BUSINESS COMMUNICATION

By:

Dr. Sudipta Ghosh
Assistant Professor

Dept. of Commerce (UG & PG)

Prabhat Kumar College, Contai

West Bengal, India

Chapter – 1: BUSINESS COMMUNICATION

1.1 Business Communication –an introduction

Kotler claims that companies must ask not only how can we reach our customers but also, how can our customers reach us. (Kotler, 2009, p.564).This shows the importance of communication marketing between company and its customers. According to Kotler today communication is an interactive dialogue between the company and its customers that it takes place in all the stages i.e. pre-selling, selling, consuming and post-consuming. Moreover Kotler claims that technological advances had a great impact on the means of communication. People can communicate through traditional media

The American Marketing Association (AMA) (2008) has provided a clearer definition of marketing as an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.2 Importance of Communication in Business

Communication plays a vital role in the fulfillment of all marketing objectives. Understanding communication is essential since it is the basic process through which managers specifically and organizations in their entirety accomplish their set objectives culminating in their success. Smith, Berry and Pulford (1997) describe communication as the act of sending information from the mind of one person to the mind of another person.

Similarly, Churchill Jr. and Peter (1998) describe communication as the transmission of a message from a sender to a receiver, such that both understand it the same way. Mcshane and Glinow (2000) in turn, define communication as the process by which information is transmitted and understood between two or more people.

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.3 Types of Communication Tools

Communication tools can be divided into two types:

- **Personal communication tools: Personal communication tools are those in which two or more people communicate with one another. Word of mouth is the primary means of personal communication. There are various other Medias of personal communication also such as e-mail.**

- **Non-personal communications: Non-personal communication tools are those in which communication do not occur in person-to person but occur through some other media. National and regional newspapers and magazines, television, satellite, and cable television are some of the means of non-personal communication.**

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.4 Components of Communication

For effective communication to occur, Dubrin (1997) stipulates that six components must be present: a communication source or sender, a message, a channel, a receiver, feedback and the environment.

- The source (sender) is the initiator of a communication event who is usually a person attempting to send a spoken, written, sign language, or nonverbal message to another person(s). Here, the perceived authority and experience of the sender are important factors influencing how much attention the message will receive.

- Message is the purpose or idea to be conveyed. Many factors influence how a message is received. Among them are clarity, the alertness of the receiver, the complexity and length of the message, and how the information is organized.

- Channel (medium). This concerns the way the message is transmitted. In organizations, several channels or media are usually available. More often than not, messages are either written or spoken or a combination of the two. In addition, nonverbal cues such as a smile and body gestures accompanies most spoken messages.

- Receiver is the other party for whom the message is intended. Communication can only be deemed to be complete when the receiver receives the message and understands it properly.

- Feedback is a message/response sent back from the receiver to the sender. Without feedback, it is difficult to know whether a message has been received and understood.

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.5 Elements of Business Communication

According to Kotler and Killer following are the six major elements of communication:

- **Advertising: Advertising is one of the elements of the promotion mix which is considered prominent in the overall marketing mix. This attribute is as a result of its visibility and pervasiveness in all the other marketing communication elements.**

- **Sales Promotion: Sales promotions are short-term incentives to encourage the purchase or sale of a product. Blythe (2006) describes sales promotion as any activity intended to generate a temporary boost in sales. This includes several communications intended to generate a temporary boost in sales.**

- **Publicity and Public Relations: Publicity is the disseminating of information by personal or non-personal means, which is not directly paid for by the organization, nor is the organization the source.**

- **Public relations (PR), on the other hand is the overall term for marketing activities that raise the public consciousness about a product, an individual or issue.**

- **Personal Selling: Personal selling which involves personal contact is gradually becoming the backbone of service marketing.**

- **Sponsorship: Since traditional media have become more expensive, sponsorship is viewed by marketers as a cost-effective alternative, (Lee et al., 1997).**

- **Direct Marketing: Direct marketing specifically ensures sending a promotional message directly to consumers rather than via a mass medium.**

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

<u>1.6 **Challenges for Business Communication in India**</u>

- **Lack of strategic consistency**

- **Lack of needed skill sets among marketing staff**

- **Scarcity of creativity and innovation**

- **Insufficient marketing budget**

- **Lack of a standard measurement process**

- **Lack of technology advancement support**

- **Ambiguity on the issue**

- **Complex cultural and social values**

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.7 Business Communication Strategy

A strategic communication plan is one of the key elements in Business Communication. It allows marketers to build a synchronized communication strategy that reaches every market segment with a single, unified message. Media, 1999) The objectives of any promotional strategy can be to increase sales, maintain or improve market share, create or improve brand recognition, create a favorable climate for future sales, inform and educate the market, create a competitive advantage relative to competitor's products or market position and to improve promotional efficiency. Marketing Communications

Marketing Communications Strategy determines the message or sequence of messages, which should be shared with specific target audiences through the optimum communications mix. Strategy.

It is important to understand the relationship between digital communication and traditional communication (Internet Marketing 4th edition, Dave Chaffey). In the old media; for example, TV, radio, newspapers, magazines and billboard ads, the communication model was and is one-to-many compared to the one-to-one or many-to-many communication model in digital media, like blogs, social networks, wikis and every form of vital marketing campaign. The best consideration nowadays for a company-to-customer communication is the one-to-one or the one-to-many model (Hoffmann and Novak 1996).

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.8 Benefits of Communication Strategy

- It enables each tactical activity to build on the others creating strength of communications through continuity and consistency;

- It helps to create sharper selling messages appropriately directed to target customers at various stages in their buying process;

- Tactical planning of each communications tool is made that much easier and quicker when clear strategic direction is agreed;

- It facilitates integrated marketing communications (IMC) which saves time, money and stress as well as providing IMC? other associated benefits of consistency and clarity;

- It can facilitate the development of joint promotions and strategic alliances;

- It can encourage the development of hybrid marketing systems. The addition and integration of new communications tools/channels (for example, telemarketing) to existing communications tools/channels (for example, advertising or the sales force) can create such a hybrid marketing system.

Chapter – 1: BUSINESS COMMUNICATION (Contd.)

1.9 Stages in designing communication strategies

Rowley (1998) has formulated the following stages in designing communication strategies
- Identify target audience
- Determine communication objectives
- Design the message
- Select communication channels
- Establish promotional budget
- Decide on promotion mix

Similarly, Czinkota and Ronkainen (2001), follow a five basic step model. This can be illustrated as follows:
- Step one: Assess Marketing Communications Opportunities
- Step two: Analyze Marketing Communication Resources
- Step three: Set Marketing Communications Objectives
- Step four: Develop/Evaluate Alternative Strategies
- Step five: Assign Specific Marketing Communications Tasks

P/9

BUSINESS COMMUNICATION (Contd.)

1.10 Effect of communication strategies on consumers

- **Providing product information**
- **- Creating Customer Awareness**
- **- Changing Customer Attitude**
- **- Building company Image**
- **- Enforcing brand loyalty**
- **- Creating Brand Image**
- **- Customer Response**
- **-Literature review**
- **Communication**
- **Palmer (2005) posits that the message is presented according to a simple "master formula" (model) which is: Attract the "attention" of your prospect; "Interest" your 15 prospect in the product; cause your prospect to "desire" the product, and demand "action" from the prospect. This is known as the AIDA concept.**

BUSINESS COMMUNICATION (Contd.)

1.11 Substance of Business Communication

Marketing communication is a process that consists of a series of decisions made to find the most optimal way(s) to deliver the message to a target audience (Sissors & Baron, 2002; Sissors and Bumba, 1996). ended by the sender. According to Duncan (2002:8), marketing communication is a process for managing the customer relationships that drive brand value.

In a global market characterized by high dynamism and fierce competition, organizations try to find the most efficient way to get their word out so that customers understand the benefits that can be obtained by consumption or use products or services (Clow, 2010). Consequently, marketing communications have become a fundamental aspect of marketing, a business vision and an essential factor in successful marketing communication. Its importance have increased dramatically in recent decades, considering that the marketing and communication are inseparable, all organizations business areas using various forms of marketing communication to make their offer and to meet financial or non-profit targets (Shimp,2003).

BUSINESS COMMUNICATION (Contd.)

1.12 An organizational culture & business communication

- Employees that have good interpersonal communication skills since these influences how service providers interact with customers.

- Employee motivation and training which is very important especially in services that involve high employee/customer contact, where social benefits are valued and where technology plays a significant role in building and maintaining relationships, for e.g. service providers contacting customers via sms.

- Developing an ability to calculate relationship performance and assess the impact of marketing strategies on customer satisfaction, trust, commitment and loyalty.

- The planned tools include the traditional marketing tools such as advertising and sales promotion, and are controllable by the company itself.

- The unplanned tools consist of media that are mostly uncontrolled by the company, such as gossip and chat groups. These are often not considered to be important in the coordination of marketing communication tools, although they may be of vital importance when it comes to the publicity of a company.

BUSINESS COMMUNICATION (Contd.)

1.13 Business Communication Strategy Formulation

Every firm needs strategy to make its products acceptable by the consumers at the right time. Marketers need marketing mix to produce desired response from the market (Kotler & Armstrong, 2010). An element of marketing mix that communicates companies marketing message to its target consumers is promotion, also known as integrated marketing communication (Wells et al., 2007). An effective integrated marketing communication enables the company to grow continuously, to be known by the public, and to build its brandequity (Madhavaram et al., 2005). According to Amoako-Gyampah and Salam (2004), effective communication seeks to influence the receivers knowledge, attitude and behaviors.

- According to Czinkota and Ronkainen(2001), the international marketer has to form a communication program using the tools shown below.

- - Advertising which consists of print, broadcast, electronic media, direct communication.

- - Personal selling with person-to-person communication with intermediaries and/or final customer.

- - Publicity that is any form of non-paid, commercial news or editorial comment about products, ideas.

- - Sales promotion, providing extra value to the product or gives incentive to the salespeople, intermediaries, or ultimate consumers.

- - Sponsorship which is promoting the company? Interest by associating it with a for example sport event or charity/ social interest.

BUSINESS COMMUNICATION (Contd.)

1.14 Communication Strategy Theories

Undoubtedly, communication proves to be of the most significant tools in social life and business management. It also plays a pivotal role in collaborate of all human activities that link people together and create relationships (Duncan and Moriarty, 1998).

According to the work of Kreitner and Kinicki (1995) in Figure 6, a perceptual model of communication begins with a sender cognitively encodes an idea or thought by using verbal and non-verbal cues, including attitudes. The output of encoding is a message transmitted on medium selected by the sender. Then the receiver cognitively decodes that idea or thought based on his/her understanding and perception toward the message. A message for feedback is created and transmitted on medium of the new sender (receiver)'s choice. The process of communication tends to be completed after the original sender interprets the message received and acts upon. Barriers of communication, such as loud noise, poor handwriting, and inaccurate statistics in a memo, can distort the quality of the perceptual communication process at any stages.

BUSINESS COMMUNICATION (Contd.)

1.15 The Elements of Effective Communication Strategy

Effective communication is important for both managerial and organizational success (Dawson, 1996; Kreitner and Kinicki, 1995). It can be witnessed from the viewpoint where employees collaborate, interact, and engage with others in ways which help them understand the importance and meaning of the engagement and achieve certain goals

Partially drawn from the marketing communication literature, the underlying philosophy of effective communication strategy is held true and proves to be literally practical to other contexts. With this regard, Mohr and Nevin (1990) define a communication strategy as the use of a combination of communication facets, which include frequency and formality of communication (Maltz and Kohli, 1996; Mohr and Nevin, 1990), and content of communication (Mohr and Nevin, 1990; Jablin et al., 1987), and channel of communication (Carlson and Davis, 1998).

BUSINESS COMMUNICATION (Contd.)

1.16 Frequency of Communication

Normally, dissemination frequency is measured as the number of dissemination events or the amount of communication between a sender and a receiver during a given period of time or duration of contact (Maltz, 2000; Maltz and Kohli, 1996; Mohr and Nevin, 1990).

In assessing the frequency of communication, one should examine the amount 27 of contact necessary to achieve a particular activity, not simply including the amount of contact person. Because most empirical research has used frequency as the indicator of the amount of communication, the author tends to adopt the frequency of communication rather than the duration of contact.

BUSINESS COMMUNICATION (Contd.)

1.17 Formality of Communication

Maltz and Kohli (1996: p. 48) comment that the dissemination formality has not been empirically explored in the communication literature; though a number of researchers have noted that organizational "intelligence may be disseminated through formal or informal channels." Moreover, some scholars might not explicitly define what is meant by formal and informal channels. Johnson et al. (1994) address the issue of distinctive clarification between them. Formal communication basically refers to communication that flows through written channels, though "formal" meetings or training sessions also may be considered a formal mode. Whereas, informal communication refers to communication as that occurs in a nonstructural manner, such as normal conversation and social discussion.

The aforementioned definitions have been reiterated in the findings of the research work conducted by Johnson et al. (1994). Such a project is studied in a large mid-western state governmental agency to compare formal and informal organizational communication structures, specially focusing on salience, channel factors, and channel usage.

BUSINESS COMMUNICATION (Contd.)

1.18 Content of Communication

The content of communication refers to "the message that is transmitted - or what is said" (Mohr and Nevin, 1990: p. 39). It can be verbal or non-verbal, intentional or unintentional. Shelby (1998) points out that the content in the message is considered the central part of the communication. Furthermore, the complexity of the language appeared in the message can determine the success or failure of the communication effort (Anonymous 2000). As such, simple words and clear structures of the context can essentially overcome the complex issues.

Sengupta et al. (2000) address that the communication quality, which refers to the content of the communication received and understood by the other party in the relationship, marks a desirable outcome of communication. It also associates with the context of developing and maintaining personal relationships. However, Shelby (1998) comments that "appropriate choices of channel communication" are those most likely to result in communication effectiveness and efficiency - for both message senders and receivers; they are those that provide perceived quality to communication processes.

BUSINESS COMMUNICATION (Contd.)

1.19 Channel of Communication

Channels of communication are regarded as the vessels of the message delivery (Anonymous, 2000). According to the literature, they have been broadly discussed in the notion of the flow of information (Johnson et al., 1994) and information richness (Kreitner and Kinicki, 1995). Editorial tone and communication potentials are of important characteristics determining the flow of information (Johnson et al., 1994). Basically, editorial tone mirrors an individual's perception of the credibility and trustworthiness of the source, which has an impact on the upward flow of information in the organizations (Glauser, 1984).

Information richness is the amount of information carried out between senders to receivers to reach a common understanding (Carlson and Davis, 1998). Media that are high in information richness are capable of transmitting more information and are more likely to generate a common understanding than are media that are low in richness (George and Jones, 1998). For example, if a wink provides substantial new understanding, it would be considered rich (Kreitner and Kinicki, 1995; Daft, 1984).

BUSINESS COMMUNICATION (Contd.)

1.20 Issues of Communication for Change

Organizational scholars have long acknowledged the importance of communication processes in explanations of organizational change processes (Lewis and Seibold, 1996; Rogers, 1995; Fairhurst and Wendt, 1993). Nonetheless, Lewis (2000a) argues that the systematic research about the effectiveness of communication strategies about change is scant. Carmichael (1996) supports Lewis's argument by depicting that academics and practitioners have tried to search for a complete, well-grounded definition of communication for change, but their efforts primarily have focused on the invention, design, adoption, and responses to planned organizational change, as well as outcomes of change efforts. In addition, central communication processes involved in the implementation of planned changes within organizations have received far less attention by communication scholars (Lewis, 2000a).

BUSINESS COMMUNICATION (Contd.)

1.21 Impediments of Communication for Change

Communication problems are commonplace when changes are not clearly identified (Lewis, 2000b). Not only do they because a drain on profitability, but also the effectiveness of management declines (Gilsdorf, 1998). In the work of Dawson (1996: p. 192), many underlying reasons why communication often falls short of the ideals, which are accuracy, reliability, validity, adequacy, and effectiveness," are addressed with some general issues within the relationship between information and communication in organizations. According to Lewis (2000b)'s research findings, the most frequently noted categories of problem encountered by the company in transition are "communicating vision" and "negative attitudes." If an organization's management does not consider which communication behaviors it wishes to foster for its success, the signals it sends to employees may be inconsistent or counterproductive.

Thus, managers should consider conveying clear communication-behavior expectations as a fundamental element of strategy. In doing so, firms might pursue communication audits which involve ethnographic analysis, including observation and interviewing, to learn exactly what organizational policies are operating (Gilsdorf, 1998).

BUSINESS COMMUNICATION (Contd.)

1.22 Formulation and Implementation of Communication for Change

At the outset of the business competition for the 21st century, there is a trend of increasingly rapid change in organizations. Viable communication counts for an increase in not only individual receptiveness but also organizational change preparedness (Sinetar, 1988). It is axiomatic that good communication has become an essential component in successful change (McGill, 1996). Because any change schemes require ample communication to reduce confusion and to realign structural patterns to support the new direction (Bolman and Deal, 1999), both formulation and implementation plans of communication in change plays a crucial role in helping navigate change to the planned direction (Axley, 2000).

The formulation of communication change plans seems to be relatively scarce in academic research journals. Since there is no clear distinction between the formulation and implementation planning in principle, the formulation part is included into the notion of the implementation plan of communication change.