

THE VILLAGE INTERNATIONAL SCHOOL

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Name of the Student: _____ Class & Section: ___XII /	Roll No.: _____ Date: _____
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1. Explain the concept of Promotion.

Promotion focuses on communicating with the target market. Promotion, thus, informs, persuades and reminds the target group of the availability of the product, the place where it is available, and the price of the product.

2. Discuss the importance of promotion

Promotion element of marketing mix performs the following functions:

- 1. Information:** It informs (awareness and education) customers about the launch of new product/service/idea and the place of availability.
- 2. Persuasion:** The promotion is to persuade the customers to use one particular brand in this brandscluttered world.
- 3. Remind:** Promotion has to continuously remind the customers of the brand and enforce customer loyalty, It is true not only during normal times, but even when the product is in shortage, so that customers do not forget your brand. During the World War II Bourn Vita was in short supply, yet the company continued to advertise for this very purpose.
- 4. Relationship:** Promotion is meant to create relationships through constant promotion and involvement of customers with the marketer so as to create a lifetime relationship with them.
- 5. Adds value:** Promotion creates value by influencing consumers' perceptions.
- 6. Assists other company efforts:** Promotion accomplishes goals, assists sales representatives, and enhances the results of other marketing communications.

3. Explain the elements of Promotion Mix. Following are the five elements:

- **Advertising and Word-of –Mouth Communication** - American Marketing Association has given the following concept of advertising -“any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.”

This concept has four elements: **Payment, non-personal, Identifiable source, and Ideas, products and services.** Two important aspects missing in it are the persuasiveness and the media. Some British writers feel advertising as *communication with a purpose*.

“Word of mouth communication has always been popular in penetrating markets. Opinion leaders or influencers are now becoming important element in marketing strategies of new product developers as well

as existing products. Recently, Marico, an FMCG marketing company, has decided to make use of barbers to promote Parachute After-Shower cream. The barber becomes the inflection point to influence the men who go for regular haircuts and shave.

- **Sales Promotion - UK Institute of Sales Promotion has defined sales promotion as -** “Any activity which adds value to a product or service for a limited time period by offering an incentive to purchase”

Thus sales promotion is about „extra benefit“ offers or value addition to make an immediate purchase. It is different from advertising, personal selling, and public relations. However, to inform of sales promotion help of advertising is often taken to inform of the schemes. Over the years, sales promotion is getting preference over advertising for different reasons – consumers find more value, dealers and distributors find them helpful in boosting sales, manufacturers can shift brand loyalty.

McDonald and Wilson define sales promotion as “non-face-to-face activity concerned with the promotion of sales. It involves the making of a featured offer to defined customers within a specific time limit.”

- **Direct marketing and online Marketing – Direct Marketing**“. That is why other names, such as curriculum marketing, dialogue marketing, personal marketing, relationship marketing and database marketing have been in currency. **Direct marketing refers to any advertising activity which creates and exploits a direct relationship between the marketer and its prospects or customer as an individual.** In nutshell, direct marketing is “a custom tailored marketing approach in which the company’s objective is to build lasting relationships with carefully targeted individual consumers or buyers in narrowly defined segments and –using detailed customer information from a computerised database and direct communication tools such as direct mail, the telephone and Internet – to generate as immediate, measurable response in the form of an order, a request for further information, or a visit to a store, website or other place of business for the purchase of a product or service.”

Electronic commerce or e-commerce involves a wide range of online business activities for exchanging products and services. It also relates to “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.” Simply speaking online Marketing is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organisations and individuals.

- **Personal Selling** - Personal selling is an important element of promotion mix, a part of 4Ps. Personal selling is a paid, two-way communication and to persuade customers through information to buy products in an exchange situation. Direct selling through telemarketing (over the telephone), relies heavily on personal selling.

- **Public Relations and Sponsorship** - Public Relations is a broad set of guidelines which makes use of advertising, annual reports, brochures, event sponsorships, and undertaking social projects like helping poor and environment to build or maintain a favourable image with its various publics. Thus, PR is a generic term for a range of specialist and sophisticated skills involved in communication with publics through, primarily, broadcast, published media.

4. Explain the different modes of advertising.

1. Print Media: It consists of national newspapers, English dailies, vernacular papers, consumer magazines, trade journals, technical journals, professional journals, directories and yearbooks.

Advantages of Newspaper Advertising

1. In-depth coverage

2. Mobility
3. Results assessable (coupons)
4. Improved printing due to availability of better technology
5. Cheapest in per capita viewing
6. Flexibility of immediate insertion

Limitations of Newspapers

1. Short shelf life, newspapers are read only once
2. Poor print limits creativity
3. Advertisement space may be expensive and Passive medium
4. No audio-Video element
5. Literate people can only understand the advertisement.
6. Every advertisement has to compete against the clutter of other advertisers

Advantages of Magazine Advertising

1. Permits easy reach to select markets
2. High reader involvement means that more attention will be paid to the advertisement
3. Magazines have a more shelf life

Limitations of Magazine Advertising

1. Long lead time
2. There is limited flexibility in terms of an ad placement and format
3. Space and advertisement layout costs are higher

Advantages of Yellow Page Advertising

1. Number is many and widely distributed
2. Non-intrusive
3. Advertisements are reasonably inexpensive

Limitations of Yellow Page Advertising

1. The Internet has led to less usage of Yellow Pages
2. Pages look cluttered as same category ads appear on the same page
3. Advertisements slow to reflect market changes

2. Radio

Radio is everywhere and it cannot be ignored. Currently there are 248 FM channels. It reaches 350 million people in 91 cities.

Advantages of Radio Advertising

1. Radio is selective and has the ability to reach segmented audiences.
2. Radio is economical due to large penetration and rates
3. Radio is fast due to short lead times

Limitations of Radio Advertising

1. Increase in Clutter
2. No visuals
3. Lack of proper attention as listeners give attention to other aspects

3. Television Advertising

Nowadays everything is advertised on TV.

Advantages of TV advertising

1. Product can be shown in use
2. Ability to use humor is increased.

3. Appeals the retailers
4. Realism (because of color, sound and action)

Limitations of TV Advertising

1. Rapidly escalating advertisement cost
2. Zapping with remote control
3. Non-availability of timing

4. Mobiles & Telephones (Telemarketing)

It is more RPI driven. Today it constitutes 15-20% of media plan today.

Advantages of Telemarketing

1. Cost efficient in delivery
2. Less intrusive than the phone calls
3. Place & time independent
4. Direct response

Limitations of telemarketing

1. An increased number of people are averse to telemarketing
2. More people are using technology to screen out unwanted callers
3. If outsourced, there is less control in the process

5. Cinema Advertising

Movie halls and multiplexes use it for revenue generation.

Advantages of Cinema Advertising

1. Captive audience
2. Longer video
3. Larger screen

Limitations of Cinema Advertising

1. Only selective audiences who visit the hall witness the advertisement.
2. High distractions
3. High costs

6. Out-of-Home Advertising

When people think of out-of-home advertising they usually think of colorful billboards along the streets and highways. Included in the out-of-home classification, however, are benches, posters, signs and transit advertising (advertising on buses, subways, metros, taxicabs and trains).

Advantages of out-of-home advertising

1. Reach to audience
2. Size and dominance
3. Different colours can be used
4. Mass viewing

Limitations of out-of-Home Advertising

1. It draws 2-3 seconds of a reader's time, hence it is a glance medium
2. Messages must be brief to fit in 2-3 seconds time frame
3. It is not conducive to a very short, weeklong camp

5. Explain the role/ importance/objective of Sales Promotion

UK Institute of Sales Promotion has defined sales promotion as “Any activity which aids value to a product or service for a limited time period by offering an incentive to purchase.” **Objective of Sales Promotion**

1. **Increased trial:** Existing customers will increase the sales volume as they will buy in bulk.
2. **Increasing Loyalty:** Loyalty keeps customers buying even when it is no more the cheapest and the best.
3. **Widening Usage:** Here the marketer has to tell the users of other uses.
4. **Creating Interest:** Value promotions that create interest are characterized by humor, inventiveness, typically and style through - being the first to offer a new product as a promotional medium, linking up with a new celebrity or relevant charity or finding a totally new way to do something that people enjoy doing.
5. **Creating awareness:** Though this job is left to advertising, but there are number of sales promotions very effective at making people aware of products through joint promotions with other product or service which is already well known in the market.
6. **Deflecting Attention from Price:** It may lead to price wars which have a destructive effect on firm’s profitability
7. **Gaining Intermediary Support:** Specific programmes directed at wholesalers, retailers, agents, distributors to gain distribution, display and cooperative advertising, introducing new customers, sales promotion is a must.
8. **Discriminating among users:** Usage varies from time to time. In case of airlines, train companies, and leisure facilities, customers are motivated by price. They book early and on-line. Particular groups are given additional benefits.
9. **Restoring Brand Perceptions and deflecting attention from Complaints after operational Mishandling of customer accounts:** The companies offer special sales promotion benefits to those who complain

6. Explain the types of sales promotion. These are the following:

1. Price Promotions: Indian print and electronic media are often full of such advertisements and these promotions include - Up to 51% off. i.e., cutting down price through discounts. In India this is very popular especially at the end of season.

- **Extra Fill Packs** - 20% extra free, i.e., extra fill without any additional charge.
- **Free Offers** - Buy two pieces and one piece is free, i.e., extra unit free.
- **Reduced Shelf Price** - The most common form of price promotion is reduced Shelf Price.
- **Reduced Price Offers(RPOs)** - RPO are flashed on-pack, offering a saving (Rs 10) or a price slashed through and a lower price given.
- **Cash Rebates** -The customer is invited to collect tokens from a number of packs and send them to receive cash voucher.

- **Cash Share-Out** - A sum of fixed money is divided among all those returning the requisite number of proofs of buying the product or service.
- **Discounts** - On single unit of higher value purchase sales through discount coupons is made.
- **Repurchase Offers**- Manufacturers of consumer durables, like cars, fridges, stereos are offered a commitment by them to buy back at a specified in the future.
- **Frequent-user incentive** - Most of the airlines offer this facility to their fliers. Economy class fliers can use free miles to upgrade their tickets.
- **Coupons** - Issue of coupons is very popular way of sales promotion.
- **Sale** - A sign on store item 'sale' can increase sales by 50%, even if the price is unchanged
- **Finance Deals** - Many manufacturers, especially, the consumer durables, give either interest free facility or finance at low rates to buy the product.

2. Prize Promotions: Prize Promotions include free prize draws, sweepstakes and competitions.

- **Free Prize Draws (and lotteries):** It involves putting the names of all the entrants in a computer and deciding winners by chance.

- **Sweepstakes/Games:** “A sweepstake is a contest where the distribution of prizes is dependent on random distribution of predetermined winning tickets.” The participants exercise no control.

□□**Competitions:** A competition is a contest where the winner is determined on the basis of exercise of skill.

3. Premium Promotions: In this kind of sales promotion, the benefit comes with an item of merchandise. It may be On-packet Offers, with Purchase Premiums, Free Mail-Ins, Partner Promotions and Tailor-Made offers.

4. Off-the Shelf Offers: The leading off-the-shelf offers can be:

- **Free Accommodation** - Particularly for hotel industry, the offer now extends to be “two nights for price of one.

- **Holiday Vouchers** - Some companies give cash discount, traveller cheques, duty-free shopping voucher, etc.

- **Discount coupons:** In India firms like include Snapdeal.com, Sodexo,etc provide discount coupons which can be redeemable. Snapdeal.com provides discount vouchers for health and beauty, entertainment and adventures, mobiles, apparel, lifestyle, electronics and travel categories. □□**Two-for One Flights:** Especially budget airlines offer this facility.

- **Insurance Offers** - Mostly the car manufacturers provide free insurance for the first year as part of sales promotion during slack season.

5. Hybrid Sales Promotion: Today many companies of different countries try to improve their image through Trade Fairs.

7. Difference between personal selling and sales promotion.

Objective of personal selling is to create awareness and build a long term relationship which will lead to closing the sale, whereas the objective of sales promotion is to increase the sales and dispose of stocks in a short span of time.

Personal Selling is face-to-face interaction performed by individuals to give information on products and create mutual long-term relationships. Whereas, Sales Promotion has no interaction and provides incentives to encourage purchase and to disseminate information.

Personal selling involves negotiations and incentive is not mandatory whereas sales promotion would have incentive definitely to lure customers.

Personal selling is used for products having the characteristics of high value, or technically complex, or custom made. Whereas, Sales promotion is used for products having low value or easy to understand usage.

Personal selling involves use in markets with less potential customers or customers with high purchasing power. Whereas, Sales promotion involves use in markets where a larger number of customers exists and the product is of low value comparatively.

Personal selling is expensive as it needs sales force training, dedicated persons, repeated visits and transportation whereas sales promotion is bit less expensive to run compared to personal selling.

8. Distinguish between advertising and sales promotion.

The advertising is derived from the Latin word ‘advertere’ (turn towards), whereas Promotion has its roots in Latin word ‘pomovere’(move forward).

- Advertising is aimed at long-term building of positive brand attitude, whereas sales promotion is aimed at more short-term tactical goal of ‘moving forward’ sales now.
- Advertising deals indirectly with potential action by providing information or creating feelings that turn them towards the product/service. The sales promotion does not require an incentive. What is required is the primary communication objective is brand purchase intention.
- The pursuits of advertising are of long term, whereas sales promotion offers short term pursuits.
- Advertising is costly, but sales promotion is cheaper as compared to advertising.
- Advertising is suitable for medium to large firms, whereas sales promotion is suitable for large firms.
- Advertising has twin purposes of increasing sales and build brands, whereas sales promotion has an extra objective of providing knowledge.
- Advertising assumes that sales will increase. Sales Promotion is direct effect on sales,
- Advertising is done through newsprint, TV, Radio, Outdoor publicity, etc., however sales promotion is done through discount coupons, free stuff, tasting, contests, events, meets, etc.
- Result of advertising are slower and of sales promotion are faster.
- A TV ad of Intex cell phone listing all its features. HUL giving free tubes of Close Up toothpaste is an example of sales promotion.

9. Explain the factors that affect the selection of Promotion Mix.

1. Push and Pull Strategies: Push

Strategy

1. The purpose of promotion is to motivate and persuade not only the ultimate consumers, but also the intermediaries involved who make available goods finally to consumers.
2. The strategy adopted is to motivate and persuade the intermediaries” to make effort to increase the sales the strategy is called *push strategy*.
3. The push strategy is closely related to the “Selling Concept”.

4. It emphasizes more of personal selling (hard selling) along with advertising and other trade promotional measures.
5. The manufacturer promotes goods to wholesalers, wholesalers in turn promote to the retailers and retailers persuading the consumers to buy.
6. Push communications are directed at channel intermediaries. The objective is to motivate channel intermediaries to carry certain products to make available to customers.
7. If successful, push communication strategies result into a wider range of availability, fewer stockouts, greater merchandising (shelf space), and a greater marketing effort than would have been achieved with little or no push communication.

Pull Strategy

1. Pull Strategy emphasizes on consumers. If the customer demands particular goods from the retailer and the retailers want the same from the wholesalers and the wholesalers in turn asking the manufacturers to provide that kind of goods.
 2. Thus here it is the customer to wholesaler who is pulling the cord. The advertising by the manufacturer may persuade the consumer to ask for the goods to their retailers. Retailers in turn will ask the wholesalers and the wholesalers to manufacturer
 3. .The pull strategy works well during recession. The marketing manager will have to decide whether to use push or pull strategy. Customer-targeted marketing communications are pull type communications.
 4. The objectives of pull marketing communication are to build awareness, attraction, and loyalty and to reduce search costs. When pull communications are successful, customers will seek out certain products or services and, in essence, by the interest they create, pull the product through the channel.
- 2. Product Features:** Use of a particular tool of promotion mix depends upon the type of goods to be marketed.
1. For industrial products more of personal selling is required. For consumer products like HUL's Axe, more of advertising is required.
 2. For highly image oriented products like fashion garment the presence of designers or celebrities inside the store is required.
 3. For goods where not much difference is there in features and performance more of sales promotion is required. Where the organisation is equally important, the public relations become more important.
 4. For seasonal products, off-season sale is very important, but advertising is required for round the year sale. This is why the retailers of full sleeve shirts and sweaters and suits organize sale in the month of January.
 5. For high-priced products, personal selling is important to mitigate risk. For low convenience goods marketers use advertising rather than personal selling.
- 3. Stage of the Product Life Cycle:** In different phases of a product life cycle different tools of promotion mix become more effective.

1. In the introductory stage to create awareness among the customers including business customers and distributors advertising has to be undertaken in a big way. Free samples may be distributed to consumers and trade promotion may be undertaken to motivate distributors to stock the goods.
 2. In the growth stage, the consumers have already heard of the product. Promotion has to be directed at specifying product benefits. Advertising increases whereas sales promotion declines.
 3. During the maturity stage, the emphasis will be on switching of customers from competitors and hence more of sales promotion is used.
 4. In the decline stage the firm will be more interested in harvesting revenue as much as possible. There will be great decrease in expenditure on promotion.
- 4. Buyer Readiness:** If the customer is unaware of a product, advertising and public relations are more important, but when he is in the marketplace sales promotion and personal selling are more important to make a decision.
- 5. Type of Buyer:** Buyers can be of different types and promotion mix has to be devised accordingly. In case of Organizational or business buyers, ads published in specialized trade publications and personal selling are more important; whereas, consumers are swayed by glossy advertisements endorsed by some celebrities.
- 6. Type of Distribution:** For intensive distributable goods, more advertising is done and also the help of sales promotion is taken. For goods sold through selective distribution, the promotion mix would vary, and for exclusive distribution like Rado Watch, high quality furniture, need more of personal selling.
- 7. Promotion Objectives, Budget, Cost and Availability of Media:** Firm's promotional objectives are reflections of overall marketing objectives.
1. If the objective is to make mass awareness, the firm may go in for advertising, sales promotion and public relation. Most of the food companies, like Nestle, HUL, PepsiCo not only go in for aggressive ad campaigning, but also distribute free samples and go in for public relations.
 2. If the objective is to invite the customer to the store where demonstration can be shown, then a combination of small advertising (to inform), sales promotion (to attract) and personal selling (to persuade) is undertaken.

Apart from objectives the promotion mix would be determined on the basis of budget made available to marketing department.

1. If it is small the firm would concentrate on personal selling.
2. If it is larger, then the firm can advertise through regional and national media like that of HUL in India.

Cost of promotional tools is important in determining promotion mix. To reach a larger audience advertising is used.

1. Many a companies now do not buy ad slots in cricket tournaments as it has become a very costly affair. Of the small entrepreneurs they make use of local directories, cable TV bands, radio, local newspapers, outdoor ads and other promotional methods. Even if the budget is there and the cost is ok, the availability of media is equally important. No marketer of tobacco or alcohol products is permitted to advertise on TV channels in India. Many ads are denied if they are against national dignity and interest and disrespect the motherland's culture.
- 8. Digital Dimension:** Over the last 10 years, the speed and depth of information access has changed. The marketers and advertising agencies have to grapple with the speed of digital medium. It is about understanding the digital media as human beings rather than as techies. Of course, the marketer should understand technology, but after that as to how consumers relate to it.

9. Elections: Coca Cola, Tata Global Beverages, Hero MotoCorp and shampoo maker CavinKare are looking to exploit campaign time. However, Consumer goods companies like Parle Products, Godrej Consumer Products, Marico, Dabur and Rasna don't plan any increased distribution or sales pitches. Some people are of the opinion that political parties often expect donations and products for free, adding that mismanagement is rife at election rallies. Election meetings offer a captive audience. Tata Global and Hero MotoCorp along with Coca-Cola and CavinKare are planning on pushing low-priced products. In 2013, HUL had organised promotion. Mass public events offer good opportunity to engage in marketing exercises. In rural markets Products often slow at election time as people are busy with rallies. Moreover, hoardings and billboard costs go up since political parties too have started putting their ads.

Select the most appropriate answer from the given options to the following statements: (i)

Promotion mix comprises –

- (A) Advertising & words of mouth (B) Sales Promotion and Personal Selling
- (C) Public Relations & Sponsorship (D) All of the above

(ii) The least cost per customer happens in-

- (A) Consumer Promotion (B) Trade Promotion
- (C) Advertising (D) Personal selling

(iii) For a small audience the most suitable promotion tool is- (A)

- Trade Promotion (B) Personal Selling
- (C) Advertising (D) Publicity

(iv) To increase impulsive buying the best suited promotion tool is - (A)

- Consumer Promotion (B) Advertising
- (C) Publicity (D) Personal Selling

(v) You give the message depending upon individual customer. It is known as-

- (A) Advertising (B) Personal Selling
- (C) Publicity (D) Trade Promotion

(vi) Normally it does not play a role in communication strategy for consumer goods–

- (A) Distribution arrangement in marketing (B) the price of the product
- (C) the physical product (D) the brand name

(vii) If the communicator and the receiver both share the same perception, the message is likely to be more effective in terms of –

- (A) Encoding (B) Feedback
- (C) Noise filtering (D) Decoding

(viii) What is not an example of noise in communication –

- (A) the communicator and receiver talk one-to-one
- (B) the salesman fails to identify a product and gives wrong information
- (C) The direct-mail recipient is not interested in your offer
- (D) All of the above all examples of noise

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(xi) If the company's focus is short-term, it will concentrate on – (A)

Consumer Promotion (B) Publicity

(C) Advertising (D) Personal selling