

UNIT-V

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SALES PROMOTION:

MEANING AND DEFINITION OF SALES PROMOTION:

The word promotion originates from the Latin word 'Promovere' means "move forward" or to push forward. Sales and promotion are two different words and sales promotion is the combination of these two words

Sales promotion is another important component of the marketing communication mix. It is essentially a direct and immediate inducement. It adds value to the product and hence prompts the dealer/consumer to buy the product.

According to William J. Stanton, "Sales promotion is an exercise in information, persuasion and influence".

According to Philip Kotler, "Promotion encompasses all the tools in the marketing mix whose major role is persuasive communication".

NATURE OF SALES PROMOTION:

The nature of sales promotion can be understood by the following points:

1) Irregular/Non-Recurring Activity:

Sales promotion is an irregular and non-recurring activity to increase the sales and this technique is used for specific situations only such as decline in demand, fall in profit, acute competition in the market or during the introduction of new product in the market.

2) Target Action:

Sales promotion can be targeted to three distinct audiences. The first is internal and is usually the marketer's own salespeople. There may, however, be other employees targeted such as technical sales support people or telemarketers. The second audience is the intermediaries in the channel of distribution. And the third is the marketer's final customers or consumer.

3) Action Focused:

There seems to be no doubt that sales promotion is action focused. While advertising may be designed to build a brand image and personal selling may be designed to build long-term relationships, it would be that most sales promotions are designed to elicit a specific action or response from the target audience in the short-term.

4) Motivation and Extra Incentive:

Sales promotion involves some type of incentives that offer a reason to buy. This incentive is usually the key element in a promotional program and is an effort by which consumers, traders, and sales force are motivated towards maximum sales.

5) Acceleration Tool:

Sales promotion is designed to speed-up the selling process and maximizes sales volume. Sales promotion can be immediately quickly and gets sales results sooner than advertising. Sales promotions offer an incentive to buy now.

6) Non-Media Activity:

Sales promotion is referred to as non-media activity as sales promotion is differentiated from advertising and publicity, and also includes them as part of the overall promotions mix.

7) Strategic Role:

Because of the immediate nature of the impact, sales promotion have been thought of as merely, this view is changing and the strategic role of sales promotion and their integral role in the promotional mix are being recognized.

8) Planned Activity:

Sales promotion activities should be planned well to stimulate sale. Sales promotion is generally planned as a specific marketing event. In other words, it is a 'stand alone' activity which, although incorporated into the marketer's overall marketing communication strategy, is planned as a unique event.

9) Versatile:

Sales promotion is extremely versatile. The different forms of sales promotion are capable of being used with various groups, and designed to achieve different effects. Sales promotion can be useful throughout the product life-cycle.

10) Means of Marketing Communication:

It is an important means of communication by which views and ideas of consumers about the products and services are exchanged with the producers regularly.

11) Element of Promotion-Mix:

Sales promotion is one of the important elements of promotion-mix, other than advertising, personal selling, and publicity.

12) Universal Activity:

It is a universal activity adopted by all the economies of the world in their sales efforts

OBJECTIVES OF SALES PROMOTION:

The various objectives of sales promotion are shown

1) To Introduce New Products:

To induce buyers to purchase product, free samples may be distributed or money and merchandize allowance may be offered to business to stock and sell the product.

2) To Attract New Customers:

New customers may be attracted through issue of free samples, premiums, contests, and similar devices

3) To Induce Present Customers to Buy More:

Present customers may be induced to buy more by knowing more about a product, its ingredients, and uses.

4) To Help Firm Remain Competitive:

Sales promotions may be undertaken to meet competition from a firm.

5) To increase sales in off season:

Buyers may be encouraged product in off seasons by showing them the variety of uses of the product

6) To Increase the Inventories of business buyers:

Retailers may induced to keep in stock more units of a product so that more sales can be affected.

7) To Develop Patronage Habits among Customers:

It can be done popularizing goods and services of the producer among the potential consumers and to motivate them towards larger purchases.

8) To Educate Customers:

Educating Customers/dealers and salesmen simplifies the efforts of sales force and motivate them for larger purchase.

9) To Stimulate Sales:

Sales promotion can promote larger sales in certain specified segments of market. To stimulate maximum sales on special occasions such as Diwali, religious festivals, and other such occasions.

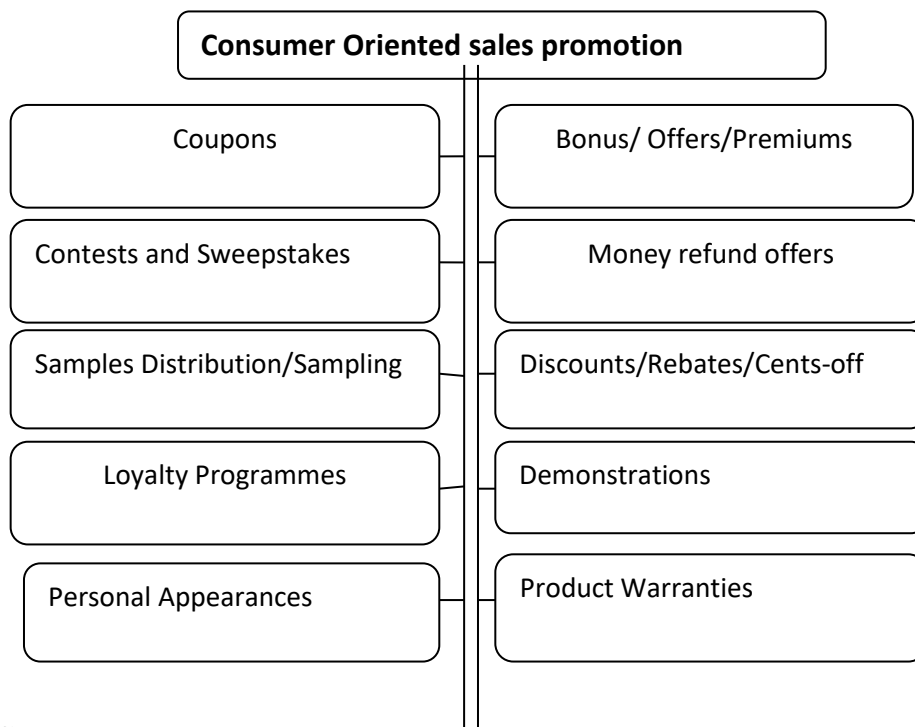
10) To Facilitate Coordination:

Sales promotion can be easily used to facilitate coordination and proper link between advertising and personal selling.

METHODS/TECHNIQUES OF SALES PROMOTION:

Sales promotion technique consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and/or greater purchase of a particular product by consumers or the trade, where as advertising offers a reason to buy, sales promotion offers an incentive to buy

Consumer Oriented sales promotion:



1) Coupons:

A coupons in a certificate that entitles the consumer to a specified saving on the purchase of a specified product. The consumers may get a discount of the value stated on the coupon at the time of purchase.

2) Bonus offers/premiums:

An offer of a certain amount of product at no cost of consumer who buy a stated amount of a product or a special pack thereof is called premium offer or bonus offer.

3) Contests and Sweepstakes:

These are part of interest promotion because such sales promotions create only interest but also produce excitement and enthusiasm in consumers.

4) Money Refund offer:

This offer is generally stated in media advertising that the manufacturer will return the price if the product is not the satisfaction of the consumer with in a stated period.

5. Samples Distribution/ Sampling:

It involves free distribution of sample to ultimate consumers. Some basic distribution methods include door-to-door direct-mail, in-store, and on-package approaches, which are as follows in detail:

i) Door to door sampling:

In this, the product is delivered directly to the prospect's residence.

ii) Sampling through the mail:

It is common for small lightweight, non-perishable product.

iii.) In-store sampling:

It is increasingly popular, especially for food product.

6. Discounts/ rebates / cents-off:

Rebates, like coupons, offer value to purchasers typically by lowering the consumers final cost for acquiring the product.

7. Loyalty programmes.

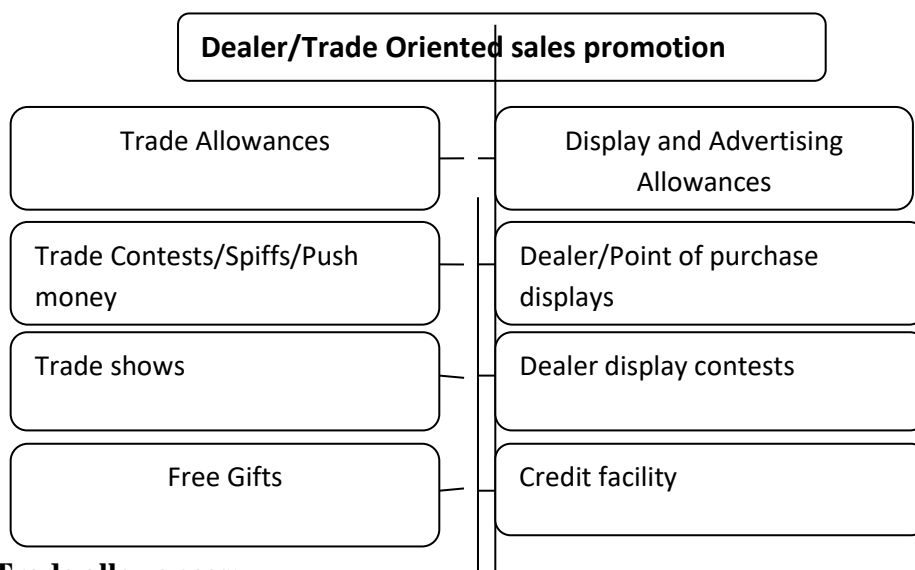
Promotions that offer consumers a reward, such as price discounts and free products, for frequent purchasing or other activity are called loyalty programmes.

8. Demonstrations:

Many products benefit from consumers being shown how products are used through a demonstration.

Dealer/trade oriented sales promotion:

There are different types of deals and the most common among them are described as:



1) Trade allowances:

Probably the most common trade promotion is some form of trade allowances, a discount or deal offered to retailers or wholesales to encourage them to stock, promote, or display the manufacturer's products.

2) Display and Advertising Allowance:

Display, or advertising allowances, is somewhat similar to cash rebate. In case of rebate the manufacturer makes payment in cash or by cheque to retailers.

3) Trade contests/spiffs/push money:

Spiffs are a monetary reward given to the sales force of the dealers to sell manufacturer's product. Dealers who carry product brands of different manufacturers, such as computers, generally hesitate to allow such offers.

4) Dealer/Point of Purchase (POP) Display:

These take place at the point of purchase or sale. Display of visible mark or product at the entrance of the store is an example. Hindustan Lever often uses this tool to promote its products in the retail market.

5) Trade shows:

One final type of trade promotion is the industry trade shows (also called exhibitions, conventions). Trade shows are organized events that bring both industry buyers and seller together in one central location.

6) Dealer Display Contests:

Dealer display contests are more of an advertising medium rather than a dealer incentive offer. Dealers are offered attractive incentives on the basis of the sales achieved. Sales competitions are arranged, prizes are announced or special offers are made on the sale of new products.

7) Free Gifts:

Under this method, producer gives free to the dealer on the basis of quantity of product purchased by him.

8) Credit Facility:

The producers allow credit to their dealers, based on the quantity purchased by them.

MARKETING COMMUNICATION:

Marketing communication is an important P (also called promotion) of marketing.

According to Stanton, “promotion includes, advertising, personal selling, sales promotion and other selling tolls”.

NATURE OF MARKETING COMMUNICATION:

Promotion can be explained with the t of following points:

- 1) **Constant Activity:** Marketing communication is a constant activity. It is a universal and essential feature of human expression and organization. Its scope is as broad as society itself, for every social act involves communication.
- 2) **Information Transaction:** Marketing communication is concerned with sending and receiving knowledge, ideas, facts, figures, goals, emotions and values It is a ceaseless activity of all human beings, and therefore also of all human organizations.
- 3) **Differentiating Act:** Marketing communication try to exclude competing products from consumer decision-making by making promoted product more attractive and a closer match to their needs.
- 4) **Reminding Act:** Marketing communication ensures that when options for consumption are being assessed, promoted product is included. Reminding nature of marketing communication assumes that the target market has already been persuaded of the good's or service's merits. Reminding is simply to trigger the customer's memory.
- 5) **Informing Act:** Providing data into the consumer's mindful and prospective thought processes to ensure that promoted product is considered as an attractive option in consumption. Marketing communication seeks to convert an existing need into want or to stimulate interest in a new product. As a new product can not establish itself again more mature products unless potential buyers do not have information about the product.
- 6) **Persuading Act:** Effort to induce desired favorable behavior from the consumer. Persuasion normally becomes the main promotional goal when the product enters the growth stage of the product life cycle.
- 7) **Human Skill:** Marketing communication is also a human skill, so it is concerned with the state of mind of the communicator, and with the state of mind of the communicator, and with the state of the mind of the person intended to receive the communication.

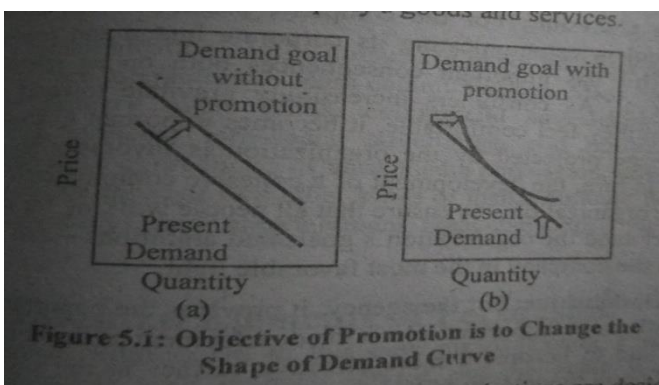
- 8) **Interpersonal Element:** The interpersonal event is the building block of society. Individuals not only send and receive information in order to cooperate, but parallel with this individuals are constantly communicating their self images to all around them.
- 9) **Marketing Tool:** Marketing Communication is more than a marketing tool. So in one sense, communication can be viewed as neutral and benign, a form of human interaction which helps society and the organizations within it to work well, and which can only benefit those who take part in it.
- 10) **Customer Oriented:** Promotion activities are performed by the manufacturer. It is responsibility of the producer to get information about consumers and prospective consumers so that the necessary product may be served to meet their demands. Customers are requested or persuaded to purchase the products and services of the company.

OBJECTIVES OF MARKETING COMMUNICATION:

1) Leads to behaviour modification:

- i) Modify behaviour and thoughts (for example, persuading to drink Coca Cola rather than Pepsi)
- ii) Reinforces existing behaviour (for example, persuading to continue Coca Cola once customer began to take).

The marketer hopes to create the favorable image for itself and also to motivate purchases of the company's goods and services.



2) Objective to inform:

All promotional communications are designed to inform the largest market about the firm's product or services.

3) Objective to persuade:

It is designed to stimulate purchase. Persuasion objective is the main objective when the product reaches to the growth stage of its product life cycle because at that time the consumer formation objective and consumer retention objective both has to be taken simultaneously.

4) Objective to Remind:

It is used to keep the product brand name in the public's mind and is used in the maturity stage of the product life cycle.

5) Specific Objective:

Broadly speaking the goal of promotion is to change the pattern of demand for a product by behaviour modification-informing, persuading and reminding.

PERSONAL SELLING:

DEFINITION:

According to Richard Bushirk, "Personal selling consists of contacting prospective buyers personally.

Objectives of personal selling:

1) Building Product Awareness:

A common task of salespeople, especially when selling in business markets, is to educate customers on new product offerings.

2) Creating Interest:

The fact that personal selling involves person-to-person communication makes it a natural method for getting customer to experience a product for the first time.

3) Providing Information:

When salespeople engage customers a large part of the conversation focuses on product information.

4) Stimulating Demand:

By far, the most important objective of personal selling is to convince customers to make a purchase.

5) Reinforcing the Brand:

Most personal selling is intended to build long-term relationships with customers.

Types of salesman:

1) Manufacturer's salesmen:

These salesman sell either directly to consumers (or users) or to the middlemen. Those selling, directly to consumers are like speciality salesmen.

i) pioneer salesmen:

Manufacturer's salesmen engaged in creating market for new product unknown to wholesalers, distributors, and dealer is called pioneer salesman.

ii) Dealer Servicing salesmen:

He sells products to wholesalers, retailers ro distributors.

iii) Merchandising salesmen:

They visit the middlemen, make enquiries about their stock position, discuss their marketing problems advise them on matters relating to sales.

2) Wholesalers salesmen:

Many wholesalers appoint their own salesmen to call on the retail dealers at regular intervals and book their orders.

3) Retailer's salesmen:

i) Counter Salesman:

He works in the retailer's shop and sells to the customers who came to the shop to buy products they need.

ii) Outdoor Salesman:

He goes to the prospective customers rather than the customer coming to him as is the case with the counter salesmen.

4) Speciality Salesmen:

Salesmen employed to sell speciality items are called speciality salesmen.

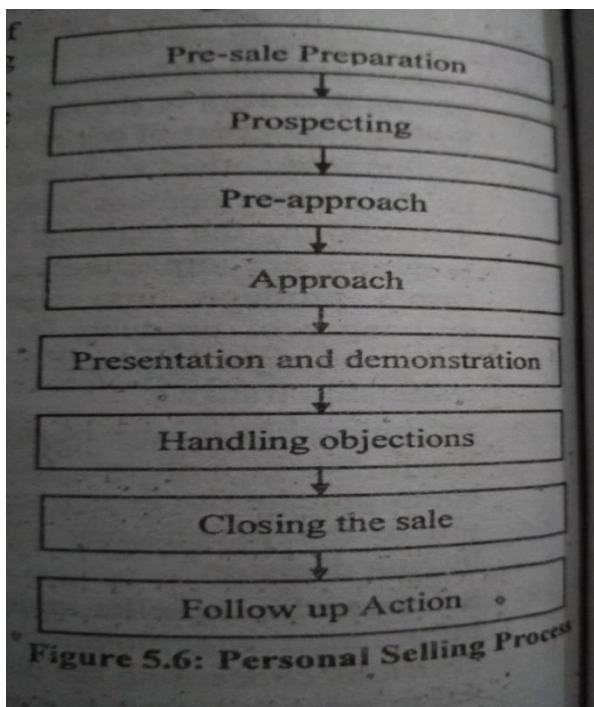
5) Staple Salesmen:

The speciality articles become staple articles when they are common in use.

6) Exporter's Salesmen:

The foreign trade involves a large number of problems on account of different nationalities, different currency units, etc.

PROCESS OF PERSONAL SELLING:



1) Pre- sale Preparation:

Before going for selling job, the salesmen must be prepared for all important aspect of selling. They must be familiar with product, technique of selling, market information, competitors move, potential buyers, needs and their problems. etc/.

2) Prospecting:

Prospecting is the process of identifying prospective buyers of the product. The prospective are those have a need or will to buy and the power to buy.

3) Pre-approach:

Pre-approach is the second step in the selling process which tells that the salesman should know, after identifying prospect in the prospecting stage, the prospect's likes and dislikes, his needs, preference, habits, nature, behaviour, economic and social status etc.

4) Approach to the customer:

Approach means meeting the prospect face to face. Approach is the most critical part of the selling process. At this time the salesman should create a favourable sales impression on the prospect.

5) Sales presentation and Demonstration:

At the stage of presentation and demonstration the prospective buyers are presented with the product physically and demonstrated what the product would do for them.

6) Handling customer objections:

An objection is the expression of disapproval of an action taken by the salesman. This objection has to be carefully handled by the salesman.

7) Closing the Sale:

It is the part of the selling process that ultimately brings the sale to a conclusion. If all goes well, the conclusion will be positive, however, it can be negative.

8) Follow-Up Action:

Unfortunately, many salespeople have the attitude that making the sale is all that is important. One of the most important aspects of their jobs is follow-up—the final step in the selling process, in which they must ensure that delivery schedules are met, that the goods or services perform as promised, and that the buyers' employees are properly trained to use the products.

ADVANTAGES OF PERSONAL SELLING :

The advantages of personal selling include the following:

1) Allowing for two-way interaction:

The ability to interact with the receiver allows the sender to determine the impact of the message. Problems in comprehension or objections can be resolved and in-depth discussions of certain selling points can be provided immediately. In mass communications this direct feedback is not available and such information cannot be obtained immediately.

2) Tailoring of the Message:

Because of the direct interaction, messages can be tailored to the receiver. This more precise message content lets the sender address the consumer's specific concerns, problems, and needs. The sales representative can also determine when to move on to the next selling point, ask for the sale, or close the deal.

3) Lack of Distraction:

In many personal selling situations, a one-to-one presentation is conducted. The likelihood of distractions is minimized and the buyer is generally paying close attention to the sales message. Even when the presentation is made by a group of salespeople or more than one decision maker is present, the setting is less distracting than those in non-personal mass media are used.

4) Involvement in the Decision Process:

Through consultative selling and relationship marketing, the seller becomes more of a partner in the buying decision process, acting in conjunction with the buyer to solve problems. This leads the buyer to rely more on the salesperson and his or her products or services.

5) Source of Research Information: In a well-integrated marketing/sales department the sales force can be the "eyes and ears" of the firm. Sales representatives can collect information on competitors' products and services, promotions, pricing, and so on, firsthand. In addition, they can learn about the buying needs and wants of customers and potential customers.

DISADVANTAGES OF PERSONAL SELLING:

Disadvantages of personal selling are as follows:

1. Inconsistent Messages:

Lack of a standardized message can become a disadvantage. The message to be communicated is generally designed by the marketing staff with a particular communications' objective in mind. Once this message has been determined, it is communicated to all receivers. But the salesperson may alter this message in ways the marketer did not intend. Thus, the marketing staff is at the mercy of the sales force with respect to what exactly is communicated.

2. Sales Force/Management Conflict:

Unfortunately, there are situations in even the best companies when one wonders if the sales staff and marketing staff know they work for the same company and for the same goals. Because of failure to

communicate, corporate politics, and myriad other reasons, the sales force and marketing may not be working as a team. The marketing staff may not understand the problems faced by the sales staff, or the salespeople may not understand why marketing people do things the way they do. The result is that the sales force may not use materials provided from marketing, marketing may not be responsive to the field's assessment of customer needs, and so forth. The bottom line is that the communications process is not as effective as it could be due to faulty internal communications and/or conflicts.

3) **High Cost:**

As the cost per sales call continues to climb, the marketer may find mass communications a more cost-effective alternative..

4) **Limited Reach:**

Personal selling cannot reach as many members of the target audience as other elements. Even if money were no object (not a very likely scenario!), the sales force has only so many hours and so many people it can reach in a given time. Further, the frequency with which these accounts are reached is also low.

5) **Potential Ethical Problems:**

As the manager does not have complete control over the messages the salespeople communicate and because income and advancement are often directly tied to sales, sometimes sales reps bend the rules. They may say and do things they know are not entirely ethical or in the best interest of the firm in order to get a sale. Other, perhaps more serious, problems can also occur.