

Integrated marketing communications analysis narrative



**ASSIGN
BUSTER**

IGA, Australia's third-largest supermarket organisation behind Woolworths and Coles, is a network of 1300 independently owned stores which pool their buying power through Metcash and operate under a common brand to cut marketing and advertising costs. Over the past year, IGA has expanded or refurbished 113 stores, introducing benchmarking systems and mobile retail merchandise services to support store owners. This promotional plan examines the components of developing a promotional budget for a new IGA Supermarket store.

It examines the components elements of the promotional mix which include: advertisement, public relations, sales promotion and personal selling.

Promotional Plan A promotional plan covers all phases of communication between the seller and the potential customers. It addresses advertising, sales tactics and other promotional activities. Although proportions vary depending on the nature of your business, there are four basic components and elements of a promotional plan: 1. Advertising 2. Personal Selling 3.

Public Relations 4. Sales Promotion (Pride, Elliott, Rundle-Thiele, Waller, Paladino, Ferrell, 2007, Marketing: Core Concepts and Applications, pp 399).

A promotional plan is needed within every new establishing business especially a grocery store such as IGA supermarkets. A promotional plan is needed to:- Acquaint customers with new products.- Change or establish a company image.

- Emphasise quality of products and services.- Introduce new employees to the public.- Promote special events such as a clearance sale, a new location or opening of a new business.- Stimulate sales. When putting together a

promotional, you should consider the three basic ingredients of advertising, personal selling and sales promotion to create the best promotional mix blend to communicate between the seller (IGA) and the potential customers. Promotional mix blends (Patsula.

P. J., Successful business planning in 30 days, 2001, 3rd ed, pp 9) The above diagrams examine how the three basic ingredients of advertising, personal and sales promotion are linked to create a promotional mix blend. Although every business needs its own promotional mix, the above diagrams show four possible promotional mix blends for new establishing business. Coles and Woolworths are the two major grocery retailers that also use the concepts mentioned above.

Their main focus is upon the advertising concept which is why they usually spend around a hundred million dollars annually. Although in contrast to IGA supermarkets their advertising is in a range of 20-30% of Cole's annual advertising budget. This is what distinguishes the difference in the leading chains (Coles and Woolworths) to IGA. Promotional Budgets (Pride, Elliott, Rundle-Thiele, Waller, Paladino, Ferrell, 2007, Marketing: Core Concepts and Applications, pp 421).

The Role of Promotion The role of promotion for IGA supermarkets is to stimulate product demand although their objectives are to create awareness of their services as they offer competitive prices in contrast to the two leading grocery outlets Coles and Woolworths. IGA's objectives of promotion include many things to benefit their total revenue and to improve customer loyalties. IGA's objectives of promotion include:- Create Awareness-

Stimulate Demand- Retain Loyal Customers- Facilitate Reseller Support-
Combat Competitive Promotional Efforts- Reduce Sale

Fluctuations Promotional Budget Determining a promotional budget can be a very difficult thing to do. A promotional budget could be way under what one forecasted or way over. There are a few steps you can take to decide how much money to put aside for your promotional budget. After figuring out a promotional budget, it is then when it must be decided where the promotional budget must be spent to enhance the business.

Step 1: A promotional budget should include expenses for promotional tricks or things that will get people attention such as flyers, brochures, newspaper and television ads. Step 2: A promotional budget should be laid out at the beginning of the year. You can estimate how much money will be needed for the promotional budget by obtaining estimates. Step 3: Plan what promotions will be offered this year and take that into account when coming up with a number for this year's promotional budget.

For new businesses forecast how much the business will make and take anywhere from 1% to 10% of the profit and put it towards the promotional budget. ([http://www. businessknowledgesource. com/marketing/making_the_best_use_of_your_promotional_budget_022688. html](http://www.businessknowledgesource.com/marketing/making_the_best_use_of_your_promotional_budget_022688.html)) To make good use of your promotional plan and budget it must be considered which target market would be best to promote the new business to, as this target market will bring the revenue needed. Determining Your Budget A common method of establishing a promotional budget is to estimate what your competitors spend and then match it.

This could be done by monitoring their ads, promotions and special events they sponsor. For a new establishing business this provides a ballpark estimate for a promotional budget. Once you gather data about your competitors' promotional budgets, don't copy your rivals' spending habits or promotional mix. Use your information as a guide. A more exact way to determine your budget is to assemble a wish list of promotional methods you want to use to meet your objectives.

Imagine that money isn't an issue. Then using actual rates for print and broadcast advertisements and estimated costs for sales promotion and publicity, determine each activity's dollar cost. Then scale the list down until you have a reasonable budget.

Sample Promotional Budget

Company: IGA Supermarket providing cheaper goods and services

Target Market: The main target market for IGA is communities that have a higher rate of low socio economic standards and low income earnings

Communication Objectives: -
Introduce our service to the public- Create awareness of our services- Get consumers to use our service, not our competitor's- To get consumers to recommend our services

Promotional Formats: - Fliers- Brochures-
Advertisements in newspapers- Advertisements in television- Radio- Yellow Pages

Promotional Mix: Advertising- Fliers- Advertisements in newspapers- Advertisements in television- Radio- Yellow Pages- Internet

Sales Promotion- Samples- Coupons- Displays- Contests

Public Relations- Not applicable at this time as this is a new business although IGA has a reputation of being a community business that contributes to community events and especially community organisations.

This is done through its sales as a certain percentage is spent back within the community. Personal Selling- Sale Representatives- Telemarketing Direct Marketing- Flyers/brochures in mailboxes for locals Budget: - 2000 catalogues/brochures establishing weekly products and services at exceptional prices will cost \$2500.- Yellow Pages advertisement will be limited to an informational in-column listing, 1 inch for \$300 for the year in the local book.- Print advertisements in the local newspaper will cost \$1000.- Product Samples for \$2500- Point of sale purchase displays for \$5000- Banner advertisements for the internet for \$3000 Total Promotional Budget: \$14, 300 Table # 1 will show estimations of a budget plan in conjunction with promotion needs for a new IGA Supermarket store. This plan estimates in contrast to the total revenue made and establishes a percentage of gross revenue for promotion.

(Holland. R, Wolfe. K, 2000, Understanding and developing a promotional budget, pp 1-2). Conclusion This report has found the grocery market to be viable for IGA Supermarkets.

IGA is in the fortunate position of being able to provide quality products and services at a cheaper alternative price in contrast to the two major grocery giants Coles and Woolworths. It is however, vital to understand the long term commitment IGA has to provide to its customers and ensure that it revisits its promotional budget annually to rectify any issues.