
UNIT 8 ADVERTISING AND PROMOTION

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8.0 OBJECTIVES

After studying this unit, you will be able to:

- Distinguish advertising and promotion.
- Apply retail advertising techniques.
- Differentiate the different types of promotion techniques.

8.1 INTRODUCTION

Advertising is a paid form of non-personal communication or business communication by a retailer through various forms of media with a view to informing or persuading existing and potential customers regarding the product and services it provides. Newspapers, magazines, radio, television, digital marketing and direct mailer are the most frequently used advertising media by retailers, apart from use of the internet to support promotional campaigns. The function of advertising is primarily to create awareness to potential customers (living in a focused market), of the benefits and the retailers offering to develop and enhance customer preference for the retailer. Without an advertisement initiative by a company or a retailer the consumer awareness is not possible. Even promotions cannot bring sales to a retailer without proper and right advertisement planning.

8.2 FUNDAMENTALS OF ADVERTISING

Advertisement is a popular tool companies use to promote their brand products or services. The advertisement's sole purpose is to reach out to maximum customers of focused targeted market and build on sales & brand imagery. The advertisement strategy is built based on companies' objective during that period of time, considering the same the promotions are also accordingly built.

Companies have different objectives which are shown below with some examples: -

- For business to sell goods and services
- For recruitment through mass media
- By the government at the centre and the state to inform the public
- For general information as hospitality or leisure
- For entertainment or books
- By individuals to buy and sell goods
- By media itself
- By political parties to spread positive image about itself
- Retailer to increase footfall of the store
- Mall to increase business of retailers through mass customer footfall

What is advertising, you must be asking at this stage?

Advertising can be explained as a paid form of non-personal communication about an organization or its products that is transmitted to a target audience through a mass/broadcast medium.

8.2.1 Need for Advertising

The following are the below mentioned needs which drive advertisement initiatives.

Trial: the companies which are in their starting stage generally work for this objective. The trial objective is the one which involves convincing the customers to buy the new product introduced in the market. Here, the advertisers use flashy and attractive ads to make customers look at the products and purchase for trials.

Continuity: this objective is concerned about keeping the existing customers to stick on to the product. The advertisers here generally keep on bringing something new in the product and the advertisement so that the existing customers keep buying their products.

Brand Witch: this objective is basically for those companies who want to attract the customers of the competitors. Here, the advertisers try to convince the customers to switch from the existing brand they are using to their product.

Witching Back: this objective is for the companies who want their previous customers back, who have switched to their competitors. The advertisers use different ways to attract the customers back like discount sale, new advertisement, some reworking done on packaging, etc.

8.2.2 Advertising and the Modern World

If one looks at old pictures of horses in buses, say, late nineteenth-century London, one will see that they carry advertisements for products famous today, a proof of the effectiveness of advertising. Nineteenth-century advertisers still with us today include Beecham, Cadbury, Lever Brothers and Lipton.

Thus, the modern world depends on advertising. Without it, producers and distributors would be unable to sell, buyers, would not know about and continue to remember products or services, and the modern industrial world would collapse. If factory output is to be maintained profitably, advertising must be powerful and continuous. Mass production requires mass consumption which in turn requires advertising to the mass market through the mass media.

Where Does to Help

Advertisers and clients want many different things. For the best results advertisements need to be attuned to the organisational goals. Out of whatever it is capable of doing following are the specific aspects:

- Creating awareness
- Creating and developing favourable interest and attitudes
- Developing a brand identity
- Positioning a product in the market
- Sustenance of relationships
- Persuasion
- Creating a demand
- Build up enquiries
- Support distributors
- Launching new products
- Offsetting competition

Where to Offer little help

Advertisers may and will **overpromise** and expect **quick results** and then be in for a lot of disappointment when it does not happen. This means that advertising alone is not the panacea for all ills prevailing

Advertisements cannot bring fortune alone

- it cannot help in case of corporate failure
- it is of no use where labour relations are poor

- When the product is obsolete, of low quality or of little or no value to the customers it cannot bail out the product.
- advertising leads to disaster if the product has not hit the shelves by the time the ad is out, if there is a supply breakdown
- it may not be able to create demand where the other elements have failed
- it will be unable to produce results when market circumstances are poor

It can only communicate what is possible to communicate. Rest is dependent on many other factors like product quality, service level, business process, pricing and commitment of the company overall towards its customers.

8.2.3 Advertising Benefits

Benefits to Manufacturers

Increases sales volumes - on the one hand it reduces the cost of production and on the other increases profits.

Helps in easy introduction of products in the market.

Helps to create an image and reputation not only of the product but also of the advertiser.

4. Product visibility motivation to channel
5. Helps to establish direct contact between manufacturers and consumers.

Benefits to Wholesalers and Retailers

1. As consumer are aware of the product and its quality; easy sale of products is possible.
2. Increases the rate of turnover of stock.
3. Supplements the selling activities.
4. Enables them to have product information.
5. Footfall of a retailer is increased

Benefits to Consumers

1. Advertising stresses quality and very often prices. This forms an indirect guarantee to the consumers.
2. It helps them to know where and when the products are available. This reduces their shopping time.
3. Provides an opportunity to the customers to compare the merits and demerits of substitute products.
4. The only medium through which consumers can know the varied and new uses of the product.

Benefits to Salesmen

1. Advertising serves as the forerunner of a salesman in the distribution
2. The contact established by the salesman with the customer is made permanent through advertising.
3. The salesman can weigh the effectiveness of advertising when he makes direct contact with the customer.

4. It brings more leads to close
5. It helps in increasing the brand image of the company along with changing the perception against the competition. Thus, help salesmen to sell with ease and faster.

Benefits to the Community

1. Advertising leads to large-scale production creating more employment opportunities.
2. It initiates a process of creating more wants and their satisfaction resulting in a higher standard of living.
3. Leads to happy communities.

It is possible to identify seven main categories of advertising, namely:

8.2.4 Categories of Advertising

Different types of advertising: -

Brochures or Flyers Many desk-top publishing and word-processing software packages can produce highly attractive tri-fold (an 8.5 inch by 11-inch sheet folded in thirds) brochures. Brochures can contain a great deal of information if designed well, and are becoming a common method of advertising.

Direct Mail - Mail sent directly from you to your customers can be highly customized to suit their nature and needs. You may want to build a mailing list of your existing and desired customers. Collect addresses from customers by noticing addresses on their bill, asking them to fill out information cards, etc. Keep the list on-line and up to date. Mailing lists can quickly become out-of-date. This should be used carefully, and it can incur substantial cost, you don't want to flood your stakeholders with information so make the most of your message. Companies should send emails to their customer, avoid spamming.

Email Signature Line Messages -- These can be wonderful means to getting the word out about your business. Design your e-mail software to include a "signature line" at the end of each of your e-mail messages. Many e-mail software packages will automatically attach this signature line to your email, if you

Magazines -- Magazine's ads can get quite expensive. Find out if there's a magazine that focuses on your industry. If there is one, then the magazine can be very useful because it already focuses on your market and potential customers. Consider placing an ad or writing a short article for the magazine. Contact a reporter to introduce yourself. Reporters are often on the lookout for new stories and sources from which to collect quotes

Newsletters -- This can be a powerful means of conveying the nature of your organization and its services. Consider using a consultant for the initial design and layout. Today's desktop publishing tools can generate very interesting newsletters quite inexpensively.

News Papers (Major) - Almost everyone reads the local, major newspaper(s). You can get your business in the newspaper by placing ads, writing a letter to the editor or working with a reporter to get a story written about your business. Advertising can be quite an expensive but effective tool in the media.

News Papers (Neighbourhood) -- Ironically, these are often forgotten in lieu of major newspapers, yet the neighbourhood newspapers are often closest to the interests of the organization's stakeholders.

On-Line Discussion Groups and Chat Groups -- As with e-mail, you can gain frequent exposure to yourself and your business by participating in on-line discussion groups and chat groups. Note, however, that many groups have strong ground rules against blatant advertising. When you join a group, always check with the moderator to understand what is appropriate.

Posters and Bulletin Boards -- Posters can be very powerful when placed where your customers will actually notice them. But think of how often you've actually noticed posters and bulletin boards yourself. Your best bet is to place the posters on bulletin boards and other places which your customers frequent, and always refresh your posters with new and colourful posters that will appear new to passers -by. Note that some businesses and municipalities have regulations about the size of posters that can be placed in their areas. Today mobile phones have become a good medium for this type of advertising.

Radio Announcements -- A major advantage of radio ads is they are usually cheaper than television ads, and many people still listen to the radio, for example, when in their cars. Ads are usually sold on a package basis that considers the number of ads, the length of ads and when they are put on the air. A major consideration with radio ads is to get them announced at the times that your potential customers are listening to the radio.

Tele-Marketing -- The use of telemarketing is on the rise. A good tool to directly connect with the customers. These days pre-recorded messages are being widely sent to customers instead of telemarketing.

Television Ads -- Many people-don't even consider television ads because of the impression that the ads are very expensive. They are more expensive than most major forms of advertising. However, with the increasing number of television networks and stations, businesses might find good deals for placing commercials or other forms of advertisements. Television ads usually are priced with similar considerations to radio ads, that is, the number of ads, the length of ads and when they are put on the air.

Web Pages -- You probably would not have seen this means of advertising on a list of advertising methods if you had read a list even two years ago. Now, advertising and promotions on the World Wide Web & emails are almost commonplace. Businesses are developing Web pages sometimes just to appear up-to-date. Using the Web for advertising requires certain equipment and expertise, including getting a computer, getting an Internet service provider, buying (usually renting) a Website name, designing and

installing the Web site graphics and other functions as needed (for example on on-line store for e-commerce), promoting the Web site (via, various search engines, directories, etc.) and maintaining the Web site. YouTube, Facebook, Instagram's and other good traffic websites are good sources of promoting business in the Digital world. The market spend of companies has gone up manifold into digital media these days because of the population growth of smartphones and internet penetration in India.

Yellow Pages --The Yellow Pages can be very effective advertising if your ads are well-placed in the directory's categories of services. These days yellow pages have been converted to into database management sites some examples are indiamart.com etc

8.3 RETAIL ADVERTISING

Retail advertising is actually done for the followings: -

- Launch of new store
- Relaunch of existing stores
- Regular promotion advertisements
- Specially planned promotions like 26th Jan 15th August, Diwali promotions etc
- Launching private label brands

The retail advertising sees the following media generally or launch of a new store – Newspaper Advt. and leaflets

- Relaunch of new store- Local area marketing activations like leafleting, emailing, whatsapp messaging, special Facebook or Instagram advt. to push the relaunch.
- Regular promotions advertisements- Emailing to regular retailer customers, local area marketing activations, sms's.
- Specially planned events- These are planned marketing campaigns. The budget is also very high. The distribution of media is done based on the push and marketing coverage of the campaign – Media can be used as – TV, Hoardings, Leaflets, Digital marketing campaigns, Email to existing customers, sms to existing customer base.
- Private label brands- SMS, Emailing, launch paper advertisement if the national coverage is required or regional one.

8.3.1 Purpose

The purpose of retail advertising is threefold:

To sell the establishment, attract customers to the premises and, in the case of a shop, increase what is known as 'store traffic', that is the number of people passing through the shop. If they can be encouraged to step inside, they may possibly buy something which they would not otherwise be tempted to buy. This was the original philosophy of Gordon Selfridge who encouraged people to 'enjoy a visit to his London store, or Jesse Boot who laid out the goods for

all to see on the counters of his chemists' shops. They were pioneers of modern shopping.

To sell goods which are exclusive to the store. Some retail distributors are appointed dealers for certain brands. e.g; the Ford dealer. Others, such as supermarkets, sell 'own label' or 'private label' goods which manufacturers pack in the name of the retailer. There are also small symbol group shops which sell goods from one wholesaler, such as Mace or Spar, and carry their brands which are advertised on behalf of the retailers.

Large department and variety stores such as Nanz, Woolworths and Marks & Spencer have special brand names for all their products, e.g Marks & Spencer's St Michael brand.

Activity 1

Identify a few products/services in a retail outlet and describe categories of advertising they adopt. Explain the reasons for such adoptions with specific examples.

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Most of the chain stores such as Boots, Sainsbury and Tesco sell many own label lines. They will be cheaper than and compete with national brands. Thus Sainsbury and Tesco will have their own baked beans but also sell Heinz. However, Nestlé, Kellogg's and some other makers of famous national brands make it very clear that they do not pack their own label goods. Competition between national and own label brands is intense, and there is always the risk that the national brand will be delisted in favour of a store's own label.

Own label products are usually made to the retailer's own specifications or recipes, and are not simply existing national brands sold under a retailer's label at a cheaper price. Sometimes, because the retailer is negotiating a special price, extra % for an inferior product. For example, the baked beans are sometimes in watery sauce compared with the national brand in rich tomato sauce. There are some manufacturers which are 'contract packers', e.g., jam makers, who supply their own labels only.

This is a very old system which dates back to the corner shop family grocer who existed long before the arrival of chain stores like Boots or the supermarkets which emerged after the Second World War.

However, not all stores are large or belong to chains, and many are small businesses selling a variety of goods as might be found in a confectioner, tobacconists and newsagents shop. Others will be specialty shops selling, say, flowers, photographic goods, meat, fish, fruit and vegetables, or fashion goods. Then there are the niche shops which sell, say, socks, ties or shirts.

Mixed retailing has also become popular whereby a specialty shop may sell complementary lines as when a butcher sells canned vegetables, or a fish and chip shop sells soft drinks. The latest development has been the general store, often open 24 hours a day, at the petrol station, and BP, Shell, Esso and other petrol distributors have spent fortunes rebuilding their service stations to include such shops.

All these retail outlets are likely to use advertising to promote sale of their stock.

To sell the stock in the shop, perhaps promoting items which are seasonal, or presenting a representative selection, or making special offers. The latter could be a regular policy, or could be organised as shopping events such as winter or summer sales.

8.3.2 Special Characteristics- Retail

Retail advertising is characterized by four main aspects:

- Creating an image of the shop,
- Establishing its location,
- Variety or special kind of goods offered,
- Competitive price offers.

Nearly always, the object of the advertising is to persuade people to visit the shop, although telephone ordering and the use of credit accounts and credit cards is a growing feature. Many stores have developed postal sales, but these really come under the heading of direct response marketing, the modern name for mail order advertising (whether 'off-the-page' with press advertising, or by direct mail). Increasingly, many larger stores are using the Internet.

Activity 2

Visit a nearby retail store/shop and find out what types of retail advertising they adopt for various products? Ask them why a particular has been advertised through a particular (one or more) media.

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8.4 BELOW THE LINE ADVERTISING

By using *below-the-line* promotion techniques the firm can keep control over its promotional efforts and does not have to pay intermediaries and external agencies. As a result, BTL promotion is relatively cheap compared to ATL promotion.

BTL promotions target individuals based on their needs or preferences and can lead directly to sales. The results can be easily measured providing valuable data to estimate return-on-investment.

Examples of BTL Promotion are:

- **Sales Promotion-**

Sales promotions are short term methods to improve sales by wooing new customers and encouraging existing customers to purchase more. Although offers may be short-term, there is a belief that trial of the firm's product will create brand loyalty. Naturally sales promotion is not without cost. Discounts and free samples, for example, reduce a firm's profit margin.

Sales promotion can be divided into *two types*:

- **Into the Pipeline:** these are promotional activities designed to encourage retailers and wholesalers to stock the product. These include incentives such as discounts, credit terms, prizes, merchandising and display materials and equipment.
- **Out of the Pipeline:** these are promotional activities carried out by manufacturers to encourage customers to buy in greater quantities. These include incentives such as discounts, free gifts and samples, BOGOF offers (buy one, get one free), vouchers, competitions
- **Direct Marketing and Direct Mail-**Whenever you buy a product, your information may be collected somewhere in the process, especially if the purchase is on the internet. Firms like to collect as much information about you as they can possibly, because this information can be even more valuable than the purchase itself and you may not always notice the small print about sharing your details with '*trusted partners*', meaning that you are likely to be targeted by a range of additional organisations in the future. Direct marketers target customers without using traditional formal channels of advertising, such as TV, newspapers or radio. Firms communicate straight to consumers with advertising techniques such as fliers, catalogues and promotional literature. If an advertisement asks the customer to respond in some way, such as calling a free phone number or visiting a website, this is called direct response advertising.
- **Public Relations (PR)-** Traditional PR tools include press releases and media kits which are sent out to generate positive press on behalf of the organization which consist of promotional materials that give information about an event, organisation, business, or person. The purpose is to show the company in a positive light no matter what. Good publicity has greater longevity than advertising. A positive article about a firm will be remembered far longer than an advertisement, which is clearly sponsored and so may not be believed. Publicity has greater credibility with the public than does advertising. Readers feel that if a magazine, newspaper or radio reporter is featuring a business it must be doing something worthwhile.
- **Sponsorship-**Companies are keen to get their brand name associated with celebrities and major events, believing that the excitement and

vitality of the event and the celebrity will become associated with the brand. This is a costly form of advertising, but the benefit is also quick as it gives brand recognition quickly because of celebrity endorsements.

- **Personal Selling:** Selling at ground is also one form of BRL marketing. It gives opportunity to companies to sell and do brand building exercise also.
- **Branding and Merchandising-** Works well in retail where branding of product is done through message promotions signages and placement of the product.

Packaging-Almost all companies believe that packaging should be a separate P in the marketing mix because of its importance in the promotion of a product and the time and cost entailed. Packaging has many functions; it can be used to:

- Highlight both the logo and brand name
- Protect and preserve the product during transportation and on the shelf
- Help carry the product
- Facilitate quick recognition of the product
- Provides information on ingredients, nutrition, weight and function
- Add-value through attractive packaging which acts as a gift wrapping
- **Trade Fairs and Exhibitions-**Trade fairs offer the opportunity for firms to meet with both the trade and the individual consumer. It also allows representatives of the firm to see what competitors are doing and to learn about innovations and new product offers. There are also opportunities for collaborations and joint ventures to be established as firms identify other organisations with complementary offers
- **Tele-Marketing-** This is a tool where selected telemarketing teams talk to shortlisted customers based their need and income pattern. They introduce the brand, product or services to the potential customer and complete the sales process. This method is being widely used by most of the companies.

8.4.1 Different Types of Literature

Many goods and services are more easily sold if the customer can be given explanatory literature. This may be offered in an advertisement, accompany a mailing shot, be supplied with a product, or be available at the point of sale. There are many forms of sales print, including the following.

Leaflet. This is a single sheet of unfolded paper.

Folder. As the name implies, this is a sheet of print - which may be quite large - reduced to a convenient size by means of folds, or which may be folded concertina fashion to form a number of separate pages without need for binding. A good reason for folding may be so that the item fits into an envelope for mailing, or is easy to carry in the pocket.

Brochures and Booklets. If multiples of four pages are used, they can be

bound by some form of stitching. Single sheets can be bound by the process of 'perfect binding' when the left-hand edges are glued and the whole is bound in a cover.

Broadsheet. This is really another kind of folder which unfolds to a size similar to a large newspaper page. Maps, charts and small posters may be produced in this style. Note that this term also refers to a large page newspaper as distinct from a tabloid.

Catalogues. These are brochures which describe and usually illustrate the range of products available and give their prices. They can be of any size from pocket-size to something resembling a telephone directory according to the nature of the business.

Timetables. These are generally brochures, and may be of handy size like airline timetables, or even small folders like those for bus and railway services, while those embracing all rail or air services are large, bound

Picture Postcards. Useful publicity can be gained by supplying customers with postcards as with hotels, airlines and shipping lines. People often collect them.

Hotel Stationery. Letter headings and printed envelopes placed in hotel rooms are not only a service but a useful form of advertising.

Stuffers. These are leaflets inserted (or 'stuffed') in the package. They contain instructions on how to use a product, and can also be used to advertise the product or sister products.

Diaries. Whether desk or pocket, they are of long-lasting advertising value since they are referred to throughout the year, and refills or new diaries can be supplied every year as Christmas gifts.

Telephone Number Reminders. These can be supplied as hanging cards, or message pads, and can occupy a permanent place by the telephone.

Swing Tags. Attached by card to products of many kinds, they identify the product and may give advice on how to use or take care of it.

Guarantee Cards. In addition to requiring the customer to register ownership for guarantee purposes, these cards can be used, to request purchasing details for research. It can be very useful when planning advertising to know who buys the product, for whom, and whether it is the first or a succeeding purchase of the company's products.

Price Lists and Order Forms. These may be combined or separate items. Order forms need to be designed so that they are easy to complete and produce accurate information such as the correct total amount of the order or payment, and the full address of the sender. Orders cannot be fulfilled if the information given is incomplete. For use with computers, it is necessary to request information clearly so that the customer is not confused. The computer then gets data which are accurate and useful, and serve a marketing 'purpose. If credit or charge card facilities are offered, it must be simple for customers to state their card numbers, and it may be necessary to illustrate the cards which are accepted.

Competition Entry Forms. These are important pieces of sales literature requiring very careful writing and design so that they are easy to compete.

8.4.2 Point-of-Sale (POS) Display Material

Some of the sales literature is distributed as give-away material at point-of-sale (point-of-purchase), but in this section we refer to material which is designed specifically to attract attention and encourage sales. It may also identify the premises as a source of supply.

Display space is scarce in shops, and some goods or services are seasonal so that the possible period of display is also limited. The supplier has to budget carefully and avoid waste. It is best if material is supplied against requests, or displays are arranged by the sales representative. Some suppliers produce broadsheets illustrating available display material, together with an order form. It, can be very costly and often wasteful to distribute display material speculatively.

Again, Many Examples Can Be Given, Some Being More Suitable for Certain Advertisers Than Others.?

Mobiles. Not to be confused with travelling exhibitions and demonstrations (as occur in developing countries, including mobile cinemas), mobiles at POS consist of ingenious cut-out displays suspended from the shop ceiling so that they move with the air currents. They are useful in supermarkets where there is limited display space.

Posters. Crown and double crown posters are a familiar feature of shop displays, decorating walls, doors and windows. In addition to colourful pictorial posters, there are those screens printed in bright colours which stores use to announce special offers. Some firms (e.g., insurance companies) supply stock posters bearing their names with blank space which can be overprinted to advertise local events such as sports days, amateur theatricals or flower shows.

Pelmets. One of the oldest forms of display material which can have a very long life, pelmets are paper strips which can be pasted along the top edge of a window.

Dummy Packs. Empty display cases, packets and bottles are useful for window displays, especially when real products would deteriorate if left in a window for any period, or too much stock would otherwise be tied up in this way.

Dumpers and Dump Bins. Decorated with the name of the product, they are filled with the branded product and placed near check-outs in supermarkets to induce impulse-buying.

Wire Stands. Either self-standing or small enough to stand on the counter or hang near the cash register, these contain a stock of the product and encourage self-service. They must carry the manufacturer's name-plate to encourage refilling with the same brand, otherwise there is a danger of the retailer finding them convenient for the display of other or rival goods.

Showcards. Strutted or hanging, and printed on board or metal, these are portable displays which a retailer can move about the shop or use from time to time, and they can often have a very long life, especially if strongly made. Some, such as those advertising credit card and other services, may remain permanent displays on, say, a hotel reception desk.

Dispenser Boxes. Rather like showcards, they are portable and may remain in my position permanently if they contain leaflets which satisfy a regular demand. A typical use is for the display of insurance prospectuses, tourist leaflets and official forms. There are also very attractive free-standing or wall-mounted ones made of clear acrylic which reveal contents, unlike cardboard or wooden ones which reveal only the top of the literature.

Clocks. Again, this is a popular and permanent form of POS display, every glance at the time disclosing the advertiser's name.

Trade Figures. Johnnie Walker, the Michelin Man and the Sandman figure have been used in displays for decades. They appear as moulded figures and cardboard cut-outs, with various versions of the Michelin rubber man. Some figures are static, others are animated or articulated models.

Models. Very realistic because of their three-dimensional form are scale models, especially when the real subject is too large or impossible to display. Good examples are ships and aircraft.

Working Models. These always fascinate, for few people can resist stopping and staring at a model which is active. One which was very amusing was a model baby elephant which bounced up and down in an armchair to demonstrate how well the chair was sprung. They can be very useful for the windows of, say, building societies, where normal displays are inevitably static.

Illuminated Displays. In a similar way, as when the lights go on and off or change color, the lighted sign in a window attracts attention, particularly of window-shoppers and passers-by after dark when the shop is closed.

Display Stands. According to the trade these may be standard or custom built, and may be enclosed, perhaps velvet-lined for expensive products. They give exclusiveness to goods. They can also be simple stands to hold small items like paperback books or confectionery. A problem, however, is to limit their use to the supplier's products, and it is essential to fix the supplier's name to the stand. The refrigerated stand is a good example, the equipment being intended for the supplier's ice cream products, but the retailer misuses it by storing rival brands in it.

Dispenser Cards/Packs. These may be complete in themselves for hanging on the wall like cards from which packets of nuts are detached, or they may be individual self-display dispenser bubble packs, bags or sachets hanging on hooks for items like toys, razor blades, music cassettes, iron-monger, confectionery, or ball-point pens. The hooks may be on the retailer's wall or on a special stand or fitting supplied by the manufacturer who thus provides permanent POS material that permits self-service.

Display Outers. Very useful for small items like confectionery sold in units, packets of soup, or other compact single items, display outers consist of containers holding a quantity of items, the lid folding back to produce a display. The carton can then be placed on the counter or shelf and goods sold from it. This is very economical and effective since the original container becomes its own display piece.,

Crowners. When bottled goods are displayed, collars or crowns can be slipped over the necks, to state the price, display a slogan or promotional message. They are used mainly for soft and alcoholic drinks.

Stickers and Transfers. Often these are carried by the sales representative who positions them on various surfaces such as walls, doors, windows and even cash registers. They are supplied in a self-adhesive pull-off form.

Cash Mats. Because of their utility - preventing coins from rolling off the counter - they are likely to be welcomed by retailers and kept in a regular position.

Samples. Sampling will be referred to again under sales promotion {already covered in unit 7, see 7.3), but it may be a point-of-sale strategy for the manufacturer to supply free samples, perhaps in special packs like sachets of coffee or miniature bottles of wine.

Drip Mats/Coasters. Whether made of cork, aluminium or paper, these can be used in bars, cafes and other catering situations such as on-board airliners, placing prominent advertising in a very convenient form.

Ashtrays. These are much used by drinks and tobacco manufacturers, and are freely distributed to bars and restaurants where customers drink and smoke. The advertisements are usually screen printed on to the various shaped trays made from a variety of materials.

Tickets. Advertisers such as Coca-Cola take space on transportation tickets including airline boarding passes, which is very appropriate when the product is immediately available.

Shelf Edging. This is a very popular POS display on the edges of shelves facing customers across the counter or bar.

In-Store Advertising. Using videos and TV screens, public address systems, electronic newscasters with colourful LED letters, trolley ads and other devices, products and special offers can be announced to shoppers in the store. Video ads may also be introduced into juke boxes when these are played.

Menu Cards. The supply of menu cards printed with the advertiser's name, logs and slogan is a method of advertising long used in the catering, food and drinks trades. Some are more elaborate with magazine material which is changed from time to time to maintain the interest of regular customers. Menu cards provide a service both to caterers and customers.

8.5 SALES PROMOTION

Meaning- Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

The following objectives for sales promotion are functionally applicable:

1. **Informing-** This means educating the consumer about the product. They should be able to get enough knowledge about the product being offered by the manufacturer, be told that the new product works better than the product in use currently.
2. **Persuading-** The sales promotion persuades consumers to try out new products. They develop or reinforce a favourable set of attitudes and influence their buyer behaviour.
3. **Reminding-** It leads the firms to reinforce the previously satisfactory behaviour of the customer. Reminders to the consumers about their past satisfaction will persuade them to stay with the product and prevent them from shifting to the competition.

The Following Objectives For Sales Promotion Are Generally Applicable:

Increasing Volume - Promotion apart from advertising can be used to further increase the sales. This can be a short-term strategy to increase volume during the lean period or off-season, for clearing old stock or to thwart competition. Volume-generating promotional exercises are directly proportional to increase in the number of buyers including those who may or may not go in for repeat purchase. The main thing to be kept in mind is that if the product's marketing mix is not properly organized no amount of sales promotion exercises can help increase volumes.

Increasing Trial - Through promotional exercises, potential customers can be influenced to purchase a company's product or services offering extra benefit like:

- a. Providing free sample or trial coupon that goes with the product
- b. Providing additional benefits so that the organization's products (the one doing the promotional exercise) appear to be superior to the competitor's products.
- c. Providing short-term financial benefits such as price-offs, discounts or increased credit facility.
- d. Appealing to sophisticated, educated and upper-class buyers with creative and imaginative exercises like quiz contests etc.

Increasing Repeat Purchase-Repeat purchase exercises generally overlap with increasing volumes sales promotion exercises. Extra benefits can be

coupons on the products, giving discounts on next purchase or specific incentives for multiple purchases like buying five packs of Maggi noodles and getting one pack free or buy one shirt and get the next at half price or some such related offer.

Increasing Loyalty-Loyalty promotions are usually designed to achieve a high level of personal identification. There are a number of exercises which lead to loyalty retention as in:

- a. Mailing letters to few regular customers, inviting customers for product shows etc.
- b. Factory visits that lead to direct contact with the company's products as well as company officials.

The objective of loyalty promotion is to replace short-term cash considerations by appealing to deeper human values.

Widening Usage- To increase the usage of products and services across sectors it is imperative to educate consumers about their other applications.

Following strategies are usually considered:

By offering books or pamphlets of value to the customers e.g a pocket dictionary free with Nestlé Milo.

By physically linking the product or services with something else already in usage eg. Titan watch and Godrej refrigerator, Kissan tomato ketchup and Maggi noodles packet.

By creating non-physical links with something else already in a new usage area, through coupons or joint promotions with another service e.g. coupons from an airline or a five star hotel or casino for an off season tour.

Creating Interest - Extra benefit offer which creates interest are characterized more by their humour, inventiveness and style than by their budget or market targeting e.g. being the first to offer a new product or service as a promotional premium-Godrej refrigerator and free mobile phone; link up with a celebrity or a relevant personality e.g. Pepsi's Sachin Tendulkar, finding a totally new way to do something which people enjoy doing.

Creating Awareness - This should be done by advertising and in effect sales promotion should limit itself to shorter durations and efforts. However, following promotions are effective in meeting these objectives:

- a. Joint promotions with another well-known product in the market e.g Videocon television sets and titan watches.
- b. Link-up with those groups which have a relevant image i.e charitable organizations, environment all wildlife conservation etc.

Deflecting Attention from Price - Purpose of sales promotion is to replace price consideration with other marketing mix inputs like quality, product features, brand availability, product performance and after sales service. It can offer the following to reduce thoughts about price:

- a. **Variations on Price Cuts** ranging from % off or price off on next purchase or buy 'n' get 1 free.
- b. **Offering Extra Fill-packs** or short-term multi-packs or offering part of the product or service free such as 25 or 30% extra on most cosmetics and toiletries in the market; wheel-balancing and alignment for a sum and free wheel alignment up-to, the next two thousand kilometres or within a month whichever is earlier.

Retail promotions tend to focus on three particular areas:

Traffic Building: Increased footfall can and does often result in increased sales. Some of the popular ones are:

- Instant win free draws where the results are posted in the store instantly or the winner is informed later by phone
- Special events involving celebrities inaugurating the showroom or celebrating store anniversaries that may also involve free giveaways or giveaways at an inaugural or celebratory discount

Loyalty Building: Gaining loyalty is very important for each retailer ranging from the grocer next door to the automobile service station. Some of the popular techniques are:

- Magazines that carry news and information about the retailer distributed in-store or sent by post
- Discount offers mailed to encourage repeat visits at particular times
- Creating short term special packs, a product -variants specially to encourage trials and repeat purchase of private label brands

Tailor-ads: These are often run on a joint basis between the retailers and their suppliers. Through this both are able to meet their mutual needs. Some of the types of tailor-mades are:

- Custom packs where a manufacturer produces a special pack for a specific promotion or large retailer.
- Variants on a national promotion tailored to the needs of specific retailer(s)
- Predesigned promotional concepts which can be used by any retailer
- Joint agreements for extra displays including window displays, couponing and other activity

8.6 RETAIL PROMOTION TECHNIQUES

Point of Purchase Promotion consists of in-store displays designed to increase sales. The effect of the displays on retail image are manifold- it reminds customers, stimulates impulse purchase, facilitates self -service and helps to reduce retail promotion costs when manufactures agree to provide display.

Contests and Sweepstakes both seek to attract and retain customers although in their own specific way. Through these, customers participate in events that have large prizes.

A contest requires a customer to display some skill in return for a reward. It could range from coining a slogan to informing the contest holder why their brand is the best and so on. Sweepstakes requires the participation with one name or receipt number chosen at random and declare the same

Big Bazaar is known for such sweepstakes held at different outlets on a regular basis.

Coupons: Coupons provide discounts on the selling price fixed by the manufacturer . Re 3 off on next purchase of a brand of soap or Rs 101 - discount on purchase of Brand X toiletries etc. These are also used to ensure that customers continue to patronize a particular product inside the outlet. Coupons are short-term in nature since most (but not all) carry an expiration date after which the value may not be received. Also, coupons require consumer involvement in order for value to be realized. In most cases involvement consists of the consumer making an effort to obtain the coupon (e.g., clip from newspaper) and then presenting it at the time of purchase. Coupons are used widely by marketers across many retail industries and reach consumers in a number of different delivery formats including:

- **Free-Standing Inserts (FSI)** - Here coupon placement occurs loosely (i.e., inserted) within media, such as newspapers and direct mail, and may or may not require the customer to cut away from other material in order to use.
- **Cross-Product** - These consist of coupons placed within or on other products. Often a marketer will use this method to promote one product by placing the coupon inside another major selling product. For example, a pharmaceutical company may imprint a coupon for a cough remedy on the box of a pain medication. Also, this delivery approach is used when two marketers have struck a cross promotion arrangement where each agrees to undertake certain marketing activity for the other.
- **Printout** – A delivery method that is common in many food stores is to present coupons to a customer at the conclusion of the purchasing process. These coupons, which are often printed on the spot, are intended to be used for a future purchase and not for the current purchase which triggered the printing.
- **Product Display** - Some coupons are nearly impossible for customers to miss as they are located in close proximity to the product. In some instances, coupons may be contained within a coupon dispenser fastened to the shelf holding the product while in other case coupons may be attached to a special can be remove them (e.g., tear off).
- **Internet** - Several specialized websites, such as HotCoupons.com, and even some manufacturer's sites, allow customers to print out coupons. These coupons are often the same ones appearing in other media, such as newspapers or direct mail. In other cases, coupons may be sent via email, though to be effective the customer's email program must be able to receive HTML email (and not text only) in order to maintain required design elements (e.g., bar code).

- **Electronic** - The Internet is also seeing the emergence of new non-printable coupons redeemable through website purchases. These electronic coupons are redeemed when the customer enters a designated coupon code during the purchase process.

Sample Promotions are made when people buying product A get a full sample of product B. This also helps to gain trial for Product B and often proves to be a cost effective method of ensuring trials.

Free Trial Promotions occur when people buying product A, obtain a special trial size version of product B. It is cheaper and more cost effective as compared to Sample Promotions.

Rebates: Rebates, like coupons, offer value to purchasers typically by lowering the customer's final cost for acquiring the product. While rebates share some similarities with coupons, they differ in several key aspects. First, rebates are generally handed or offered (e.g., accessible on the Internet) to customers after a purchase is made and cannot be used to obtain immediate savings in the way coupons are used. (So called Instant rebates", where customers receive price reductions at the time of purchase, have elements of both coupons and rebates, but for our purposes we will classify these as coupons due to the timing of the reward to the customer.)

Second, rebates often request the purchaser to submit personal data in order to obtain the rebate. For instance, customer identification, including name, address and contact information, is generally required to obtain a rebate. Also, the marketer may ask those seeking a rebate to provide additional data such as indicating the reason for making the purchase.

Third, unlike coupons that always offer value when used in a purchase (assuming it is accepted by the retailer), receiving a rebate only guarantees value if the customer takes actions. Marketers know that not all customers will respond to a rebate. Some will misplace or forget to submit the rebate while others may submit after a required deadline. Marketers factor in the non-redemption rate as they attempt to calculate the cost of the rebate promotion.

Finally, rebates tend to be used as a value enhancement in higher priced products compared to coupons. For instance, rebates are a popular promotion for automobiles and computer software where large amounts of money may be returned to the customer.

Trade-In: Trade-in promotions allow consumers to obtain lower prices by exchanging something the customer possesses, such as an older product that the new purchase will replace. While the idea of gaining price breaks for trading in another product is most frequently seen with automobile sales, such promotions are used. In other industries, such as computers and golf equipment, where the customer's exchanged product can be resold by the marketer in order to extract value.

Loyalty Programs: Promotions that offer customers a reward, such as price discounts and free products, for frequent purchasing or other activity are called loyalty programs. These promotions have been around for many years

but grew rapidly in popularity when introduced in the airline industry as part of frequent-flier programs. Loyalty programs are also found in numerous other industries, including grocery, pizza purchasing and online book purchases, where they may also be known as club card programs since members often must use a verification card as evidence of enrollment in the program.

Many loyalty programs have become ingrained as part of the value offered by programs as general business practice. Under this condition loyalty program does not qualify as a sales promotion since it does not fit the requirement of offering a short-term value (i.e., it is always offered). However, even within a loyalty program that is part of a general business practice, a sales promotion can be offered such as a special short-term offer that lowers the number of points needed to acquire a free product.

Premiums: Another form of sales promotion involving free merchandise is premium or "give-away" items. Premiums differ from samples and free products in that these often do not consist of the actual product, though there is often some connection. For example, a cell-phone manufacturer may offer access to free downloadable ringtones for those purchasing a cell-phone.

Activity 3

Visit two apparel stores and identify two brands and sales promotion methods they adopted. Discuss with them as to why such promotional methods have adopted.

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8.7 LET US SUM UP

Advertising is everywhere around us. All types of mediums you see around you - are being used to advertise something or the other. Advertising can be said to be a paid form of non -personal communication about an organization or its products that is transmitted to a target audience through a mass/broadcast medium.

Its need has arisen due to increased consumerism and the role of the media has helped to fuel it further.

There are different kinds of media both mass (radio television, internet, print, outdoors) as well as below the line media (pens, keychains, desk calendars, carry bags, danglers, caps t-Shirts etc) used to get as close to the customer as possible.

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or

other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

Retail promotion techniques that are used are trade ins, loyalty programs, premiums etc.

8.8 TERMINAL QUESTIONS

1. Explain briefly a paid form of non-personal communication.
2. How does advertising help in product promotion?
3. Explain various categories of advertising with specific examples.
4. Select any one advertising media for promotion of a Discount store.
5. What is sales promotion? How does it help in product promotion?



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