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# UNIT 11 PROMOTION AND COMMUNICATION MIX

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## Objectives

After going through this unit, you should be able to:

- describe the basic tasks of communication;
- discuss the steps involved in developing a strategic IMC strategy; and
- understand Sales promotion in Retail and its various types.

## Structure

- 11.1 Introduction
- 11.2 Reasons Governing the Change in Customer Attitude
- 11.3 Retail Marketing Communication
- 11.4 Basic Tasks of Communication
- 11.5 Integrated Marketing Communication: The Concept
- 11.6 Steps for Designing and Effective IMC Strategy
- 11.7 Positioning of a Retail Store
- 11.8 Store Atmosphere and Visual Merchandising
- 11.9 Retail Promotions
- 11.10 Promotional Objectives
- 11.11 Types of Sales Promotions
- 11.12 Role of Salespeople and Sales Promotion
- 11.13 Summary
- 11.14 Key Words
- 11.15 Self Assessment Question
- 11.16 Further Readings

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## 11.1 INTRODUCTION

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From times unknown, retailers have tried to attract the customers towards their products and services and more importantly their store through novel methods. At one point of time, few decades back the retailer seems to know the names of the customers as well as their nature of purchase. On the other hand customers used to associate themselves with the specific store based on the relationship they had, with the retailer. That was an era which was marked by lesser number of stores as well as, equally lesser number of customers. Over a period of time things have changed drastically to make the customers more demanding. To make things grimmer, there has been a quantum jump in the number of stores as well as individual sizes of major stores. All these factors have led to a situation whereby, the customers are on the lookout for the best bargain. The purchase decision is just not based on relationship but on hardcore monetary gain and the experience quotient derived out of the shopping transaction. All this has made



marketing communication a significantly critical area from the source point of view. This is because, customer visits are perception based in the first instance and there onwards it is based on their own experience. Whether it is a matter of perception for a first-time visit or a satisfying experience within the store and a sense of happiness for transacting with the store, all depends upon the marketing communications strategy of the store,

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## 11.2 REASONS GOVERNING THE CHANGED CUSTOMER ATTITUDE

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**Scarcity of time:** Majority of the families are dual earning and have various commitments to attend. They thus face paucity of time to invest in purchase transactions. With increasing distances a major part of the consumer time is consumed in commuting. This leads to an increase in time cost for the customer. Thus, they have become very conscious about the time factor.

**Lifestyle and Status:** Customers in general have developed 'a great sense of individualism. People follow distinct lifestyles and would not like to compromise there. This leads to an intensive search by the customer for specific product types and styles. Thus the customers would like to confirm whether the retail outlet has a perception amongst the customers which matches their preference.

The retailer should take this scenario in his stead and sincerely work to establish a positive image. At the same time it should be his endeavour to communicate to the customer about the range of products and services which can satisfy the customers at prices which suit the customers.

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## 11.3 RETAIL MARKETING COMMUNICATION

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All means adopted by a retail store to communicate a store specific message to the customers constitute the retail marketing communication. Therefore we can say, whatever, a store does to communicate to the target audience regarding the visit worthiness of the store can come under the broad heading of retail marketing communication.

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## 11.4 BASIC TASKS OF COMMUNICATION

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- 1) Intimate the customers about the presence of a store or outlet.
- 2) Invite them to visit the store and make it really an attractive proposition to do so.
- 3) Amidst all the media clutter make a consistent effort to remind them to do so.

It has often been experienced that some promotional schemes have been introduced in the market by manufacturer's brand. This is backed by heavy advertising and publicity. However when the customer goes to purchase the same brand he either does not find it available or more surprisingly, the store is not aware of the scheme being offered. This anomaly or inconsistency can be minimised by the integration of the communication strategy.

The primary function of any marketing communication strategy is to increase footfalls in the store. This footfall can be increased by informing the customer about the store and motivating him to do so. Differentiation from competitors is also a major function of marketing communication,, Here it is worth mentioning



that marketing communication strategy will be very different for large retail chains vis-a-vis single unit retail stores. A large retail chain based on multiple geographical locations has diverse audiences to address to. Thus the communication strategy can be fine tuned as per need of the store. However it is very important to remember that even in case of fine tuning of communication strategy the identity of the store remains the same. Strategy has to be such that the image and identity of the chain remains the same.

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## 11.5 INTEGRATED MARKETING COMMUNICATION: THE CONCEPT

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Integrated marketing communication consists of a quiver of communications tools. It includes:

### **Advertising**

It would include all paid forms of nonpersonal presentation of ideas to promote the store. Advertising gives a reason to buy from the specific store to the customers. Here, we can include all the advertisements in the press, television and all other forms of media. The latest type of advertisement in the press is known as advertorial. In this case a detailed report is prepared and presented in the form of a press report in the newspaper, which is actually not so. These reports or other promotional material are presented in an innovative manner so that, the customer (reader) takes it as a genuinely covered press report.

### **Sales Promotion**

It includes off-season discounts, off-season sales, free gifts, most valued customer schemes etc. Sales promotion gives an incentive to buy from that store as against the mission of advertising to give a reason to buy. It has been seen over the years that sales promotions have been successful in boosting sales even if, for the promotion period only. Retailers must be cautious while introducing such schemes as, it leads to counter schemes by competitors towards as well as a sharp dip in sales after the promotion is over.

### **Publicity**

All activities which give some sort of positive or negative image on the basis of activities done by the store come under the broad heading of publicity. For instance, if a big retail store (does some charitable activity to help some underprivileged cross-section of society and, it generates media interest, which leads to media coverage then, we can term it as publicity. It has been experienced that publicity is more effective in tone for promotion than advertising. However, stores should refrain from getting into controversial areas to avoid any negative publicity which may adversely affect its image amongst the target audience.

### **Direct Marketing**

All forms of store promotion through brochures, catalogues and Internet can be categorised under the broad heading of direct marketing. Direct marketing has been very popular in Western countries but not so in India. It has been seen that, transactions through the net have not been that popular in India. Reasons can be attributed to problems related to product delivery and payment while transacting through net. However, we must bear this in mind that in comparison to advertising, direct marketing proves to be a cheaper and effective medium for store promotion. The greatest advantage of direct marketing is that, it not only draws attention of customers for visiting the store but, also presents an opportunity to buy products over the phone or through the Internet.



### Personal Selling

Personal selling is an integral part of integrated marketing communication. When a store uses its sales force to give personal attention to the customers and follow-up in a personalised manner it becomes an effective tool for store promotion. At times store personnel do visit customers at their residences to develop an intimacy and obviously, promote the store.

### Public Relations

The image a store develops through its public dealings like interaction with the customers, enthusiasm amongst the store employees and customer's grievance handling mechanism constitutes public relations or PR.

The concept of integrated marketing communication (IMC) as it is popularly known simply states that all the tools of marketing communication mentioned above should be used in tandem to achieve the organisational goals. Further, you should appreciate that all these tools have their own unique characteristics to communicate the specific message in a distinct manner. You should understand that all these tools when applied together or in short intervals should never deliver a different message or image of the store. For example if a particular retail store hires top notch models to inaugurate the store backed up with a jazzy advertising campaign, it definitely carves out an image in the minds of the customer. However, if the customers perceive through word-of-mouth communication that the store does not offer such premium products as was expected in line with the image formed, it may result in a sharp decline in footfalls in the store. Similarly after such an advertising campaign if the publicity generated by the activities of the store is unable to match the image, even then it will lead to a fiasco for the store. The bottom line there is all the tools of marketing communication have to perform in a co-ordinated manner as instruments in an orchestra.

We can put the retail store at the core of this mix at the time of need arousal, the customer has several questions. These questions can be

- Which product to buy that satisfies the present need?
- Which brand of the product buy?
- Which store to purchase from?
- Whether to purchase from a single store or compare the offerings at various stores?

Many communication variables influence the decision to do shopping at a particular retail outlet. Given the fact that there that multiple retailers and multiple products trying to convince the customers with the messages, the role of marketing communication becomes very critical.

## **11.6 STEPS FOR DESIGNING AN EFFECTIVE IMC STRATEGY**

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For developing a proper IMC strategy a retailer must follow the following steps:

- 1) Design the marketing objectives
- 2) Devise the communication objectives to achieve the marketing objectives
- 3) Situation analysis
- 4) Design the marketing communication strategy

- 5) Prepare the budget
- 6) Implement the marketing communication strategy
- 7) Review the results and compare with targeted results
- 8) Corrective measures

### **Design the marketing objectives**

Each retail store understands what it requires, to not only survive in the competitive market but also earn profits. In this context what sort of marketing objectives the store should have is to be decided as the first stage. Marketing objectives may change as per the market situation and level of establishment of the retailer. A well established retail store would not concentrate on spreading awareness amongst the consumer segments where as a new and upcoming store would like to do so.

### **Objectives of a Retail Communication Strategy**

Communication strategy of any retailer is based on his marketing objectives. It would depend on the retailer whether he is interested in getting a big footfall and many customers visiting the outlet or interested in very specific preference customers visiting and also buying from their store. More importantly some retailers initially aim for a big footfall so that the store gets the maximum visibility; thereon they try to focus on their target segment with specific communication signals.

### **Communication objectives can be both Long term as well short term**

**Long term Communication objectives:** These are those communication objectives which any retail entity would not like to change in the short run. These goals are not achievable overnight. At the same time it is worth mentioning that once achieved these goals cannot be won over by competitors in the short run until and unless some thing drastic happens. Long term objectives can be creating a strong brand image for the retailer or creating brand loyalty.

### **Short term Communication objectives:**

These objectives keep on changing as per the changing market scenario. Such objectives are necessary from a promotion as well as competition perspective. Supposedly the retailer wants to increase footfalls he can design a communication which can attract traffic to his outlet. During the festivals or monsoons one can design strategic communication aimed at specifically increasing the sales.

### **Devising communication objectives**

The first step in the strategy of designing communication and promotion strategy is to have the marketing strategy in place. Marketing objectives can be designed out of the marketing strategy. A retail store new to the market may like to have a strategy to have a good penetration in the market. For this his objectives can be maximisation of footfalls as well as increasing awareness about his store among the audience. However on the other hand in case of an established retail store the strategy can be well very different from the small store. A well established large store can think about having an up market image in the target segment and therefore go for premium pricing as well as premium branding. Test case can be of a retail store dealing in seasonal goods like garments. Such a store has to have a very different strategy since, his dealing and transactions will be limited to a specific duration of the year. Marketing objectives can be for instance, an increase in sale by increasing footfalls, it can also be, restriction on footfalls by having premium pricing of the products available in the store. More



important than having a marketing strategy or an objective in place is to communicate the same to the customers in the most convincing and persuasive manner.

Once the marketing objectives are in-place, the retailer has to concentrate on 'what to communicate to the customer so as to the marketing objectives which in turn will finally make his marketing strategy successful. Most important part of communication strategy is the fact that, what message is to be given to the customers so that they think in a way, the retailer wants them to. For instance, you must have seen big advertisements of sale given by various retail stores as well as showrooms. However, at the very first instance when you see that advertisement, you have a feeling that this is a false statement. This is due to the fact that over a period of time customers have been exposed to various advertisements and promotion schemes where they have not been benefited to an extent they would like

Therefore with that sort of experience curve the customers would never like to get into such a net. The onus therefore lies on the retailer to communicate to the customer in such a way that they are convinced about the origin as well as authenticity of the message.

#### **Situation analysis**

Once the marketing objectives as well as communication objectives are in place next step is to study the market situation. After conducting situation analysis a retailer may come to know that he has to fine-tune his message and change the media vehicle to achieve the communication objectives. It can be possible that, before launching any promotional scheme a retailer comes to know that a competitor is already launching a much more aggressive as well as valuable scheme from the customers point of view. If the retailer would have launched his scheme he would have been a big loser after the counter scheme launched by the competitor. Moreover situation analysis also gives vital information to the customer regarding customers propensity to consume, existing retail scenario, entry of new players, as well as exit of old players.

#### **Designing a marketing communication strategy**

Marketing communication comprises of various constituents like advertising, sales promotion, personal selling, direct marketing, event management etc. On the basis of situation analysis the retailer is very well aware about the market situation. Thereon on the basis of marketing objectives as well as communication objectives a retail marketing communication strategy is designed. The marketing communication strategy contains a blueprint of what to do so as to achieve the communication objectives in a way that the marketing objectives are achieved which in turn, fulfils the marketing strategy. All the target segments cannot be communicated with just one mode of communication. Therefore it is an endeavor of the retailer to allocate budget and strategically plan the roles for those communication tools which are required. For instance, in case a retailer is based in a downtown area with middle income and lower middle income population then it presents a unique scenario. Here the customers would expect to have the best bargaining in the form of lower prices. Basically they would like to have a value for money. Here the retailer will have to communicate about availability of products at their (affordable) price range in the most convincing manner through a creditable channel of communication. On the other hand in case of an up market store based in one of the posh localities the scenario will be very different. Any retail store where such situations exists will, have to plan for a strategy of maintaining an up market image and delivering goods and services which justifies that image.

#### **Preparing the Budget**

All strategies and objectives of the retailer can go flat for want of funds. Any strategy or marketing objective design should be undertaken in line with available






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## 11.7 POSITIONING RETAIL STORE

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One very important aspect of the market which a retailer has to keep in mind is positioning of his store. At any given point of time what should be the point of association with the store is very important. Referring to the marketing fundamentals we can define Positioning as the image which the customers carry for the specific brand. In retailing we can take two examples to see as to what Positioning means in retailing

- **Shopper's Stop** - Feel the experience while you shop
- **Big Bazaar** - Is se sasta aur achha aur kahin nahin!

Taking the big bazaar example it is evident that the retailer wants to play the price plank to promote himself, and has accordingly tried to position himself as the retailer offering products at the cheapest price in the market.

Before deciding on the communication objectives it is essential for the retailer to decide upon his positioning strategy. It is this strategy which will in future not only guide the formulation of short term communication strategy but also the pricing, merchandising, layout related issues for the retailer. It gives a distinct and unique position to the outlet. It further helps the customer to distinguish amidst the message clutter and also associate. Interestingly it also helps to disassociate if the need be.

From a retailer's perspective two more tools which play a significant role in communicating to the customer are:

1. Store atmosphere and visual merchandising
2. Sales people

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## 11.8 STORE ATMOSPHERE AND VISUAL MERCHANDISING

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Store atmosphere in today's age is the key aspect for communicating a positive and happy image to the customer. This factor makes one feel like visiting a specific store every time. Similarly this factor can also have an adverse impact and may prevent a customer from visiting a store even the second time.

Store atmosphere is the ambience created within the retail store. It creates a big impact on the customer. The way the merchandise has been stacked and the specific location for each of the goods form the core of visual merchandising. Customers first observe the products and then take a decision to purchase. The store atmosphere and viewing of the merchandise through its abstract communication, influences the purchase decision and the overall mood of the customer.

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## 11.9 RETAIL PROMOTIONS

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With the growth of retailing in India you must be observing that there has been a tremendous rise in various schemes which the retailer opts to boost his sales. You must have visited a retail outlet with the banners about discounts, free gifts, and other such attractive schemes. All these constitute retail sales promotion. Such sales promotion tools are excellent generators of demand is used strategically with a proper timing.





## 11.10 PROMOTIONAL OBJECTIVES

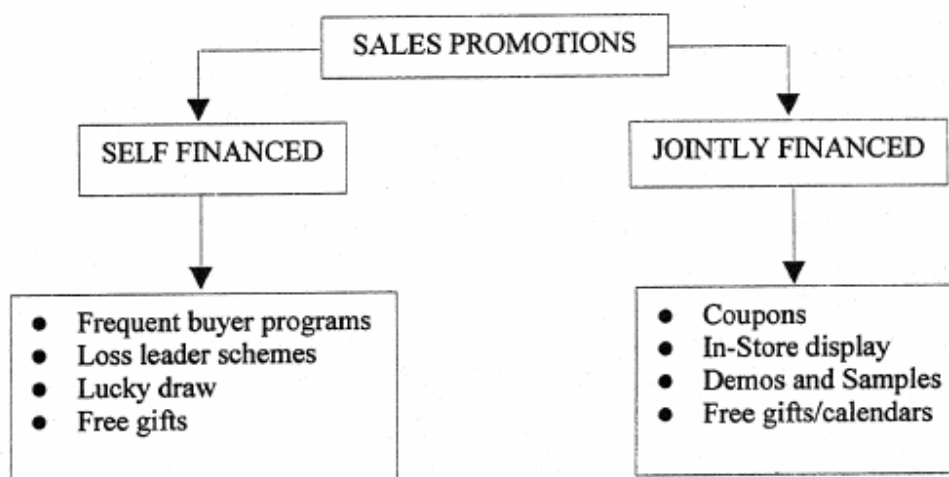
A retail outlet may have multiple promotional objectives. Long-term objectives of a retail store can be to create a positive store image which has a lasting impact on its customers. More important as it is about this positive image is that it should be a differentiating factor for the store amongst a host of competitors.

Short-term objectives can be primarily to attract new customers. Moreover it can also claim for an increase in frequency of visits from the existing customers.

## 11.11 TYPES OF SALES PROMOTIONS

If we look into types of sales promotion schemes we find there is a definite distinction which draws a line between the two classifications of sales promotion. Before we get into classification you must understand that the sales promotion schemes does not only help the retailer to boost his sales but, also supports the cause of the manufacturer. Therefore it is also the responsibility of the manufacturer to contribute in the endeavour of the retailer. Now coming back to classification the two types of sales promotions can be

- Sales promotion completely financed by the retailer
- Sales promotion jointly financed by the retailer and manufacturer



### Self financed sales promotion schemes

**Frequent buyer programmes:** To boost the frequency and quantum of purchase retailers come out with novel means. This is very much prevalent in daily needs and grocery stores. The monetary figure is kept as the minimum limit of purchase during a given period of time. If any individual customer is able to purchase more than the fixed range he/she is entitled for free gifts, or a discount voucher which entitles the customer to avail discount on future purchase. Such schemes may also involve contests which can be a lucky draw.

**Loss leader schemes:** To attract greater traffic in the store (general and grocery stores, supermarkets and daily needs stores) a retailer offers a prominently popular brand on discount. This discount however, is not offered by the manufacturer. The discount amount is basically the loss to the retailer which she/he bears to have a better traffic in the store. The bottom line in this and there is to generate a better traffic who will not only purchase the brand offered on a discount but also go for other commodities which may not only offset the losses for the retailer, but also on profits.



demand for calendars of the New Year or any other novelty items like key-chains, wallets etc. A retailer invests a good amount of money into these articles. The main aim of such gifts is to retain existing customers and also to attract new customers.

**Jointly financed sales promotion schemes**

**Coupons:** There are many instances which can be quoted in this regard. You must have seen and also experienced various discount coupons as well as scratch a gift coupons offered by various manufacturers. Companies like the Whirlpool, and Vimal from Reliance have been offering scratch a gift contest for a long time. This has been followed by the majority of players in the consumer durables market especially the consumer electronic goods. This scheme not only benefits to customers but also generates a lot of interest and enthusiasm amongst the customers to try their luck out.

**In-store displays and demos:** Once again, in consumer electronic goods it has been seen over a period of time that companies have invested for increase the attractiveness of the store. Besides this it also brings in expertise from the organisation to the retail store level which can be very helpful in overall retail display in future. Many manufacturers adopt a different route than in-store displays, which is the route of demonstrations or demos. Many reputed manufacturers have opened up small shops in shops to demonstrate the usage of their products. Revlon has been successfully doing that to position itself as an affordable brand in the retail consumer psyche.

**Free samples:** Long back when Maggie was introduced by Nestlé in India, free sample tea packs were distributed in high status popular schools to enthuse the young customers with the product. It was at that point of time when the concept of noodles was still very new for the customers. Similarly, Oriel and Surf Ultra both prominent detergent brands distributed free samples of their detergent powder to motivate and encourage the customers to use their respective brands.

**Free gifts:** As mentioned earlier, (in the sales promotion schemes financed by the retailer) free gifts are offered to the customers as a recognition for their relationship with the store. Such free gifts can also be sponsored by the manufacturer with their brand name and logo embossed on the products to inculcate better top of the mind brand recall.

**Activity 2**

Visit any two retail outlets of your choice and analyse the implications of manufacturer driven promotions for boosting the retail business.

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**11.12 ROLE OF SALESPEOPLE IN RETAIL PROMOTION**

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The attitude of a salesperson plays a big role in motivating the customers to buy products from the store. Moreover salespersons play a big role in making the customer make up their mind as well as feel happy about the purchase. Good salespeople can estimate the overall purchase potential of a customer as he steps



into the store. Especially in products like readymade apparels, garments, textiles, jewellery, suitings customer in a big way looks up to the salesperson for guidance, advice as well as encouragement to buy a specific product. In case of a customer who is dissatisfied, the role of the salesperson becomes even more critical. Salespersons can motivate such customers once again who come into the mainstream of the retail store. They can be instrumental in redressing the grievances of the customer. Happy and cheerful salespersons transform the atmosphere of the store. They can positively change the shopping experience of the customer and motivate him to revisit the store again along with his friends. On the other hand demotivated salespeople as well as inexperienced salespersons can prove to be a liability for the retail store. At any point of time the customer would not like to be entertained by inexperienced and negative salespersons.

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### 11.13 SUMMARY

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In reality customers' lives have undergone a sea change over the past two decades. Due to dual earning families time has become the most precious and rare commodity. With the growth of media and distinct lifestyles customers are now on the look out for distinct features, colours and preferences regarding different products. Primary function of marketing communication is to intimate the customer community regarding existence of a specific store. More important than just communicating the existence is to persuade the customers to visit. For communicating a retailer has various options in the IMC mix. For a proper IMC mix strategy the retailer must adopt a step by step process. While adopting any IMC strategy a retailer must be very cautious about his positioning in market and what sort of image he would like to have in the minds of the customers. Store atmosphere, visual merchandising as well as the role of sales people in retail communication is significant.

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### 11.14 KEY WORDS

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**IMC:** Integrated marketing Communication

**Retail Communication Strategy:** Specific communication strategy adopted by the retailer

**Store Atmosphere:** Atmosphere created within the store by the retailer.

**Visual merchandising:** The way/pattern in which the merchandise is displayed in the store.

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### 11.15 SELF ASSESSMENT QUESTIONS

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- 1) Can you give some more reasons causing change in customer attitude besides the one given in the unit?
- 2) What are the options available to the retailer for communicating to the customer?
- 3) Analyse the retail communication strategy of any major retail chain.
- 4) Critically evaluate the role of sales people in communicating a positive image to the customers.



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## 11.16 FURTHER READING

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Dunne Patrick M, Lusch Robert F, Griffith David A, (2002) *Retailing 4<sup>th</sup> Ed*, (Thomson South Western).

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