
UNIT 11 PROMOTION STRATEGY

Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Need/Function/Importance of Promotion
- 11.3 Promotional Tools
 - 11.3.1 Advertising
 - 11.3.2 Personal selling
 - 11.3.3 Sales promotion
 - 11.3.4 Public relations and publicity
 - 11.3.5 Direct marketing
- 11.4 Determining the Promotional Mix
- 11.5 Factors Affecting Promotional Mix
 - 11.5.1 Market considerations
 - 11.5.2 Product considerations
 - 11.5.3 Availability of funds
 - 11.5.4 Buyer-readiness stage
 - 11.5.5 Push vs. pull strategy
 - 11.5.6 Product life cycle stage
- 11.6 Integrated Marketing Promotion
- 11.7 Reasons for Growing Importance of Integrated Marketing Promotion
- 11.8 Customer Relationship Marketing
 - 11.8.1 Characteristics of relationship marketing
 - 11.8.2 Steps towards relationship marketing
- 11.9 Let Us Sum Up
- 11.10 Keywords
- 11.11 Suggested Readings / References
- 11.12 Answers to Check Your Progress

11.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the concept of promotion, and its functions and importance;
- identify the various promotional tools and their unique features ;
- discuss the factors affecting the promotional mix; and
- describe the integrated promotion management.

11.1 INTRODUCTION

Promotion, the fourth “P” in the marketing mix plays a very important role in the marketing programme of any organization. Till now we have discussed the first three “P’s” i.e. the product offering, pricing, and physical

distribution. In all these three P's the firm was interacting and taking decisions within the organization with their employees, suppliers, or the intermediaries. But now at this stage, the firm has to communicate with their target audience *i.e.* their present and potential customers. Because nothing will sell unless and until the company will beat the drum and inform the masses about the availability of the product and its unique features. So by now, this thing is very clear that the company might have produced the best product, priced it very appropriately, and with the help of physical distribution, decisions might have taken the pain of ensuring that goods are made available to the consumers right next door, despite all this, there is no guarantee that the product will sell. The most important thing required at this stage is to inform the people about the product because people are not going to dream of that product.

Ruth Kassinger (2002) was found quoting in his book, *Build a Better Mousetrap* that **Emerson** once said, "you make the best mousetrap, and the world will beat a path to your door". But in today's scenario, this has resulted in a mousetrap fallacy because even if you make the best mousetrap nobody will ever come to your door unless and until you go and inform people about your mousetrap and you'll have to impress upon them how it is best and why it is better than that of the others. So informing people is the most important activity which a marketer has to perform very seriously in today's environment to ensure their survival and success, and this is nothing but in simple words called promotion. So a marketer has to perform the various promotional activities with utmost care and precaution. Before we go into the details of discussing the various promotional tools and their significance we need to understand at this stage as to what is basically the concept of promotion and why is it becoming an indispensable activity for the business today.

According to **Philip Kotler** (1999) in his book, *Marketing Management*, "Promotion may be defined as the coordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of the product or service or the acceptance of an idea."

In the words of **William J Stanton** (1994) in his book, *Fundamentals of Marketing* he has defined promotion as,

"Promotion is the element in an organization's marketing mix that serves to inform, persuade, and remind the market of a product and/or the organization selling it, in hopes of influencing the recipients' feelings, beliefs, or behavior".

So after going through the perceptions of both the authors it is very much clear that the job of promotion is basically to inform the people about the availability of products, change their attitudes and beliefs about the product, and persuade them to try or buy that new product by impressing upon them about the unique features of the product.

11.2 NEED/FUNCTION/IMPORTANCE OF PROMOTION

Promotion serves three essential roles- it informs, persuades, and reminds prospective customers about a company and its products. The most useful

product or brand will be a failure if no one knows it is available! So it becomes very important to rely on various promotional tools, but the relative importance of these tools varies according to the circumstances faced by a firm. Before we go on to the discussion of the various promotional tools which are available to the marketers it is very important for us to understand first of all the reasons as to why promotion is becoming such an indispensable activity in today's marketing scenario. Some of the reasons emphasizing the need, function, or the importance of promotion are listed as under:

1. **Increasing distance between the place of production and place of consumption-** These days firms are able to distribute their products to far-off places with the help of various channels of distribution available as discussed in the next unit. Because distribution channels are often too long, a product may pass through various levels before it finally reaches the consumers. Therefore, a producer must inform all their middlemen, as well as the ultimate consumers or business users about the product using various promotional tools.
2. **Promotion affects the demand and demand elasticity of the product-** a firm hopes that promotion will help to increase the demand for the products and affect their demand elasticity. The intent is to make the demand more inelastic, i.e. management wants a promotion to increase the attractiveness of a product so the quantity demanded will decline very little if the price goes up (inelastic demand), and sales will increase considerably if the price goes down (elastic demand).
3. **Persuasion function-** the intense competition among different industries, as well as among firms within the industry, puts tremendous pressure on the promotional programme of sellers. The need for promotion is felt strongly as more and more variety is being provided to the consumer these days. Marketers have to constantly make efforts to impress upon their present and potential customers about the exclusiveness of their products over that of the competitors.
Reminder function- through various tools of promotion, marketers constantly remind consumers about the availability and utility of their products. They need to carry out the reminder function effectively otherwise their consumers might forget their product and switch over to the competitors' product.
4. **During the period of product shortages as well-** promotion is an activity that is carried out successfully even at the time of product scarcity or shortages to hold on to the interest of the consumers. It is used to reduce the demand temporarily or permanently with the aim of not destroying the demand but simply to reduce it, shift it, or postpone it.
5. **Improve the overall standard of living of people-** various promotional tools have resulted in an increase in the overall standard of living of people by making them purchase various goods or services.
6. **To overcome the problem of economic recession-** promotion as a tool has helped a lot in fighting out the overall recession which is prevailing in the economy. To come out of the recession, one of the most important decisions is to increase the demand for goods. At

the time when the economy is in deep recession, the demand can be increased only by cutting down the price and advertising heavily, and informing the consumer about the reduced prices. So the promotional tools of persuasive advertising, convincing personal selling, lucrative sales promotion incentives, and positive publicity can help an economy increase the demand for the goods and come out of the recession.

Check Your Progress 11.1

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1) What is the “better mousetrap fallacy”? Explain with examples.

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11.3 PROMOTIONAL TOOLS

Traditionally there were four basic tools of promotion: advertising, personal selling, sales promotion, and publicity and public relations. However, in this text, we view direct marketing and interactive media or the Internet as the other major promotional tools that modern-day marketers use to communicate with their target markets. Each has distinct features that determine in what situations it will be most effective. We are going to explain the various promotional tools along with their unique features in the next paragraphs.



Figure 11.1 Tools of Promotion

11.3.1 Advertising

According to **American Marketing Association (1995)**, “advertising is any paid form of non-personal presentation & promotion of ideas, goods or services by an identified sponsor.”

Unique features of advertising:

- **Paid form of promotion:** advertising is a paid form of promotion, anything which is not paid for cannot be called advertising. For

example, when heroes and heroines come and perform on various reality shows before the release of their movies that can be only called a publicity event and cannot be called advertising because they are not being paid for their performances.

- **Non-personnel presentation:** messages through advertisements are made available to the target audience with the help of various mediums. It results in a monologue and not a dialogue with the target audience. Here the sponsor is not in front of the audience to answer their doubts or queries. So the audience does not feel obligated to pay attention or respond to advertisements.
- **Public presentation:** advertising is a mode of public presentation where at one time the message can get transmitted to millions of people.
- **Persuasiveness:** advertisements generally prove to be very persuasive with the artful use of colour, sound, and celebrities as discussed in the previous feature.
- **Pervasiveness:** advertising is the only tool with the help of which a message can be repeated many times without irritating the target audience. The more is the frequency of the message, the better are the chances of the message being retained.
- **Amplified expressiveness:** it is the only tool where the companies can resort to dramatizing the situation and their products with the help of colour and sound. Lots of glamour can be added in the advertisements by bringing in popular celebrities from cinema, sports, or television.
- **Constant reminder and reassurance:** advertisements can constantly remind customers about the availability and utility of the product and reassure them about their purchase.
- **Strengthens other promotional mix elements:** advertising is the basic promotional tool as it strengthens the application of other promotional tools to a large extent. Personal selling can never be a success without first introducing the products through advertisements in general mediums and at the same time there is no point introducing the various sales promotion incentives unless and until the incentives are brought to the notice of the consumers with the help of the advertisements.
- **Unconvincing at times:** this is one of the major limitations of advertising that advertisements at times can prove to be unconvincing and cannot force the customer to purchase the goods at once. As most of the advertisements are viewed and noticed by customers at their own will, the chances of their getting unnoticed and unconvincing are many.

Activity 11.1

Recall any five advertisements of bathing soaps and explain the ad which you consider is the best and why?

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.....

11.3.2 Personal Selling

According to **American Marketing Association (1995)**, “personal selling is a face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions & procuring orders.”

Unique features of personal selling:

- **Face-to-face interaction:** this is one of the most important features of personal selling as it ensures face-to-face interaction between the salesperson and the customers. It results in a dialogue between them and customers can get all their doubts cleared by the salesperson and can finally get convinced about the quality of the product.
- **Highly convincing:** if a salesperson is smart and persuasive, he can convince his customers into buying the product by making excellent presentations. Generally, the chances of a sale being materialized in personal selling are more in comparison to simply showing advertisements.
- **Response generation:** as the salesperson is right in front and can take good care of the customer, the customer generally feels obligated to buy the product from him.
- **Cultivation of formal and as well as informal relationships:** most of the time the relationship between the salesperson and the customer turns out to be very strong and healthy because of the cultivation of formal as well as the informal relationship between them.
- **Immediate feedback:** as the salesperson is right across the customer, he is in a position to get immediate feedback. He can make note of the comments being given by the customer, and at the same time is in a position to judge even the inherent feelings and emotions of the customers by noticing their body language. So the salesperson is in a position to understand the obvious as well as non-obvious reasons for the purchase or the non-purchase of the goods.
- **Lack of dramatization and glamorization:** sales presentations are generally kept simple, by making use of short simple sentences. The use of flowery expressions and exaggerated claims is not advisable for the salespeople. So there are not many opportunities available to the salespeople to add glamour into their presentations and create hype for the product.
- **No repetition:** Salespeople do not get an opportunity to repeat the message again and again, so it is expected of them to put forward their point of view assertively and impressively in one shot. It is generally the first few minutes of their presentation which can make or mar their conversation with the customers.

11.3.3 Sales Promotion

According to **American Marketing Association (1995)**, “Sales Promotion is defined as a variety of short term incentives used to encourage a trial or purchase of a product or service which is designed to supplement & coordinate personal selling and advertisement.”

Unique features of sales promotion:

- **Attention catching device:** sales promotion incentives are introduced to catch the attention of the target audience and communicate with them the idea of buying the product immediately by offering something catchy and attractive along with the product.
- **Additional incentive:** the sales promotion incentives introduced should genuinely be attractive and worthy enough so that the customer should feel like buying the product immediately because of them.
- **Short-term effect:** the incentives should always be introduced for a short period and should finally be withdrawn after the expiry of the time. The incentives will lose their charm if they are made to continue for long because then the customer will start taking them also for granted and will not rush to purchase the product.
- **Legitimacy:** the incentives offered should always be legitimate and if the company is offering something free with the product, in that case, it should genuinely be free and its cost should not be added to the price of the product.

11.3.4 Public Relations and Publicity

Both of these are a variety of programs designed to promote or protect a company's image or its individual products. According to **American Marketing Association (1995)**, "Publicity is a non-personnel stimulation of demand for a product, service or business unit by planting commercially significant news about it in the published medium or obtaining a favorable presentation of it on radio, television, or stage that is not paid for by the sponsor."

It usually comes in the form of a news story, editorial, or announcement about an organization or its products and services. Like advertising, publicity involves non-personal communication to a mass audience, but unlike advertising, publicity is not directly paid for by the company. The company or organization attempts to get the media to cover or run a favorite story on a product, service, cause, or event to affect awareness, knowledge, opinions, and/or behavior. It is important to recognize the distinction between publicity and public relations.

Moore and Canfield (1973) in their book, *Public Relations: Principles, Cases, and Problems* have defined Public relations as, "the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance,"

Public relations uses publicity and a variety of other tools including special publications, participation in community activities, fundraising, special sponsorship of special events, and various public affair activities- to enhance an organization's image.

Unique features of publicity and public relations:

- **Non-personal presentation:** Publicity is always done by third parties who have no personal interest in the organization with the help of certain media. Public relations on the other hand are handled by the

employee of the organization whose job is to ensure coordination between the company and its customers, suppliers, government, and the general public.

- **Non-paid:** Publicity is a non-paid presentation of information about a product, service, idea, or business unit by a third party. It is generally considered an honest submission by an independent person.
- **High credibility and legitimacy:** As it is being done by an independent person who has no personal interest in the organization publicity is always considered more credible and legitimate than advertisements that are purposely designed by the sponsor.
- **Ability to catch people off guard:** Both publicity and public relations can catch people off guard and pass on the information regarding the product or service to them easily. In this case, people who are otherwise not very comfortable with the idea of advertisements and generally tend to ignore ads are able to get the information about the product through publicity and public relations campaigns.
- **Dramatization:** These days even publicity is planned to a certain extent by planting commercially significant news about a product or service in various mediums. The launch of a new product is purposely done in a big way by inviting various celebrities and organizing big shows.
- **It can be both positive as well as negative:** as publicity is an honest submission by a third party it can be both positive as well as negative. It can go in favor of the company or it can go against the image of the company, so the companies have to take care of publicity with utmost care.

11.3.5 Direct Marketing

According to **American Marketing Association (1995)**, “direct marketing involves the use of mail, telephone, fax, e-mail, or Internet to communicate directly with or solicit a direct response from specific customers and prospects.”

In Direct Marketing, organizations communicate directly with the target customers to generate a response or a transaction. It involves using a variety of mediums through which selling takes place, such as mail, telemarketing, direct response advertisements, the Internet, and various broadband and print media. One of the major tools for Direct Marketing is direct response advertising, wherein a product is promoted through an advertisement that encourages the customer to purchase directly from the manufacturer. The availability of Credit Cards and toll-free phone numbers has also facilitated the purchase of products from direct response advertisements. Very recently, the rapid growth of the Internet is fuelling the growth of Direct Marketing; Tele-marketing is also being used for the purpose. Some of the examples of successful Direct Marketing are Reader’s Digest magazine, Amway, Tupperware, etc.

Unique features of direct marketing:

- **Personal messages:** generally the direct mail messages which are designed for a specific audience are addressed personally to the person

concerned and have a bit of personnel touch to them as compared to all other promotional tools where a general expression is used.

- **Customized:** as explained earlier most of the direct marketing messages are customized keeping the target audience into account. They are delivered directly to the concerned person and direct response is sought from them.
- **Up-to-date-direct:** marketing messages are designed frequently and are sent at short intervals, so as and when there is a change in the product or a new feature has been added, or a new scheme is introduced it is brought to the notice of the target audience with revised messages.
- **Interactive and instant feedback:** direct marketing turns out to be a highly interactive medium, especially in telemarketing with the help of the toll-free number and Internet where customers log on to the websites, they can call or ask for additional information besides the one being delivered directly from the manufacturer instantly. Customers can also provide their feedback immediately to the company.
- **Secrecy is maintained:** direct marketing tools provide the manufacturers an exclusive advantage of keeping their advertising campaign secret from the competitors as they address their messages directly and personally to the target audience. In most cases, the competitors do not get to know about the promises being made by the manufacturer to the customers which give the manufacturer a competitive advantage.
- **Economical pricing:** direct marketing also provides the advantage of economical pricing to the customers as the manufacturer in this case can do away with the middleman so the middleman's commission is saved and the cost saving is passed on to the customers in the form of reduced prices.
- **Sales promotion incentives:** in addition to advertising on the web, marketers offer sales promotion incentives such as coupons, contests, and sweepstakes online and they use the Internet to conduct direct marketing activities more effectively and efficiently.

Check Your Progress 11.2

Note: a) Check your answer with those given at the end of the unit.

b) Select the most appropriate option to the following statements:

- 1) The cost per person comes out to be the minimum in case of:
 - (a) Personal selling
 - (b) Trade promotion
 - (c) Advertising
 - (d) Consumer promotion
- 2) If the company's focus is short-term, it will concentrate on:
 - (a) Advertising
 - (b) Sales promotion
 - (c) Personal selling
 - (d) Publicity

- 3) Posters and leaflets received along with your morning newspaper relate to:
- (a) Sales promotion (b) Public relations
(c) Personal selling (d) Advertising
- 4) Which of the following can give positive as well as negative information about the product:
- (a) Advertising (b) Personal selling
(c) Publicity (d) Sales promotion

11.4 DETERMINING THE PROMOTIONAL MIX

Till now we have discussed the various promotional tools at length and we can say this with a guarantee that none of the promotional tools is complete in itself. Every promotional tool enjoys several strengths but at the same time, they suffer from certain limitations as well. No company can rely completely on any one single promotional tool so they have no choice but to work out a promotional mix. To arrive at the best promotional campaign, the company needs to combine all the promotional mix elements balancing their strengths and weaknesses effectively.

According to **William J Stanton (1994)** in their book *Fundamentals of Marketing*, “an organization’s combination of personal selling, advertising, sales promotion, public relations, and publicity to help in achieving its marketing objectives is its promotional mix.”

Deciding about the promotional mix is a very difficult marketing decision because there is no tailor-made formula for working out an appropriate promotional mix. To add to the problems there is another important feature which makes this decision very difficult, that is, the cross substitutability of all the promotional tools. All these tools are quite capable of performing similar functions of creating awareness, arousing interest, cultivating desire, and taking the consumer to purchase action. So when it comes to deciding about the allocation of money on each promotional tool the company has to be very careful and take into consideration several factors.

11.5 FACTORS AFFECTING PROMOTIONAL MIX

Some of the important factors are being discussed as under and are nicely depicted in Figure 11.2.



Figure 11.2: Factors affecting Promotion-Mix

11.5.1 Market Considerations

1) Type of product market

Promotional allocations depend on the fact that whether the product is consumer or industrial in nature. In the case of consumer goods,

as the number of consumers is large, companies prefer spending heavily on advertising, sales promotion, personal selling, and public relations, in that order. While in industrial or business markets, there are few consumers and the order placed by them is generally in bulk, they need to be addressed and taken care of personally, so companies spend heavily on personal selling, sales promotion, advertising, and public relations, in that order.

2) Geographic scope of the market

Personal selling may be adequate in a small local market, but as the market broadens geographically, greater emphasis must be placed on advertising because it is only with the help of advertisements that a message can be spread to millions of people spread across various geographical territories in one go.

3) Concentration of the market

The total number of prospective buyers is another consideration. If the potential buyers are few, personal selling will be more effective than advertising and vice versa. For example, a firm selling vacuum cleaners would definitely like to approach all their prospective customers personally and explain the various product features to them and try to sell the product to them. As against this a firm selling toothpaste would like to advertise it heavily through various mediums possible and will sell it to a large number of people.

4) Level of competition in the market

If there is intensified competition in the market, the marketers will resort to heavy advertising and aggressive sales promotion incentives in order to carve a place for themselves. The advertising will be comparative in nature where the focus will be more on proving the superiority of the advertised brand over that of the competitors. Sales promotion will be able to provide extra incentives to the consumers to prefer their product.

11.5.2 Product Considerations

Several products attributes influence promotional strategy. The most important are:

1) The unit value of the product

A product with low unit value is usually relatively uncomplicated, involves little risk for the buyer, and must appeal to a mass market to survive. As a result, advertising would be the primary promotional tool.

2) Degree of customization

If a product must be adapted to the individual customer needs, personal selling is a necessity. However, the benefits of most standardized products can be effectively communicated in advertising.

3) Pre-sale and post-sales services

Products that are technical in nature and require frequent servicing to keep them in good working order, lend themselves to personal selling. Typical examples are personal computers, microwave ovens, etc.

11.5.3 Availability of Funds

Regardless of what may be the most desirable promotional mix, the amount of money available for promotion is the ultimate determinant of the mix. A business with ample funds can make more effective use of advertising than a firm with limited financial resources. Small or financially weak companies are likely to rely on personal selling, dealer displays, or joint manufacturer-retailer promotions. Lack of money may limit the options a firm has for its promotional effort. For example, television advertising can carry a particular promotional message to far more people and at a lower cost per person than can most other media. Yet a firm may have to rely on less expensive media, such as point-of-purchase displays because it lacks the funds to take advantage of television's efficiency.

11.5.4 Buyer-Readiness Stage

Promotional tools vary in effectiveness at different stages of buyer readiness. Advertising along with publicity plays the most important role in the **awareness stage** more than what is played by "cold calls" from sales representatives. Customer **comprehension and knowledge** are primarily affected by education with advertising and personal selling playing a secondary role. **Liking** refers to how the market feels about the product or brand. Persuasive advertising and personal selling can be used to move a knowledgeable audience from being indifferent to liking a brand. Creating **preference** involves distinguishing among brands such that the market prefers the advertised brand. At this stage also the focus is more on using advertising and personal selling but advertisements are now comparative in nature where the focus is on comparing the product with the competitors' product and proving the superiority of the brand over them. The salesforce also makes an effort to meet the customers and convince them as to why their brand should be purchased as it is better than the competitors.

Conviction entails the actual decision or commitment to purchase. Customer conviction is influenced by personal selling followed closely by advertising, where both the tools try to finally convince the consumers about the utility of the product and arouse a strong desire to purchase it. **Purchase** can be delayed or postponed indefinitely, even for customers who are convinced that they should buy a product. So action may be triggered with the help of various sales promotion incentives such as price discounts or offering additional incentives. Closing the sales is influenced mostly by personal selling and sales promotion.



Figure 11.5 Buyer Readiness Stage

11.5.5 Push vs. Pull Strategy

The promotional mix is heavily influenced by whether the company chooses a push or pulls strategy to create sales. As we’ve seen already, producers aim their promotional mix at both middlemen and end-users. A promotional programme aimed primarily at middlemen is called a push strategy, and a promotional programme directed primarily at end-users is called a pull strategy.

Push strategy involves the manufacturer using personal selling and trade promotion measures to induce intermediaries to carry, promote, and sell the product to end-users. So when a manufacturer uses a push strategy, the main focus for promoting the goods relies on the middleman and it’s through them that the goods are brought to the notice of the consumers and the sales are generated. Defined in other terms the product is “pushed” through the channel. The producer will promote heavily to wholesalers, which then also use a push strategy to retailers. In turn, the retailers promote to consumers. A push strategy usually involves a lot of personal selling and sales promotion, including contests for salespeople and displays at trade shows. Push strategy is especially appropriate where the brand loyalty of the product is low and consumers don’t mind buying any of the brands available in the store. It is basically the charm of the middleman who works on their buying a specific product.

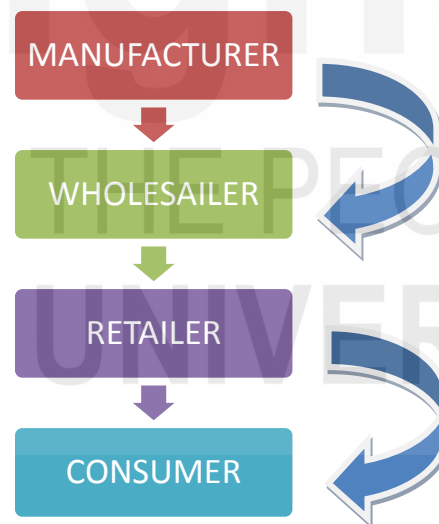


Figure 11.6: Push Strategy

With a pull strategy, promotion is directed at end users-usually ultimate consumers. The intention is to motivate them to ask retailers for the product. The retailers, in turn, will request the product from wholesalers, and wholesalers will order it from the producer. In effect, promotion to consumers is designed to “pull” the product through the channel. This strategy relies on heavy advertising and various forms of sales promotion such as premiums, samples, or in-store demonstrations.



Figure 11.7: Pull Strategy

Companies in the same industry may differ in their emphasis on push or pull. For example, Hindustan Uni Lever relies more on push while Procter & Gamble more on pull strategy.

11.5.6 Product Life Cycle Stage

The choice of the promotional tools also varies according to the life cycle stage of a product. Different combinations of promotional tools are used during the four stages of a product's life cycle.

In the introduction stage, as the product is new and people do not know about it, lots of emphases is placed on advertising the product heavily and creating positive publicity. Advertising and publicity have the highest cost-effectiveness at this stage, followed by personal selling to gain distribution coverage and sales promotion to induce trial.

In the growth stage, when the sales start picking up and people are in a mood to buy the product, lots of emphasis is placed on personal selling where the salesperson takes care of the last-minute doubts and queries of the customers and realizes the sales. At this stage companies employ a huge sales force to increase their sales turnover followed by advertising which continues to build up the demand for the product. Very little reliance is placed on the sales promotion incentives because demand has its own momentum through word of mouth.

In the maturity stage, where sales practically become stagnant and remain at one level, the company needs to sustain sales at that level. For that reason, various sales promotion incentives are introduced at this stage to retain loyal customers followed by advertising which serves as constant reminders to customers that the product is still the best. Third, in importance comes personal selling as salesmen try to retain their contacts with their loyal customers and continue generating sales from them.

In the decline stage, where the sales start declining at a rapid pace, sales promotion incentives are continued to be used to lure the customers, advertising and publicity are reduced and salespeople give the product only minimal attention.

After discussing the various factors which are to be taken into consideration for arriving at the best promotional mix we can conclude that to survive in today's environment all the companies need to arrive at a balance between the various promotional tools in such a manner so that they can realize their marketing goals successfully.

Check Your Progress 11.3

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

Fill in the blanks:

- 1) An organization's combination of personal selling, advertising, sales promotion, public relations, and publicity to help in achieving its marketing objectives is called
- 2) Personal selling may be adequate in a small local market, but as the market broadens geographically, greater emphasis must be placed on

- 3) Products that are technical in nature and require frequent servicing to keep them in good working order rely more on
- 4) In order to ensure the purchase of the product, companies use
- 5) The manufacturer using sales force and trade promotion to induce intermediaries to carry, promote, and sell the product to end-users call forstrategy.
- 6)is the longest stage in the life of a product.
- 7) Sales promotion incentives are used aggressively at stage of the PLC.

11.6 INTEGRATED MARKETING PROMOTION

Most of the companies have responded to the call for synergy among the promotional tools and have realized the need for strategic integration of their promotional tools. They are trying to integrate their advertising efforts with a variety of other communication techniques such as websites on the Internet, direct marketing, sales promotion, publicity and public relations, and event sponsorships. All this has led to an evaluation of the concept called integrated marketing communications (IMC).

George E. Belch & Michael A. Belch (2003) in their book, *Advertising and Promotion* have been found quoting the definition of integrated marketing communications given by the **American Association of Advertising Agencies (the 4 “As”)**:

“The concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communications impact.”

The 4As’ definition focuses on the process of using all forms of promotion to achieve maximum communication impact as consumers’ perceptions of a company or its various brands are a synthesis of the bundle of messages they receive from media advertisements, price, package design, direct-marketing efforts, publicity, sales promotions, websites, point-of-purchase displays, and even the type of store where a product or service is sold. The integrated marketing communications approach seeks to integrate all the marketing and promotional activities and project a consistent and coordinated image to the consumer. It requires that all the promotional tools should work in close harmony with each other and convey a common message to the target audience. Each tool should support the facts promoted by the other tools.

11.7 REASONS FOR GROWING IMPORTANCE OF INTEGRATED MARKETING PROMOTION

The concept of integrated marketing promotion has been one of the most significant developments in the field of marketing that occurred during

the 1990s. This approach has become popular amongst all types of firms whether they are large or small, or whether they are into consumer products or services or business-to-business marketing. There are several reasons why marketers are adopting this approach. Some of the important ones are listed as under:

1. **Synergetic effect-** A fundamental reason as to why companies are strategically integrating the various promotional tools rather than having them operate autonomously is that by coordinating their marketing communications efforts, companies can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communications program.
2. **Environmental adaptation-** As major changes have occurred amongst consumers with respect to demographics, lifestyles, media usage, and buying and shopping patterns in the last decade, the move to integrated marketing promotions reflects an adaptation by marketers to this changing environment, particularly with respect to consumers, technology, and media.
3. **Emergence of new media options-** As marketers are experimenting with new media options they need to ensure coordination amongst all of them.
4. **Growing importance of various sales promotion incentives-** these days marketers is shifting their focus towards introducing more and more sales promotion incentives to the consumers. But simply introducing the sales promotion incentives will not be effective unless and until consumers are informed about them through advertisements. So coordination between advertising and sales promotion becomes a must.
5. **The rapid growth of the Internet-** the Internet revolution is well underway, and the Internet audience is growing rapidly. It is changing the very nature of how companies do business and the ways they communicate and interact with consumers. It is because of the Internet now that the companies can ensure integration amongst all their promotional tools.

Because of all the reasons listed above, it has been possible for the marketers these days to ensure the integration or in other words the coordination between all the promotional tools used by them. Promotion is an expensive affair so if companies want to realize the worth of the money spent on promotion they need to ensure that the messages which get passed on through all the mediums should be properly coordinated and the consumer gets a consolidated and cohesive picture. Ensuring integration is also becoming important because of an emerging development in the field of marketing *i.e.* the concept of relationship marketing or customer relationship management. The focus of the marketer is more on keeping the customers besides creating more and more new customers because one loyal customer results in bringing more customers in for the company by spreading a positive word of mouth message. The growing significance of the concept of customer relationship management is being discussed in the paragraphs below.

11.8 CUSTOMER RELATIONSHIP MARKETING

Today, most marketers are seeking more than just a one-time exchange or transaction with customers. The focus of market-driven companies is on developing and sustaining relationships with their customers. This has led to a new emphasis on relationship marketing, which involves creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit.

According to **American Marketing Association (1995)**

“Relationship marketing is marketing which consciously aims to develop and manage long term and/or trusting relationship with customers, distributors, suppliers or other parties in the marketing environment.”

In relationship marketing, customer profile, buying patterns, and history of contacts are maintained in a sales database, and a marketing executive is assigned to one or more customers' to fulfill the needs of the customers and maintain the relationship. In simple words, it can be said that relationship marketing involves creating, maintaining, and enhancing a strong relationship with customers. Relationship marketing is also called customer relationship marketing (CRM). Practitioners and consultants use the same term as customer relationship management (CRM), which refers to a technology-enabled process for customer interaction and relationship building.

11.8.1 Characteristics of Relationship Marketing

The characteristics of relationship marketing areas under:

- **Customer concern:** Relationship marketing concerns for the welfare of their customer. Through relationship marketing, marketers want to meet customer expectations and produce satisfaction.
- **Customer services:** Relationship marketing is a means to provide excellent services to the customers in order to retain them in the longer run.
- **Customer trust:** Trust is a key to a relationship, and companies can retain the trust of the customers by providing them with efficiency, productivity, and effectiveness in delivering the services.
- **Customer satisfaction:** Customer satisfaction is ensured by providing customers value for money or in other words a product that gives them more benefits at a lesser cost.
- **Customer retention:** It is more important for the companies to retain the old customers as it has been mentioned above that it is more cost-effective to retain customers than to acquire new ones.

11.8.2 Steps towards Relationship Marketing

Certain basic steps are to be carried out to ensure customer relationship management. Figure 11.8 depicts these steps very nicely.

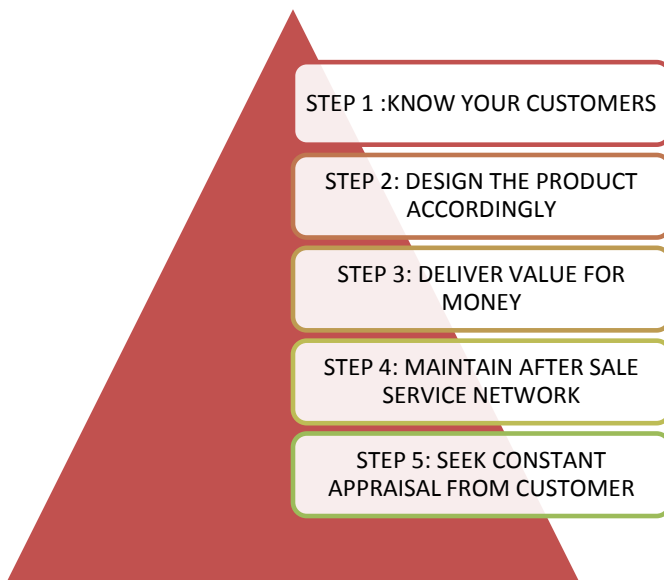


Figure 11.8: Steps towards Relationship Marketing

Step one: Know your customer: It is very important for marketers to first understand who their customers are. The demographic, geographic, and psychographic profile of the customers must be clearly understood by the marketers so that the goods are designed according to their needs, wants, and preferences.

Step two: Design the product accordingly: After understanding the customer expectations, with the help of improved technological setup the companies need to design the products as per the aspirations of the customers and ensure that goods are made available to the customers at the right place with the right price.

Step three: Deliver value for money: To retain customers for the long term marketers must deliver value for money to the customers. They should be satisfied with the quality of the product as well as the price at which it is being sold.

Step four: Maintain after-sales service network: In today's competitive world if marketers want to retain their customers it is very important that their sales are backed up by an excellent after-sales service network. Guarantee, warranty, repair, and maintenance should be provided efficiently to the customers to hold their interest in the company's product.

Step five: Seek a constant appraisal from customers: Seeking constant appraisal from customers through feedback and taking corrective actions is important for the companies to keep them satisfied and contented.

To conclude, it can be said that customer relationship management calls for a 360° approach, where all the departments of the company should work in a coordinated manner and work collectively towards the goal of ensuring a satisfied, committed, and loyal customer.

11.9 LET US SUM UP

- Promotion may be defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to facilitate the sale of the product or service or the acceptance of an idea.

- Promotion serves three essential roles- it informs, persuades, and reminds prospective customers about a company and its products.
- Traditionally there were four basic tools of promotion: advertising, personal selling, sales promotion, and publicity & public relations. However direct marketing, and marketing through the Internet are the other major promotional tools that modern-day marketers use to communicate with their target markets.
- Advertising is any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor.
- Personal selling is face-to-face interaction with one or more prospective purchasers to make presentations answer questions & procure orders.
- Sales Promotion is defined as a variety of short-term incentives used to encourage a trial or purchase of a product or service which is designed to supplement & coordinate personal selling and advertisement.
- In publicity, the company attempts to get the media to cover or run a favourite story on a product, service, cause, or event to affect awareness, knowledge, opinions, or behaviour.
- Direct marketing is a promotional tool in which organisations communicate directly with target customers to generate a purchase response.
- In order to arrive at the best promotional campaign, it is very important for the company to combine all the promotional mix elements balancing their strengths and weaknesses effectively.
- The promotional mix is heavily influenced by whether the company chooses a push or pulls strategy to create sales. A promotional programme aimed primarily at middlemen is called a push strategy, and a promotional programme directed primarily at end-users is called a pull strategy.
- Different combinations of promotional tools are used during the four stages of a product's life cycle.
- Most of the companies have responded to the call for synergy among the promotional tools and have realized the need for strategic integration of their promotional tools.
- Relationship marketing involves creating, maintaining, and enhancing a strong relationship with customers. It is also called customer relationship marketing (CRM).

11.10 KEYWORDS

Advertising- All activities involved in presenting to an audience a nonpersonal, sponsor-identified, paid-for message about a product or an organization.

AIDA- A sequence of steps in various forms of promotion, notably personal selling and advertising, consisting of attracting attention, holding interest, arousing desire, and generating buyer action.

Communication- The verbal or non-verbal transmission of information between someone wanting to express an idea and someone else expecting or expecting to get that idea. The four elements are message, a source of the message, a communication channel, and a receiver.

Direct mail- One form of direct marketing, in which the firm mail to consumers: letters, brochures, and even product samples, and ask them to purchase by mail or telephone.

Sales promotion- Demand stimulating devices designed to supplement advertising and facilitate personal selling.

Telemarketing- A form of non-store retailing in which a salesperson initiates contacts with a shopper and also closes the sale over the telephone.

11.11 SUGGESTED READINGS / REFERENCES

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11.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 11.1

Emerson once gave the statement that you make the better mousetrap and the world will beat a path to your door. But this statement in today’s scenario does not hold true and has resulted in a problem called better mousetrap fallacy. Simply by making a better product it is not possible for the producers to sell it on its own because unless and until the consumers are informed about the product’s unique features they are not going to dream about it on their own. So despite making a better product if marketers will not resort to promotional measures they will not be able to attract consumers so the statement is called a fallacy today.

Check Your Progress 11.2

- | | |
|------|------|
| 1) c | 2) b |
| 3) d | 4) c |

Marketing Strategy

Check Your Progress 11.3

- 1) Promotional mix
- 2) Advertising
- 3) Personal selling
- 4) Sales promotion incentives
- 5) Push
- 6) Maturity
- 7) Maturity



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