the procedures, mechanisms and flow of activities by which a service is acquired.

SPECIFICS OF MC IN THE AREA OF SERVICES

- Differences arising from the characteristics of services, the high degree of intangibility of services and small differences among companies providing similar services mean higher demands on the selection of appropriate tools of communication. **It is also necessary to consider other factors in the services:**
 - **Professional and ethical restrictions** (medical and pharmaceutical services etc.).
 - **Knowledge and financial capabilities limitation in case of managers of small businesses.**
 - **Market conditions** - the existence of natural monopolies in services or local excess of demand for services may lead to opinion that there is no need for marketing communications.

SPECIFICS OF MC IN THE AREA OF SERVICES

- There is the use of all marketing communication mix elements: advertising, sales promotion, **personal selling**, direct marketing, public relations, online marketing communications.
- **Advertisement:** corporate advertising, use for visibility and service materialize.
- **Sales promotion:** quantity and seasonal discounts, segmentation price, cross-selling, exhibitions and fairs, customer clubs, POP displays.

SPECIFICS OF MC IN THE AREA OF SERVICES

- **Personal selling:** inseparability, very important personal contacts, relations strengthening, the purchase of additional services stimulating , integration with internal and external material environment, limiting of variability – staff training, motivational programs, dress code.
- **PR:** Corporate identity and image, press conferences, CSR, crisis communication - crisis scenarios, event marketing, positive publicity, certificates.
- **DM:** direct mail, e-mail, telemarketing, catalog sales, direct response advertising (financial services).
- **On-line MK:** web presentation, social media.

SPECIFIC GUIDELINES FOR DEVELOPING SERVICE COMMUNICATIONS

- Promise what is possible.
- Tangibilize the intangible.
- Develop a Word-of-Mouth communications network.
- Feature the working relationship between customer and provider.
- Reduce consumer fears about variations in performance.
- Determine and focus on relevant service quality dimensions.
- Differentiate the service product via the service delivery process.
- Make the service more easily understood.
- Facilitate customer involvement in production of service.
- Tangible cues and metaphors can be effective in overcoming the challenge of intangibility.

3. B2B MARKETING

- **The business market consists of all the organisations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others.**
- B2B marketing techniques rely on the same basic principles as consumer marketing, but are executed in a unique way. While consumers choose products based not only on price but on popularity, status, and other emotional triggers, B2B buyers make decisions on price and profit potential alone.
- **B2B marketers generally focus on four large categories:** Companies that use their products, like construction companies who buy sheets of steel to use in buildings. Government agencies, the single largest target and consumer of B2B marketing. Institutions like hospitals and schools. Companies that turn around and resell the goods to consumers, like brokers and wholesalers.

SPECIFICS OF B2B MARKETS

- Fewer, larger buyers.
- Close supplier-customer relationship.
- Professional purchasing.
- Multiple buying influences.
- Multiple sales calls.
- Derived demand.
- Inelastic demand.
- Fluctuating demand.
- Geographically concentrated buyers.
- Direct purchasing.
- Personal relationships are more important in B2B markets.
- B2B buyers are longer-term buyers.
- B2B markets drive innovation less than consumer markets.
- Consumer markets rely far more on packaging.

SPECIFICS OF MC IN THE AREA OF B2B MARKETS

- **Business marketers can develop and decide how to employ their B2B plan by identifying and understanding the importance of the following topics:**
 - **The product or service:** When marketing to consumers, there is an emotional component involved. Individuals are drawn to products because of how they make them feel. With B2B customers, the buyers are trained professionals who care about the **quality of products, their cost-saving and/or revenue-producing benefits, and the service provided by the host company.**
 - **The target market:** Many B2B marketers are able to focus on very **niche industries** which reflect specialized needs. While this can make marketing a bit more straightforward, it also requires a **high level of knowledge outside of marketing specialists.**

SPECIFICS OF MC IN THE AREA OF B2B MARKETS

- **Pricing:** Businesses are usually **more concerned with cost, value, and revenue** potential than consumers. However, they can also be more readily convinced to pay top dollar – as long as B2B marketers do an excellent job of convincing them that the product, quality and customer service will be worthwhile.
- **Promotion:** B2B marketers need to be experts not only of marketing and advertising, but experts within their fields **(personal contact)**! Once this happens, they will learn the best ways to market to this field, whether it is through **blogs, journals, tradeshow**s or word of mouth. B2B marketing very rarely employs traditional media like TV and radio commercials!

4. NONPROFIT ORGANIZATIONS MARKETING

- **A nonprofit organization (NPO, also known as a non-business entity) is an organization the purpose of which is something other than making a profit.**
- A nonprofit organization is often dedicated to furthering a particular social cause or advocating for a particular point of view. In economic terms, a nonprofit organization uses its surplus revenues to further achieve its purpose or mission, rather than distributing its surplus income to the organization's shareholders (or equivalents) as profit or dividends.
- **The most common areas of interest of non-profit organizations in the Czech Republic:** arts and culture, sport and recreation, education and research, health, social services, environment, community development

NONPROFIT ORGANIZATIONS MARKETING

- **5 basic features of nonprofit organizations:**
 - Organized
 - Private
 - Nonprofit
 - Self-governing
 - Voluntary
- **The most common ways of financing:** foundations, business sector, individual donors, income from own activities, membership dues, tax and fee reductions.
- **Fundraising** – methods and procedures how to obtain financial and other resources for the activities of non-profit organizations (a long-term process). The fundraising methods may include: advertising, brochures, mailing campaigns, telephone campaigns, personal conduct, wills, grant ...

SPECIFICS OF MC IN THE AREA OF NONPROFIT ORGANIZATIONS

- **Nonprofit marketing is defined as any marketing effort, which is performed by organizations or individuals for the purpose of achieving nonprofit goals.**
- **The choice of communication tools will vary according to the target groups. We have two main target groups:**
 - Individuals - pensioners, families with children, the unemployed, the disabled and others.
 - Donors - citizens, businesses, political parties and others.
 - Journalists, media representatives.

SPECIFICS OF MC IN THE AREA OF NONPROFIT ORGANIZATIONS

- **There is the implementation of following communication mix elements:**
 - **Advertising** – limited financial resources, understandable and concrete communication message, emotional appeals, specific and targeted communication.
 - **PR:** TV reports, press information.
 - **Internet communication** – intuitive, simple and clear websites regarding the target group. Updating and clear indication of contact data.
 - **Public hearings and panel discussions** (e.g. village inhabitants meetings with representatives of the village (region) and management of large companies when deciding about the factory construction in this area etc.).