
UNIT 14 PROMOTION MIX

Structure

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Meaning and Importance of Promotion
- 14.3 The Communication Process
 - 14.3.1 Elements of Communication Process
 - 14.3.2 Steps in Communication Process
- 14.4 Integrated Marketing Communication
- 14.5 Concept of Promotion Mix
 - 14.5.1 Components of Promotion Mix
 - 14.5.2 Comparison of the Components of Promotion Mix
- 14.6 Factors Affecting the Promotion Mix
- 14.7 Let Us Sum Up
- 14.8 Key Words
- 14.9 Answers to Check Your Progress
- 14.10 Terminal Questions

14.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the importance of promotion in any successful marketing effort;
- describe the communication process and explain various elements in communication process;
- explain the meaning and components of promotion mix; and
- explain the factors that influence the development of the promotion mix.

14.1 INTRODUCTION

Production of a good product is not enough to ensure its success in the market. Unless target customers are aware of the existence of the product, its features, price, etc., they will not buy the product. Thus, it is necessary for the firm to manage a complex communication system. Therefore, some form of promotion is necessary to make consumers, middlemen and public, with which the organization interacts, and make them aware of the existence of the product. Marketers refer to communication with the target audience as **promotion**. Personal selling, advertising, publicity and sales promotion are the promotional methods that may be used to communicate a message. In this

unit, we will discuss the meaning and importance of promotion, communication process, the concept and components of promotion mix and various factors affecting the promotion mix.

14.2 MEANING AND IMPORTANCE OF PROMOTION

In marketing, communication has a very important place. It is the function of marketing which is charged with the task of informing the target customer about the nature and type of the firm's product and services, their unique benefits, uses and features as well as the price and place at which those would be available in the market place. Since marketing communications aim at influencing the consumer behaviour in favour of the firm's offerings, these are persuasive in nature. These persuasive communications are more commonly called 'Promotion' and constitute one of the four Ps of marketing mix. Thus, **in the context of marketing, promotion refers to the applied communication used by marketers to exchange persuasive messages and information between the firm and peoples.**

A study of marketing communication, therefore, is a study of the promotion function of marketing. Notwithstanding the continuing debate whether promotion is the first element of the marketing mix or the last, the fact remains that sound management of the marketing function is dependant on the effective management of its promotion function. For example, in the success of the following products and services the promotion function played a role of greater importance: Hot-shot camera, Maggie 2-minute noodles, Khaitan fans, and UTI's ULIP scheme, to mention only a few. Similarly, the examples of the product which misfired due to faulty management of the promotion function are not far to seek. With growing competition in the market place as well as the customers becoming better informed and more choosy, it is imperative now that marketing communication of the right kind only are made to the right group of target buyers. Let us now understand the importance and purposes of promotion:

- 1) **Communicating information:** As you know, the job of marketing is to **identify** consumer wants and then **satisfy** these wants with the right kind of product, at the right place and at the right price. The purpose of promotion in the marketing function is to **convey** to customers about the features of the product and how will it satisfy consumer wants, or any other relevant information needed by consumers to affect sales.

For example, if a refrigerator manufacturer is planning to offer off-season discount it is essential to communicate to potential customers about the extent of discount, period during which discount is available, names of the stores where it is available, etc. If all such information is not communicated to potential customers, lowering of prices will not be beneficial to either the consumer or the manufacturer. Promotion is, thus,

an essential part of the marketing function as it is essentially communication.

- 2) **Promotion is persuasive communication:** In any free enterprise system where firms develop and offer a wide range of new and better products, there are full of messages and distractions of all sorts. Consumers often have to select the products from among a wide range of competing products. As consumers do not have time and energy to compare the competing products physically, they turn to advertisements for product information.

The present business environment being highly competitive, each firm wants the customers to buy its brand. Thus, **persuasion** is another goal of promotion. In other words, promotion is persuasive communication.

- 3) **Promotion serves as a reminder:** Consider a customer who regularly buys Colgate Toothpaste or Lux Soap. Do marketers of Colgate Toothpaste or Lux Soap advertise to appeal to such customers? The answer is yes, because even the most loyal customers must be **reminded** that a product has served them well over the years and about the features that make the product attractive. This is more so in an environment where competitors consistently attempt to attract the customers of competing brands with their own informative and persuasive messages. Thus, in addition to informing and persuading, another important purpose of promotion is reminding customers. This is why even the manufacturers of well established products like Colgate, Lux, Surf, Excel, Nescafe, Lifebuoy etc., also advertise quite extensively to sustain customers' preference for these products.

Check Your Progress A

- 1) What is the meaning of promotion in the context of marketing?
- 2) What are the three basic purposes of promotion?
- 3) State whether the following statements are **True** or **False**.
 - i) Once a good product is brought into the market, it can sell by itself with promotion.
 - ii) Promotion is an important element of the marketing mix.
 - iii) For loyal customers, who use a product regularly, promotion has no role to play.
 - iv) Persuasion is one of the goal of promotion.
 - v) Well established firm do not need to advertise their products and services.

14.3 THE COMMUNICATION PROCESS

Communication itself may be defined as “**the process of influencing others behavior by sharing ideas, information or feeling with them,**” The basic goal of communication is a common understanding of the meaning of the information being transmitted. In other words, the receiver of the information should understand as closely as possible the meaning intended by the sender of the message. It is largely the responsibility of the sender to ensure that this purpose is achieved.

14.3.1 Elements of Communication Process

Communication has been described as “**who says what to whom through which channels with what effect**”. We notice that the two major parties involved in the process are the sender (who) and the receiver (whom). The tools that senders use to reach their extended receivers are called messages and channels (media). Thus, communication occurs when :1) a sender transmits a message, 2) a receiver received that message, and 3) the sender and the receiver have a shared meaning. **The communication process itself involves the functions of encoding, decoding, response and feedback.** Let us understand each of these elements in communication process:

Sender: It is also called the **source**. Sender is the party who sends the message to another party called the receiver or destination. The sender is engaged in the mental process of putting thought into a form in which it can be communicated.

Receiver : Person for whom the message is intended and is an active part of the communication process. How meaning is assigned to a message by the receiver depends upon on the receiver's attitudes, values, previous experience, needs and the timing of the message.

Encoding: It is the process of translating the idea to be communicated into a symbolic message consisting of words, pictures, numbers, gestures, etc. This step is necessary because there is no way of sending an idea from one person to another in its raw or pure form.

Message: It is a combination of symbols representing objects or experiences that a sender transmits in order to induce a change in the receiver's behaviour. Since most symbols (words, pictures, numbers, etc.) have more than one meaning, the symbols selected for the message should be simple and familiar to receivers.

Medium: It is a means by which the sender conveys the message to the receiver. Broadly there are two types of media: 1) inter personal media, and 2) mass media. In **inter personal medium** there is a direct contact between the sender and receiver. For example, in personal selling salesperson contacts the customers and directly communicates about the product. Here, communication flows in both directions and the salesperson receives

immediate and direct feedback. This enables the salesperson to have greater control over the communication process. **Mass media** are non-personal communication media which provide **contact** between the sender and a large number of receivers simultaneously. Newspapers, magazines, television, radio, hoardings, billboards, etc., are examples of mass media.

Decoding: Just as the sender encodes the message, the receiver must decode it. Decoding is the process by which the receiver attempts to convert symbols conveyed by the sender into a message. Receivers may decode or interpret the message in different ways because of their individual characteristics, experiences and backgrounds. For example, a famous airline had once advertised “if you fly with us you will never walk again”. Although the airline intended to convey to the receiver (i.e., potential passengers) that the airline provides such an excellent services that passengers would always want to fly with this airline, it could be misunderstood by many as a threat or a warning of physical damage to their limbs.

Response: Receiver responds to sender's message by reacting in different ways such as asking questions, buying or not buying the product or seeking more information, etc. Thus, response is a set of reactions a receiver has after being exposed to the message.

Feedback: It is the communication from a receiver to the sender about how he/she understood the message and reacted to it. In this **reverse** flow of communication, receivers encode their messages and send them to the sender. The sender must then decode the feedback message. The longer it takes the sender to receive and decode the feedback, the less valuable it becomes. **Feedback is more direct, more frequent and more immediate when interpersonal communication (sales personnel) channels are used** e.g. salesperson to prospect. Good salespeople receive feedback directly and immediately from their prospects and can modify their sales presentations to suite the prospect's requirements. **It is usually indirect, slow and hard to obtain when the communication is through mass media.** In fact, it can be obtained only if the sender has made some arrangement to receive. Sender may have to carry out marketing research to determine whether the receivers have received the message, how many times, whether they can recall the message, or not, etc.

Noise: Anything that interferes with the communication process so that the receiver gets a message which is different from the one the sender sent or gets no message at all is **noise**. Noise can affect any or all elements of the communication process. For example, if there are too many advertisements of the same product (different brands) in a single newspaper or magazine, it can create distraction. Our earlier example of the airline slogan is a case of noise.

Look at Figure 14.1 carefully for a diagrammatic presentation of the communication process.

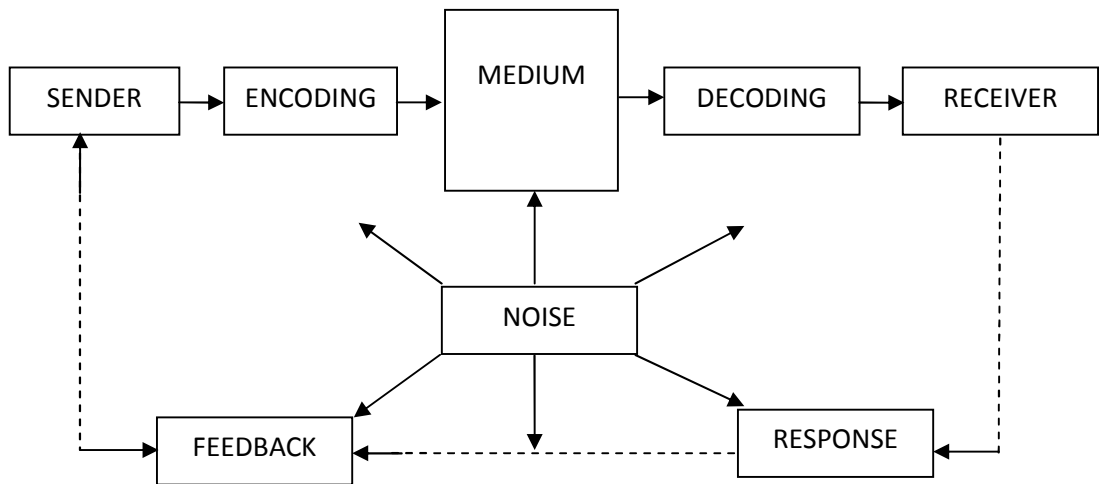


Figure 14.1 : Communication Process

14.3.2 Steps in Communication Process

For communication to be effective, some factors become very important. These are: 1) identifying the target audience, 2) determining the response sought, 3) choosing the message, 4) selecting communication channels and 5) collecting feedback.

Identifying the Target Audience

The term target audience refers to people for whom the promotional message is meant, and includes both present and potential customers. Therefore, to reach such people with a meaningful message, the sender must identify the target receivers and their characteristics (like age, sex, income, education, occupation, life style, etc.), attitudes, values, past experience, buying habits and buying decision process. By understanding the profile of target customers, it becomes easier for the sender to match the message to his target audience.

The greater the extent of overlap between a sender's 'field of experience' (background, values, attitudes, experience, education, social status, etc.) and a receiver's 'field of experience', the more effective will be the communication. This concept was explained by Wilbur Schramm. An advertising agency is asked to develop a sales message about 'beedis' to the target market of low income groups. It may develop a message which is too sophisticated for the target audience to understand. This results in noise because the fields of experience of the sender and receiver are very different. However, if the sender has the proper understanding of his target audience, this problem can be avoided or reduced.

Determining the Response Sought

After having identified the target audience, the sender decides on what response he is expecting from the receiver. For example, the sender might want the receiver to search for more information about a product or service,

or he might want the receiver to see the product physically and then buy it. The ultimate response, however is purchase. As you know, the decision-making process of the consumer leading to purchase is itself long and complex. Therefore, the sender must know how to move the target audience from its present state to a state which is closer to the actual purchase of a product or service. For example, the advertisement in Figure 14.2 expects the receiver to take specific action, i.e., invest Rs. 1,000 in small savings.

INVEST Rs. 1000 AND WIN YOUR DREAM HOUSE AND MUCH MORE...

Invest Rs.1000/- only in any of the following Small Savings Schemes. Substantially increase your deposit and also collect a Free Gift Coupon. This scheme is open to individuals and Hindu Undivided Families (HUF) only.

National Savings Certificate VIII Issue* National Savings Scheme-1987*, Public Provident Fund*, Indira Vikas Patra, Kisan Vikas Patra, Monthly Income Scheme, 3 & 5 years Time Deposit Scheme.

* (Deposits Eligible for Income Tax Relief Benefits).

Bumper Prizes	(A) House in Jaipur (B) Premier NE-118
First Prize	(N) 10 Kinetic Honda Scooters (O) 10 To trip for a couple to South East Asia (Bangkok + Singapore + Pattaya) for 6-7 days including lodging.
Second Prize	20 VCR with remote
Third Prize	100 Luna Super Moped
Fourth Prize	500 VIP Luggage Suitcase 24"
Consolation Prize	8 Sumest Mixi to coupons bearing same number in other series as that of Bumper prize.

Hurry! only Limited Coupons available

For each Rs. 1000 deposit, only one coupon.

This Gift Coupon scheme is valid for investments made from 1.1.91 to 31.3.91 in post offices in Rajasthan only.

Gift coupons can be obtained from Treasury officer/Sub Treasury officer/Dist. Savings officers under the concerned District Collector.

For further details: District Collector*, District Savings Officers*, Director, Small Savings, 6/555, Raja Park, Jaipur, Ph: 49456.

**S.S. Parnami
Director, Small Savings, Jaipur-302004**

Figure 14.2 : Advertisement Expecting Specific Action from the Receiver

Through the message sender may want to put something in the receiver's mind or change the receiver's attitude or induce the receiver to undertake specific action. There are different models of **consumer response** stages in use. One such model, the 'hierarchy of effects' will be discussed in detail in Unit 16

Choosing the Message

After deciding about the type of response expected from the receiver, the next step is to develop an effective message. The message should be able to gain the receiver's attention (i.e., the pictures or words used in the message should have impact), arouse interest in the proposition (i.e. the message should provide information of interest to the receiver), produce a desire for the product or service (i.e., make the receiver want the product or service), and finally elicit action of some kind such as actual purchase.

The important decision areas relating to message design are: 1) **message content** (what is to be said), 2) **message format** (how is it to be said), 3)

message source (who should say it). Let us discuss these three aspects in detail.

- 1) **Message Content:** It refers to the key or central idea of a promotional message. For example, the central idea or appeal in the slogan for Nike 'Just do it' is 'to be active' by given them good quality athletic shoes, apparel and sports equipment. Similarly, all Philips advertisements carry the slogan 'Innovation and You'. Here the central idea reflects Philips mission to improve peoples lives through meaning five innovation. When an appeal or central idea is used unchanged over a long period of time to lend consistency to the series of promotional messages, it is called a **Theme**. The slogan for Philips mentioned above is a good example of theme. The appeal or theme in most promotional messages relate to product features or claims about the product. This leads us to another interesting concept known as **U.S.P. or 'Unique Selling Proposition'**. In USP, the features or attributes (selling points) of the product are matched with benefits to the consumer in a unique way. For example, in Sensodyne toothpaste the USP is "Rapid Relief Formula". Thus, the promotional message claims that the toothpaste has clinically proven ingredients to relieve sensitivity pain. (this constitutes the selling point of the product) and the benefit of this feature to the user is 'Fast relief to sensitive teeth'. In this world of growing competition, it is through USP that sellers differentiate their products from those of the competitors.

There are three basic types of appeals used by marketers:

- i) **Rational appeals:** Such appeals show that the product will deliver the claimed benefits. These appeals relate to a product's quality, economy (price), value or performance. In fact most consumer durables such as refrigerators, automobiles, air conditioners, washing machines and other major appliances, and industrial products, use these appeals.
- ii) **Emotional appeals:** Such appeals use either negative emotions (such as fear, guilt, shame) or positive emotions (such as love, joy, pride, humour) to stimulate action or purchase. For example, fear appeal is used by Life Insurance Corporation to encourage people to insure themselves. Emotional appeals are used for fabrics, garments, perfumes, cosmetics, etc. Cadbury Chocolates use love appeal in their advertisements. Tourism advertisements use joy and pleasure as appeals. Onida TV uses pride as an appeal. For example advertisement shown in Figure 14.3 is a guilt appeal.

A casual Sunday

... or the health of our children.

That's the choice &fore w.

A seemingly harmless joy ride could actually be working against the future of our children. Some startling facts will drive home the truth...

This year, India will be paying over Rs. 10,000 crores, just for its fuel imports. Which is more than 1½ times the amount spent on Health and Family Welfare during the Seventh Plan (1985-90).

Moreover, petroleum imports are costing us dearly in precious foreign exchange. It's time we got our priorities right. Surely, the well-being of our children merits more concern than a week-end drive. Austerity and efficient utilisation of fuel is the need of the hour.

Here's some fuel for thought...

For a start, let's keep all vehicles off the road, once every week. Even this small sacrifice will enable the country to make a fuel saving of several crores a year.

Let's drive only if it's a must. Where distances are short, let's walk. There's no better way of conserving fuel. We can also shed a few "pounds" without paying a rupee!

Even while driving, we can get more miles to the litre. That's if we keep our vehicle ship-shape. And drive methodically.


Sharing taxis. Starting car pools. Travelling by bus and train... simple

and practical ways of cutting down fuel consumption.

The fuel-saving habit can in fact begin right at home. Switch the cooking gas on, only after lighting the match. Also keep the flame low.

If you run a business that uses petroleum products — introduce energy-efficient technology, equipment, operations, maintenance and periodic energy audits.

Our country needs our small sacrifices to surmount the fuel crisis. But let's not wait to be asked. Now's the time to work jointly in the nation's interest. For its economic independence and self reliance. It's in our own interest too!

 **Indian Oil Corporation Limited**

Sara 1-10C-21890

Figure 14.3: An Advertisement with Guilt Appeal.

Message Format: The sender must decide how to send the message to the target audience. He must develop a good **format** for the message. For example, if the message has to be printed in newspapers or magazines, the sender has to decide on the type and length of headline, the illustration (or photograph), the copy (the written part of the advertisement, other than the headline) colour etc. Marketers often use suggestive visuals (illustrations), benefits, demonstrations, emotions and music to attract attention. If the message has to be transmitted over radio, the words should be carefully chosen and voice quality (speech rate and pitch etc.) should be controlled. In the case of television, in addition to factors considered for radio, you have to pay attention to facial expressions, gestures, dress, posture, etc. If the message is carried by the product itself or the packaging, the sender has to

pay attention to colour, size, shape, texture and scent, e.g., toilet soaps and perfumes.

2) **Message Source:** The factor how the target audience perceives the sender (or source) can have a great impact on Communication effectiveness. **‘Source Credibility’ refers to the target receivers’ perception of the sender’s belief ability (i.e., how believable be the source or the sender?).** Source credibility has an influence on how does target receive evaluate and react to the message. There are three factors which affect source credibility: These are: i) expertise iii) trustworthiness and iii) likeability. Let us learn them.

i) **Expertise:** It refers to the specialised knowledge which the sender is expected to have by virtue of his profession, occupation or experience. For example, doctors, scientists, engineers, professors and other technical experts are rated high or expertise in their respective areas. Similarly, for promoting a health product a prominent sports personality is more believable than a professional model sending the message. For example, Famous cricketers promoting Boost has a great impact due to the association of cricketer’s fitness with Boost. To emphasise the efficacy of their drugs, many Ayurvedic firms use endorsements from medical experts.

ii) **Trustworthiness:** It refers to how objective or honest the source (sender) is perceived to be. Friends and relatives are trusted more than strangers or salespeople. In fact trustworthiness is related to expertise. If a well known expert promotes a product, his/her statements will be trusted more. If a company with an excellent track record of producing high quality products launches a new product, its product claims are more likely to be trusted than those of an unknown company making the same product.

iii) **Like ability:** It reflects the source’s general attractiveness to the audience (receivers). Qualities such as straight-forwardness, humour, naturalness, good looks (appearance), good voice, etc., make a person more likeable to the audience. The source with the highest credibility would be one which has the best combination of all the three factors mentioned above.

Selecting Communication Channels

Once the promotional message has been designed, the communicator must select efficient communication channels to carry it. There are two broad types of communication channels through which the message may reach to the audience. They are personal communication channels and non personal communication channels.

1) **Personal communication channels:** It involve two or more persons communicating directly with each other face to face, person to audience,

over the telephone, or through e-mail. These channels' effectiveness depends to a great extent on the opportunities of individualizing the presentation and feedback. For example, Redeffusion.com invites on-line customers to sign up for email services and recommendations from experts in their choice of various products available on-line. These channels are of three types: advocate, expert and social communication channels.

- i) **Advocate Channels** consist of company salespeople contacting buyers in the target market.
- ii) **Expert Channels** consist of independent experts making statements to target buyers.
- iii) **Social Channels** consists of neighbours, friends, family members, and associates talking to target buyers. The last channel is also popularly known as word-of-mouth influence and may yield considerable influence in many product categories.

Personal influence carries especially great weight in two situations. One is with products that are expensive, risky or purchased infrequently. The other situation is where the product suggests something about user's status or taste. In both cases, consumers will obtain information from others before making a purchase decision. Companies can take several steps to stimulate personal influence channels to work on their behalf:

- Identify influential individuals and companies and devote extra efforts to them.
- Create opinion leaders (people whose opinions are sought by others) by supplying certain people with the product on attractive terms.
- Work through community influentials such as local well known persons and head of the civic organizations.
- Use influential or believable people in testimonial advertising.
- Develop word-of-mouth referral channels to build business.

2) **Nonpersonal Communication Channels:** Nonpersonal communication channels are media that carry messages without personal contact or feedback. Nonpersonal communication channels include media, atmospheres, and events.

- i) **Media** consist of print media (newspapers, magazines, direct mail), broadcast media (radio, television) electronic media (audiotape, videotape, CD-ROM, DVD, Web page), and display media (billboards, signs, posters). Most nonpersonal messages come from these media which are normally paid by the marketers.
- ii) **Atmospheres** are designed environments that create or reinforce the consumer's leanings towards product purchase. For example, many

restaurants decorate their dining halls to attract consumers, advocates or law offices are decorated with fine rugs, books and furniture to communicate confidence and success, pharmaceutical companies insist their salespeople to wear specific dress while making visits to the doctors for creating good impressions.

- iii) **Events** are occurrences designed to communicate particular messages to target audiences. Companies through their public relation departments organize press conferences, grand openings, cultural events, arts exhibitions, and other events to communicate with specific audiences.

Although personal communication is often more effective, non personal channels affect personal attitudes and behaviour through a two-step-flow of communication process. Ideas often flow from radio, print, television, and Internet sources to opinion leaders and from these to less media involved population groups. This two-step flow has several implications. First, the influence of non personal channels on public opinion is mediated by opinion leaders, people whose opinions are sought or who carry their opinion to others. Second, the two-step flow shows that people interact primarily within their own social group and acquire ideas from opinion leaders in their group. Third, two-step communication suggests that marketers using non personal channels should direct messages specifically to opinion leaders and let them carry the message to others.

Collecting Feedback

It refers to the receiver's reaction to the message being communicated back to the source. We have already discussed this in great detail while discussing about 'feedback' in this unit.

14.4 INTEGRATED MARKETING COMMUNICATION

As the marketers today use variety of communication channels to reach customers, marketing communication have assumed a new meaning. Companies invest heavily and use number of promotion tools in order to promote their products and services. The main problem which arises here is that these different tools are designed by different people and put forward before customers through different sources. These can result in delivering conflicting, blurred or inconsistent business messages to the target audience. Marketing communication becomes effective and give the desired results only when all the communication or promotion tools are integrated and co-ordinated to give a clear and consistent picture of the company's products and services. Therefore, **Integrated Marketing Communication (IMC)** has been gaining popularity in the 21st century.

In the words of Philip Kotler, **“carefully integrating and co-ordinating the company's many communications channels to deliver a clear, consistent**

and compelling message about the organization and its products is integrated marketing communication”.

The idea behind integrated marketing communication is that the marketers need to carefully combine the promotion elements into a co-ordinated **promotion mix**.

Check Your Progress B

- 1) What are the various stages in the process of communication?
- 2) What is ‘noise’ in a communication process ?
- 3) State whether the following statements are **True** or **False**:
 - i) The basic goal of communication is a common understanding of meaning between the sender and the receiver.
 - ii) The two major tools of communication are response and feedback.
 - iii) The two broad types of channels used in communication are encoding, decoding.
 - iv) Integrating and co-ordinating all the company’s communication channels is called integrated Marketing Communication.
 - v) Emotional appeal relates to product quality.

14.5 CONCEPT OF PROMOTION MIX

In our daily life we all are exposed to various tools of promotion aiming at communicating one thing or the other to us. To illustrate, while at home we come across advertisements when reading a newspaper, watching TV, listening to radio or even examining the water, electricity or telephone bills. On our way to the office similar communications are present on bus panels, roadside hoardings, neon signs, posters and banners, etc. While at a retail shop these take the shape of traffic builders displays, streamers, hangers, bins etc., all sharing information relating to a specific product of a company.

Listed above are just a few types of the various promotion tools available to a marketer. Before proceeding further, let us take a look at the definitions of the four major components of promotion. These are: advertising, personal selling, sales promotion and publicity. There is no way that an individual activity, say advertising, can be managed fully without considering its relationship with the other elements. Therefore, business enterprises normally adopt all the four elements though the relative importance placed on different elements of the promotion mix differ from enterprise to enterprise.

14.5.1 Components of Promotion Mix

As stated earlier, the four elements of promotion mix are: 1) advertising, 2) personal selling, 3) publicity, and 4) sales promotion. Let us learn them in detail.

- 1) **Advertising:** Any paid form of non-personal communication through mass media about a product, a service or an idea by an identified sponsor is called **advertising**. **It consists of paid messages by identified sponsors through non-personal channels (media).** Advertising bears a signature in the form of a company or brand name.

The media used could include: magazines, newspapers, radio, television, bill-boards (hoardings), direct mail, etc. Sponsors may be non-profit organisation (colleges, universities, institutes), companies or individuals. We will discuss about advertising in detail in Unit 16.

- 2) **Personal Selling:** Personal selling is a person-to-person dialogue between buyer and seller, where the purpose of this face-to-face contact is to persuade the buyer to accept a point of view or to convince the buyer to take a specific course of action. In other words, **personal selling is a person-to-person process by which the seller learns about the prospective buyer's wants and seeks to satisfy them by making a sale.**

A salesperson should be properly trained to develop and deliver a message to a prospective buyer. Personal selling often involves a lot of travelling by salespeople and stay outside the normal place of residence. Therefore, personal selling is very expensive. But the high cost of personal selling is offset by flexibility. The salesperson can modify and adapt his presentation to meet the specific needs of the prospect (customer). The salesperson can handle the customer's objections as they arise. In personal selling direct and almost immediate feedback can be obtained from customers. A detailed discussion on personal selling will be taken up in Unit 15.

- 3) **Publicity:** Publicity refers to non-personal stimulation of demand for a product, service or business unit by generating commercially significant news about it in published media or obtaining favourable presentation of it on radio, television or stage. Unlike advertising, this form of promotion is not paid for by the sponsor. Thus, **publicity is news carried in the mass media about an organisation, its products, policies, personnel or actions. It can originate with the media or the marketer, and is published or broadcast at no charge for media space and time, to the organisation.**

Publicity is similar to advertising except that it involves an unpaid and unsigned message, even though it may use the same mass media as advertising. When information about a product or a company is

considered newsworthy, mass media tend to communicate the information at free of cost. Thus, the organisation being publicised neither pays nor signs the message.

Publicity can either be positive (favourable) or negative (unfavourable). Since the message is in the hands of media and not controlled by the organisation (or firm), publicity can be unfavourable. Newspaper (press) reports some years ago about a major fire in a five star deluxe hotel in Delhi. This news gave the hotel a great deal of adverse publicity on account of its faulty fire escape systems. The hotel suffered a tremendous loss of business. On the other hand, when Air India sponsors the Himalayan Car Rally and organises it well, it is likely to receive favourable coverage by mass media since the event is newsworthy.

Marketers spend a lot of time and effort in getting news items and articles placed in newspapers and broadcasts so that a favourable image of the company is created. We will discuss more about publicity in Unit 16.

- 4) **Sales Promotion:** It is the means of communicating with the target audience in a way that is not possible by using other elements of the promotion mix. Sales promotion may be defined as “those promotional activities other than personal selling, advertising and publicity that are intended to stimulate buyer purchases or dealer effectiveness in a specific time period”. Thus, **sales promotion is any activity that offers an incentive for a limited period to obtain a desired response from the target audience or intermediaries (wholesalers and retailers).**

Special offers of gift, coupon deals, discounts, demonstrations, trade shows, contests, etc. are some examples of sales promotion. The purpose of sales promotion programmes is to supplement the advertising and personal selling messages offered by an organisation. The effects occur generally at the point of purchase. We will discuss in more detail about sales promotion in Unit 15.

- 5) **Direct Marketing :** The promotional strategy which relies on direct communication to customers rather than through a third party such as use of mass media is termed as Direct Marketing. It is an interactive mode of marketing where the messages can be altered depending on the consumer’s response. This form of promotion strategy is therefore more focussed than the other promotional tools as it is directed to a specific individual customer or group. **Thus, direct marketing is interactive, non-public, immediate and customized.**

Direct marketing comprises both of traditional tools in the form of direct mail marketing, catalogue marketing, telemarketing, time shopping channels and modern digital tools such as online marketing, social media marketing, mobile marketing and many more. The direct marketing campaigns use lists of targeted prospects to send their promotional

messages. We will discuss in detail more about Direct marketing in Unit 20.

14.5.2 Comparison of the Components of Promotion Mix

These promotional efforts are of two general types involving: 1) direct face-to-face communication, and 2) indirect communication through some mass medium, such as television, newspapers, radio, etc. Sometimes a mixture of personal (direct) and non- personal (indirect) promotion is used, as we shall see in the case of sales promotion. The nature of the message and the context in which it is delivered, influence the method to be used. For example, an industrial buyer would not decide to purchase equipment merely on the basis of advertisements or direct mail. Greater emphasis will be given to personal selling. On the other hand, a customer buying soap or toothpaste will have less contact with company salespersons, and will be influenced more by advertisements.

An integration of all the elements of promotion mix is necessary to meet the information requirements of all target customers. This simply means that the promotion mix is not designed to satisfy only the prospective buyer or only the regular buyer. Some elements of the mix may be aimed at the target customer who is unaware of the product, while others may be aimed at potential customers who are fully aware of the product and are likely to purchase it. Suppose you are interested in buying a personal computer. As a result of interest in the product, you started paying attention to computer advertisements in newspapers and magazines. You may even read the media reports on personal computers by experts (publicity). You also may participate in training programmes or demonstrations. You may also contact the salespersons of different computers and find out the features and relative merits. Based on all this information you may then purchase a specific brand.

Now can you answer the question, which aspect of the promotional mix brought you to the decision to buy the brand you finally selected? You may say that the expertise of the salespersons was a major influence, but the fact is that all the elements of the mix played their roles in bringing about the sale. Therefore, to get better response from the target customers, you have to adopt all the four components of the promotion mix. However, you should note that the elements of the promotion mix must be coordinated and integrated so that they reinforce and complement each other to create a blend that helps in achieving the promotional objectives of the organisation.

Table 14.1 Comparison of Various Components of Promotion Mix

S.No.	Factor	Advertising	Personal selling	Sales promotion	Publicity	Direct materials
1	Mode of Communication	Indirect and non personal	Direct and Indirect Face-to-Face	Indirect and non-personal	Indirect and non-personal	Direct
2	Regularity	Regular and on-going	Regular and recurring	Not regular Only short-term stimulation	Not regular Only news-worth information	Regular & recurring
3	Message flexibility	Generally uniform and unvarying Indirect,	Personalised and adopted to the prospect	Generally uniform and unvarying	Beyond the marketer's control	Customized for target prospects but less flexible than personal selling
4	Feedback	Indirect	Direct Feedback from prospect	No feedback from Indirect, if any	No feedback from Indirect, if any	Direct
5	Control over message	High control	High control	High control	No Control	Highest control
6	Sponsor	Has identified	Has identified	Has identified	Has no sponsor	Identified sponsor
7	Cost Per contact	Low to moderate	High	Variable	None	Low to moderate
8	Scope	Mass	Personal	Mass	Mass	Mass
9	Advantages	Allow expressiveness & control over message	Permits flexible presentation and gains immediate response	Gains attention and has immediate effect	Has high degree of credibility	Messages are delivered quickly and can be tailored to appeal to specific customers
10	Disadvantages	Hard to measure results	Costs more than all other forms per contact	Easy for others to imitate	Not as easily controlled as other forms	Low response rates as messages tend to be ignored by customers

Check Your Progress C

- 1) What are the components of the promotion mix?
- 2) Using Table 14.1, compare three characteristics of the various elements of the promotion mix.
- 3) State whether the following statements are **True** or **False**:
 - i) Advertising is a non-paid, non-personal form of mass communication.
 - ii) Publicity is a form of advertising.
 - iii) Sales promotion is used continuously over a long period of time.
 - iv) Personal selling involves a direct face-to-face contact between a buyer and seller.
 - v) In direct marketing messages can be customized to appeal to target prospects.

14.5 FACTORS AFFECTING THE PROMOTION MIX

Many factors influence the choice of elements in a promotion mix and the relative importance of each element. All the factors that influence the promotion mix may be grouped into four categories as follows: 1) product related factors, 2) customer related factors, 3) organisation related factors, and 4) situation related factors. Let us learn them in detail.

Product Related Factors

Product related factors include: 1) the amount and complexity of product information to be communicated, 2) the stage of the product in the product life cycle, and 3) product type and unit price.

- 1) **Amount and Complexity of Product Information:** Usually emphasis is placed on advertising to convey simple ideas or to make consumers aware of a product whose features are easily observed. Advertising is also used for products that are familiar to consumers. The messages which are simple and easily understandable (e.g., Campa Cola and Thums Up advertisements) are generally conveyed through advertisement.

Personal selling and sales promotion are considered more useful to demonstrate complex ideas. For example, in the case of consumer durables such as mixers, television sets, music systems, computers, etc., personal contact enables consumers to try the product and ask questions.

- 2) **Stage of the product in the product Life Cycle (PLC):** During the introduction stage of PLC, the basic promotion objective is to create

awareness and interest in the product. Extensive advertising, sales promotions and publicity, help in reaching potential customers and induce trial purchases. Personal-selling is useful in reaching intermediaries (wholesalers and retailers).

As competition starts building up during the growth stage, focus of promotion shifts on differentiating the product (brand) by showing its advantages over rival brands. Promotion in this stage becomes more persuasive in order to build up and maintain brand loyalty and ensure repeat purchase. Since a larger number of people are trying and using the product, advertising is more economical way of reaching target customers.

As competition intensifies in the maturity stage of the PLC, promotion efforts are at the highest levels at that stage. Promotion messages become more persuasive and advertising gains relative importance over the other elements of the promotion mix. Product modifications are made to discourage entry of new competitor. This may require a new promotion effort, Promotion is generally reduced to a minimum in the decline, stage. Whatever little promotion is carried out at this stage, it is normally done by intermediaries.

- 3) **Product Type and Unit Price:** There seems to be a relationship between the promotion and the type of product and the unit price. There is greater emphasis on advertising for inexpensive, frequently bought consumer products like soaps, toothpastes, potato wafers, razor blades, etc. Whereas more complex products (industrial products like lathes, large generators, etc.) with a higher unit price require greater personal selling effort.

Customer Related Factors

There are two types of customer related factors that affect the promotion mix:

- 1) characteristics of the target market, and 2) type of buying decision.
- 1) **Characteristics of the target market:** Generally, non-personal promotion (advertising and publicity) are more suitable for ultimate consumers, and personal selling is relatively more important for organisational buyers. As the size of the target market increases, non-personal forms of promotion become more relevant. As the size increases, the market becomes more heterogeneous (i.e., it becomes more mixed in terms of sex, age, income, occupation, life styles, etc.). Thus the marketer needs to segment his markets and design different promotional messages to appeal to different market segments. For example, Binnies targeted their advertising to “young people with a modern outlook”, because they identified a large percentage of the potato wafer market was made up of such people, although people of all ages eat potato wafers. Hence the slogan “Humko Binnies Mangta” after the famous Hindi film song, was an instant hit.

- 2) **Type of buying decision:** Buying decisions are of two types: routine decisions and complex decisions. Generally, consumers making routine decisions do not pay much attention for marketing information. If they make routine purchases of a given brand, promotion focuses on reminding customers that the brand is better than the other brands.

When the decisions are complex, as in the case of major consumer durables and appliances such as automobiles, Smart TV’s, Laptops, etc., the promotion must contain messages which are fully of relevant information and adapted to the customer’s primary needs and wants. The effect of competitor’s promotion must also be considered. After the purchase, reassuring the customer that he has bought the right product, through letters and personal visits by salespeople becomes very important.

Organisation Related Factors

These factors may be of two types: 1) marketing channel and promotion strategies, and 2) branding strategies.

- 1) **Marketing Channel and Promotion Strategy:** This relates to the marketer’s choice of strategies to build sales. He has to decide between (i) a push strategy and (ii) a pull strategy.

- i) **A Push Strategy** is one in which the producer actively promotes his product to intermediaries, who in turn actively promote it to final buyers. In other words, each channel member (including the producer) directs his promotional effort to the next channel member in the link. Look at Figure 14.4 carefully for a push strategy in promotion.

A push strategy requires a great deal of emphasis on personal selling at the producer’s level and various types of sales promotion methods directed to company salespeople and intermediaries.

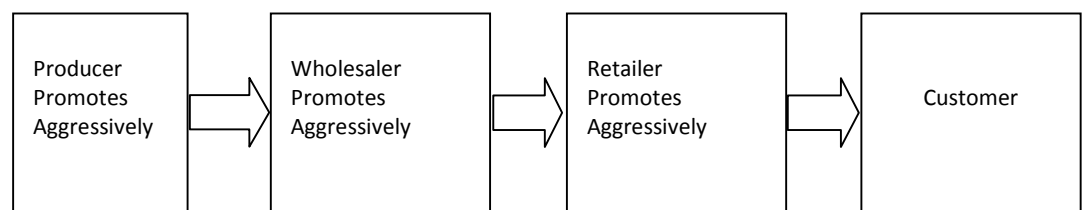


Figure 14.4 :A Push Strategy of Promotion

- ii) In **pull strategy** the producer focuses promotional efforts directly on the final buyer rather than on intermediaries. For instance, in the case of a consumer product, the objective is to induce customers to ask retailers for the product, in’ turn retailers ask wholesalers and wholesalers ask the producer for the product. Consumers, thus, “pull” the product through the marketing channel.

A pull strategy involves a high degree of advertising and various types of sales promotion directed to final buyers. Examples include coupons and premiums (free gifts). Pull strategy is suitable when the producer wants to create a strong company image. This requires complete knowledge about target markets in order to design and develop the right kind of appeals for such markets. Look at Figure 14.5 and study how pull strategy works.

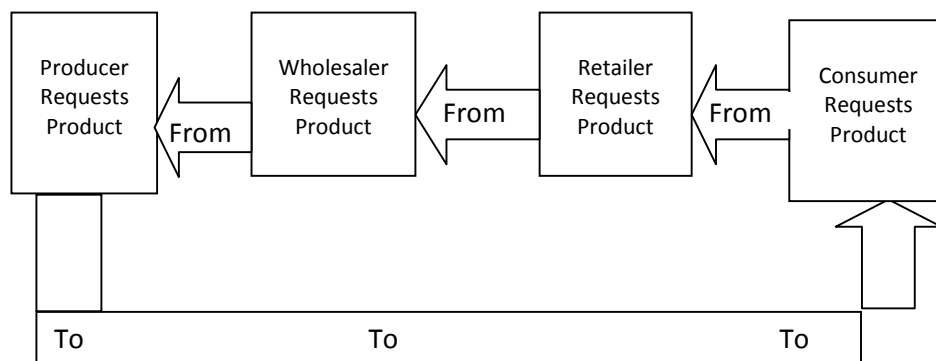


Figure 14.5 :A Pull strategy of promotion

In most situations, marketers use various combinations of push and pull strategies. In the cosmetic industry, for example, sales personnel call on department stores, retailers and super markets to push the product through intermediaries by means of product demonstrations, displays, etc. Producers also spend heavily on advertising and sales promotions (coupons, free samples, etc.) to pull customers through the marketing channels.

- 2) **Branding strategy:** A firm which adopts an individual branding strategy relies heavily on promotion to introduce a new brand. An image has to be created for acceptance by both customers and intermediaries. A combination of personal selling, advertising and sales promotion will be needed to create the image and establish the brand. Family branding on the other hand requires relatively lesser effort to introduce a new brand. Possibly with a little advertising, new brands introduced by Tata's, Godrej or Philips will find ready acceptance, because of the family brand's image. Consumers may try it because of their satisfaction with other products under the family brand name.
- 3) **Budget:** It relates to the funds (money) available with the organisation for promotion. Hence the choice of a promotional element or elements would depend upon the relative costs of reaching the target customers with each promotional tool. Personal selling, for example, is more expensive (per contact) than advertising. Sales promotion can be expensive or inexpensive depending upon the type used. Marketers try to optimise the per rupee contribution of promotion. Therefore, the promotion mix chosen will depend upon the relative cost and efficiency of each element of the promotion mix and the amount available with the company for promotions.

Situation Related Factors

There are two situation related factors which affect the promotion mix: 1) visibility of the firm and its political, legal and social environment, and 2) impact of competition.

- 1) **Visibility of the Firm and Environment Factors:** Some companies are better known to the public because of their products, their relative position in the industry (i.e., large or small) and their impact on physical, economic or social life of people. Examples could include: Hindustan Unilever, Tatas, ITC, Reliance and many others. Such firms generally like to project themselves as being sensitive to the environment. To achieve this objective, these companies sponsor activities in the interest of the general public. For example, Tata's have sponsored Cancer Research, ITC sponsors a music programme each year (Sangeet Sammelan) and MRF has very actively associated itself with sporting events (e.g. , World Boxing Championship).

Since a large number of people are concerned with the actions of such **highly visible firms**, these firms spend more money on public relations and publicity, in addition to the money and effort spent on promoting their products and services.

- 2) **Impact of Competition:** Firms very often have to match or counter the promotional activities of their competitors to maintain or increase their market shares. Hence the promotional effort of such firms is affected and influenced-by the activities of their rivals. In recent times we have seen the advertisement war between competing firms in the soft drink industry (Coca Cola Vs. Pepsi) and the telecom industry (Reliance Jio Vs. Airtel).

Check Your Progress D

- 1) List out the various factors affecting the promotion mix.
- 2) Differentiate between push and pull promotion strategies.
- 3) State whether the following statements are **True** or **False**:
 - i) Promotional efforts are at the highest level in the maturity stage of the product life cycle.
 - ii) Less promotional effort is required for new products introduced under the family brand name.
 - iii) The choice of an element in the promotion mix does not depend upon the amount of money available with the firm for promotion.
 - iv) Firms often try to match or counter the promotional activities of their competitors.
 - v) A pull strategy involves high degree of advertising.

14.6 LET US SUM UP

Promotion may be defined as applied communication used by marketers to exchange persuasive messages and information between the organisation and its various publics. It includes all the activities designed to stimulate demand. Thus, promotional strategy is designed to inform, persuade and remind about the existence and benefits of a product, a service or an idea.

Communication occurs when a sender transmits a message, a receiver receives that message and the sender and the receiver have a shared meaning. The communication process itself consists of the following elements: sender, receiver, encoding, decoding, message, media, response, feedback and noise. Marketers must understand the process of communicating effectively with their target markets and the other publics. Important steps in developing effective communication are: 1) identifying the target audience, 2) determining the response sought, 3) choosing the message in terms of content and format, 4) selecting communication channels and 5) collecting feedback.

The promotion mix consists of a careful blending of the four elements viz., advertising, personal selling, sales promotion and publicity. Advertising is any paid form of non-personal communication through mass media about a product by an identified sponsor. Personal selling is a face-to-face direct interaction between the buyer and the seller, where the seller learns about the buyer's wants and seeks to satisfy them by making a sale. Sales promotion is an activity that offers an incentive for a limited time period to increase sales and enhance dealer effectiveness. Publicity is a non-personal, non-paid form of mass communication not identified by a sponsor. It is news carried in mass media about an organisation or its products at no charge for media space/time.

Factors that influence the use and relative emphasis of various promotional elements are: 1) product-related factors (complexity of the product and information to be communicated, stage in the product-life cycle, and product type and unit price), 2) customer-related factors (characteristics of the target market and the buying decision type), 3) organisation related factors (type of marketing channel, branding and budget decisions), and 4) situation-related factors (firms and their environment, and the impact of competition on the choice of promotional elements).

14.7 KEY WORDS

Appeal: Central idea of a promotional message.

Communication: The process of influencing others' behaviour by sharing ideas, information or feelings with them.

Decoding: The process by which the receiver attempts to convert symbols conveyed by the sender into a message.

Encoding: The process of translating ideas to be communicated into symbolic messages such as words, pictures, numbers, gestures, etc.

Feedback: Refers to the receiver's reaction to the message being communicated back to the source.

Integrated Marketing Communication: Integrating and co-ordinating the company's many communication channels to deliver a clear and consistent message about the company's products and services.

Medium: A communication channel which carries the sender's message to the receiver and vice versa.

Message: A combination of symbols representing objects or experiences that the sender transmits to induce a change in the receiver's behaviour.

Noise: Anything that interferes with the communication process, so that the receiver gets a message which is different from the one the sender sent, or gets no message at all.

Promotion: Applied communication used by marketers to exchange persuasive messages and information between the firm and its various publics.

Promotion Mix: A careful blending of advertising, personal selling, sales promotion and publicity to achieve the organisation's promotional objectives.

Pull Strategy: A promotional strategy in which the producer focuses promotion efforts directly on the final buyer, who in turn asks for the product from the intermediaries.

Push Strategy: A promotional strategy in which the producer actively promotes his product to intermediaries, who in turn promote it to the final buyer.

14.8 ANSWERS TO CHECK YOUR PROGRESS

- | | | | | | |
|----|----------|-----------|------------|----------|----------|
| A3 | i) False | ii) True | iii) False | iv) True | v) False |
| B3 | i) True | ii) False | iii) False | iv) True | v) False |
| C3 | i) False | ii) False | iii) False | iv) True | v) True |
| D3 | i) True | ii) True | iii) False | iv) True | v) True |

14.9 TERMINAL QUESTIONS

- 1) Using a communication model, give examples of the encoding and decoding that might take place during the personal selling process.
- 2) How does a push strategy differ from a pull strategy? Give examples from your experience.

- 3) How do interpersonal communication channels differ from mass communication channels?
- 4) Explain the factors which affect the sender's perceived credibility among receivers in the communication process?
- 5) What do you mean by communication process in the context of marketing? Explain the major steps in communication process.
- 6) What is promotion mix? Explain the elements of promotion mix.
- 7) What factors do you take into account while deciding about the promotion mix for your product? Discuss with examples

Note: These questions will help you to understand the unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.



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