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# UNIT 4                      PLANNING COMMUNICATION STRATEGY

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## Objectives

A careful study of the unit should enable you to :

- defend the concept of promotional strategy;
- explain the planning process of promotional strategy;
- help manage promotional strategy and allocate desired funds to the process;
- evaluate the results of the promotional strategy; and
- draw lessons for applying the same to your organisation.

## Structure

- 4.1 Introduction
- 4.2 The Concept of Promotional Strategy and Tactics
- 4.3 A Planning Framework of Promotional Strategy
- 4.4 Decision Sequence Analysis for Promotional Planning
- 4.5 Summary
- 4.6 Self-assessment Questions
- 4.7 Further Readings

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## 4.1 INTRODUCTION

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This unit picks up the thread of discussion from the Unit 9 concerning the framework of marketing communication process. It has been observed in practice that firms have to manage more complex communication process than the literature might suggest. A wide range of communication tools and procedures are available to a firm to communicate with its target markets. It is therefore, imperative that they are well coordinated. Else, the communication process may not work to the fullest advantage of the firm. In fact, the financial and non-financial resources sunk in any marketing communication programme are just too heavy to afford any misjudgement in promotional planning. The need of giving a strategic orientation to the promotional efforts can hardly be over-emphasized.

A managerial perspective or a decision-making approach to promotion efforts is the central concern of this unit. It seeks to cover the entire gamut of designing, managing and evaluating appropriate promotion strategies for a marketing firm.

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## 4.2 THE CONCEPT OF PROMOTIONAL STRATEGY AND TACTICS

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The strategic orientation to promotional activities is a sine-qua-non to a firm with a desire to survive and profit in a highly competitive marketing environment. The orientation provides it with an orderly plan for putting marketing resources and for exploiting market opportunities. It is a design that guides promotional activities for a long period.

Though the term strategy has been treated to numerous definitions and conceptualizations, we would fall back on such definitions as are simple to understand and easy to operationalize in the context of promotional efforts. Given below are the two definitions of strategy:

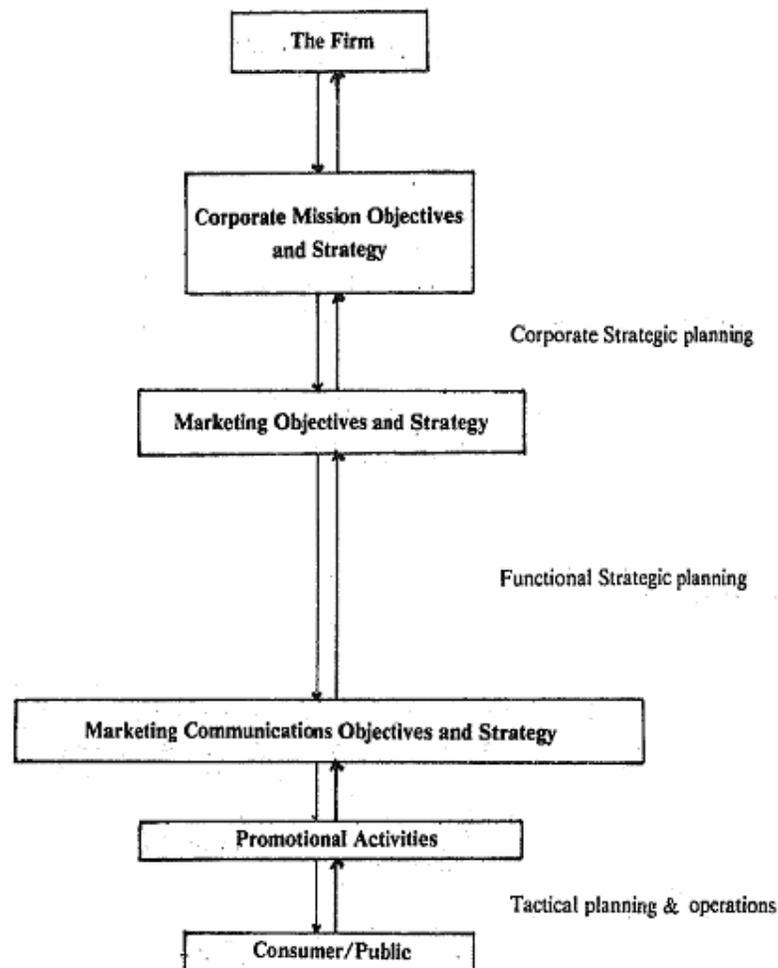
- "The art of distributing and applying business means to fulfil the end of policy" (Source : B.H. Liddele Hart, Strategy : 2nd e d , NY, F.A. Praeger, Inc 1967, p. 335),

- "The art and science of adapting and coordinating resources to-the attainment of an objective" (Source : D.T. Kollat, R.D. Blackwell and James F Robeson : "Strategic Marketing" NY, Holt Rineheart and Winston Inc. 1972, p. 14).

From examining these descriptions of strategy, it is clear that strategy is the way of achieving the `ends' or `objectives' of a firm often termed as the corporate mission. it is a long term vision of what the business is or is striving to be. It reflects on the firm's 'self' and 'self-ideal' image. When translated in the context of promotion efforts it will denote a long range view of what promotion will be and what it should be.

It may be appropriate here to recall the proposition built in Unit 14 that marketing communication and promotional objectives stem out of the corporate objectives and marketing objectives. Figure 1 examines this relationship quite elegantly:

**Figure 1 Linkages Between Promotional, Marketing and Corporate Strategy**



**Activity 1**

Examine closely Figure 1 and state what could be the most appropriate corporate mission marketing objective(s) and promotional objectives for a company engaged in manufacturing and marketing solar heaters in India.

**Answer**

It's (a) corporate mission should be

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 .....

b) marketing objectives should be



.....  
 .....  
 c) promotion objectives should be  
 .....  
 .....

In many leading texts on promotional strategy, the term, 'tactics' is also used. Tactics are the ways for strategy application and involve a 'deployment of resources with a view to implement strategy objective'. This will be amply clear by an illustration of two marketing firms-called A and B. Supposing that firm A has formulated a strategy of offering continuously new products in the market. Since new products take time in customer acceptance, marketing tactics for the firm would be to issue generous discount coupons to encourage first trial and repeat purchase rates.

Similarly, if company 'B' has wished to introduce up-market products, it will have to use, inter-alia, tactics of attractive packaging and promotion of high-grade dealers.

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**Activity 2**

Identify an example each of promotional strategy and promotional tactics for the family planning and welfare in India.

**Answer**

Promotional strategy for family planning and welfare would be

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 .....

While promotion tactics would include

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**4.3 A PLANNING FRAMEWORK OF PROMOTIONAL STRATEGY**

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After a company has gained understanding of what a promotional strategy is and its differentiation with promotion tactics, it turn its attention for evolving a planning framework of promotional strategy. Figure 2 provides an approach for planning promotional for a typical marketing firm. The approach comprises (a) situation analysis (b) setting up of objectives (c) allocation of funds (d) programming the elements of promotion (e) coordination and integration (f) measurement of effectiveness (g) evaluation and follow up. A brief explanation of each is given below:

**Figure 2: Stages In Promotional Planning and Strategy**

**1) Situation Analysis**

A) Demand

- Culture
- Attitudes
- Individual Differences
- Decision Process

B) Definition and Identification of Target Markets

- Segmentation
- Positioning

C) Competition

D) Legal Consideration

E) Internal Organizational Considerations

- Personnel
- Monetary
- Established policies and procedures



- Operational distinctives
- 2) **Establishment of Objectives**
  - A) Relationship to Market Target
  - B) Communication Message Objectives
  - C) Sales Objectives
- 4) **Specification and Management of Programme Elements**
  - A) Advertising
    - Analysis of Media Resources
    - Selection of Advertising Media
    - Message Determination
  - B) Personal Selling
    - Analysis of Resources
    - Selection of Motivation, deployment, compensation and evaluation
  - C) Stimulation of Re-seller Support
    - Analysis of Re-seller Resources
    - Stimulation of Performance
    - Improvement and Augmentation of performance
  - D) Sales Promotion
  - E) Supplemental Communication (Public) Relations
    - An Assessment of Relevant Publics
    - Determination of Media and Messages
- 5) **Coordination and Integration of Efforts**
  - A) Achievement of Proper Balance between Programme Elements
  - B) Scheduling of Execution
  - C) Utilization of Personnel and Outside Services
  - D) Evaluation and Follow up
- 6) **Measurement of Effectiveness**
- 7) **Evaluation and Follow up**

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**Source:** Adapted from J.F. Engel, M.R. Warshaw and T.C. Kinnear: "Promotional Strategy"  
**R.D. Irwin, 1987, p. 25.**

### Activity 3

Examine closely the Figure 2 and comment about its relevance, utility or possible adaptation to a small organization selling plastic/poly' containers.

**Answer** .....

### Situation Analysis

The Promotion Planning begins, as it must, along with an analysis of promotion environment. The analysis extends to both external and internal environment. Among the major external environment variables, attention is focused on market demand; market competition and legal constraints on promotional activities.

As for internal environment, the focus will be on how the employees and publics within an organisation consider its capability, goodwill and resources for carrying out its marketing and promotional assignments.

### Establishment of Promotional Objectives

Objectives are expressions of where a firm would like to be in the future. As stated before, the promotional objectives are derivative of corporate mission and situation analysis. Table 14.1 details what could be possible objectives of promotion. Although the promotion objectives are normally for the direct utility of marketing managers only, it is advisable to have a macro view of these objectives so as to have a larger picture.



- 1) Desired conditions to achieve in the consumer's mind
  - A) Clarify needs
    - 1) Make the consumer conscious of the difference between the objectives and the present position.
    - 2) Clarify the nature of this difference in his mind.
    - 3) Increase the magnitude of the differences in his mind.
    - 4) Provide some urgency about eliminating the difference.
    - 5) Make him feel more certain that a difference does exist now or in the future.
  - B) Increase Brand Awareness
    - 1) Increase the breadth of awareness.
    - 2) Increase the intensity of awareness.
    - 3) Improve the timing of initial awareness in relation to purchase.
    - 4) Increase the duration of awareness,
    - 5) Improve the quality of the prospects made aware.
    - 6) Improve the closeness of association between the need felt and this brand as a solution to it.
  - C) Increase Product Knowledge
    - 1) Increase the consumers total knowledge about the brand.
    - 2) Increase the ratio of favourable knowledge to unfavourable knowledge about this brand.
    - 3) Improve the accessibility of this knowledge in the consumer mind.
    - 4) Improve the accuracy of knowledge about the product in the consumers mind (eliminate unfavourable myths.)
    - 5) Improve the appropriateness of consumer knowledge especially on unique points of product differentiation and hidden qualities.
    - 6) Improve the credibility of consumer knowledge.
  - D) Improve the, Company Image
    - 1) . Progressiveness
    - 2) Honesty
    - 3) Reliability
    - 4) Competence
    - 5) Friendliness
  - E) Improve the Brand Image
    - 1) Improve consumer attitudes towards the product attributes (design capacity, expense, quality etc.) of the brand.
    - 2) Improve customer attitudes towards the personality attributes (age, status, gender etc.) of the brand.
  - F) Increase Brand Preference
    - 1) Increase the breadth of preference (the number of consumers that prefer the brand).
    - 2) Increase the intensity of preference (the strength of preference).
    - 3) Extend the time period of preference.
- II) Desired Conditions to achieve in the Consumer's Behaviour
  - A) Stimulate Search Behaviour
    - 1) Increase store traffic
    - 2) Increase enquiries
    - 3) Increase other forms of product enquiries
  - B) Increase Brand Trial Purchase
    - 1) Increase the number of triers
    - 2) Increase the quality of triers (i.e. triers with the greatest possibility of re-purchase).
  - C) Increase Re-purchases
    - 1) Increase the frequency of purchase
    - 2) Increase the volume of re-purchase (decrease cognitive dissonance) .
    - 3) Extend the period of time over which re-purchase continue to be



made.

D) Increase Voluntary Promotion by consumers of the brand.

- 1) Increase the quality and the amount of word of mouth communications among consumers
- 2) Increase favourable consumer feedback to dealers.

III) Desired Conditions to achieve for Corporate Position

A) Improve the financial position

- 1) Increase the sales. volume per year
- 2) Reduce the cost of sales per year
- 3) Increase the profits per year and/or Return on Investment
- 4) Extend the period of profit flow
- 5) Increase the certainty of profit flow

B) Increase the flexibility of the corporate image to facilitate future growth and/or diversification

C) Increase cooperation from the trade

- 1) Stimulate the enthusiasm of company sales representative
- 2) Increase the self space at retail outlets
- 3) Increase the completeness of inventory
- D) Enhance the company's reputation in the financial community
- E) Enhance the company's reputation among present and potential employees

F) Increase the influence of public opinion concerning political issues related to corporate welfare

G) Build up Management Ego

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Source : M.W. Delozier (1976) : "The Marketing Communication Process", McGraw Hill Book Company, p. 279-80. .

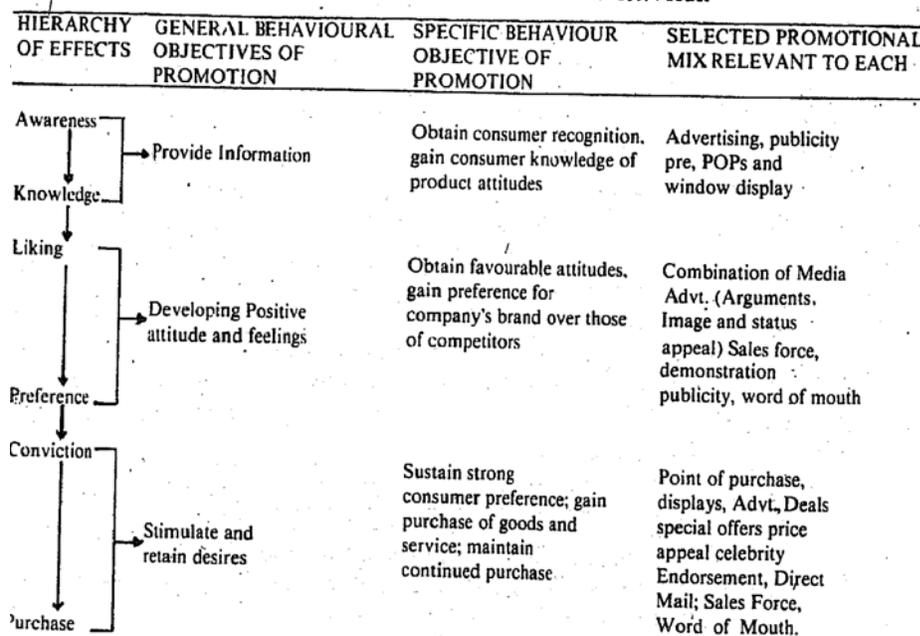
**Activity: 4'**

Examine closely Table 14.1 and select the promotional objectives relevant to (a) the Post and Telegraph Department (b) Railways.

**Answer**.....  
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.....  
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**Role Assignment to Promotional Elements**

In a promotional strategy, marketers endeavour to arrive at the best possible mix of promotional elements. These elements are **advertising**, resellers **support** (wholesalers and retailers) personal selling, sales promotion etc. Figure 14.3 explains linkages between various promotion elements and the hierarchy of effects :



Source : R. Havide & G.A. Steiner : A Model to Predictive Measurement Advertisement Effectiveness Journal of Marketing. Vol. 25 October 1961, P. 61.

### Co-ordination and Integration of Promotional Efforts

Past research has brought out what separates a successful strategy from a non-successful one. The major factor is effective coordination and integration of various efforts. The same is true for promotional strategy.

A promotion co-ordinator thus, has to ensure that unless otherwise required, advertising should not over-shadow personal selling for a given product or vice-versa. Similarly, a careful decision has to be taken for involving outsiders like advertisement agency, market research and media buying services in your promotional efforts. A proper balance is to be arrived at between management and outside experts thinking.

### A Budgeting Framework for Promotional Strategy

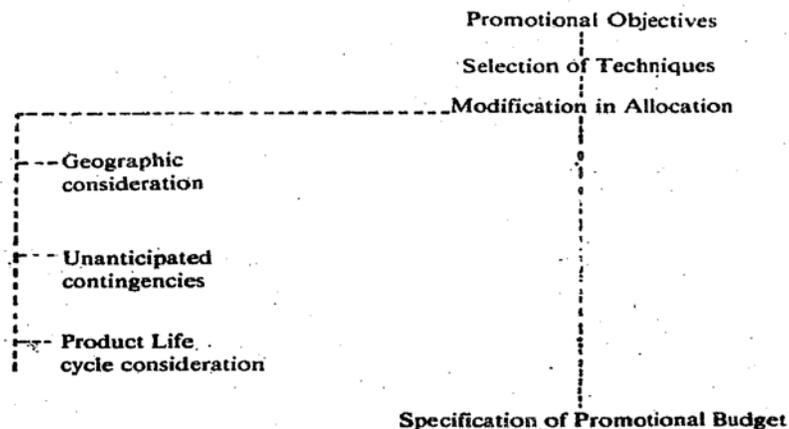
In approaching to initiate budgeting for promotional strategy, the decision makers are confronted with question: How much should be spent' unfortunately, answers are difficult to come by. Moreover they vary substantially.

This section intends specifically to deal with the issue and to present several techniques for

Determining promotional budgets or funds allocation. It should, however, be cautioned here that these methods aim to reduce the subjective bias in allocation decision. They can never eliminate it entirely.

The framework for funds allocation in promotion begins with the objectives. Figure 14.4 provides a graphic illustration of the same

Figure 4: A Framework of Funds Allocation to Promotion



### a) Techniques of determining promotional Budgets

Traditionally, many of techniques are available to help decision makers in allocating funds to promotional *activities*. *Table 2* summarises each of them,

**Table 2: A Description. of Promotional Budgeting Techniques**

Techniques	Illustration
1) <b>Arbitrary</b>	If the current year's promotion budget is Rs. 1,20,000 and the next year is expected to be a good year, the decision is taken to increase funds allocation by 10 to 15%. Thus, the allocation will stand between Rs. 1,40,000-1,50,000 for the next year.
2) <b>Percentage of sales</b>	If the present promotion funds percentage is 10%, for every sale worth Rs. 100, Rs. 10 is spent on promotion. Thus, if next year's sales are forecast to be Rs. 1 crore, the promotional budget will be fixed at Rs. 10 lakhs.
3) <b>Competitive parity</b>	If the current year's promotion budget is Rs. 1,20,000 and the closest competitor is expected to increase its promotion budget by 4%, the firm too follows this strategy and establishes the budget allocation at Rs. 1,24,800 next year.
4) <b>All you can afford</b>	If a firm has a total marketing budget of Rs. 10 lakhs, out of which Rs. 5,00,000 are allocated for distribution, Rs. 4,00,000 for product testing, and Rs. 30,000 for consumer surveys, then remaining Rs. 1,20,000 is left for advertising, personal selling, and sales promotions.
5) <b>Objective and task</b>	If the firm has three goals for next year : (i) increase sales of brand A by 5%, (ii) introduce brand B and attain recognition by 15% of the target market, (iii) and improve positive rating of the company from 60 to 75%, the promotional tasks and tools needed to achieve these goals will be allocated separately.

It is clear that all the techniques have their own merits and demerits and may not be 'recommended to every company universally. Similarly, even a company may change over from one technique to another in a given period, for allocating promotional funds.

On the whole, the 'Objective and Task' method of funds allocation seems to be the most rational and equitable. It is based on a built-up approach that aggregates that cost of performing those tasks that are needed to reach stated objectives, Then only it determines the total promotional appropriation. The research studies also have verified its greater popularity and use among all the techniques mentioned thus far.

### b) Modification in Promotional Budgets

Even if a suitable technique has been identified, it may become necessary for a firm to further fine tune it for fund allocation, There could be three reasons for the modification. Different geographic conditions are the first to *force* a change in funds allocation. Thus,

Bombay may account for the largest promotional budgets even though the allocation



for Western region may not be high for promoting the products. The second reason for change emanates from the different stages of product life cycle (PLC). It is, thus, logical to spend more during the launch phase of product than the growth stage of product when it has stabilized. Finally, unanticipated contingencies may call for a modification in promotional budget. For instance, the promotional funds were increased by Reliance in 1989, to assure its investors about the working of its 'Patalganga' plant complex when unusual heavy floods in Bombay badly hit the plant.

**Activity 5**

I) Recommend a funds allocation technique for promotional purposes to :

- a) a political party for its advertisement for the general elections;
- b) a new company with a totally new product; and
- c) an established company with a new product.

II) Explain why you have chosen the technique?

**Answer**

- a) .....
- b) .....
- c) .....

**Measurement of Effectiveness**

The promotional strategy, being so costly and resource-consuming, has to show tangible results. In other words, effectiveness measurement is a must. Doing it, however, is a different proposition than recommending it because both 'measurement' and 'effectiveness' have been subjected to a variety of interpretations. It has become virtually impossible to satisfy all effectiveness criteria. In Unit 18 of Block 4 an attempt has been made to identify relevant methods, techniques and their working for measuring effectiveness of promotional efforts.

**Evaluation and Follow up**

At this stage, marketers have to evaluate implementation and efforts of the promotional strategy; identify the gaps between its objectives and results; and plan action for its follow up. This way, chances of making the same mistakes again and yet all over again, are reduced considerably. It also ensures that lessons are learnt from deficiencies. Finally, notwithstanding the presence of subjective perceptions in evaluation, accountability needs to be fixed for doing both right and wrong things in the promotion strategy. For this reason alone, the evaluation and follow up of promotional strategy is inescapable.

**Activity 6**

Review the promotional planning as described in Section 14.3, and comment whether it will be appropriate for promotion of:

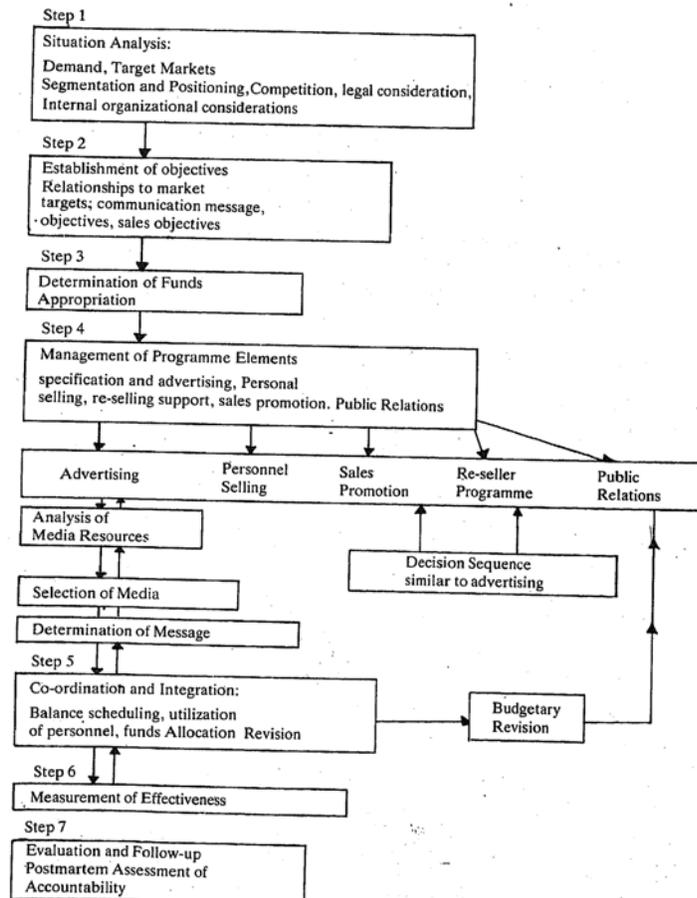
	Very much	Much	Not much	Can't say
a) Industrial Product Company				
b) Consumer Product Company				
c) Service Product				
d) Non-Profit Organization				
e) Government Agencies				
l) Individuals				
g) Ideas				

#### 4.4 DECISION SEQUENCE ANALYSIS FOR PROMOTIONAL PLANNING

Figure 5 illustrates a decision sequence analysis for promotional strategy. It provides an illustration of the stages in the promotional planning framework discussed in the previous section. It should be noted that the decision sequence analysis is:

- based on an 'adaptive' process. It, thus, includes systematic procedures for gathering information and bringing about modification when needed in the promotional planning.
- based on the proposition that the promotional planning is a continual and on-going process. Evaluation, feedback and follow up are the integral parts of the process that provide it with vitality and relevance in the changing needs of promotion.

**Figure 5: Decision Sequence Analysis of Promotional Strategy**






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## 4.5 SUMMARY

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The unit sheds light on the hidden aspects of promotional strategy. It first differentiates between strategy and tactics orientation.

The unit follows with a detailed framework of promotional strategy. Setting up of objectives of promotion are evaluated with a closer eye, because they will later become the destination points for promotional activities. A procedure of setting budget is discussed and several different techniques for the same are explained.

The unit finally develops a managerial framework for evaluating and controlling the promotional efforts.

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## 4.6 SELF-ASSESSMENT QUESTIONS

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- 1) What do you understand by the decision-making framework of promotional strategy? What are its components and stages?
- 2) Define Promotional Strategy. What Objectives should a firm set for promoting its products targetted at children?
- 3) Assume that you are a director of promotion of a newly created mutual-fund subsidiary of a bank. Develop an appropriate promotional strategy for the same.
- 4) Identify two major methods of setting promotional budget for a non-profit/social organization.
- 5) Evaluate the Decision Sequence Analysis for promotional strategy a firm going 'public' after 6-7 years of profitable working.
- 6) A large multi product company-leading in the private sector, has recently entered in the ball-bearings market. It has requested you to prepare a promotional strategy for the introduction phase. Advise.
- 7) A South-based public sector company is engaged in manufacturing and marketing a wide range of Steel utensils for domestic use. It now wants to tap the quality conscious market in North and Western India, It believes that promotion is the key to its growth. Suggest the most appropriate approach to promotion efforts, the ways to set the promotional budget and the methodology to measure its effectiveness.

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## 4.7 FURTHER READINGS

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W.H. Bolen (1981) *Advertising* J. Wiley & Sons.

W.M. Weilbacker (1984) : *Advertising* McMillan Publishing.