

Impact of integrated communication system in development of company Pestova-VIPA

Nermin Xhemili, Shukrie Morina

Abstract

Nowadays it is important that every company understands the importance of marketing and handle it as its integrated part, because marketing activities present a cornerstone for longer survival of the company in the market. Apart from price, place (distribution) and product, another marketing element is the promotion, given that promotion is an important part of integrated communication system. Integrated communication system are tools by which companies tend to inform, persuade consumers either directly or indirectly for products and services they offer.

Paper explains theoretical aspect, but certainly part of this paper is the analysis of the promotional strategy within Company Pestova, including views of consumers which were explained through a survey, in our case, students of University of Prishtina.

The aim of this paper is to understand the concept of marketing, analyzing integrated communication system, reflecting the work within the Company Pestova, and the impact of integrated communication system in this company.

Paper will also provide some recommendations for a positive change to the current situation in Pestova Company.

Keywords: *marketing, company, consumers, integrated communication system*

1. Introduction

Nowadays it is important that every company understands the importance of marketing and handle it as its main component. Marketing often is understood as advertising but advertising is actually only one part of it, given that marketing involves 4Ps: price, product, promotion and place.

Marketing must be understood as an organized activity, aiming at finding the market, consumers, in order to prepare products and services at affordable prices, adequate distribution and continuous communication in order to meet the needs and demands of consumers and make profit for the company

In order to understand key marketing concepts, we should emphasize that the consumer is the starting and ending point of company's activities. Company through marketing identifies needs and demands, analyzes and follows them up to their fulfillment. According to marketing concept, the company should focus all its efforts within market, namely the consumer.

A description of marketing activities is provided through marketing mix, which is defined as a set of tools used by the company in order to meet marketing objectives. McCarthy classified these activities into four major groups which he called 4Ps of marketing: product, price, place and promotion. Each of marketing mix elements has its function and importance, but this paper to large extent covers promotion, specifically integrated communication system.

Integrated marketing communication system has partly arisen as a response to its inadequate structure, and the existing space of executing consumer's demand that their needs are met in a more efficient and effective manner.

Marketing communications are tools by which Companies attempt to inform and persuade consumers either directly or indirectly for the products and services they offer. In other words, marketing communication represents the voice of the company and means to build-up relationships with consumers¹.

Promotion is defined as coordination of all the efforts of sellers to create information and persuasion channels to sell goods and services, or promote the idea. Basic tools used to achieve communication objectives of the organization and successful promotion strategies, usually refer to **promotional mix**.

Traditionally, promotional mix included four elements: advertising, sales promotion, publicity/public relations and personal selling.

Company "Pestova" has a special marketing department where promotion occupies a special place. Promotion is one of the most evident instruments of the marketing mix. Promotional activity urges the interests for products and services providing information which helps people in deciding what to buy. Means by which a company promotes itself and its products are endless. This company uses all forms of promotion starting from advertising, publicity, personal selling, etc. This paper, despite discussing the theoretical part, it covers the analysis of promotional strategy within Company Pestova, which also explores views of consumers through a survey, which in our case are the

¹ Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson Prentice Hall, Upper Saddle River, New Jersey, 12th edition, 2006), page 536

students of University of Prishtina. The aim of this paper is to understand the concept of marketing, analysing integrated communication systems, having an overview of the company Pestova, and impact of integrated communication system within this Company as well as students' knowledge on Pestova Company.

Paper is finalized with conclusions and recommendations needed for the topic addressed in this paper.

2. Understanding of Marketing

If in any social environment, we ask someone what marketing is and what he understands by marketing, we usually get an answer that marketing relates to selling or advertising. This answer actually contains something close to the truth, but not enough, given that marketing in reality is much more dimensional understanding than sales or publicity.

In everyday life, due to not recognizing the essence of marketing, we come across into many cases of misuse and improper understanding of the wording: marketing.

The end of 19th century as age of technical-technological revolution marks the beginning of the marketing system.

From historical point of view, generally we can distinguish four periods of marketing evolution² :

1. Orientation towards Production (business orientation of production);
2. Orientation towards Sales;
3. Marketing Department Period; and
4. Orientation towards consumer- marketing concept.

Depending on marketing development and refinement, marketing definitions are numerous and subject to change.

We can say that marketing as defined by the American Marketing Association, which represents the professional level in the U.S. and Canada, is a multidimensional, modern concept applicable to the XXI century. Therefore, according to them, *"Marketing is process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational needs. Effective marketing requires that managers recognize the interdependence of these various activities and how they can be combined to develop a marketing program"*³.

In order to better understand what marketing is, it is needed to present a marketing definition from well-known author Philip Kotler, who says:

² Nail Reshidi, Marketing Strategy 2, Prishtina 2012

³ George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, New-York, sixth, 2003), page 7

“Marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating, offering, and exchanging products of value with others”⁴

By elaborating the question of what marketing is and for a more complete definition of marketing as term, we can conclude that⁵:

- Marketing is an organized activity related to company and market.
- Marketing’s task is not just to sell.
- Marketing relates to research and market study, complicit in decision-making for creating products and services acceptable to the market, and deals with distribution and sales, following the level of satisfaction during and after meeting consumer’s demands and needs.
- Marketing has its impact not only in the area of meeting consumer’s demands but nevertheless in meeting company’s objectives.

Marketing is so important that it cannot be considered as a separate function. It is the whole business from final outcome point of view, from consumer’s point of view.

2.1 Marketing/marketing mix components

A description of marketing activities can be provided through marketing mix, which is defined as a set of tools used by the company to meet marketing objectives. McCarthy⁶ classified these activities into four major groups which he called 4Ps of marketing: product, price, place and promotion.

2.1.1 Product

It means a product or service that the company places (offers) within the targeted market. Product represents all functional services and physical features able to satisfy specific needs of consumers. These features according to the marketing concept are addressed in an integrated manner, with all activities accompanying the product in the market, such as: product marketing, its packaging and sales services⁷

2.1.2 Price

It represents an amount of money paid for a product or performing a service.

Price presents a practical assessment of product used value by consumers⁸

⁴ Philip Kotler. Marketing Management, The Millennium Edition, Prentice Hall International, Inc, New Jersey, USA

⁵ Nail Reshidi, Marketing Strategy 2, Prishtina 2012

⁶ Nail Reshidi, Marketing Strategy 2, Prishtina 2012,

⁷ Nail Reshidi, Marketing Strategy 2, Prishtina 2012,

⁸ Nail Reshidi, Marketing Strategy 2, Prishtina 2012

2.1.3 Place

It refers to company's activity for regular supply to consumers with products. Distribution activity in fact allows products to be available in certain quantity, certain place and time when requested by the consumer⁹.

2.1.4 Promotion

It represents an activity that communicates (praises) merits of the product and persuades consumers to buy that product. It is a permanent communication process between company and consumers¹⁰

3. Integrated communication system

For many years, the function of promotion in many companies was dominated by advertising in media for mass audiences. Companies have relied upon their advertising agencies for advice in any area of marketing communications. Many functions and elements of marketing and promotion were managed and applied as separate practices with different budgets. Now that companies started to reorient their communications from mass media to a higher level of interaction with consumers, inadequate structures in marketing communication industry have served as a framework for developing it. Integrated marketing communication system has partly arisen as a response to its inadequate structure, and the existing space of executing consumer's demands that their needs are met in a more efficient and effective manner. In other words, as powers shifted from manufacturers to retailers and now consumers, power is shifting from agencies to clients. This trend, without traditional marketing strategies based on mass media that contains messages for wider audience played a very important role in developing integrated marketing communication¹¹.

Marketing communication is a tool by which companies attempt to inform and persuade consumers either directly or indirectly for products and services they offer. In other words, marketing communication represents the voice of the company and a tool to build-up relationships with consumers¹². KIM's advocates defend the position that this is one of the best ways for companies to maximize return on investment in marketing and promotion. Moving towards integrated marketing communication, it reflects the adoption of sellers to the

⁹ Nail Reshidi, *Marketing Strategy 2*, Prishtina 2012

¹⁰ Nail Reshidi, *Marketing Strategy 2*, Prishtina 2012

¹¹ Chris Fill, *Marketing Communications* (Prentice Hall, Harlow, fifth edition, 2009) page 257

¹² Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson Prentice Hall, Upper Saddle River, New Jersey, 12th edition 2006), page 536

dynamic and changing environment, particularly in terms of consumers, technology and media¹³.

3.1 The promotional mix

Promotion has been defined as coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. The basic tools or elements used to accomplish an organization's communication objectives are often referred to as **the promotional mix**.

Traditionally, promotional mix included four elements: advertising, sales promotion, publicity/public relations and personal selling. However, it includes direct marketing and interactive media as powerful elements of promotional mix used in marketing today, to communicate with targeted markets and implement successful promotion strategies. Each element of promotional mix is regarded as integrated marketing communication tool and each plays an important role in a programme of integrated marketing communication system. Each can be developed in different forms and it has its own advantage¹⁴.

3.1.1 Advertising

Advertising is defined as any paid form of non-personal communication about a company, product, service, or idea by an identified sponsor¹⁵.

The paid aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. The advertisement is one of the well-known and well-used forms of promotion, perhaps due to its breakthrough. Furthermore, it is a very important tool of promotion especially for companies which have targeted products and services for mass market¹⁶.

3.1.2 Sales Promotion

The next variable in the promotional mix which assists in successfully executing promotion strategies is sales promotion representing a type of short-

¹³ George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, New-York, sixth, 2003), page 11

¹⁴ George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, New-York, sixth, 2003), page 16

¹⁵ Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson Prentice Hall, Upper Saddle River, New Jersey, 12th edition, 2006),

¹⁶ Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson Prentice Hall, Upper Saddle River, New Jersey, 12th edition, 2006),

term incentive which means encouragement for testing or buying the product or services.¹⁷

In this way, sales promotion includes those marketing activities that provide extra value or incentives to the sales force, distributors, or the ultimate consumer and can stimulate immediate sales. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities. Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes a variety of tools such as couponing, sampling, premiums, rebates, sweepstakes, etc. These promotion tools encourage consumer to make immediate purchases and stimulate short-term demand. Trade-oriented sales promotion is targeted toward marketing intermediaries such as: wholesalers, distributors, and retailers¹⁸.

3.1.3 Publicity

Publicity - refers to non-personal communication in relation to an organization, a product, a service or an idea which is not directly paid by an identified sponsor. Usually, advertising is presented in the form of news, editorial, or advertisement of the organization in relation to its products and services. Similar to advertising, publicity includes non-personal communication with mass audiences, but, unlike advertising, publicity is not paid directly by the company. Company or organization, aims to secure media coverage about the products, services, important events in raising awareness, knowledge, opinions, or influence behavior. The techniques used to secure publicity include: press releases, press conferences, articles, photographs, films, and recordings.

3.1.4 Personal Selling

The final element of promotional mix is personal selling-a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service. Unlike advertising, personal selling involves direct contact between the buyer and seller, either face-to-face or through some form of telecommunications such as telephone sales. This interaction gives the marketer communication flexibility, as the seller can see or hear the potential buyer's reactions to the message and modify the message accordingly¹⁹

¹⁷ Philip Kotler and Kevin Lane Keller, *Marketing Management* (Pearson Prentice Hall, Upper Saddle River, New Jersey, 12th edition, 2006),

¹⁸ George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, New-York, sixth, 2003),

¹⁹ George E. Belch and Michael A. Belch, *Advertising and Promotion* (The McGraw-Hill Companies, New-York, sixth, 2003),

4. Impact of integrated communication system in development of Company Pestova

Pestova is a private company founded in 1991 and re-registered in 1999. Business activities of Company Pestova are the following²⁰ :

1. Import and sale of potato seed
2. Sale of mechanism and agricultural inputs
3. Manufacturing and sale of fresh potato
4. Potato processing (chips) and other products (flips, snacks)

Since January 2008, 33% of the company's shares belong to the European Bank for Reconstruction and Development (EBRD), while 67% belong to Pestova. Pestova is the exclusive representative for Kosovo of the Dutch company Agrico when it comes to distribution of potato seed²¹ since 2011 in cooperation with the Dutch company "Agrico" a new company "AgricoKosova" was established which exclusively deals with the production of potato seed. Quality of products and consumer safety are top priorities for the Company Pestova. The whole production process is regularly checked through quality control tests conducted within in the company's laboratory and accredited laboratories overseas. Taking into account the commitment of the company in consistently enhancing the quality, it was awarded with the prize Super brands from Kosovo's Choice and Arch of Europe for Quality and Technology (Frankfurt) - Gold Category for period 2011/2012.

Earlier I mentioned marketing mix elements such as: product, price, place, and strategies of these elements, but in this chapter I will focus more on integrated marketing communication system, namely promotion. "Pestova Company" has a special Marketing Department where promotion occupies a special place. Promotion is the most evident instrument of marketing mix. Promotional activity urges the interests for products and services providing information which helps people in deciding what to buy. Means by which a company promotes itself and its products are endless. This company uses all forms of promotion starting from advertising, publicity, personal selling, etc.

ADVERTISING - no doubt that advertising is one of the components affecting the development and recognition of products. Pestova pays great attention to advertising, whether it is TV, radio, newspapers, billboard, through which it transmits the message to the final consumers. But, I should also mention that advertising made by the Company in entrances of each store is key success so far, unlike TV, radio or newspaper.

²⁰ Company "Pestova", Pestova/Kosova

²¹ Company "Pestova", Pestova/Kosova

PUBLICITY - Pestova products occupy a place in publicity, but unlike advertising, they do not have the same effect because the publicity is not paid directly by the company "Pestova", but an advantage of it, is because it costs much less due to the fact that time or place is not paid such as the case for newspapers or TV.

PERSONAL SALES - When it comes to personal sales, it is part of company "Pestova". It usually occurs in different fairs before holidays where according to analysis and research, it is proved as very successful, because the communication with the prospective buyer is direct.

PROMOTIONAL SALE - Personal selling plays its role in promotional strategy of the Company "Pestova", which appears as a short-term incentive that company, aims to encourage product testing or buying. In this case, company "Pestova" involves extra discounts, samples, gifts, coupons or samples that definitely encourages consumers to purchases them, which of course resulted in success for Pestova.

4.1 Promotion strategy

The promotion strategy undoubtedly holds an important place in Company Pestova. Even for this company, definition of promotion strategy is a very sensitive issue, bearing in mind that the definition of these strategies varies from types of product. Before drafting the final phase of promotion strategies, the Company Pestova decides on following:

1. What kind of advertising will it do?
2. What kind of media it will use?
3. How much it will spend on advertising?

Company Pestova in cooperation with its employees tries always to pick more profitable and convenient channel for advertising its products.

This company uses three promotional strategies, as follows²²

1. Push Strategy
2. Pull Strategy
3. Push-Pull Strategy

Push strategy-Pestova through this strategy tries to push its product, in order that product reaches the final consumer through intermediaries. This company promotes certain products, and main purpose is related to the interest of wholesale intermediaries, then the latter should be able to persuade retail intermediaries, and then this persuade is addressed to final consumers.

Pull strategy- In this kind of strategy, Pestova pays great importance to advertising, which naturally increases the interest of final consumer for that type of product. After the analysis made by the Company whether this strategy

²² Company "Pestova", Pestova/Kosova

produced an effect, if the effect of this strategy is positive, then the final consumers will ask for the product from retail intermediaries, and the latter will ask it from wholesale intermediaries, and the last of course will ask it from the manufacturer.

Push-pull strategy - Even this strategy is present in Company Pestova which on one hand obviously requires large amounts of data, necessary for market research, but on other hand, this strategy is faster and easily adaptable to the eventual market changes.

4.2 Budget Dedicated for Promotion

Until a few years ago, the budget that company "Pestova" used for promotion was quite small. Annually, it covered 5% of the overall budget of the company and during the summer it was increased up to 15% of the budget²³ But, seeing that the company's success is growing every day more and more thanks to promotion, from October 2012 it decided to increase the budget to €30,000-€40,000 per month which of course is much greater value than the budget allocated earlier²⁴. Given the fact that the company is dedicated to integrated marketing communications system more and more, the impact it has on the development of this company is noticeable. This led to increase of consumer's number for company's products given that now it can see everywhere. All this company's success is achieved thanks to ICS, given that now the company is committed more in this direction as well as in increasing the value of the budget dedicated to this area, much more than it has been before.

For the company, consumers' needs and desires including satisfaction achieved by consuming this company's the products are always in the first place. Obviously "Pestova" tendency is if consumers consumed their products once, then they buy them again. Part of this paper is the research that I have conducted, which aims to promotional analysis within Company Pestova, which certainly helped us to identify satisfaction factors for consumers of Company "Pestova".

5. Conclusions and recommendations

Part of this paper is the research that I have conducted with 150 students from the Faculty of Economics within University of Prishtina, and their answers helped me to make an analysis of the promotional strategy within Company Pestova, finalizing it with conclusions and recommendations needed for the Company Pestova.

²³ Company "Pestova", Pestova/Kosova

²⁴ Company "Pestova", Pestova/Kosova

Conclusions

Results of this research reveal that Company Pestova uses all tools of advertising. The advertising tools used are subject to following classification: 1. advertising at the entrance to the store 2. TV; 3; Newspaper; 4; Radio 5; Billboard and followed by others.

The conclusions from this research is that 70% of respondents are regular consumers of Company Pestova products, 20% of them are rare consumers, and 20% resulted that they do not consume Company Pestova products at all.

According to some research made the Company, it results that last year, the number of those who consumed Company Pestova products nearly doubled, considering the reciprocity measures that our state imposed against other countries, therefore consumers' awareness was raised when it comes to using local products. The results of this survey show that 20% are consumers for more than 1 year, 30% for 1 year, while the remaining 50% consume Company Pestova products for almost 6 months.

It is very interesting fact that the majority of Pestova consumers, as the main reason for consuming their products listed the confidence, taking into account that Company Pestova at the same time is the first local company cultivating potato and its products. Following the confidence, other features are listed as well: cheap prices, quality products, variety of products, etc.

Another aspect of the research related to the question how satisfied were the consumers regarding Company Pestova products. 9% of them answered "excellent", 37% "very good" and so on, until the final classification at 6% which is poor. Such indication means that Company Pestova has a quite big workload ahead, to keep its consumers satisfied. It is noticeable that Public Relations and Publicity Component is an active branch within the Company Pestova. Consumers happened to hear information for this Company in news editions, where 93% of them responded positively. Whereas, if we consider what image has this company built in the Kosovar society, it appears that it created a very satisfactory image taking into account that only 21% of them answered "excellent" and then listed other classifications.

Statistics of this research show that consumers of Company Pestova have a very high tendency to continue using their products. Participation of consumers declaring that they will not continue to use these products is very low and actually it represents 4% of them. Visual identity of each company consists of the following key elements: the logo and symbol, company name, and the colors used, in fact, they translate the identity of the company into the image. The results of this study suggest that, as accessible and as easy are colors for eyes and identification, the consumers will longer keep it in mind. The results of this study confirmed that, vivid colors of company's logo make it

easier for consumers to remember. No doubt, an impressive advertising message from the Company will have a powerful impact in creating a positive image for the concerning Company, and it will affect sales growth, as well as directly affect the profit growth. The results of this research show that only 38% of respondents are familiar with advertising message, 21% of them gave the wrong answer, while 41% of respondents did not answer at all, which in a way means that they did not remember it. From the research results that the company is engaged in every way that advertising message sounds closer and easier to bear in mind.

When it comes to recommendations, Company Pestova consumers have a positive attitude for recommending products of the company to their friends. However, the result (70% yes and 30% no) tells us that the Company has room to improve in this aspect, trying to reduce even more the percentage of those who did not recommend Company Pestova products to their friends.

Finally, as a result of this survey some suggestions from consumers were given, which of course should be taken into account by the Company and improvements should follow. Packing should be filled more, products are not fried enough and they should be more salty. Following this, integrated marketing communication system occupies an important place. These are some suggestions that undoubtedly will help Company Pestova to increase the quality, consumer's confidence, and achieve even better position in domestic market as well as abroad.

Recommendations

In order to design and implement a successful integrated marketing communication, it is recommended to the company "Pestova" to implement the following these steps, which, among others, will lead to design and implementation of a successful promotional strategy with a new comprehensive marketing concept:

1. Control of the marketing plan,
2. Situation analysis for promotional programme
3. Analysis of communication processes,
4. Budget allocation,
5. Development of integrated marketing communications programme,
6. Integration and implementation of marketing communication strategies, and
7. Monitoring, evaluation and control of integrated marketing communication programme.

The model presented is generalized, in this case it is up to Company Pestova to decide whether it will implement it fully or partially.

Respondents provided some suggestions for the products of Company Pestova, such as:

- a) VIPA products should be filled more;
- b) the products should not be too salty
- c) the Company should be careful not to have over-fried products
- d) tastes of several types of chips are more delicious than others and they should be more careful with ingredients (spices);
- e) When placing Company Pestova products in stores, it should be done in more appropriate places, for consumers to be able to see them easier
- f) Product advancement
- g) Discounts on holidays
- h) Increase the quality
- i) Increase the use of interactive communication tools for advertising VIPA products
- j) More market research is conducted in order to meet needs and desires of consumers to a greater extent;
- k) More engaged in the developing integrated marketing communication

6. Literature

1. Belch. E. George, Belch. A Michael, Advertising and Promotion, 6th edition, New York, 2003
2. Billa, Liljana Elmazi ^ Panajoti, Vjolla Hysi, essentials of marketing, ideart, Tirana, 2008
3. Boce, Elona, How to write a research paper, Tirana, 2006
4. Chen, Lei On the Semantic Realization of fuzziness in Advertising English, Vol. 6, no. 8 Asian Social Science (August 2010)
5. Duka, Artan, Pano Niko, Promotion, Logoreci, Tirana, 2006
6. Fill, Chris Marketing Communication 5th edition Harlow Prentice Hall, 2009
7. Hague, Paul. Market Research, 3rd edition Glasgow: Bell & Bain Ltd, 2002
8. Jakupi, Ali, Principles of Marketing, Prishtina, Universiteti i Prishtinës
9. Kotler, Philip, Keller, Kevin Marketing Management, Bot. 14, New Jersey 2012
10. Livoreka, Ramiz, Marketing, Search Prishtina, 2011
11. McDonald, Malcolm, Christopher Martin, Marketing a complete guide
12. Perrault, William^McCarthy Jerome, essentials of marketing, 10th edition, McGraw-hill, 2006
13. Reshidi Nail, Bardhyl Ceku, 2006 Marketing, Prishtina, Universiteti Iliria
14. Reshidi Nail, Marketing Strategies Management 2, Prishtina, 2012
15. Scott, David Meerman. The New Rules of Marketing & PR New Jersey: John Willey & Sons, Inc. 2007
16. http://www.pestova.org/pestova/index.php?option=com_content&view=article&id=47&Itemid=54, 2013

17. http://www.pestova.org/pestova/index.php?option=com_content&view=article&id=48&Itemid=55, 2013
18. <http://www.pestova.org/chips/>
19. http://www.pestova.org/pestova/index.php?option=com_content&view=article&id=50&Itemid=5. 2013