**CHAPTER SEVEN: PROMOTION**

* 1. **Meaning of Promotion**

Modern marketing calls for more than just developing a good product, pricing it attractively, and making it available to target customers. Companies must also communicate with their customers and what and how they communicate should not be left to chance. For most companies, the question is not whether to communicate, but how much to spend and in what ways.

Promotion is a form of corporate communication that uses various methods to reach a targeted audience with a certain message in order to achieve specific organizational objectives. In other words, "Promotion is the co-ordination of seller's aim to set up channels of information and persuasion to facilitate the sales of goods/services or acceptance of an idea". "It includes all those activities which are aimed at creating and stimulating demand". In our daily life we all are exposed to various tools of promotion aiming at communicating one thing or the other to us.

**7.2 The Purpose of Promotion**

* Build Awareness & Provide Information – New products and new companies are often unknown to a market, which means initial promotional efforts must focus one establishing an identity.
* Create Interest – Moving a customer from awareness of a product to making a purchase can present a significant challenge. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.
* Stimulate Demand – The right promotion can derive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchase in a long time, the promotional efforts may be directed at getting the customer to try the product.
* Reinforce the Brand – Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer’s email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

**7.3 Promotion Mix**

Promotion mix is a blend of communication tools that help to achieve the promotion objectives in one way or another. It includes advertising, personal selling, sales promotion and publicity.

**7.3.1 Advertising**

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising is a non-personal form of promotion that is delivered through selected media outlets that, under most circumstances, require the marketer to pay for message placement. Advertising has long been viewed as a method of mass promotion in that a single message can reach a large number of people.

Advertising also has a history of being considered a one-way form of marketing communication where the message receiver (i.e., target market) is not in position to immediately respond to the message (e.g., seek more information).

Advertising has the following qualities:

* ***Pervasiveness:*** advertising permits the seller to repeat the message many times. It also allows the buyer to receive and compare the message of various competitors.
* ***Amplified expressiveness:*** advertising provides opportunities for dramatizing the company and its products through the artful use of print, sound and color.
* ***Impersonality:*** the audience does not feel obligated to pay attention or respond to advertising.

**Advertisements are important for:**

* Standardized products
* Products aimed at large markets
* Products that have easily communicated features
* Products low in price
* Products sold through independent channel members and/or are new

In developing an advertising program, marketing managers must make five major decisions known as “The five M’s”:

***Mission:*** what are the advertising objectives?

***Money:*** how much can be spent?

***Message:*** what message should be sent?

***Media:*** what media should be used?

***Measurement:*** How should the results is measured?

1. **Mission –advertising objectives**

An advertising goal or objective is a specific communication task and achievement level to be accomplished with a specific audience in a specific period of time. Advertising objectives can be classified according to whether their aim is to inform, persuade, remind or reinforce.

1. ***Informative advertising:*** aims to create brand awareness and knowledge of new products or new features of existing products. It is usually preferred in the introduction stage of the product life-cycle.
2. ***Persuasive advertising:*** aims to create liking, preference, conviction and purchase of a product or service. Persuasive advertising is specially used in growth and maturity stages of the product life cycle where competition is stiff.
3. ***Reminder advertising:*** aims to stimulate repeat purchase of products and services. As there is a threat of competitors, the firm should keep reminding about its products.
4. ***Reinforcement advertising:*** aims to assure customers (who bought previously) that they have made the right choice and to encourage them to purchase again.
5. **Money – the advertising budget**

In setting an advertising budget, the company must make internal and external considerations.

**Internal considerations:**

1. ***Product differentiation:*** similarity in product offering among firms forces the industry to spend high advertising budget to show the customers the difference among brands.
2. ***Stage in the product life cycle:*** new and modified products typically receive large advertising budget to build awareness and to gain consumer trial in the introduction stage.
3. ***Advertising frequency:*** if the firm plans to advertise often, its advertising budget will be high.

**External consideration:**

1. ***Competition:*** in a market with a large number of similar or none resembling and high advertising

spending, a company must advertise more heavily to be heard.

1. ***Market share:*** high-market-share brands usually require less advertising expenditure. It is less expensive to reach consumers if a widely used brand than to reach consumers of low-share brands.
2. ***Product substitutability:*** it is somewhat related with competition. Some products stay in the market with a strong in hold in technology, quality and other distinctive feature.
3. **Media selection**

Media is finding the most cost-effective media to deliver the desired number and type of exposure to the target audience. There are two categories of media: broadcast and print media. In the broadcast media, we have TV and Radio while the print media comprises newspapers, direct mail, magazines and outdoor (billboards and painted bulletins) advertising.

Media timing or media scheduling is an issue to be considered before advertising through selected media. This is influenced by sales trend, competitors’ activities and repurchase cycles. Based on media timing, advertising can be:

* ***Continual:*** suggests the firm advertise continuously and evenly throughout a given period. It is used in spending market situations and with frequently purchased items.
* ***Concentrated:*** the firm spends the advertising budget in a single period. Example, for products with one selling season or holiday.
* ***Fighting:*** advertise on one period, quit advertising on the next period, and again advertise on the third period. It is used when the purchase cycle is relatively infrequent and with seasonal items.
* ***Pulsing:*** is continuous advertising at low-weight reinforced periodically waves of heaver activity. Pulsing draws on the strength of continuous advertising and fight to create compromise scheduling strategy. In other words, pulsing is scheduling ads unevenly over a given time period. The idea behind pulsing is to advertise heavily for a short period to build awareness that carries over to the next advertising period.

1. **Message**

Advertising message is what the advertising attempts to convey about the brand. The message should be:

1. ***Meaningful:*** pointing out benefits.
2. ***Believable:*** persuading customers that the firm really provides the stated benefits.
3. ***Distinctive:*** depicting the firm is better than competitors.

In developing advertising message, it is important to generate fresh insights and avoid using the same appeals and positions as others. The firm should also know how to transmit the message. In such category, format, color combination, illustrations and headlines should be there in an attractive way. To be socially responsible, advertisers must be careful not to offend the general public as well as any ethnic groups, racial minorities or special-interest groups.

1. **Measurement – evaluating the advertising effectiveness**

Most advertisers try to measure the communication effect and the sales effect of the advertising. Communication-effect research seeks to determine whether advertising is communicating effectively. Advertising sales-effect is generally harder to measure than its communication effect since sales are influenced by many factors such as features, price and availability as well as competitors’ actions. But it can be measured by comparing past sales with historical advertising spending or through experiments by injecting advertising budget in different segments and observing their respective sales trend. The sales impact is easier to measure in direct-marketing situations.

**Use of Advertising**

* **Stimulating Primary and Selective Demand-** First to introduce product needs to stimulate primary demand.
* **Offsetting Competitors Advertising-** Defensive advertising, offset to lessen the effect of competitors advertising.
* **Making salespersons more effective-** Consumer can consume only so much of a product, this limits absolute demand.
* **Increasing use of product-**Consumer can consume only so much of a product, this limits absolute demand.
* **Reminding and Reinforcing Customers-**Reminder need to keep company/product name at the forefront of consumers’ minds in the competitive marketplace.
* **Reducing Sales Fluctuations -**Increase sales during slow periods will help increase production

efficiency.

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| **Advantage of advertising** | **Disadvantages of advertising** |
| * Flexibility allows you to focus on a small, precisely defined segment. | * Rarely provides quick feedback, or necessarily any feedback |
| * Cost efficient-reach a large number at a low cost per person, allows the message to be repeated, and can improve public image. | * Less persuasive than personal selling |
| * Allows for repeating the message-lets the buyer receive and compare the messages of various competitors. | * Audience does not have to pay attention |
| * Very expressive, allows for dramatization | * Indirect feedback (without interactivity) |
| * Also used to build a long term image of a product. |  |

* + 1. **Sales Promotion**

Sales promotion consists of a collection of short term incentives designed to stimulate quicker or greater purchase of a particular product or service by consumers. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy.

The objectives of sales promotion

* To stimulate trial purchase
* To enable manufacturers to adjust to short-short term variations in supply and demand
* To encourage repurchase
* To increase quality of purchase
* To support advertising

Sales promotion may be aimed at consumers, middlemen or a firm’s own employees. It includes tools for consumer promotion, trade promotion and business and sales force promotion.

1. **Consumer promotion tools**

They are directed toward the ultimate consumer. They include:

1. **Samples:** are free offers of a product or a service delivered door-to-door, send in the mail, picked up in a store or attached to another product.
2. **Coupons:** are certificates that entitle the consumer for the reduction in the selling price of a specific product (usually for immediate purchase). It can be mailed, enclosed in other product or attached to them, or instilled in magazine or newspaper advertising.
3. **Cash refund offers (cash rebates):** the manufacturer refunds the consumer part of the purchase by mail after the consumer send “proof of purchase”. It is a price reduction after purchase rather than at the retail shop.
4. **Premiums (gifts):** are merchandise offered extra to the main product at a relatively low cost or free as an incentive to purchase a particular product. They are of three types: a *with pack premium* – accompanies the product inside or on the package; a *free-in-the mail premium* – is mailed to consumers who send a proof purchase; and, *a self-liquidating premium* – is sold below its normal retail price to consumers who request it.
5. **Price packs (cent-off deals):** offer consumers certain amount of savings of the regular price of a product. They are of two types: a reduced price pack – is a single package sold at a reduced price (such two for the price of one); and, a banded pack – is to related products banded together (such as toothbrush and toothpaste).
6. **Patronage awards:** refer to any value, cash or none cash for the loyal users of a firm’s product or service.
7. **Point-of-purchase (POP) displays and demonstrations:** displays or other promotional activities at the area where consumers purchase the product.
8. **Frequency programs:** provide awards related to the customer’s frequency and intensity in purchase the company’s products and services.
9. **Prizes (contests, sweepstakes and games):** are offers of the chance to win cash, trips or merchandise as a result of purchasing something. A contest calls for consumers to submit an entry to be examined by a panel of judges who will select the best entries. A sweepstake asks consumers to submit their names in drawing. A game presents consumers with something every time they buy – bingo numbers, missing letters – which might help them to win a price.
10. **Free trials:** refer to inviting prospective purchasers to try the product without cost in the hope

that they will buy.

1. **Product warranties:** are explicit or implicit promises by the seller that the seller fixes it or refund the customer’s money during a specified period.
2. **Tie-in promotions:** two or more brands team upon coupons, refunds and contest to increase pulling power.
3. **Cross-promotions:** using one brand to advertise another competing brand.
4. **Trade promotion tools**

They are directed to the members of the marketing channels. Manufacturers award money to the trade: (1) to persuade the retailer or the wholesalers to carry the brand; (2) to persuade the retailer or the wholesaler to carry more units than the normal amount; (3) induce retailers to promote the brand; (4) to stimulate retailers and their sales clerks to push the product. Trade promotion tools include:

1. **Price-off (off-invoice or off-list):** a straight discount on purchases during a stated time period.
2. **Allowance:** an amount paid by manufacturers so that retailers promote its products by featuring, display and price reductions. An *advertising allowance* compensates retailers for advertising the manufacturer’s product. A *display allowance* compensates retailers carrying a special product display.
3. **Free goods:** offers of extra merchandise to intermediaries who buy certain quantity or who feature a certain flavor or size.
4. **Business And Sales Force Promotion Tools**

They are used to gather business leads, impress and reward customers and motivate the sales force. They include:

**Tradeshows and conventions:** Industry associations organize annual tradeshows and convections. Participants except several benefits including generating new sales leads, maintain customer contacts, including new products, meeting new customers, selling more to present customers, facilitating purchase of ex-users and educating customers with publications, videos and other audiovisual materials.

**Sales contests:** Aim at including the sales force or dealers to increase their performance with prizes (money, trips, gifts or points) over a stated period.

**Specialty advertising:** consists of low-cost items bearing the company’s name and address, logo, symbol and sometimes an advertising message that salespeople give to prospects and customers. Common items are ballpoint pens, calendars, key chains, flashlights, tote bags and memo pads.

**Sales Promotion Opportunities and Limitations**

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| **Opportunities** | **Limitations** |
| Increase in sales by providing extra incentive to purchase. Many focus on resellers (push), consumers (pull) or both. | Consumers may just wait for the incentives |
| Objectives must be consistent with promotional objectives and overall company objectives. | May diminish image of the firm, represent decline in the product quality. |
| Balance between short term sales increase and long term need for desired reputation and brand image. | Reduces profit margins, customers may stock up during the promotion |
| Attract customer traffic and maintain brand/company loyalty. | Shift focus away from the product itself to secondary factors, therefore no product differential advantages. |

* + 1. **Public relation (publicity)**

A public is any group (stockholders and stakeholders) that has an actual or potential interest in or impact on a company’s ability to achieve its objectives. Public relations, quite known as publicity, involves a variety of programs and activities designed to promote or protect a company’s image and its individual products by planning and releasing news or information in mass-media not paid by the sponsor. It is any unpaid form of non-personal presentation of ideas, goods and services.

Even though activities in PR require minimal cost, publicity in general is not cost free. There is at least printing and social responsibility cost. And of course, publicity people are paid. But they try to attract attention to the firm and its offering without having to pay media costs. Movie studios for example, try to get celebrities on TV talk shows because this generates a lot of interest and sells tickets to new movies without the studio paying for TV time.

Although publicity and advertising both depend on mass media, they differ in several aspects.

1. Advertising message tend to be informative or persuasive whereas publicity is primarily informative.
2. Advertisements are sometimes designed to have an immediate impact on sales while publicity messages are more subdued.
3. Publicity releases do not identify sponsors, advertisements do.
4. The sponsor pays for media time and space for advertising, but not for publicity. I.e. while advertising must be paid for, publicity is “free”.
5. Communications through publicity are usually separated from the broadcasts program or editorial portions of print media so that the audiences or readers can easily recognize (or ignore) them.
6. Publicity may have greater credibility than advertising among customers because as a news story, it appears more objective.
7. Finally, a firm can use advertising to repeat the same message as many ties as desired; publicity is generally not subjective to repetition.
8. **Functions of the PR Department**

* ***Press relations:*** presenting news and information about the organization most positive light.
* ***Product publicity:*** sponsoring efforts to publicize products or building and releasing good news about a certain product.
* ***Corporate communication:*** promoting understanding of the organization through internal and external communication.
* ***Lobbying:*** dealing with legislators and government officials to promote or defeat legislation and regulation.
* ***Counseling:*** advising management about public issues and company positions and image during good times and bad.
* ***Financial community relationships:*** maintain good relation with stockholders and any other financial source.

1. **Major Tools in PR**
2. ***Publications***: are published materials that include annual report, brochures, articles, company newsletters and magazines and audiovisual materials.
3. ***Events***: include news conferences, seminars, out goings, trade shows, exhibits, contests and competitions and anniversaries that will reach the target publics.
4. ***Sponsorships***: sports and cultural events and highly regarded causes.
5. ***News***: about the company, its products and its people.
6. ***Speeches***: company executives answer question from the media or give talks at trade associations or sales meetings.
7. ***Public***-***service activities***: contributing money and time to good causes.
8. ***Identity media***: include visual identity of the company that is carried by company logos, stationary, brochure, signs, business cards, buildings, uniforms and dress codes.
   * 1. **Personal Selling**

Personal selling is a direct (personal) spoken communication between sellers and one or more prospective or potential buyers for the purpose of making presentations, answering questions, processing orders, making sales and developing relationship between a salesperson and a potential buyer.

A personal selling usually happens face-to-face, but sometimes the communication occurs over the telephone or even via video conference over the internet. The use of telephone and call centers to attract prospects, selling to existing customers and provide service by taking orders and answering questions is referred to as *telemarketing*. It helps the company increase revenue, reduce selling costs and improve customer satisfaction. There are two forms telemarketing: *inbound telemarketing* – receiving calls from customers; and, *outbound telemarketing* – initiating calls to prospects and customers.

Salespeople get immediate feedback, which helps them to adapt the firm’s marketing mix to each potential customer. Personal selling builds-up long-term personal relationship with customers and helps firms customize their offer (if possible economically and technically) according to the customer demand. Personal selling can be very expensive. So it has to be combined with mass selling and sales promotion. Personal selling has some unique benefits:

1. **Personal confrontation:** helps understand each other’s needs and make immediate adjustment.
2. **Cultivation:** the tendency to create a deep personal friendship.
3. **Response:** the buyer feels obliged to listen and respond to the sales talk.

The communication platforms for personal selling can be sales presentations, sales meetings, incentive programs, samples and fairs and tradeshows.

1. **Types of Personal Selling**
2. **Order taking:** The salesperson (order taker) establishes accounts about the customer during receiving payments and when the customer visits again, the order taker will service the customer on a recorder basis.
3. **Creative selling:** calls for high level of preparation, expertise and close contact with the buyer. The salesperson usually has specific training in related area (engineering or computer field). Sales training approaches try to transform a salesperson from a passive order taker into an active order getter who engages in customer problem solving. An active order getter learns how to listen and question in order to identify customer’s needs and come up with sound product solutions. This approach assumes that customers have latent needs that constitute opportunities and that they will be loyal to sales representatives who can analyze their needs and who have their long-term interest at heart.
4. **Supportive communication:** A missionary salesperson will call to customers to ensure that the buyer is satisfied with the firm’s product or service.

**B. Objectives of Personal Selling**

1. **Create Differentiated Competitive Advantage**: The salesperson must identify what a buyer values of the product (functional or emotional attributes or related services) and then demonstrate how the firm’s product and services meet the buyer’s needs more closely than competitors’ market offering.
2. **Accord uniqueness:** the salesperson must treat each buyer as a unique individual buyer by listening attentively to the buyer.
3. **Control the interview:** if the salesperson can control the content and direction of an encounter, the potential buyer will be able to learn accurately what the firm has to offer.
4. **Advantages of Personal Selling**

Personal selling is the most important ingredient in the promotion-mix. It is the largest single selling and distribution cost accounting for 10-15% of net sales revenue in many organizations the following are the relative advantages of personal selling:

1. A salesman can pinpoint prospect, whereas advertising cannot distinguish precisely a prospect from a suspect as it is a means of mass communication and not an individual communication. Hence, there is minimum waste of effort and expenditure in personal selling.
2. Personal interview in salesmanship assures attention and interest of a prospect. Personal selling has flexibility. Sales talk and sales presentation can be fitted to the individual needs and motives of a prospect. This is not possible in advertising.
3. Advertisement has a broad message. It cannot be adjusted to reactions and objections of any prospect. Salesman can adjust sales presentation on the spot to meet objections and reactions of his prospect in order to gain action.
4. Advertising can attract attention and arouse interest but usually it is left to the salesman to close the sale and affect transfer of title.
5. Actual demonstration of the product or its use is recognized as the most powerful means of convincing and only personal selling provides this opportunity.
6. Personal selling is the best means of two-way communication between company and its customers. It provides sufficient feedback information useful for management in taking vital decision such as competition, customer reactions and comments, market trend, dealer demand, etc.,
7. Personal selling has permanent place in promotion and distribution. In retail trade, we need personalized services and relations with customers and these can be offered only by salesmen.

**D.** **Disadvantages of Personal Selling**

* Possibly this promotional method is misunderstood. Most people have had some bad experiences with salespeople who they perceived were overly aggressive or even downright annoying. While there are certainly many salespeople who fall into this category, the truth is salespeople are most successful when they focus their efforts on satisfying customers over the long term and not focusing

own their own selfish interests.

* Personal selling has high cost in maintaining this type of promotional effort. Costs incurred in personal selling include:
* High cost-per-action (CPA)
* Training Costs
* Personal selling is not for everyone. Job turnover in sales forces of often much higher than other marketing position. For companies that assign salespeople to handle certain customer groups (e.g., geographic territory), turnover may leave a company without representation in a customer group for an extended period of time while the company recruits and trains a replacement.

**7.3.4. Factors Affecting the Promotional Mix**

There is no perfect promotion mix. Everyone has to devise a mix depending upon the situation. It has to be tailor-made depending upon the characteristics of the situation. Companies thus consider the factors described below in developing their promotional mix.

#### **Funds available**

Regardless of what may be the most desirable promotional mix, the amount of money available for promotion is the real determinant. A business with ample funds can make more effective use of advertising than an enterprise with limited financial resources. Lack of money may even force a company to use a less efficient promotional method.

#### **Nature of the market**

As is true in most problem areas in marketing decisions on the promotional mix will be influenced by the nature of the market. This influence is felt in at least three ways.

***Geographical scope of the market***- personal selling may be adequate in a small local market, but as the market broadens geographically, greater stress must be placed on advertising.

***Type of customers*** – a promotional program aimed at industrial users and middlemen will probably include more personal selling than a program designed to attract household consumers. Concentration of the market – The fewer the potential buyers there are, the more effective personal selling is, compared with advertising.

***Composition of buyers*** – A market with a few types of customers will call for personal selling than advertising; a market with many different customers will call for advertising than personal selling. Personal selling would be prohibitively expensive in reaching many markets.

#### **Nature of the product**

In the field of industrial goods, the promotional strategy used to market installations usually features heavy emphasis on personal selling. The promotional method used in consumer goods is different from that of industrial goods. Even within the category of consumer goods, a promotional mix is influenced by whether the goods are convenience, shopping, specialty and unsought goods.

***Stage of the product’s life cycle***

The promotional tools also vary in cost-effectiveness at different stages of the product life cycle. In the introduction stage, advertising and publicity have high cost-effectiveness, followed by sales promotion to induce trial and personal selling to gain distribution coverage. In the growth stage, all the tools can be toned down because demand has its own momentum through word of mouth. In the maturity stage, sales promotion, advertising and personal selling all become more important respectively. In the decline, Promotional activities are going to be dropped and the company is working with some promising products.

The end!!