



ACTIVITY 1.1: QUESTION

Think back to the last purchase you made. This purchase involved an exchange between yourself and another party. What conditions were necessary for this exchange to take place?



ACTIVITY 1.1: ANSWER

The most important conditions necessary for any exchange to take place are:

- there must be two or more parties
- each party must have **something of value** to the other
- each party must be able and willing to give up its something of value to receive the something of value held by the other party.

Simple model of the exchange process

The process of exchange can be illustrated by the use of the simple model shown in Figure 1.1.

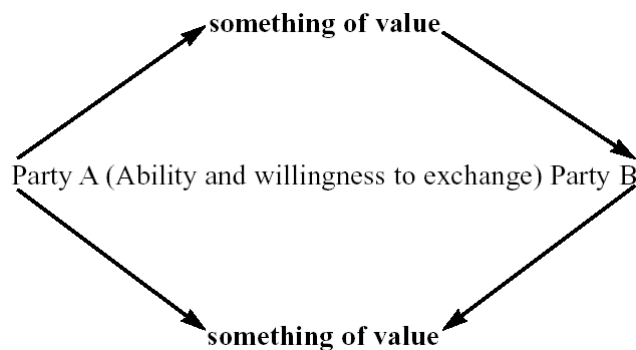


Figure 1.1: A simple model of the exchange process

Role of marketing communications in the exchange process

If marketing is a process of exchange between two or more parties, what is the role of marketing communications in this process? The overall role of marketing communications is to facilitate and enhance the process of exchange. In what ways does marketing communications fulfil this role? What are the specific roles for marketing communications in the exchange process?



ACTIVITY 1.2: QUESTION

What roles do you feel marketing communications might play in facilitating and enhancing the exchange process?

A**ACTIVITY 1.2: ANSWER**

Amongst some of the most important roles for marketing communications are:

- **Informing.** All parties to a potential exchange must be aware, first that another party is able and willing to exchange, and second what each respective party has to offer.
- **Persuading.** Often, one or more of the parties to a potential exchange will need to be convinced or persuaded about the value of the exchange, and in particular that it is worthwhile. The persuasion process may also require one party to convince another that some form of action is appropriate in order to effect the exchange.
- **Differentiating.** Competition between different parties wishing to exchange can be considerable. In addition, there are very many different types of potential exchanges which individuals and organisations at any one time are confronted with. For example, a customer may choose between exchanging financial resources for a new car or an expensive holiday. Supposing the customer chooses the new car, a choice must also now be made between alternative suppliers for the new car. Because of this myriad of choices between exchange processes and parties, a key role for marketing communications is in differentiating one party's offering from that of other parties.
- **Reassuring and reminding.** The notion of marketing as an exchange process and our simple model, although useful, perhaps does not stress sufficiently the fact that increasingly, marketers in particular are interested, not just in 'oneoff' exchanges with their customers, but rather with repeat exchanges with them. In other words, the marketer wants customers to return the next time the exchange process is initiated. This assumes that the customer will undertake another exchange process. Often customers must be reminded to initiate another exchange process and at the same time they may need to be reminded and reassured that the exchange process will be satisfactory. Marketing communications play a key role in this reassuring and reminding process and are increasingly being relied upon to support the development of long-term **relationships** and exchanges with customers.

Note you should recognise the **DRIP** mnemonic in the above roles! The key point is that if one of these roles for marketing communications in the exchange process is badly planned or managed then the exchange process itself is unlikely to take place or if it does, may be unsatisfactory to one or more parties.

Widening the concepts of exchange and marketing communications

In addition to illustrating why marketing communications is important, this notion of marketing as an exchange process is also useful in highlighting the following points about the nature of marketing communications in this process:

- There may be several parties to the marketing exchange process. Hence, communication may be necessary between a number of parties to the exchange and not, for example, just between the supplying organisation and customers. For example, marketing communications is also aimed at distributors, regulators and pressure groups.
- Marketing communications is not only concerned with exchanges that involve the supply of products and services in return for money. It can, and indeed must, be used in any type of exchange process between two or more parties.



ACTIVITY 1.3: QUESTION

Think of what might be exchanged by each party in the following examples:

A charity	↔	General public
A political party	↔	Voters
A church	↔	The local community
A university	↔	Students



ACTIVITY 1.3: ANSWER

Clearly a number of exchanges may be taking place; we make the following suggestions:

- A charity may be providing feelings of ‘worth’ and ‘self-satisfaction’ in exchange for donations of funds and possibly time to help in fund-raising efforts.
- A political party may be promising a particular lifestyle, or standard of living in exchange for votes, funds, or time.
- A church may be exchanging the hope of salvation for attendance, donations, or again – time.
- A university may be exchanging a promise of improved career prospects in return for applications and fees.

These examples illustrate what we have already stressed several times, namely that marketing exchanges, and hence marketing communications, are not restricted to conventional commercial transactions between sellers and buyers.

Other marketing activities and the exchange process

Although marketing communications is central to the exchange process, it is important to remember that it is only one element of marketing activity which is intended to facilitate this process.

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ACTIVITY 1.4: QUESTION

What other marketing activities (or tools) are used by your own organisation to facilitate exchange processes with customers?

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ACTIVITY 1.4: ANSWER

You will probably have spotted that the activities (or tools) we refer to here include the other elements of the **marketing mix**. You will recall from your foundation marketing course, that these tools include the three elements of **product, price and place**, in addition to the tools of marketing communications which constitute the fourth element of the marketing mix, namely the **promotional** element.

The fact that marketing communications represents just one element in the marketing mix has a very important implication in our context. As only one tool in a mix of tools used by the marketer, it must be planned and integrated with the other elements and furthermore it must be planned and integrated with overall marketing and corporate objectives and strategy. This is a theme that we return to many times throughout the units.

Developments in the concept of exchange: relationship marketing

Recently, the concept of the exchange process between organisations and their customers has begun to change. Although it is still central to the marketing concept, organisations recognise that it is much more effective to look at this process as a series of exchanges based on long-term relationships between the organisation and its customers rather than as a one-off transaction. By considering the exchange process in this way, both buyers and sellers can benefit. The organisation benefits from having loyal customers, which in turn can reduce the costs of marketing. Customers can benefit by having lower risk and lower switching costs. Developing long-term relationships rather than one-off transactions with customers requires a very different approach to marketing and to the use of the marketing mix elements. For example, a relationship marketing approach places a much greater premium on reliable delivery and consistent product quality. Conversely, price discounts and promotions are much less likely to be emphasised in the marketing mix. One of the most significant effects of adopting a relationship marketing approach, however, is in marketing communications. Much more emphasis will be given to two-way or interactive communication between the organisation and its target markets.

Marketing communications must be designed to encourage target audiences to enter into a dialogue as a basis for building long-term relationships. Relationship marketing has affected the planning of effective marketing communications in many ways, we therefore consider these effects throughout the course. It is particularly important to note that relationship marketing also widens the concept of exchange by considering all of the parties involved – suppliers, distributors, and other stakeholders who impact on, or influence the exchange process. As we see, marketing communications planning must include a variety of interested parties and exchanges, and not just those involving the organisation and its customers. This is another theme that we return to throughout the course.

» Marketing Communications Mix

Just as there is a marketing mix comprising of a number of different marketing tools or activities, so too there are a number of tools for marketing communications. As with the marketing mix itself, decisions must be made about which are the most appropriate tools to use in achieving communication objectives. This collection of marketing communications tools is the **marketing communications mix** or the **promotional mix**.

Review Chapter 1, pages 6-12.

Obviously to plan marketing communications within the mix first requires the planner to be familiar with the range of promotional tools available. Second, the planner must understand the nature of each promotional tool including its key characteristics, its effectiveness for particular tasks of communication, and how to plan and manage each tool. Finally, the planner must use this understanding to make decisions about the best mix of tools. Much of what follows in the course is aimed at developing this understanding, but at this stage it is useful to gain an appreciation of the different tools of marketing communications.

Classifying and identifying marketing communications tools

In the context of a particular promotional campaign, there are many individual marketing communications tools. You will also find that different authors, researchers, and practitioners classify these tools in different ways. We start by identifying the four most traditional tools of marketing communications.

Q ACTIVITY 1.5: QUESTION

In 1997, British Airways undertook a major repositioning exercise in its markets. What main tools of promotion were used by BA?