

UNIT 13 PERSONAL SELLING, PUBLICITY AND SALES PROMOTION

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13.0 OBJECTIVES

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

- define the roles of personal selling, publicity and sales promotion in promotion strategy
- describe the conditions and steps involved in personal selling
- explain the selling tasks of the international sales people as to how companies manage their sales forces
- explain as to how firms use publicity to promote their interests and manage it
- describe different types of sales promotion techniques.

13.1 INTRODUCTION

A major job of a company is to maintain good communication with customers, distributors, government and its own staff. It is said that everyone in life, sells something for living. It is no wonder, then, that companies attach considerable importance to personal selling as a major marketing tool. Personal selling is, in fact, the most ancient marketing tool. Since personal selling involves one-to-one communication between the seller and the prospective buyer, it has proved to be very effective during bulk sales and first sale and while selling high unit value items. To be cost effective, however, this form of promotion calls for sound management of the sales force on the part of the company.

This unit takes you through the steps involved in personal selling and the process of sales force management. On the other hand, Publicity is very cost effective and is the most credible way of building good relationship with different groups. Though publicity is not undertaken by the company, but by a third party, still a company can manage to get good publicity for it and its products through proper publicity management. Whereas Sales promotion – a short term incentive – is aimed at consumers, distributors and the company's own sales force. In this unit, you will learn the steps involved in personal selling, the process of sales force management, different publicity techniques and various sales promotion tools.

13.2 PERSONAL SELLING

Personal selling is the most ancient technique of marketing. When large scale production was unknown and the market size was limited, and the producer himself was the promoter and distributor, he had to resort to personal selling to persuade the customer to accept his offer. But even today, when the original producer and the final consumer hardly get to know each other, personal selling plays an important role in the marketing of certain types of products and in dealing with certain types of customers.

The American Marketing Association defines personal selling as an "oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales". It may be noted that personal selling involves a one-to-one communication between the salesman and the intending buyer, which provides an opportunity to both the buyer and the seller to seek clarification on a number of points as well as convey views which is not the case in other forms of promotion such as advertising.

13.2.1 Personal Selling – Conditions

Personal selling plays a crucial role in clinching sales under the following conditions:

- 1) Sales of high unit value, infrequently purchased products, such as machinery and durable consumer goods, warrant personal attention. Since buyers generally would like to be convinced about the product's quality and the facilities available for product service, sellers often have to educate them on their offer. Personal selling alone can provide such an education. This is also true of the custom made products.
- 2) When large volume purchases are involved by a single buyer, it is better to supplement the other marketing efforts by personal selling. Even if the unit value of a product like industrial fastener may not be very high, when the size of a single order is substantial, involving huge payment, personal efforts of a sales person may help bag the order in favour of the firm.
- 3) Personal selling has also proved very effective when a market is concentrated. It has been noticed that, due to various reasons, market for certain types of products such as garments, electrical and electronic items and gift items tend to get concentrated in selected parts of a city and/or country. Under such circumstances, personal selling tends to help a company instill a certain degree of confidence among the customers about the company and its offer.
- 4) When a product is first introduced in a market, it almost becomes inevitable for a firm to heavily use personal selling to gain a reasonable market share. By their very nature, most of the consumers are found to be reluctant to try out new products. It then becomes necessary for the company's salesmen to meet as many distributors and consumers as possible and convince them about the positive aspects of their offer.
- 5) Personal selling, in any case, plays a very important role in international marketing. Again, majority of consumers, by their very nature, have been found to be rather reluctant to buy imported products, when local substitutes are available. This is more so in the case of high unit value, infrequently purchased products, which warrant after sales service and raw materials, components and spares, where product quality is the overriding consideration in purchase decisions. Besides, in countries such as South Korea, a great deal of importance is attached to personal relationship and, in the Far Eastern countries, business people generally avoid discussing business deals with foreigners who do not get recommended by mutual acquaintances. The above explains the rationale behind the frequent sales trips undertaken by executives of a number of companies to overseas countries even to meet the same parties.

13.2.2 Personal Selling – Steps

The selling process comprises a number of steps as detailed below:

- 1) **Prospecting:** The first step in the selling process is prospecting – identifying the potential customer. It is a proven fact that a salesperson needs to approach many prospects to clinch a few sales. Identification of prospects may be done by building a referral source that may include current customers, dealers, bankers, chambers of industry & trade and associations, directories, journals, newspapers, etc.
- 2) **Qualifying:** The next step is to 'qualify' the leads – that is, to identify the good prospects and screen out the poor ones. Sales people will have to depend mostly on their subjective judgement and skill to "qualify" the prospects. Some of the yardsticks they may use in this exercise include the financial position, location and special needs of the prospect, the expected volume of business and the possibilities of business growth.
- 3) **Pre-approach:** This step involves collection of as much information and data about the prospect before the sales person calls on the prospect. If the prospect happens to be a company, the salesperson should learn practically everything about the company, its history, size, product line, buying pattern, financial record, etc. If the prospects are individual consumers, information must be collected about their age, sex, profession, income, buying patterns, factors influencing purchase decisions, profile of the decision maker in the family etc. Another task that is to be completed at this stage is to decide about the objective of the call i.e. whether to gather further information or judge the prospect or to effect a sale. The final job to be done is to select the type of approach i.e. phone call, e-mail, personal visit, letter, etc.
- 4) **Approach:** During this stage, the aim of the salesperson should be to get off to a good start. This is largely ensured by the pleasing appearance and positive attitude of the salesperson and his success in attracting the buyer's attention and curiosity.
- 5) **Presentation and Demonstration:** The approach step is followed by "presentation", where the salesperson 'presents' the offer to the prospect, highlighting as to how his offer will be better than the competitors' offers, in terms of customer benefits. The presentation can be done by a memorized or scripted talk, which can be effective in telephone selling situations where maximum facts have to be conveyed, in a logical sequence, within a limited time or, the salesperson may first identify the prospect's attitudes and needs and the buying style and then make a formula presentation or, the prospect may be first allowed to do most of the talking and then the salesperson may tailor his presentation accordingly. Presentation should be strengthened and followed up by demonstration with aids such as charts, booklets, slides, videotapes and product samples.
- 6) **Handling Objections:** Customers, more often than not, will not be fully satisfied by presentation and demonstration. They may or may not speak out their objections. It is the job of the salesperson even to seek out unspoken objections and clarify them.
- 7) **Closing the Sale:** The salesperson should try to close the sale now. For this, he should recognize the closing signals from the prospect and, at the right moment, close the sale and ask for the order, even helping the prospect in writing the order, if necessary.
- 8) **Follow-up:** This final step is extremely important for repeat business. Since marketing begins much before and continues long after a sale is effected, it is the responsibility of every company, after an order is secured, to ensure that the product is delivered as per contractual terms. At all the same time all services such as installation, maintenance and after sales service are attended to at the right time, place and cost.

13.2.3 International Sales People

The job of the international salesperson basically combines four selling tasks.

- 1) **Trade Selling:** The primary responsibility here is to increase the volume of exports to foreign distributors. This is done by motivating them and catering to any additional merchandising and promotional assistance they seem to require.

- 2) **Missionary Selling:** The international salesperson will spend some time with large end-users abroad along with the foreign distributor's salesperson. The end-user will be provided with product information including information on new products which may be in the pipeline and will be encouraged to purchase additional quantities.
- 3) **Technical selling:** This is akin to management consulting in that the ability to identify, analyse, and solve customer problems is vitally important. Technical selling is necessary for many industrial products, especially in industries such as chemicals, plastics, machinery and heavy equipment. It is done by the international salesperson, who provides important end-users with technical and engineering information and assistance during a visit.
- 4) **Business selling:** It consists of visiting potentially large new customers and inducing them to give trial orders. In addition, the international salesperson supplies information to international marketing management at the head office on the foreign markets in the territory and on marketing programme control steps that need to be taken.

The international salesperson could be a home country national who has been selected for the job as part of a career development pattern. The firm's view then is that this is a training job from which the person will be promoted to a more senior role in international marketing management. Thus, personnel are chosen on the basis of their experience in the company and their proven managerial skill. Other companies may have more international salespeople. They could also be home country nationals but very few of them will be assigned the job of international marketing management. In general, they remain in their international sales positions for many years. They are liable to transfer from one region to another after suitable periods of time. It is also possible that they may be located later in a foreign country if the company has a foreign affiliate in that territory. MNCs and exporting firms from countries with smaller populations, for instance Scandinavian countries, often employ expatriates as international salespeople. For example, Atlas Copco of Sweden employed Britishers and Norwegians as international salespeople for their Mediterranean and South Asian territories.

13.2.4 Foreign Affiliate Sales Force and Marketing Personnel

Management of local national affiliate sales forces is often not easy. MNC head office would like sales force performance to be at a comparative level across subsidiaries and affiliates. International marketing management at the MNC head office can help and guide local marketing managers in sales force decisions. The issues involve selection, compensation, training, and performance evaluation of the sales force. But selection and compensation of the work force are not simple issues. In many developing countries, for instance Thailand, sales work is regarded as low in prestige and fixed salary incomes are considered more desirable and prestigious than fluctuating commissions. One must be careful about selection and seeking the help of another noncompetitive firm in this regard may not always prove advantageous unless that firm has criteria similar to one's own and has a reputation for good salespeople. The prestige of an MNC affiliate salesforce can be higher by judicious use of raised designations and provision of perquisite such as extra clothing allowances, and expense allowances for appropriate accommodation and food when traveling. Sales training methods are generally difficult to transfer across cultures as languages and sales approaches may be different. But it should be possible to use sales training courses across countries in the same cultural realm, for instance across parts of South America or the Middle East. The same is true of job descriptions or performance evaluations. A further point is that job descriptions for international use across affiliates should stress job outputs, job objectives, and satisfactory job performance, rather than ethnocentric inputs such as the community from which to recruit. The latter may be hard to adhere to. Comparative performance evaluations across countries are also difficult, but may be more feasible in regions or sub-regions where the cultures, especially the technical and material facets are similar. Overall, it is useful for international marketing management at MNC head office to devote time to building effective sales force in the countries they operate in and taking the sales force into account in their marketing planning. The historical MNCs like Unilever, Imperial Tobacco, and Royal Dutch Shell have achieved sales force similarity in many of their subsidiaries and these sales forces are effective.

For MNCs, one of the key factor in successful planning, performance and control is personnel. It is important to both headquarters and subsidiaries that personnel be scientifically selected and human resource development be paid greater attention. Such development really has two phases: one is at the personality and environmental trait level and the second is at the international marketing management expertise level.

If more than a minimum number of officers of the home country are sent to staff an overseas subsidiary, this can create severe problems. Local nationals perceive that they cannot expect to be promoted to key managerial positions and this leads to a lack of motivation, with the more ambitious leaving the company. Moreover, expatriates do not easily adapt especially when they go from an industrial country to a developing country. Expatriates must be carefully selected for they will be working in a new culture, probably in positions with more authority than in their home jobs. The expatriate's family must also be willing to enter the new environment and be able to adjust to it without much difficulty. The selection criteria have to be intelligence, adaptivity and sensitivity combined with decision-making ability of a high order. The person preferably has also to have exposure, directly or through family, with a foreign culture for some length of time. In addition, the expatriate must know the company products well and be a proven marketing manager. Expatriates who are sent abroad are expensive. Typically, they have to be paid their previous home position total earnings package plus a cost of living allowance abroad, subsidized housing and automobile, generous leave conditions with transportation paid, educational allowances for children, and compensation for being overseas.

Many experienced MNCs have management development programmes, both in house and with external organizations, for their potential expatriates and local nationals from their overseas subsidiaries. These programme are designed to serve not only the management development purpose, including an emphasis on international marketing management, but also the objective of enhancing communication studies and teamwork behaviour within the executive cadre.

13.2.5 Relationship Marketing

The entire process of personal selling should be governed by the philosophy of "Relationship Marketing" i.e. the aim should be to build a strong and long-lasting relationship between the company and the buyer and not merely to close a specific sale. For this purpose, the salesperson should not be content with just calling on the customer when he thinks that the customer might be ready to place an order but should be in constant touch with the customer through telephone calls, visits, correspondence, etc. He should try to know more about the customer's family, help wherever possible, take part in his family's functions, invite him to his own family's functions etc.

Check Your Progress A

1. What is personal selling?

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2. Distinguish between trade selling and missionary selling.

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3. What do you mean by expatriates?

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4. State whether the following statements are True or False.

- i) Sales promotion is a long term incentive.
- ii) Personal selling is a recent marketing technique.
- iii) It is the job of the sales person to seek out unspoken objectives of the customer and clarify them.
- iv) Technical selling is necessary for many industrial products.
- v) Expatriates can easily adapt in foreign country.

13.3 SALES FORCE MANAGEMENT

A company's success in personal selling depends, entirely, on how it manages its salesforce. Salesforce Management is the analysis, planning, implementation and control of salesforce activities. The main steps involved in salesforce management are:

- 1) **Setting Objectives:** The first step is to be clear about what the firm wants to achieve. The objectives may be different for different companies, such as serving the existing customers, developing new customers, improving company's image, increasing profit and/or market share, enhancing customer satisfaction, etc.
- 2) **Designing Strategy:** The next step is to decide on one or more of several sales approaches to contact the prospects. The contact may be established personally or through mail or over telephone: sales presentations can be made; conference selling or seminar selling can be arranged. Another decision that has to be taken at this stage relates to whether the company should use company salesforce or contractual salesforce to contact the prospects.
- 3) **Salesforce Structure:** Based on the chosen strategy, the firm should plan the structure of the salesforce. The options available here include territorial structure, where each salesperson is assigned an exclusive geographical territory, product structure, where salesforce sells along product lines and customer structure where salesforces are organized along industry or customer lines. In the case of large sized firms selling diverse products to diverse customer segments, a combination of more than one structure may be used.
- 4) **Salesforce Size:** The firm must now decide on the size of the salesforce. The principle followed in this regard, generally, is to relate the size to the workload i.e. accounts are grouped into different classes, the number of times each class has to be contacted is determined and salespeople needed to complete these contacts will be the size of the salesforce.
- 5) **Salesforce Compensation:** Though there is no strict rule regarding the compensation to be paid to the salesforce and it varies across companies and industries, generally, most of the companies try to keep the fixed amount, i.e. the salary, close to the "going rate" for the needed skills, knowledge and experience. However, there are variations in the variable amount comprising bonus, commission, expense allowances and fringe benefits like sickness benefit, paid vacation etc. Another decision management has to take relates to the "mix" of the compensation elements.
- 6) **Recruitment and Selection:** Recruitment of the right type of persons is at the heart of successful salesforce operation. The management must be clear about the "traits" it should look for in the persons it wants to employ. The traits may be extrovert, enthusiastic, energetic, self-confidence, persistence, initiative, honesty, attentive, risk-taking, etc. The selection process may comprise formal written examination, interview, group discussion, etc. Tests may be designed to measure the "traits" the company is looking for in its salesforce.
- 7) **Training:** In today's environment, practically every company gets its new recruits trained for varying periods, before they are assigned field work. Generally, the recruits, during training, are first exposed to the company's environment and

subsequently they are given training in areas relevant to their work such as selling strategy, customer profile, competitors' strategies, how to prepare reports and maintain accounts etc.

- 8) **Supervision:** Supervision is intended to direct and motivate the salesforce. Most firms develop customer targets and call norms and provide sales persons with the necessary tools such as "call schedules" to enable them adhere to the prescribed norms. Motivating is done through monetary incentives, sales contests, honours, profit sharing, promotion, overseas trips etc., and, in general, through good treatment from the management to the sales people.
- 9) **Evaluation:** The final job to be done in salesforce management is to develop a system to evaluate the performance of the persons working in the field. For sound evaluation, there should be a feedback mechanism. This is done through regular sales reports the sales people, personal observation, customer surveys, communication from the customers, discussions with others in the company etc. The information collected as above is then evaluated. Evaluation may be done by comparing and ranking the performance of different sales persons or by comparing the present performance with past performance of a salesperson or by comparing actual performance with norms/targets already set. A qualitative evaluation may also be attempted by rating the salesperson's personal traits and his knowledge of the company's competitors, customers, territory etc. It is always a good idea to communicate the evaluation norms to the salespeople since it would give an opportunity to them for self-evaluation and improvement.

13.4 PUBLICITY

Publicity refers to activities that are undertaken to promote a company and/or its offer by planting news about it in media, not paid for by the sponsor. Publicity differs from advertisement in the following ways:

- While, in advertisement, the company, by and large, has control over how the message will be used by the media, in advertisement, it has less control.
- In publicity, the media is not paid for the presentation of the message, while in advertisement, the sponsor bears the cost.

Publicity has some advantages. The first, of course, is that it entails practically no cost to the firm or very low cost. The second and the most important advantage is that it has more credibility, since, it is not a paid advertising from an interested party but is an independent assessment by a non-interested party. This promotion technique is particularly useful in countries where it is difficult or impossible to buy commercial time or advertising space.

There are several methods that can be used to gain publicity for a company and/or its offers. They include:

- releasing news in the media about the company, its plant, products, people, etc.
- delivering speeches about the company and its products, etc.
- organizing special events such as news conferences, games, star nights, beauty contests, etc.
- sponsorship of civic and social service activities like maintaining a public park, planting trees, free health checks, etc.

13.4.1 Managing Publicity

Since publicity is undertaken not by the company, but by a third party, it is viewed as a promotional component that is not possible to be managed by the firm. But in reality, it is possible for a company to manage the publicity campaign. The steps involved in managing publicity include:

Setting Objectives: The first job is to set objectives. For instance, a company can set, as an objective, improvement of its image among consumers or promoting the positive

attributes of its product. It can then develop relevant material and get the same released through press, TV, etc.

Choosing Publicity Messages and Vehicles: The organization should then develop interesting material about its products. For instance, is the organization unusual i.e. different from other similar organizations? Does its product have some unique features? Or is any interesting development taking place in the organization? Such interesting information can be fed to the media. Or the organization can sponsor newsworthy events such as conventions, games, sports, news conferences, art exhibits, concerts, etc.

Implementing the Plan: The above plans must be implemented with great skill and care, because the material may not be used by the media or may not be utilized in the intended manner. To guard against such eventualities, the organization's public relations personnel should maintain excellent relationship with the concerned media people.

Evaluation: Much like the other promotional techniques, the effectiveness of publicity must also be attempted to be evaluated. Since the effectiveness of publicity cannot be measured by the number or length of exposures in the media (since they do not tell how many people actually read or heard the message or their views on the message) a better method would be to measure the effectiveness by changes in the attitude and response pattern of the public. A good measure of these changes is the difference between the "before-and-after-levels in the sales of the product. For instance, Pepsicola company organized 13 concerts by Michael Jackson in Japan as a publicity measure and, when the effectiveness of this strategy was measured after the events, the figures showed a 100 per cent increase in summer sales of the soft drink.

13.4.2 Negative Publicity

At times, publicity received for a company or a product or an event may be far from being favourable, in fact negative, doing incalculable harm to the organization. Such negative publicity need not even be based on correct facts, but entirely on rumour. Instances abound in the history of business, where negative publicity had not only affected sales both within the country and abroad, but the concerned firms had also suffered loss of reputation. The Bhopal gas leak in India involving the reputation of Union Carbide is one such instance; again, there was negative publicity some years back, in Western countries, about Indian carpets, in the weaving of which, it was claimed, child labour was extensively used; boycott of American beef by European consumers, since it was from hormone injected cows, on the belief that it was carcinogenic, is yet another instance of negative publicity affecting sales.

When negative publicity occurs, the job of the company becomes more difficult; first, it must succeed in erasing the negative image and then it should also be able to build a positive image. How should a company deal with such a problem?

First, the firm should not get into arguments with the media for reporting unfavourable news. At the same time, it should not also totally ignore the adverse publicity or take a "no comment" stand. An action plan should be immediately put in place to handle enquiries; reports should be prepared highlighting the facts and enquiries should be handled with speed and candour. If some mistake or omission has taken place, it is advisable to admit it and shift the attention to steps being taken to sort out the problem. Instead of waiting for the media to seek information or avoiding it, it is better for the company to be proactive, call the media and brief it on the steps being taken to safeguard the public interest. Such a proactive measure can, in fact, provide the company with free advertising and positive publicity. Side by-side, advertisement may be used to reinforce the trustworthiness of the firm and the product. That is what has been done recently by McDonald's in India to counter the adverse publicity it received regarding use of beef in French Fries.

In case there is no alternative but to recall a product either because the product, has been found to be defective in some sense or the situation is likely to deteriorate even if there is nothing wrong with the product, the company should waste no time in recalling the product, rather than resorting to legal action to prove that there was nothing wrong with its product. The company, by going to court, may win a case, but it will definitely lose the customer.

13.5 SALES PROMOTION

Sales promotion comprises short term incentives to encourage purchase/sales of a product or service. Since sales promotion offers reasons to buy now, the techniques employed should be considered temporary in nature and not self-sustaining. The purpose of sales promotion is to supplement and not supplant other promotion tools such as advertisement, personal selling and publicity. However, it has been noticed that many organizations, including non-profit organizations, trade associations etc. nowadays use sales promotion tools to gain quick success in a fast changing world.

Sales promotion includes consumer promotion aimed at the consumers, trade promotion aimed at the distributors and salesforce promotion aimed at the company's own salesforce. The objectives of sales promotion are many and varied. They may include persuading consumers to buy a new product or stick to an old product, luring consumers away from the competitor's products, rewarding loyal customers, getting retailers to carry more inventory and/or new items and allot more shelf space, getting more support from the salesforce for the company's sales effort etc.

13.5.1 Consumer Promotion

Following are the main consumer promotion tools:

- 1) **Samples:** Samples are offers, either free of cost or for a small amount, or a trial amount of a product. Samples are considered to be the most effective way of introducing a new product.
- 2) **Coupons:** Coupons are certificates that give buyers a saving when they purchase specified products. Coupons are considered very useful in stimulating sales of a mature brand and in promoting early trial of a new brand.
- 3) **Rebates:** These are cash refunds after the purchase of a product. A well known mail-order-house in Delhi charged for the catalogue but refunded the price of the catalogue when orders were placed with it.
- 4) **Price Packs:** These offer savings to the consumers off the regular price of a product. The reduced prices are marked on the label or package. For instance "clearance sales", "two for the price of one" sales and reduced price for two related products if bought together (such as a toothpaste and a toothbrush) are instances of the above technique.
- 5) **Premiums:** When goods are offered either free or at low cost as an incentive to buy a product, it is called premium. A premium may be inside or outside the package. If a reusable package is specially offered, it is also a case of premium. The innumerable instances that we notice today such as food items being offered in a container which can be later used as a tumbler or jug or free gifts inside packages of some products are instances of this kind.
- 6) **Advertising Specialities** Articles, with the company's name on them, given as gifts to customers such as pens, key chains, purses, caps, coffee mugs, etc. come in this category. These can prove effective in helping customers easily recall the name of the company.
- 7) **Patronage Rewards:** Rewards, given in cash or kind by a company to the regular users of its products/services are patronage rewards. "Frequent flyer plans" of airlines are good examples of such rewards.
- 8) **Point-of-Purchase (POP) Promotions:** These include displays and demonstrations that take place at the point of purchase/sale that one normally finds in retail shops, along supermarket aisles etc. When retail sales take place during trade fairs and exhibitions, the displays and demonstrations that are organized in the trade fairs may be considered as part of these. Attractive packaging, particularly when a new product is introduced can also be treated as a POP promotion.
- 9) **Contests, Sweepstakes and Games:** These provide the consumers with the chance to win something like cash, goods, trips etc. This tool is very widely deployed nowadays as will be evident from the number of such events being organized all over the country.

13.5.2 Trade Promotion

More money is nowadays spent on directing sales promotion to retailers and wholesalers than to consumers. This is because shelf space is so scarce these days that manufacturers often have to give incentives to the distributors to stock their products. Manufacturers use several trade promotion tools. In addition to contests, premiums, displays, etc., which are used in consumer promotions also, a straight discount off the listed price is also given. Advertising and display allowances, free goods, cash and gifts are not uncommon.

13.5.3 Business Promotion

In addition to promoting their products to individual consumers and distributors, companies these days spend substantial sums on promotion to industrial customers and their own salespeople.

Conventions and trade shows (exhibitions and fairs) are the most important means of promotion aimed at industrial customers, since, for certain types of products i.e. high unit value durable consumer goods and industrial machinery, buyers would like to physically examine and test the product, discuss with sellers, collect literature etc. For such products, trade shows have proved to be a very successful way of sales promotion. Trade shows are becoming increasingly popular and specialist organizations are available internationally and in many countries to organize such shows. Close to 6,000 trade shows are known to take place the world over every year, out of which 800 are international trade fairs. In India, the India Trade Promotion Organisation (ITPO) is the prime organization charged with the responsibility of organizing trade fairs and exhibitions. In USA, the US Commerce Department assists the exporting firms of the country to participate in overseas trade fairs. Participation in trade fairs has benefits such as identification of sales leads, establishing contacts with customers, introducing new products, educating customers etc.

Trade shows are of two types; horizontal and vertical. The former type are all commodity fairs while the latter are specific commodity or commodity group oriented. It has been established that many firms succeed in reaching out to a lot more prospects through trade fairs than through sales forces. This is because, in a trade fair, buyers are as much on the lookout for dependable suppliers as the sellers are for customers and a number of prospective buyers assemble at the same place rather than the salesperson having to travel to distant and diverse locations to call on the prospects and, generally, in a trade fair, prospects have been found to be in a buying mood.

A company can participate in an overseas trade fair in one of the three ways: (1) self-participation, where the company itself takes the initiative and organizes its own stall etc. and bears the entire cost of participation, (2) invited participation where the company is invited by an overseas organisation to participate in a particular trade show with perhaps, the company getting some support from the investor such as special rates and support services, and (3) participation with government/institutional support where the government of the country or a specialized institution organizes the trade fair and the company participates in it. In this case, the specialized institution helps the firm in all organizational aspects and perhaps subsidises the participation. In India, the ITPO and in USA, the Commerce Department provide the organizational support to the respective national firms.

In recent years, a distinctive American trade technique, the catalogue has emerged. This type of display, composed of 100 to 200 catalogues, one from each firm, is set up in international trade fairs, at headquarters of Chambers of Commerce or trade associations, within an Embassy, Consulate, or even in hotels and other public places. The catalogue show is sponsored by the U.S. Commerce Department. At the closing of each show, letters are sent to the exhibiting firms giving the names and addresses of those foreign companies or buyers that have expressed interest in their products. The catalogue show is a very inexpensive way for a company to obtain some initial leads. Even though the catalogue show is obviously much less effective than a product show, it still can be a very useful promotion tool.

Sometimes a large MNC puts up its own trade show. The biggest and most expensive one-shot international trade show ever mounted was that by Westinghouse Electric Corporation of Riyadh, Saudi Arabia. The MNC spent more than \$1 million to organize

the show and ship twenty-five tons of exhibits to Saudi Arabia, with displays ranging from power generators and distributors to health care, traffic control and solar systems. Chairman Robert E. Curby led a team of eighty-five Westinghouse executives for a week-long invitation - only show. In the three years since the visit, Westinghouse Saudi sales totaled \$250 million. The immediate goal was to win the prize of a \$10 billion project to build three airports.

Sales contest is another business promotion tool aimed at salesforce or dealers. Sales contests are held annually or even more frequently to motivate and recognize performance. The incentives vary from gifts and prizes to overseas trips etc. Sales contests are generally tied to measurable and achievable objectives such as the number of new accounts established, old accounts revived, amount of profit generated per account etc.

13.5.4 Developing the Sales Promotion Programme

The steps involved in developing a sales promotion programme include:

Incentive Size: The first step is to decide on the size of the incentive. While a certain minimum incentive may be necessary for the success of the programme, larger incentive may or may not bring in commensurate results. A close study of past promotion programmes will help in determining the incentive levels.

Conditions for Participation: The next step is to set conditions for participation in the programme. Incentives may be made applicable to all participants or only to a select few such as "early birds" or to those belonging to certain age group or certain geographical area.

Type and duration: Decisions regarding how to promote and the length of the promotion are also important. Incentives can be given while the product is bought or by mail or in an advertisement. Similarly, sales promotion period can be short or reasonably long.

Budget: Sales promotion budget can be a percentage of the total budget for sales or it can be budgeted after first choosing the promotions.

Pre-testing and Implementation: Sales promotion tools may, to the extent possible, be pre-tested to determine their appropriateness. Implementation plans, covering lead time and sell-off time, may be prepared for each promotion.

Evaluation: Sales promotion programme may be evaluated using some evaluation method. One method is to compare sales before, during and after a promotion. Another method of evaluation is through experiments that vary factors such as value of incentive, length and distribution method of promotion etc.

Check Your Progress B

- 1. What is negative Publicity?
2. Distinguish between Price Packs and Premiums.
3. Distinguish between trade promotion and business promotion.

- 4. State whether the following statements are True or False.
i) In Publicity the media is paid for the presentation of the message.
ii) Sales Promotion techniques should be considered temporary in nature.
iii) Samples are considered most effective way of stimulating sales of a mature brand.
iv) Trade shows are the most important means of promotion aimed at industrial customers.
v) Vertical trade shows are useful for all commodities.

13.6 LET US SUM UP

Most of the companies employ salesforce to sell their products, particularly high unit value products, and to benefit by bulk purchases. In any case, when a new product is introduced and to sell to overseas customers, an effective salesforce is necessary. Personal selling involves a number of steps including identifying prospects, evaluating them, collecting information about them, handling them and finally clinching the sale. In view of the crucial role played by personal selling in marketing, every company must put in place an effective salesforce management system comprising setting salesforce objectives and designing strategy, structure, size, recruitment, selection, training, supervision, evaluation and compensation of the salesforce.

Publicity involves gaining favourable image for the company and its offer. There are a number of ways such as news releases, speeches, special events and sponsorships, by which a company can get publicity. Though publicity, in general, is undertaken by a third party and not by the company, still a firm can ensure favourable publicity for it and its offers by skillfully managing it by developing relevant material and feeding it to the appropriate media and by sponsoring newsworthy events. One of the areas which is likely to cause problem to a company is "negative publicity". When such a thing occurs, the company should immediately put in place an "action plan" to erase the negative image and build a positive image.

Sales promotion comprises short term incentives to buyers to persuade them to buy now. It can be aimed at consumers, distributors and the company's own salesforce. It takes the form of samples, coupons, rebates, price packs, premiums, rewards, contests, games, etc. as far as consumers are concerned. Distributors are generally offered cash, gifts, advertising and display allowances and price discounts. Conventions and trade fairs are aimed at buyers and distributors. Sales contests is another sales promotion technique to motivate salesforce and dealers. As in the case of all other promotion techniques, it is highly important that every firm carefully develops a sales promotion programme appropriate to it.

13.7 KEY WORDS

Personal Selling: A promotional tool involving oral presentation and face to face contact between the seller or his representative and the prospective buyer undertaken with the objective of persuading the buyer to accept the seller's offer.

Publicity: Non-personal stimulation of demand for a product, service or business unit through a favourable news item about it in a medium of communication that is not paid for by the sponsor.

Sales Promotion: Marketing activities other than advertising, publicity and personal selling undertaken with the intention of stimulating consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.

Salesforce Management: Analysis, planning, implementation and monitoring of salesforce activities.

Point-of-Purchase (POP) Promotions: Displays and demonstrations held at the point-of-purchase/sale.

Trade Promotion: Sales promotion designed to gain reseller support and to improve reseller selling efforts.

13.8 ANSWERS TO CHECK YOUR PROGRESS

- A. (i.) False (ii) False (iii) True (iv) True (v) False
B. (i.) False (ii) True (iii) False (iv) True (v) False

13.9 TERMINAL QUESTIONS

- 1) What do you understand by personal selling? Discuss the various steps involved in personal selling, with appropriate examples.
- 2) Between personal selling and sales promotion, which communication tool will be most effective in promoting sales of the following products? Give reasons for your answer.
 - a) A rare painting
 - b) A new brand of toothpaste
- 3) A non-government organization (NGO) devoted to the cause of environmental protection desires to obtain favourable publicity for its activities. Prepare a detailed plan for the NGO to manage its publicity campaign.
- 4) Your company is in the process of introducing a new brand of toilet soap in a highly competitive market. What sales promotion tools would you recommend to enthuse consumers, distributors and the company's own salesforce to buy/promote the product? Discuss.
- 5) Explain in detail the main consumer promotion tools.

SOME USEFUL BOOKS

Francis Cherunilam. *International Marketing*. Himalaya Publishing, New Delhi

Philip R. Cateora. *International Marketing*. McGraw-Hill International Edition, Chicago

Sak Ankovisit and Jahu J. Shaw. *International Marketing Analysis and Strategies*. Prentice Hall India, New Delhi

Warren J. Keegan. *Global Marketing Management*. Prentice Hall India, New Delhi