

The book goes into the aspects related to marketing communications which are very much prevalent in the 21st century. In 2018, when marketing communications involves a judicious mix of various types of communications for the overall best results for the company's marketing efforts, no company can ignore the importance of long existing tools for the same with current applications keeping in mind the ever changing dynamics of media and media options. Supporting media, direct marketing, and sales promotion have always been there for companies to use from time to time as well as simultaneously keeping in mind their marketing communications goals, which are always dynamic in current hyper-competitive times. The book takes its journey into these three aspects of marketing communications and tries to unearth what is being done in current times with examples in all these areas. Part A discusses supporting media and its role in making marketing communications result oriented. which can be the main media with some companies. Part B discusses the role and importance of direct marketing in dynamic times of mobiles and internet. Part C enumerates importance of sales promotion in current times.

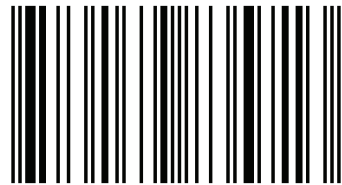


Prateek Kanchan

Dynamics of 21st Century Marketing Communications



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978-613-9-83571-3

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LAP LAMBERT Academic Publishing

Imprint

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Cover image: www.ingimage.com

Publisher:

LAP LAMBERT Academic Publishing

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International Book Market Service Ltd., member of OmniScriptum Publishing Group

17 Meldrum Street, Beau Bassin 71504, Mauritius

Printed at: see last page

ISBN: 978-613-9-83571-3

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Preface

Any book which is written involves a lot of support from a host of important people in the life of the author. I strongly feel that this book would not have come out without the support and constant motivation of my father, mother, my wife, and my brother. My extended family members including elders and cousins also played a role in contributing towards the book. On the professional front, Gujarat University in general and B.K.School of Business Management, in particular played a very positive role in making me find time for this work. A Professor is incomplete without good students and alumni. I give due credit to many of my former students who contributed in the form of the material for the book. I also feel indebted to the entire editorial team of Lap Publishing for their guidance from time to time in making the book see the light of the day. However, any error found in the book will be completely unintentional, and I offer unconditional apology for the same, in advance. Happy reading to one and all.

Dr Prateek Kanchan

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Part A: SUPPORTING MEDIA

Chapter opening case

Out-of Home Media- Redefining Communication through Innovation: A Case Study

*Prof. Megha Trivedi and **Prof. Romi Sainy.

INTRODUCTION

Megha was waiting for a lift at Treasure Island at super mall in Indore. She saw a screen nearly running few advertisements. A keen observer with commercial communication she started getting inquisitive about the screen and advertising. She started discussion with a nearby person about the advertising seen at T.V. at home or at the mall. Romi a person nearby replied it is the time available that decide the fate of an ad at home or outside

Today, the consumer hardly has the time to sit down and read newspapers or stay tuned to the television. The consumer sees and absorbs fewer advertisements these days because of information overload. Research reveals that the consumers are keen to watch ads while they wait in queues outside elevators, at shopping malls and multiplexes. In fact, they are most receptive to advertisement during these short moments. Out-of Home Media cashes upon the opportunity to display advertisements that affect, engage and compel action of not only prominent customers, but also choice makers, wealth creators and high net worth individuals through the multi-platform and strong audio-visual network.

Background Note

What makes OOH media so convincing for advertisers these days? Everyday we have a new article in the newspaper talking about the emergence of OOH Media and its spread across in the field of advertising. I cannot have a day without reading a newspaper article about it. Big companies have gradually started investing and diverting more towards OOH as a media tool. I believe there are three distinct reasons for this phenomenon. First, brands are becoming more belligerent and experimental in the race of escalating challenges and economic insecurity. Second, the traditional tool of advertising media is not delivering the aspired results and third, most media houses and brands have started believing that OOH Media is cost-effective and an essential tool for marketing which can provide a competitive edge to the brands.

It is important here to discuss what OOH Media is all about! All the advertisements, which are outside homes, are conventionally called Out-of-Home (OOH) media or Out-of-Home advertising. Out of Home media incorporates non-traditional advertising and media vehicles like on- ground activities, retail activities, hoardings, in-store activities, kiosks and so forth. Out of home media has been experiencing a sudden propel these days. We have started seeing more and more screens in various places around us. One of the biggest targets of OOH Media companies is the Malls in India. Many of advertising players are now shifting towards the digital OOH media, reports DNA with the bans on hoardings in the metros like Delhi, Chennai and Bangalore.

On of the India's largest television company M/S. **Out -Of Home Media** was created on

November 2006 on three keystones: Vision, Ambition and Confidence. The company has collaborated with China-based

Focus Media, the world's leader in OOH services and 3i, a world leader in private equity. The main aim of the company is to work with skilled management teams to develop promising businesses that have potential for noteworthy growth.

“M/S. **Out-Of Home Media** today has more than 5000 screens present in 22 cities and reaching out to over 50 million people per month. We have currently over 60% of the market share in this industry and we are confident of building the industry and staying as leaders of Digital OOH TV Industry” says the advertising veteran and the CEO of Out-of Home Media Mr. Ishan Raina. He goes on to explain, “Out-Of Home medium is a premium and true convergence medium which reaches out to the ‘difficult-to-reach’ and SEC A consumers, with whom advertisers find it difficult to communicate on a sustained basis. OOH TV advertising is the best and most viable option to reach out to these audiences. OOH Media adds great value as it follows these consumers wherever they are thus becoming a medium present in a day of the life of a consumer and offering the advertiser an all day primetime” Out-Of Home Media Company engages the urban consumers while they work shop and play. It combines the strengths of audio-visual communication and the visibility of outdoor media. M/S. **Out-Of Home Media** is effective because it ensures that the advertisers spread their messages across the most difficult to reach consumers promptly and accurately at different day parts. The company provides advertiser effortless access to consumers which are difficult to reach. It has set up a nation-wide network covering over 22 cities via more than 5000 high definition LCD and plasma screens. The company with its strong network guarantees marketers visibility and directly connects with the consumers while they work, eat, shop or relax. M/S.**Out-Of Home Media** is devoted towards attracting consumers, with high impact advertisements. It ingeniously reaches wide spread audiences through its three-pronged business, in-store and leisure network. The company believes in in- depth research based on footfalls and visitors flow patterns in order to identify different places before setting up its LCD and plasma screens. Anooj Kapoor, business head, SAB TV mentions. “There is a certain amount of grandeur in out-of-home media that appears far more interesting than viewing an advertisement on a regular billboard or a television set. But the content should complement the out-of-home media presentation.”

A Step in the Right Direction

The question that brought a sudden catastrophe for a product which doesn't have enough funds to advertise on television or in newspapers was a ban by Government stating 'Stick No Bills' with the chief objective to keep away the unwanted advertisers. The basic requirement of all the brands is to effectively communicate with their customers by using a complete gamut of available communication mediums, both traditional and non-traditional. Gradually with different favorable circumstances, **Out -of Home media** started acquiring an important role in the field of advertising. It was cost effective and at the same time it also started helping the brand to gain an edge over their competitors.

Further, talking about the benefits of M/S. **Out-of Home Media**, Ishan Raina explains, “Out-of Home Media helps the client to measure the effectiveness of their ad on screens. LCD and Plasma screens of Out-of Home Media are installed in various office buildings, IT parks, BPOs, KPOs, airport buses and healthcare centers. This effectively captures high-profile audiences. M/S. **Out-of Home Media** helps to connect the consumers in malls, hyper and super markets, convenience stores, and CSDs. It breaks the cliché that business and pleasure does not go hand in

hand. The OOH Media helps the product to take a direct entry into entertainment areas i.e. multiplexes, beauty salons, clubs and pub cafes, fast food centers, restaurants, and even bookshops. OOH Media penetrates the largest of offices by carrying the advertisements to people while they rest, work or shop”.

The company has commissioned Nielsen, the world leader for research in Out of Home. Nielsen is the world's leading provider of market information, audience measurement, and business media products and services. Nielsen operates in more than 100 countries with a global team dedicated to support clients

to compete effectively and discover opportunity with precision. Nielson measures the effectiveness of out of home advertising with the help of pre-campaign planning tools, in-depth analyses of marketing variables, recall performance monitors, studies into travel habits as well as software applications to test advertising creativeness. Some of the key points of research undertaken by M/S. **Out-of Home Media** are:

1. **Screen visibility:** According to the researches, there is 87% average visibility for screens across OOH Media locations.
2. **Advertising recall on Out-of Home Media:** On an average 81% of the respondents are able to recall any advertising that they see on OOH Media screens.
3. **Client specific advertising recall:** According to the researches there is 67% average recall for the client specific advertisements

M/S. **Out -of Home Media** believes in innovation. Flexi casting was the new media-planning tool innovated by M/S. **Out-of Home Media**. When asked about it, Ishan says: "Flexi casting can be defined as 'the ability / flexibility to telecast brand communication on OOH Media screens as per the advertisers' choice of cities, location within a city, choice of creativity and their choice of language. The main aim of the Flexi casting was to maximize the potential of out-of-home medium by providing a never before option to the advertisers". Flexi casting also provides an opportunity to slice and dice their communication across all touch points making the OOH platform feasible. The facility of Flexi casting offered by OOH was one-step ahead than traditional local outdoor and local point of sales. It was foolproof answer to the advertisers in need of absolute flexibility by avoiding wastage.

Challenges

Competition! Challenges! Yes, we keep listening these words frequently in the current era of Globalization. While sitting and discussing the issue in a meeting with his management team, Ishan Raina thought of counting upon some of the major challenges and threats M/S. **Out-of Home Media** is facing today.

The first important point raised in a meeting was about engaging a distracted audience. People are preoccupied with either mobile phones or iPods when they are out of their home. Such devices are diverting the attention of people from the environment around them and this has been a crucial challenge for advertisers who desire to connect with them.

M/S. **Out-of Home Media** is also exposed to some more serious challenges according to one of the team members during the meeting. One of them is absence of reliable research data to help decision-making, environmental concerns and propagation of media properties beyond the legal boundaries. The biggest concern now is to become a part of every integrated marketing communication approach plan, instead of being solely used as a 'reminder medium'. To increase the accountability of outdoors as a medium, a research tool should be introduced which is approved by the industries.

Thereafter comes the importance of improvising and updating in terms of technological advancements. It is important to adopt global technological standards in order to gain

competitive advantage over other traditional media. Outdoors, however, still has much to achieve in this context. Technologically advanced outdoor media like LEDs and digital billboards will be only possible with the help of government support like regulating and revising the taxes and import duties.

One of the major requirement and a biggest challenge for M/S. **Out-of Home Media** Company is to educate the advertisers that OOH is much more beyond billboards and traditional wide-format media said Sumit Sapru, Vice President- Business Strategy at M/S **Out-of Home Media**.

Shamik Talukder, Business Director at M/S Out-of Home Media took another important issue about the lack of a measurement mechanism. “The industry needs to device strategies, which will convince the media planners to understand the effectiveness of OOH Media”. He further explains, “The Company and the industry are poised for significant growth and need to be taken to the next level. The leap to the next level will be challenging, but exciting. One of the key areas would be to get the brands to experience a better return on investment through this media. There will be several breakthrough initiatives, which will make the digital screen media a compelling component for advertisers in their media mix”.

In the era of retail boom, it is far more important to educate the advertisers and to equally educate the retailers and the mall owners to utilize OOH Media as an important media vehicle. With the changes in the social trends, consumer lifestyle and media fragmentation, OOH TV has emerged as the medium of the future. This medium reaches out to consumers at various touch points in the 24 -hour media cycle or in a day in the life of the consumer. Out of home (OOH) media is more diverse and changing more rapidly than any other media channel, with a vast array of display formats, in a variety of places and situations. It is important here to see how M/S. **Out-of Home Media** will continue to be of greater importance to more and more brands, as a cost effective mass communicator and a gateway for new media to engage and influence consumers.

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*Faculty-Soft Skills, IBS Indore.

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There is a significant growth in the number of product placement options as a trend which is altering the media landscape. As consumers find advertising distracting, advertisers have turned to other ways to get their messages in front of prospective buyers. The result of this is increased attention to getting exposure, which has led to significant changes in the media industry. Since the beginning of the 21st century, there has been significant growth in the use of support media—both traditional and new media forms. In many ways, the consumer's efforts to avoid commercial exposure may have had an opposite effect, as it seems ads now appear in many places not previously home to such messages.

Since long, advertisements have appeared on manhole covers, inside rest-room stalls, on lettuce wrappers in grocery stores, on hubcaps, on cell phones, and even on beepers. In this chapter, we review a number of support media some that are fresh to the market place as well as others that have been around a while. We discuss the relative advantages and disadvantages, how they are used, cost information and audience measurement of each. We refer to them **support media** because the media described in the previous chapters dominate the media strategies of large advertisers, particularly national advertisers. Support media are used to reach those people in the target market where the primary media may not have effectively reached and to reinforce, or support their messages. Here, it is worth remembering that some of these media are not used only for support, but for some companies these may be the primary or sole medium used.

However, it is surprising and exciting that there are so many different ways to deliver the message and how often audiences are exposed to them.

Sectional Chapter Objective

It summarizes the reach of the support media industry and the extent to which this media contributes in the over-all marketing communication exercise.

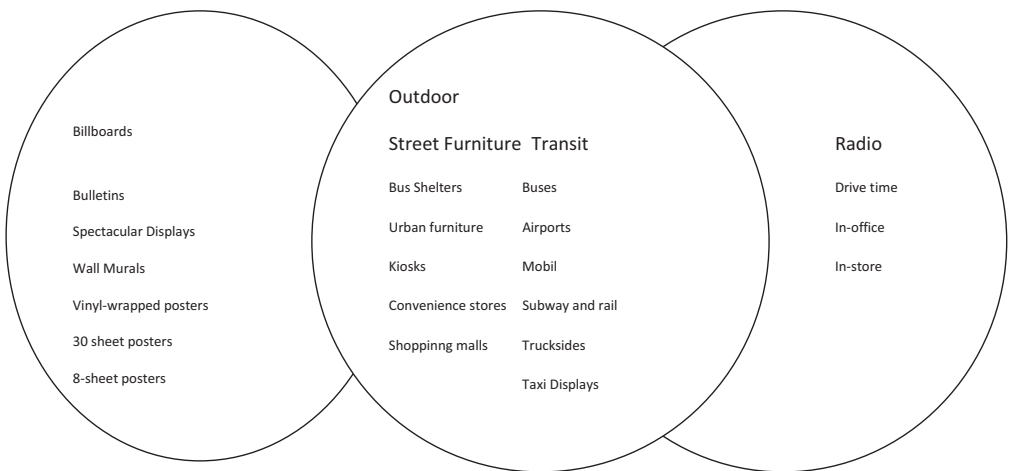
THE SCOPE OF THE SUPPORT MEDIA INDUSTRY

Support media are referred to by several titles, among them **alternative media, non-measured media, and non traditional media**. These are represented by a vast variety of channels used to deliver communications and to promote products and services.

Many advertisers, as well as the top advertising agencies across the world have increased their use of support media, and with the development of new alternatives, this use will continue to grow. Given the rapid emergence of a variety of new media, we will further divide support media into traditional and non traditional support media categories. There is no particular necessity for these further distinction other than to demonstrate that many of the various forms of support media have been around for quite some time, while others have surfaced only recently. Let us examine some of these in more detail.

TRADITIONAL SUPPORT MEDIA

Out of home advertising media encompass many advertising forms. The Outdoor Advertising Association of America, Inc. (OAAA) categorises these media as outdoor including billboards, street furniture, alternative media and transit- as well as specific forms of radio. Given the similarities of these forms, we now discuss them together while addressing transit and alternating media subsequently.



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Outdoor media is regularly used by a broad client base, a demonstration of its continued acceptance in the industry. The increase in the number of women in the work force has led to more advertising of products targeted to this segment, and the increases in the number of vehicles on the road and the number of kilometers driven have led to increased expenditures on outdoor media.

ADVERTISING ON OUTDOORS

Outdoor advertising has existed probably since prehistoric times.. Egyptians and the Greeks used it as early as 5000 years ago. Outdoor communication is certainly one of the most pervasive communication forms, particularly if one is living in urban or suburban area.

TOP 10 ADVERTISING CATEGORIES

1. Local services and amusements
2. Media and advertising
3. Public transportation
4. Retail
5. Insurance and real estate
6. Financial
7. Automotive dealers and services

8. Restaurants

9. Automotive, auto access, and equipment

10. Telecommunications

Outdoor media is regularly used by a broad client base, a demonstration of its continued acceptance in the industry. The increase in the number of women in the work force has led to more advertising of products targeted to this segment, and the increases in the number of vehicles on the road and the number of kilometers driven have led to increased expenditures on outdoor media. The outdoor media in India contributes close to 7.2% of the total advertising expenditures with approximately Rs.12750 mn. Spent on outdoor advertising. Indian outdoor media grew 28% in 2007 with non traditional out of home expenditures like in store media, transit media growing up to 300%. Traditional outdoor in India is driven by telecom, financial services, real estate and to some extent FMCG segment which uses outdoor advertising to reach rural masses.

However outdoor advertising particularly billboards is having its critics. 1997 was a watershed year for the roads & road-users of Delhi. Supreme Court got convinced of the strong relationship between the number of accidents on Delhi roads & the hoardings of all sizes with ads of different companies almost choking the skyline of our National Capital. These hoardings were banned & long continuous stretch of the Ring Road started giving a good drive & uninterrupted flow of traffic to Delhi-ites with their mind & eyes becoming free of any distraction. The number of accidents also got reduced dramatically.

Alternative Out-of-Home Media

Several other forms of outdoor advertising are also available including aerial advertising, placed-based, mobile boards, and more.. We will examine a few of these.

Aerial Advertising

Airplanes pulling banners, skywriting, and blimps constitute another form of outdoor advertising, available to the marketer. It is called as **aerial advertising**. Generally these media are not expensive in absolute terms and can be useful for reaching specific target markets..

Mobile Billboards

Another outdoor medium is **mobile billboards**. Some companies mount them on trailers and drive around and or park in the geographic areas being targeted. Banks, educational institutions, restaurants , real estate players etc target local clientele through this mounted mobile bill boards in major areas of the cities and towns for promotion. Costs depend on the area and the mobile board Company’s fees, though even small and large organizations have found the medium affordable.

In-Store Media

Advertisers use in-store media such as in-store ads, aisle displays, store leaflets, shopping car signage besides in-store TV to reach shoppers at the place where they buy. A big number of shoppers say in-store ads influence them to make a purchase decision, Almost half of them say that they notice such ads and almost ¾ th of shoppers who notice the ads said they are likely to purchase the advertised brand. Future Group in India provides one such opportunity to advertisers which claim to help brands reach out to more than 20 million people every month across more than 50 cities through its in-store TV network.

In-store media options :

Company/Program	Medium
Act Media	
Act Now	Co-up couponing/Sampling
Aisle Vision	Ad posters inserted in stores’ directly
Carts	Ad placed on frame inside/outside shopping cart
Impact	Customized in-store promotion events

Instant Coupon Machine	Coupon dispensers mounted in shelf channels
Act Radio	Live format in-store radio network
Shelf Take-one placed at shelf	Two sided take one offers in plastic through cartridges
Shelf Talk	Plastic frames on shelf near product
Catalina Marketing	
Check out prizes	Print awards and certificates and offers of in-store sweepstakes
Checkout Coupon check out	Scanner driven coupon program that generates coupons at check out
Checkout Message	Targeted messages delivered at check out
Save Now	Instant electronic discounts
Loyalty Card Services	Offer consumer loyalty programs
In-Store Advertising	Integrated and stand alone in store advertising and sampling programs
Stratmar- Systems	Audit, mystery shoppers, cut-ins.

Approximately two thirds consumers' purchase decisions are made in the stores; some impulse categories demonstrates an 80 percent rate. A lot many advertisers are spending more where decisions are made now so that they can reach consumers at the point of purchase, providing additional product information while reducing their own efforts. It is guided by the trend that these impulse input tools at the point of purchase affects the whole purchase pattern very often than traditional mass communication.

Miscellaneous Outdoor Media

There are numerous outdoor media available, adding to the pervasiveness of this medium. When you move out the next time, spend some time to observe how many different forms of outdoor advertising you are exposed to.

Traditional Outdoor		Non traditional Outdoor	
Billboards	Alternative	Street Furniture	Transit
Bulletins	Arenas and stadiums	Bus shelters	Buses
30-sheet posters	Interior placed based	Convenience stores	Airports
8-sheet posters	Airborne	Shopping malls	Subway & Rail
Spectacular displays	Resorts and leisure		Urban furniture
Trucksides			
Wall murals, displays	Exterior place based	Kiosks	Taxi
Vinyl wrapped			Digital Media
Wrapped vehicles			
posters			

Advertising in Transit

Another form of out of home advertising is **transit advertising**. It is targeted at the millions of people who are exposed to commercial transportation facilities, including buses, taxis, commuter trains, trolleys, airplanes, and subways.

Transit advertising has been around for a long time, however, recent years have seen a renewed interest in this medium. It can be significantly related to the increased no. of women in the work force, audience segmentation, and the rising cost of TV advertising. It has increased yearly transit ad spending many folds. Much of this spending has come from many organizations including The State Bank of India, Pizza Hut, Real Estate players, Reliance Industries, Life Insurance Corporation of India, McDonald's to name a few. which like transit's

lower costs, frequency of exposures, flexibility, and point of sale presence. Other retailers, movie studios, and business to business companies have also increased expenditures in this area.

Types of transit advertising

There are actually three forms of transit advertising : (1) inside cards, (2) outside posters (3) station, platform or terminal posters.

While riding a commuter bus, we have probably noticed the inside cards placed above the seats and luggage area advertising restaurants, banks, insurance companies, TV or radio stations, or a myriad of other products and services. An innovation is the electronic message boards that carry current advertising information.

However, transit cards can be controversial. For example, in the subways of New Delhi or Mumbai when people find that ads for cookies, soaps, and durables have given way to public service announcements about AIDS, unwanted pregnancies, rape, and infant mortality, it becomes very frightening for the passersby during rush hours of work in the mornings as well as the return rush hours after office in the evenings, especially during late evenings. Many of the commuters complain that the ads are depressing and intrusive.

Outside posters :

Advertisers use various forms of outdoor transit posters to promote products and services. These outside posters may appear on the sides, backs and roofs of buses, taxis, trains and subway and trolley cars.

However, the increasing sophistication of this medium is demonstrated by the use of a technology, developed by Vert, Inc., that transforms ads on top of taxicabs into real time animated electronic bill boards. A web server that communicates with a global positioning satellite (GPS) is built into the taxi top screen. The GPS determines the taxi's location and sends its to the local server, which then delivers the relevant ads for a particular area. A taxi travelling through a location of central Indian people living in Ahmedabad can have a message in Hindi or Bhojpuri, stock market quotes could appear in the financial district of

Dalal Street in Mumbai and so on. The ads appear in color in a format similar to banner ads, at 10 times the brightness of a TV screen.

Station, Platform and Terminal Posters :

Displays on floors, island showcases, electronic signs and other forms of advertising appearing in train or subway stations, airline terminals, and other similar places are all forms of transit advertising. Terminal posters can be very attractive and attention getting and bus shelters often provide the advertiser with expanded coverage with other outdoor boards.

Advantages and disadvantages of outdoor advertising :

Outdoor advertising offers a number of advantages.

(1) Local markets get wide coverage

With proper placement, a broad base of exposure is possible in local markets, with both day and night presence.

(2) Frequency

As purchase cycles are typically for 30 day periods, consumers are usually exposed a number of times, resulting in high levels of frequency.

(3) Geographic flexibility unmatched.

Outdoor can be placed along highways, near stores, or on mobile billboards, almost anywhere that laws permit. For local advertisers, outdoor can reach people in specific geographic and / or demographic areas. Local, regional or even national markets may be covered.

(4) Creativity

Outdoor ads can be very creative. Large print, colors, and other elements attract attention.

(5) Ability to create awareness.

Because of its impact, outdoor can lead to high level of awareness.

(6) Efficiency

Outdoor usually has a very competitive CPM when compared to other media. The average CPM of the outdoor is approximately one half of radio and far less than that of TV, magazines and news papers. Transit is one of the least expensive media in both relative and absolute costs.

(7) Effectiveness

Outdoor advertising can be effective. In a study reported by BBDO advertising, 35 percent of consumers surveyed said they had called a phone number which they got from an out of home ad. A study reported by Mukesh Bhargava and Naveen Donthu showed that outdoor advertising can have a significant effect on sales, particularly when combined with a promotion.

(8) Product capabilities

Modern technologies result in less production times for outdoor advertising to allow for rapid turnaround time.

(9) Timeliness

Many outdoor ads appear in or near shopping areas or on/in the vehicles taking customers there, resulting in timely and real time exposures

At the same, however there are limitations to outdoor, many of them related to its advantages.

(1) Waste coverage.

While it is possible to reach specific audiences, in many cases the purchase of outdoor results in a high degree of waste coverage. Although many people pass by such advertisements, It is not likely that everyone driving past these is part of the target market.

(2) Limited message capabilities

As the speed with which most people pass by outdoor ads, exposure time is short, so messages are limited to a few words and illustration. Lengthy appeals are not likely to be effective. Some transit forms are not conducive to creative messages.

(3) Wear-out

Because of the high frequency of exposures, outdoor may lead to a quick wear-out as people are likely to get tired of seeing the same ad every day.

(4) Cost

Because of the decreasing signage available and the higher cost associated with inflatables outdoor advertising can be expensive in both an absolute and a relative sense.

(5) Measurement problems

One of the more difficult problems of outdoor advertising lies in the accuracy of measuring reach, frequency and other effects.

(6) Image problems

Outdoor advertising has suffered some image problems as well as some disregard among consumers.

Summarily, outdoor advertising has both advantages and disadvantages for marketers. Some of these problems can be avoided with other forms of out home advertising.

Advantages and disadvantages of transit advertising:

Apart from sharing some of the advantages and disadvantages of other outdoor media, transit has a few more specific aspects to this medium. Advantages of using transit advertising include following :

(1) Exposure length

Long length of exposure to an ad is one major advantage of indoor transit forms. The average ride on mass transit is 45 minutes, allowing for plenty of exposure time. As with airline tickets the audience is essentially a captive one, with nowhere else to go and nothing much to do. As a result riders are likely to read the ads- more than once. A second form of exposure which transit advertising provides is the absolute number of people exposed. A huge number people ride mass transit every week, and it keeps on increasing year after year., providing a substantial number of potential viewers.

(2) Frequency

As our daily routines are standard, those who ride buses, subways, metros and the like are exposed to the ads repeatedly. If one rides the same metro train to work and back every day, in

one month he/she would have the opportunity to see the ad 20 to 40 times. The locations of station and shelter signs also afford high frequency of exposure.

Some disadvantages are also associated with transit :

(1) Reach

Although transit advertising has the ability to provide exposure to large no. of people, this audience may have certain lifestyles and behavioral characteristics that are not true of the target market as a whole. In rural or suburban areas, mass transit is limited or nonexistent, so the medium is not very effective for reaching these people.

(2) Mood of audience

Sitting or standing on a crowded subway may not be conducive to reading advertising, let alone experiencing the mood the advertiser would like to create. Controversial ad messages may contribute to this less than positive feeling. Similarly, hurrying through an airport may create anxieties that limit the effectiveness of the ads placed there.

Measuring Out Of Home Media

A number of sources of audience measurement and other information are available :

Competitive media reports provides information on expenditures on outdoor media by major advertisers.

Indian Market Research Bureau(IMRB) conducts research frequently in this direction. TAM Media Research is also involved in this study for the purpose of helping companies take decisions in this direction. Besides these organizations, ORG-MARG is another organization which conducts similar researches from time to time to give an overview about this medium thereby helping companies using it as an important media option.

Promotional Products Marketing

As per the Promotional Products Association International (PPA) , promotional product marketing is “the advertising or promotional medium or method that uses promotional products such as ad specialties, premiums, business gifts, awards, prizes or commemoratives.” Promotional product marketing is the more up to date name for what used to be called specialty advertising. Specialty advertising has been provided with a new definition :

A medium of advertising, sales promotion, and motivational communication employing imprinted, useful, or decorative products called advertising specialties, a subset of promotional products.

These articles are always distributed free, in other words gifted – recipients don't have to earn the specialty by making a purchase or contribution.

As a result of this, specialty advertising is often considered both an advertising and sales promotion medium. However, in our discussion we treat it as a supportive advertising medium in the IMC program.

There are hundreds of thousands of advertising specialty items, including ballpoint pens, coffee mugs, key rings, calendars, T-shirts and match books. Unusual and unconventional specialties such as plant holders, wall plaques, and gloves with the advertiser's name printed on them are also used to promote a company or its product; so are glassware, trophies, awards, and vinyl products. In fact, advertisers spend over billions of dollars per year on specialty advertising items.

While we are at work or just sitting in our living room we may find some specialty advertising item nearby. It may be the pen we are using, a book, or even a book cover with the campus book store name on it. Specialty items are used for many promotional purposes; to thank a customer for patronage, keep the name of the company in front of consumers, introduce new products, or reinforce the name of an existing company. Product, or service advertising specialties are often used to support other forms of product promotions.

Advantages and Disadvantages of Promotional Products Marketing

Like any other advertising medium, promotional product marketing offers the marketer both advantages and disadvantages.

Advantages include the following :

Selectivity :

Because specialty advertising items are generally distributed directly to target customers, the medium offers a high degree of selectivity. The communication is distributed to the desired recipient, reducing waste coverage.

Flexibility :

As there are a variety of specialty items possible , this medium offers a high degree of flexibility. A message as simple as a logo or as long as is necessary can be distributed through a number of means. Both small and large companies can employ this medium for a variety of objectives limited only by their own creativity.

Frequency :

Most forms of specialty advertising are designed for retention. Key chains, calendars and pens remain with the potential customer for a long time, providing repeat exposures to the advertising message at no additional cost.

Cost :

Some specialty items are rather expensive but most are affordable to almost any size organization. While they are costly on a CPM basis when compared with other media, the high number of repeat exposures drives down the relative cost per exposure of this advertising medium.

Goodwill :

Promotional products are perhaps the only medium that generates goodwill in the receiver. Because people like to receive them. The products also lead to a favorable impression of the advertiser.

High recall :

Specialties lead to high recall of both the advertisers' name and message.

Supplementing other media :

A major advantage of promotional products marketing is its ability to supplement other media. As the costs are low and there are repeat exposures, the simplest message can reinforce the appeal or information provided through other forms. These promotional products have also been used to support trade shows, motivate dealers, recognize employees, and promote consumer and sales force contests.

Disadvantages of promotional products marketing include the following :

Image :

While most forms of specialty advertising are received as friendly reminders of the store or company name, the firm must be careful choosing the specialty item. The company may appear cheap by a chintzy or poorly designed advertising form.

Saturation :

With so many organizations now using this advertising medium, the market place may become saturated. While a company can always use another ballpoint pen or book of matches, the value to the receiver declines if replacement is too easy, and the likelihood that you will retain the item or even notice the message is reduced. The more unusual the specialty, the more value it is likely to have the receiver.

Lead time :

The lead time required to put together a promotional products message is significantly longer than that for most other media. Even with its disadvantages, promotional products marketing can be an effective medium.

Measurements in Promotional Products Marketing

Owing to the nature of the industry, specialty advertising has no established ongoing audience measurement system. Although researches have been heard to determine the impact of this medium, however, the results are not very encouraging.

Other Traditional Support Media :

There are numerous other traditional ways to promote products. Some are as follows:

Movie theater advertising

A very potent method of delivering the message used significantly is movie theaters to promote products and/or services. Commercials shown before and during intermission of the film having both local and national sponsorships are regularly shown in movie theaters. Apart from that, advertisements in theater lobbies, at kiosks, and on popcorn tubs and drink cups are used. Companies like PepsiCo, Coke, Burger King, Mc Donald's, Pizza Hut, Gwalia etc frequently advertise their brands in movie theaters. Studies have estimated that more than one half of all theaters show ads before the films.

Consumer reaction to ads in movie theaters is mixed. Some studies have shown that most people think these ads are annoying or very annoying. In some cases, local legislatures in states and Union territories have enacted bills in response to public reaction against the commercials..

Advantage of movie theater Advertising

Exposure to a the number of people attending movies is substantial: **Mood** : if viewers like the movie, the mood can carry over to the product advertised.

Cost of advertising in a theater varies from one location to the next. However, it is low in terms of both absolute and relative costs per exposure.

Recall rates are high as viewers can recall the ads they saw in a movie theater.

Clutter is less in movie theaters. Most theaters limit the number of ads.

Proximity or adjacent to shopping malls which brings potential customers "right next door".

Segmentation is a key advantage of movie advertising with the ability to target specific demographic segments. The profile of the moviegoer is above average in education and affluence. The movie titles and ratings enable advertisements to reach specific groups.

Disadvantage of movie theater Advertising

Irritation : A strong disadvantage is that many people do not wish to see advertising in these media. A number of studies suggest that ads in movie theater may create a high degree of

annoyance. This dissatisfaction may carry over to the product itself, to the movies, or the theaters.

Cost : Although the cost of advertising in local theaters has been cited as an advantage because of the low rates charged, however ads exposed nationally are often as much as 20 percent higher than an equal exposure on television. CPMs also tend to be higher than in other media.

Although only two disadvantages of theater advertising have been mentioned, the first is a strong one. Many people who have paid to see a movie perceive advertising as an intrusion. In one of the studies by Michael Belch and Sciglimpaglia, many moviegoers stated that not only would they not buy the product advertised, but they would consider boycotting it. So advertisers should be cautious in their use of this medium. If they want to use movies, they might consider an alternative placing products in the movies.

In-Flight Advertising

Another rapidly growing medium is **in-flight advertising**. As the number of flying passengers, so too does the attractiveness of this medium. In-flight advertising includes:

- *In-flight magazines.* Free magazines published by the airlines are offered on almost every plane in the air. Jet Airways, Air-India as well as Indigo come up regularly with such magazines, which are not just covering the locations of their route, but also other aspects like tourist information, hotels, specialities of the destinations and a host of ads.
- *In-flight videos.* In-flight videos have been common on international flights for some time and are now being used on domestic flights. Commercials were now being used on domestic flights. Commercials were not originally included in these video. While not all airlines offer in-flight commercial, companies like Japan Air Lines, Delta, American, and Alitalia are participating.
- *In-flight catalogs.* Almost all domestic airlines as well as international airlines offer in-flight shopping catalogs
- Flight attendants promote various brands through strategic locations of signs, symbols etc on their costumes, in meal trays, on drink glasses etc.

Advantages and Disadvantages of In-Flight Advertising. Advantages of in-flight advertising include the following:

1. *A desirable audience.*
2. *A captive audience..*
3. *Cost.* The cost of in-flight commercials is lower than that of business print media.
4. *Segmentation capabilities.* In-flight allows the advertiser to reach specific demographic groups, as travelers to a specific destination. For example, both business and pleasure travelers flying domestic or international can be targeted.

Disadvantages of in-flight advertising include the following:

1. *Irritation.* Many consumers are not pleased with the idea of ads in general and believe they are already too intrusive. In-flight commercials are just one more place, they think, where advertisers are intruding.
2. *Limited availability.* Many airlines limit the amount of time they allow for in-flight commercials.
3. *Lack of attention.* Many passengers may decide to tune out the ads, not use the headsets required to get the volume, or simply ignore the commercials.
4. *Wear out.* Given projections for significant increases in the number of in-flight ads being shown, airline passengers may soon be inundated by these commercials.

Sectional Chapter Objective

This section throws light on the media options which do not fall in the traditional category but are very much in use since a long time. These options require a different approach from the angles of methodology as well as application.

NONTRADITIONAL SUPPORT MEDIA

Branded Entertainment

Perhaps the major change that has occurred in the area of integrated marketing communications over the past few years is the enormous growth associated with **branded entertainment**. Branded entertainment is a form of advertising that blends marketing and entertainment through television, film music talent, and technology. The goal is to use entertainment media to gain consumers attention and exposure to products and/or brands.

Some of the ways companies use branded entertainment are explained as below.

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Although **product placements** account for only a small portion of major advertisers' budgets, the use of this medium has increased tremendously in recent years

Product Placements Although **product placements** account for only a small portion of major advertisers' budgets, the use of this medium has increased tremendously in recent years. Industry analysts expect this trend to continue as placements move from traditional media to alternative media as consumers' lifestyles changes.

However, it needs to be emphasized that product placements are not a new phenomenon as placements are known to have existed as early as the 1930s and were commonly employed via soap operas in the 1950s. However, it was not until the turn of the century that the number of placements skyrocketed. Today, product placements are used to gain exposure by numerous companies large and small and are a very important part of the IMC strategy for companies like Tata Motors, GCMMF(Gujarat Cooperative Milk Marketing Federation) commonly known as Amul, Proctor & Gamble, Samsung etc. Much of the logic behind product placement is that consumers may not have the same negative reactions to it as they may to a commercial. Further, research has demonstrated that associations with a program or movie-or particularly with a celebrity- will enhance the image of the product and, in some instance, lead to increased sales.

Given intense growth in the number for product placements; some marketers are concerned that placement may become too common. It is very rare to watch a movie or TV show without being exposed to one or more placements. Consumers may perceive them more like ads and, a result, they may have less impact on the viewer. Some industry watchdogs have called for more regulation of placements, contending that they blur the rules against requiring placement disclosures on TV shows.

However, product placements continue to increase both in number and in rupee amounts. In addition, placements are appearing in media and situations never before imagined.

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A more involved form of product placements actually leads to the placement being integrated throughout the program content and /or script by making it a part of the storyline or the plot of the program. In product integration the product is woven throughout the program or becomes the search for new program content, and itself

Product Integration A more involved form of product placements actually leads to the placement being integrated throughout the program content and /or script by making it a part of the storyline or the plot of the program. In product integration the product is woven throughout the program or becomes the search for new program content, and itself. Like product placements, product integrations are on the increase as the networks continue to search for new program content, and the proliferation of cable media channels affords marketers with numerous integration opportunities..

Advertainment The creation of video and/or music content by an advertiser in an attempt to entertain viewers while advertising their products is known as advertainment.

Content Sponsorship Rather than developing their own content, some advertisers agree to sponsor specific programs, receiving products placements and promotion in return.

Ad-Supported Video on Demand (VOD) VODs are specialized content programs offered through cable TV networks that are developed by advertisers and provided to the cable operations for free.

Others forms of branded entertainment continue to develop though wireless, mobile, and “branded location,” space does not allow us to discuss each in detail. We have to accept that the use of branded entertainment continues to increase and will continue to do so as more and more technological innovations provide opportunities.

Advantages of Branded Entertainment a number of advantages of branded entertainment has been suggested:

1. *Exposure.* With respect to product placements, a large number of people see movies each year. The average film is estimated to have life span of three and one-half years, and most moviegoers add very attentive audience members, when this is combined with the increasing home video rental market and network and cable TV

High exposure numbers are also offer for TV placements, based on the ratings and possibility to direct the ad to defined targeted market.

2. *Frequency.* Depending on how the product is sued in the move, there may be ample opportunity for repeated exposures.

3. *Support for other media.* Branded entertainment supports other promotional tools. A trend in the movie industry is to have the client that is placing the product cross- promote the product and movie at multiple media venues as well as through sales promotions.

4. *Source association.* As some consumers see their favorites TV celebrities or movie stars using certain brands, the association may lead to a favorable product image or even to sales.

5. *Cost.* Although the cost of branded entertainment may range from free samples to anything, the latter is an extreme. The CPM for this form of advertising can be very low, owing to the high volume of exposures it generates.

6. *Recall.* A number of firms have measured the impact of product placements on next day recall. Results have appeared encouraging.

7. *Bypassing regulations.* In the United States as well as many foreign countries, some products are not permitted to advertise on television or to specific market segments. Product placements

and integrations have allowed the cigarette and liquor industries to have their products exposed, circumventing these restrictions. Recently there have been attempts to control the bypassing of regulations. However, in India, smoking in a film as well as in a television program has to be not shown as promoting the activity itself. Whenever such a scene comes as part of the story or depiction of any person, a patch comes over it, wherein the cigarette or cigar is not visible and only the patch is.

8. *Acceptance.* Studies have revealed that viewers are accepting product placements and in general evaluate them positively, though some products are perceived as less acceptable. Other studies report similar results, with one showing that as many as 80 % of consumers saying to having a positive attitude toward placements. In one of the studies, 43% said they found placements to be funny, 39% found them to be informative, and 35% found them entertaining and interesting.

9. *Targeting.* Content sponsorships and VOD may effectively reach potential customers with a strong interest in the subject matter.

Disadvantages of Product Placements Some disadvantages are also associated with product placements:

1. *High absolute cost.* Although the CPM may be very low for various forms of branded entertainment, the absolute costs may be very high, pricing some advertisers out of the market. With an ever increasing demand for branded entertainment, coupled with the rising emphasis by the studios for cross-promotions costs go up considerably and there is no looking back..

2. *Exposure Time.* Although the way some products are exposed to the audience has an impact, there is no guarantee viewers will notice the product. Some product placements are more conspicuous than others. When the product is not featured prominently, the advertiser runs the risk of not being seen.

3. *Limited appeal.* There is a limited appeal that can be made in some of these media forms. There is no scope for discussing product benefits or providing detailed information. Rather, appeals are limited to source association, use and enjoyment. The endorsement for the product is indirect, and the flexibility for product demonstration is subject to its use in the medium.

4. *Lack of control.* In many movies, the advertiser has no control over when and how often the product will be shown. Many companies have found that their placements in movies did not work as well as expected.

5. *Public reaction.* A large cross section of TV viewers and moviegoers are incensed at the idea of placing ads in programs or movies. They are clear in maintaining the barrier between program content and commercials. At times, placements and integrations has led many consumers to be annoyed by what they consider to be crass commercialization.

6. *Competition.* The appeal of branded entertainment has led to increased competition to get one's product placed, increasing demand and costs. Every company is using it as promotion tool and this has resulted in a lot of clutter in the category itself so much so that its credibility is doubted many times by the audience.

7. *Negative placements.* Certain products may appear in movie scenes that are disliked by the audience or create a less than favorable mood.

8. *Clutter.* The rapid growth of branded entertainment tie-ins has led to an overwhelming number of placements and integrations as noted previously. Just like all other forms of advertising, too many placements and integrations have lead to and will eventually lead further to clutter and loss of effectiveness.

Measurement inn Branded Entertainment Along with the rapid growth in branded entertainment have come a number of research studies and companies attempting to monitor and measure the impact of this media form. However, there is no one accepted standard used by advertisers or industry members. A number of high-profile companies now offer services in this area .

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In addition to branded entertainment another nontraditional way that advertisers are now attempting to reach consumers is referred to by a variety of names including guerilla marketing, Stealth Street, buzz, ambush, or viral marketing. Whatever may be its name, there seems to be no end in sight to where advertisers will attempt to reach their audience/customers.

Guerilla Marketing In addition to branded entertainment another nontraditional way that advertisers are now attempting to reach consumers is referred to by a variety of names including guerilla marketing, Stealth Street, buzz, ambush, or viral marketing. Whatever may be its name, there seems to be no end in sight to where advertisers will attempt to reach their audience/customers. While previously targeted primarily to college students and others of the same age group, these efforts have now been expanded to reach additional audiences as well. In addition, larger portions of the communications budgets are being allocated to this media form, and the size of the various projects is getting larger as well commonly employed by brands such as Pantaloons, Taj Mahal Tea, Samsung GALAXY Tab etc. These guerilla-type of campaigns are now being adopted by companies targeting broader audience, business-to-business customers, and for social causes. Thus, many marketers believe that these media have now become “main stream.”

Miscellaneous Other Media

The variety of options for placing ads appears endless. Obviously, we have reported on only a few of these. Further Chapter will discuss a few more, specifically online vehicles. Some of the faster growing and more widely used options are listed below:

- *Videogame ads.*
- *Parking lot ads.*

- *Bathroom ads.*

- *Place-based media.*

- *Other* like light boxes in subways are also being used.

Advantages and Disadvantages of Miscellaneous Alternative Media

Advantage of alternative media include the following:

- *Awareness and attention.* A major advantage of these tactics is their ability to attract attention. Their novelty and the nontraditional locations in which they appear make them very probable to create awareness and gain attention.
- *Cost efficiencies.* Because of the nontraditional nature of alternative media, many advertisers are using media not previously used for advertising which do not require high expenditures. As such, the absolute and relative costs are not yet that high.
- *Targeting.* Depending on the tactic used, the campaign can be much targeted. It can be exposed only to a specific event, location, age, or interest group.

Disadvantages of alternative media include the following:

- *Irritation.* Unless the advertiser is careful, advertising placed in the wrong medium generates negative impact, resulting in irritation, negative attitudes toward the advertiser, or even opportunities for the competitor.
- *Wear out.* For now. Just like any other medium, any of these campaigns attract consumer interest. As the number of efforts increases, however, there is the potential to lose the uniqueness associated with them.

Chapter ending cases

India : Case Studies

Digital Media Across India

Nowhere is the social media market more paradoxical than in India. With a low Internet penetration rate (figures range from 5 - 15%), one would expect the social media market to be a forgone entity in India. However, the opposite is true. India is amazing in the truly diverse nature of its Internet and mobile use. You can walk up an ordinary street in any city and notice the spectrum of media audiences with your own eyes: the poor who have not even heard of the Internet but have mobile connections anyway; the middle-aged white- and blue-collar workers who're still grappling with web 1.0; finally, you end up with a wide range of people who're so tech-savvy that they'd give the best in the world a run for their money: start-ups that specialise in social media, geeky teens and even large conglomerates that seem to have suddenly woken up to the power of social media.

Those low internet penetration rates may put off a number of companies from investing in social media; however, **two things** must be borne in mind while thinking about Internet and Indian audiences:

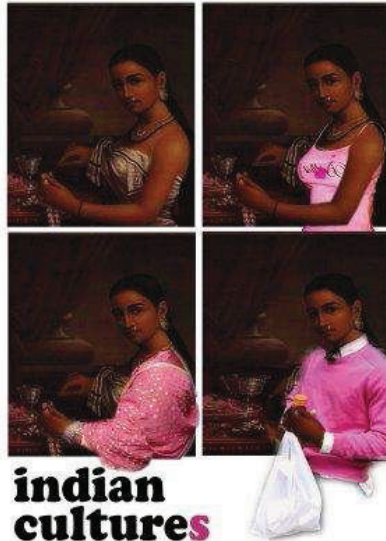
The low penetration rate still translates into huge numbers because of the large population of India which is close to 1.2 billion. Hence, even if we assume that there is only a 5% penetration rate in India, the total number of people able to access the Internet comes to around 60 million! Most surveys of Internet penetration rates take into account people who use the Internet via broadband or dial-up connections. However, a vast number of people actually access the Internet through their mobile phones also. These numbers cannot be reliably detected but they do make up a sizeable chunk of the population. Moreover, considering that 10 million new mobile connections are added every month (on average) the target audiences will increase exponentially. Many people think about India as a primitive market where chances of success are low from a marketing or even awareness perspective. However, the three case-studies below will show how social media does work in an Indian context. Each study illustrates a different target audience which shows how social media has worked in radically different situations. And how!

#1 The Pink Chaddi Campaign

Provocative, risqué yet superbly effective, the Pink Chaddi (underwear) campaign had caught the imagination of the youth of India and has grown rapidly via just word-of-mouth and Internet activism.

It is a nonviolent protest movement launched in February 2009 in response to notable incidences of violent conservative and right-wing activism against perceived violations of Indian culture, when a group of women were attacked in a pub in Mangalore. To counter the disturbing trend of right-wing Hindu volunteers beating up women going to pubs or wearing clothes they don't approve of, Bangalore-based Alternative Law Forum (ALF) launched a satirical campaign to support India's "Pubgoing Loose and Forward Women". The Pink Chaddi Campaign asks women to send pink chaddis (underwear) to the ALF to forward to one of the bullying organisations, the Shri Ram Sene, which threatened to attack couples found celebrating Valentine's Day.

Active support, especially from college students, ensured that the campaign received widespread media coverage and the [Facebook group](#) saw numbers of members growing exponentially in the following days.



DO YOU ENJOY WATCHING
WOMEN BEING BEATEN UP?

Women across Karnataka are being attacked.
The state government isn't doing anything.
We need to intervene! Tomorrow it will be one of us!

Don't turn a blind eye.

1. Call the police.
2. Remember what the attackers looked like.
3. Note down details of the attackers' vehicles.
4. Shout, throw things, gather a crowd, chase the attackers away.

Pics from: pinkchaddicampaign

#2 [Sunsilk Gang of Girls](#)

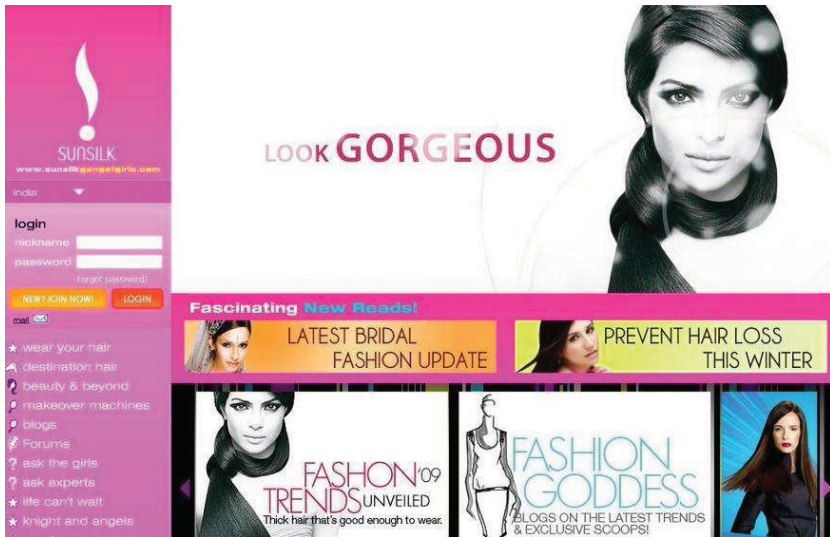
Gang of Girls is a successful online girls' community created by [Sunsilk](#) in India and the Philippines.

Sunsilk, renowned for its product development initiatives saw stiff competition from new players in the shampoo market. As a result, it decided to engage the end-users directly instead of offering freebies and price-cuts. Leveraging on the fact that Sunsilk already had an existing site, it started a special forum seeking to engage girls in the age group 18-25 and provided them with an active forum to discuss their hair-related issues. As a result, it managed to create a special bond with the younger audience which could relate with the company as well as were grateful for an online forum where they could gang up with an exclusive community of girls and get solutions to their problems.

The site had over 5 lakh registered users in 6 months, 30000 gangs and an average user spent 28 minutes on the site.

As they say in the [FAQs](#)"Pining together for that perfect pair of shoes, heated debates over local food, collective knees going weak over Bon Jovi. That's what 'girl' bonding is all about. There's something very special about the time a girl spends with her girlfriends. Sunsilk 'Gang of Girls' enables girls across the world to connect with one another and have a lot of 'girly' fun."

It includes a tie up with the [Kolkata Knight Riders cricket team](#), [Get Fit the Cheerleader Way](#), and [Makeover Machine](#).



Self-Assessment Exercises

Throw light on importance of advertising in business?

Enlist the different types of media tool of traditional media. Which is the most effective according to your opinion?

Enlist the different types of media tool of non-traditional media. Which is the most effective according to your opinion?

If an IT company wants to launch it's product in market, which is the best media for advertising it's product? If this company has limited amount of fund for advertising, will your answer change?

Trends & Innovations

EOI: The Newest Trend in Out of Home Media

TAB's new EYES ON Measurement System is the next best thing for the outdoor media industry, opening the doors to a brand new way of determining the effectiveness of media units. Traditionally,



outdoor media has been measured in terms of *daily estimated traffic counts (DEC)*. Now, with the new method of *EYES ON impressions (EOI)*, this medium can now be measured more accurately. While EOI includes certain features of traditional media (impressions, reach & frequency, demographics), it also reports who actually views the ad. This is the first time that marketers are able to gather this data from outdoor media.

Several data sources are used to determine EYES ON ratings – street and highway traffic counts, travel surveys (traveling by car, foot or public transportation), and a database of outdoor media units. From those sources, including the media unit's location, traffic counts and travel survey data, *circulation (the number of people passing each unit)* can be calculated. While this is an interesting statistic, it does not completely measure because it does not take into consideration the size and position/location (right/left hand read) of a specific media unit. So, the circulation number is actually overstated. EOI, however, takes these factors into consideration to determine the probability of that unit being seen. EOI is able to calculate the *EYES ON audience* by multiplying the circulation by the probability of being seen. This then provides marketers with more detailed and accurate data to help them better position their outdoor media units.

In the words of Director of Integrated Media Planning, Michelle Marshall, *The out of home channel has not been enhanced in over 70 years, so the new ratings system is an improvement that will help planners analyze the return on their investment in years to come. Prior to the development of this technology and ratings system, they had to rely on travel audit bureau statistics of DEC to understand an outdoor media unit's audience. This is flawed. For example, two boards on the same location may have the same daily traffic, but their position, size and "surroundings" may affect their ability to be seen. While these two boards may have demanded the same price in the past, their actual effectiveness is not equal and EYES ON helps to differentiate these elements for planners and buyers. According to Michelle Marshall, digital becomes more common place in our markets, Further results will be seen on how EYES ON can help build successful campaigns and allow out of home campaigns to become a stand alone*

media channel, when traditionally they were “recommended” as one of multiple channels in a campaign.

Social Media Is Much More Than Just Social and Media

To be most effective in social media, it is helpful to think of its components as forming a cube, with social and media as two of the sides. The additional sides of this cube are object and timing. In modern society, we choose to have our objects define us. In other words, objects such as cars, houses, iPads, etc. define who we are as much as our actions do. “We buy watches not just to tell time, but to have a good time. We buy sunglasses not just to see better, but to be seen.” explains Debra Kaye an award winning innovation expert.



September 16, 2012 · [11 Comments](#) · [Jure](#)

The Unspoken Truth About Influential Liars

As Judge Judy says, “How do you know when teenagers are lying? Their lips are moving!” Does a similar test apply in the social universe today... “How do you know when online influencers are lying? Their Klout scores are rising!” By taking the actions necessary to be seen as experts or influencers many online users lie, either intentionally or unintentionally. According to If Klout , Retweets and likes will raise your score that may subconsciously motivate users to come up with something that is “likable,” even though it may not be the truth. It’s a lie with a high Klout score meaning someone is a star, an influencer, or an expert because those scores can be manipulated as easily as the media.



September 15, 2012 · [3 Comments](#) · [Jure](#)

Let’s Stop The Bull*hit – Traditional Media is Not Dead!

Traditional media is not dead now and never will be. Look closely at the survey results and you’ll see that people still want information; they are just changing the way they want to receive it. As the younger generation takes over, they might look for their news online BUT they are not abandoning traditional media altogether.

Where Influence Measurement Tools are Stymied

Measuring online influence is not an exacting science springing forth from today's social media vehicles, even though that's what Klout tells you. They're using a façade of what's happening today to cover up the simple fact that influence has existed for centuries and can't be measured as easily as they state. In fact Klout, Kred and the other tools work very hard to make us believe that the awareness they are measuring is equal to influence.

Social Media saving lives – two words at the time

Social Media saving lives – two words at the time...

Become Social in Social Media With Jugnoo

Many businesses today can benefit from using social media influencers to help inform and motivate others about their product or service. However, the major problem, though, is finding the right tool to point out the influencers who have the most likelihood of being helpful for your cause. Choose the wrong tool and you could be wasting a lot of time and money, while your competition is making sales. Most sites, which promise to measure social media influence, like Klout, are simply measuring popularity instead. It seemed like we would never have a tool that would truly be able to find these critical influencers, but along comes Jugnoo, the new on-demand social CRM platform (mobile and web) in the cloud.

It's Time to Stop Focusing on New Technologies

So how can I say that we should stop focusing on new technologies? What I mean is that we should stop focusing on the tools, and focus instead on what the internet and social media universe were meant to accomplish – building relationships and harnessing communities. I strongly believe that you can have the best technology, but if you have no relationship and no community, you will never be successful.

Actual company example

Online business using traditional media, now that's non-traditional

by Tony Fannin, President, BE Branded

The landscape of marketing has been very interesting to watch over the last 4-5 years. Roles have seemed to switch. Many marketers who relied heavily on TV and other traditional media have been dedicating more advertising money to online tactics. This makes sense, though they haven't abandoned mass media completely. There is still great value in reaching the masses and letting them know you exist and you have something of value to offer. This brings me to the second half of the observation, many virtual companies are putting more of their marketing

money into traditional, mass media, especially TV. It seems everyone is switching roles. Online is marketing offline and brick-and-mortar is marketing online. Why is that?

The biggest reason is that both groups realize that they are missing a large portion of their customers by relying too heavily on a single platform. Many understand why many physical stores are marketing more heavily online, but why are the virtual stores starting to pour dollars into traditional media? My belief is they are beginning to realize that individual customers still consume media differently. Remember the mantra of new media: “It’s a world of fragmented markets and niches. The long tail.”? While this is still true, many are seeing growth and revenue slowing way down. You see, just because people have many choices today, doesn’t mean they have quit reading magazines (which are making a strong come back in ad revenue and newsstand sales) and many TV shows are still popular. People still like watching TV.

So why are these virtual marketers advertising offline?

Mass reach and brand awareness are areas where they lack and haven’t been able to gain online. For example, Vistaprint had launched their first TV campaign. They are an online printer offering very inexpensive printing services on things such as business cards, letterhead, and trifold brochures. Their target are micro-businesses with less than 10 people. Asked why, Trynka Shineman, CMO for Vistaprint, said their visibility was very low. It was only 25% within their target market. That’s fine if you are a fairly new company, but they’ve been around since 1999. Not good. They are also committing dollars to direct mail, email marketing, catalogs, and give-aways. Now, if you’re thinking that the reason why their awareness numbers are low is because they have done very little marketing online or offline over those years, you’re wrong. Vistaprint spends over \$100 million a year in marketing, mostly online advertising and email marketing. Obviously, they aren’t reaching the micro-business owners. Ms. Shineman understands, they need a broader way to let their customers know they exist and have great values to offer them.

Google is another example of an online company pushing their product in traditional media. Now days, it’s hard to go to a larger city and not see an Android billboard or wrapped bus. I also constantly get postcards in the mail from Google and Verizon telling me how wonderful their smart phone is. Neither Google or Vistaprint have abandoned online marketing, nor should they, but they both realize to create critical mass and greater awareness, you need to employ mass media in the marketing mix. (hence, the name, “mass media”) Why is mass important? As Ms. Shineman states, “Sampling TV for the first time represented a chance to attract some new attention on a broader platform.” In other words, you need greater awareness for people to know there are other options out there. How will they know to search you if they don’t know you exist?

Watching this flip-flop between virtual marketers and brick-and-mortar marketers has been very interesting. It just reinforces the principle of knowing how and when to use each tactic in your marketing arsenal. It also supports the concept that no single platform is superior in all situations.

Monster Media 'breaks through Olympics ad clutter' with non traditional DOOH (Direct Out Of Home)



Monster Media worked with Eye on Tesco's virtual

supermarket launch, using Eye's Eyelite DOOH sites

[Monster Media](#) has commented on a number of digital out-of-home advertising campaigns it was involved in during the [London 2012 Olympics](#) – and how using 'non-traditional' DOOH methods brands were able to stand out among other advertisers.

Campaigns included a digital beach ball game promoting shoe company Sperry Top-Sider, running on a [gesture-sensitive](#) LCD wall set up by [Monster Media](#) near the Olympic sailing events.

"Using non-traditional DOOH networks, combined with interactive, dynamic content has been a great way to break through the advertising clutter that surrounds an event like the Olympics," says John Payne, Monster Media president. "These networks can now go beyond just presenting ads – the DOOH content can pull in viewers and engage them through longer periods of time."

Monster Media also partnered with [Eye](#) for the launch of [Tesco's interactive virtual supermarket at Gatwick Airport](#), which enables travellers awaiting flights to order groceries to be delivered upon their return, and created content for Westfield's custom photo postcards campaign. The project invited shoppers to have their photos taken by a [touch-enabled](#) LCD screen with

embedded camera, and to have those pictures augmented with their home country's flag and Westfield branding to create a virtual postcard.

How Much Would You Pay to Have Simon Cowell Sip Your Drink?

In an article in Brand Curve, a professional Marketing/ Branding blog, blogger Susan Gunelius discusses the outrageous cash brands are paying for their products to be featured in specific tv shows or movies in her post "Ford, Coke & AT&T Pay More to Sponsor American Idol!"

It goes to show that American Idol is still "hot", and every time the new season kicks off, the same three major sponsors were on board at a needless to say hefty price. Ford, Coca Cola and AT & T have all signed on as sponsors again paying \$35 million each to have their brand name and products featured on American Idol. This price is up from the \$30 million they forked over the previous season.

That money however allows Ford, Coke and AT&T to air their commercials during the show, post online content about the show and their sponsorship, as well as run off-air co-branded marketing programs. Even though most of the marketing plans and programs will remain similar to prior seasons, Ford said it promotes its Ford Escape Hybrid, Ford Edge crossover vehicle and its new Sync voice-activated systems more, and the top two finalists will receive Ford hybrids rather than Ford Mustangs as they had in prior seasons. This makes the environmentally conscious happy, as "it's great to see a focus on a more eco-friendly vehicle." Moreover, Nestle will be joining *American Idol* for another year as an off-air sponsor. The brand will hold a \$1 million interactive sweepstakes tied to their packages, and to an online element. the off-air sponsorship price tag for this season haven't been revealed yet, but last season, off-air sponsors reportedly paid \$1 million to have their brand names associated with the "all-powerful *American Idol* brand."

Many find it obnoxious to see the judge's cups with the Coke logo turned facing the camera in an obvious way, as well as interruptions from the singing show to Ford commercials, and excited idols singing around a car. The public has become very aware of these efforts, and we are not blind consumers, we are avid ones. We know very well that Simon, Paula and Randy don't bring those Coke cups from the hotel, and we are also aware that Ford isn't just being kind with free car giveaway. WE KNOW. That doesn't mean however that product placement isn't effective. It increases brand awareness, and sends us subliminal messages, and keeps the product/brand fresh

in our minds. These brands aren't just paying millions for nothing. They could get a billboard for hundreds, but they know the deal.

Oil Campaign Using All Non-Traditional Media

In order to receive the shiny WMU diploma, advertising students have to take a capstone course and create an integrated marketing campaign. This project last throughout the entire semester (3-4 months) and is the main focus of the course. Classmates choose teams (5-7 depending on the case) and start working ASAP... It is a competition after all. The class chose to compete in the Edventure Partners nation-wide American Petroleum Institute case for spring



2011.

One team had 5 people, 2 creatives, 2 focused on media, and one, focusing on account management. Of course there are struggles when working on a team, especially when everyone is stressed out for senior approaching graduation. One of the media students decided to focus on being a creative director while he still had the chance to use this outlet, meaning one of the creative people took over a market research role as well as doing some photoshop on the side. It's been a ride but it seems to work (most of the time).

At first, they were led in the direction that they were to promote "green energy" and conservation. They quickly nixed that after taking a long, hard look at exactly who they were working for- the American Petroleum Institute (API). While API does want to conserve as much energy as possible and does promote the use of renewable resources, they were supposed to actually EDUCATE our target about petroleum and oil. Yes, it is hard in a down economy, wars in the middle east, and gas prices approaching \$4. Especially when the target is college students and young professionals (ages 18-25). Moreover they can only use non-traditional media as well? That means no TV, print, newspaper, magazines, etc.

“Where to begin” was there main problem. There is SO MUCH information about petroleum, oil prices, oil consumption, importing, exporting, you name it. What do consumers actually need to know? The team decided to focus on educating consumers on how much America produces, consumes, imports, exports, amount of oil produced in America, how they can conserve energy, and where oil and petroleum is used.

They then broke our target audience into 2 segments: College Students ages 18-25 and Young Professionals ages 22-25. They needed to reach the whole age range, at the highest frequency possible. Only focusing on college students would miss the graduated, young professionals entering the work force, and vice versa.

Next they had to create a “big idea.” The team really struggled with this. How can they manage to reach their target with such a difficult purpose? They’re not selling a product, nor were they promoting something people want to hear about (after reading many negative views from primary data). They wanted to incorporate American pride but is that really whatt college students want to hear about? This isn’t their dad’s generation. Their professor finally kicked them in the butt and said “be edgy.” That was the turning point for our group.

They finally focused on a “big idea” that was edgy enough to entice the target market. **“It’s okay to be Crude.”** Now on to media- Street teams appealing to college campuses and young professionals in big cities, guerilla marketing tactics used for street furniture, as well as mobile applications, viral videos, subway advertising, etc. Also, there will be a large social media presence from the street team blogs and scholarships provided on Facebook. The goal is to educate so let’s help higher education as well! it had to encompass enough jazz to create a unique, attention-grabbing campaign. No more boring tv spots or blah newspaper ads. This was going to be HUGE. And sothey hope the judges think so too.

Skill- Building Exercises

1. Create a text material for a hoarding to be put at the city square in order to advertise a refrigerator brand. The hoarding size is 10ft by 12 ft.
2. In a pen of six inches length, what can you write to promote a brand of coffee.

Review Questions

1. What do you understand by support media ? Explain with two examples.
2. Explain branded entertainment ? How is it different from In-flight advertising ?

Self-check questions

1. Select five hoardings at prime locations of your city and list out the communication objectives to be served by them

2. View five feature films in your native language and identify the products/ services promoted in them. Classify them in different categories studied in this chapter

Comprehensive References and annotated Further study

news.adstruc.com.

Comm215.wetpaint.com

www.exchangeformedia.com

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Topics for Presentations

1. Out of Home Advertising
2. Branded Entertainment

Part B: Direct Marketing

Direct Marketing (Sectional Chapter Objective)

This Section goes into identifying the activities covered in direct marketing and the implications vis-à-vis that as part of overall marketing communications program. It gives a definition, elements included in it as well as the reasons for its growth across the world, besides the compatibility of direct marketing with other forms of integrating marketing communications.

(Following Marginalia in small type to be given to the left of the proceeding paragraph)

Direct Marketing is a valuable tool in the integrated communications program even though it seeks somewhat different objectives. In this chapter, we go into details of direct marketing and its role as a communications tool.

Direct Marketing

Although many companies continue to rely primarily on the other promotional mix elements to move their products and services through intermediaries, an increasing number are going directly to the consumer. These companies believe that while the traditional promotional mix tools such as advertising, sales promotion, and personal selling are effective in creating brand image, conveying information, and/or creating awareness, going direct with these same tools may result an immediate behavioral response. Direct marketing is a valuable tool in the integrated communications program even though it seeks somewhat different objectives. In this chapter, we go into details of direct marketing and its role as a communications tool. Direct marketing is one of the fastest-growing forms of promotion in terms of rupee expenditures, and for many marketers it is rapidly becoming the medium of choice for reaching consumers. Stan Rapp and Thomas Collins, through their book *Maximarketing* have proposed that direct marketing is the driving force behind the overall marketing program.

In the recent past, others have agreed. Ropp and Collins present a nine-step model that includes creating a database, reaching prospects, developing the sale, and developing the relationship. We begin by defining direct marketing and then examine direct marketing media and their use in the overall communications strategy. The section concludes with a basis for evaluating the direct-marketing program and a discussion of the advantages and disadvantages of this marketing tool.

Defining Direct Marketing

Direct marketing is a system of marketing by which organizations communicate directly with target customers to generate a response or transaction. This response may take the form of an inquiry, a purchase, or even a vote. Peter Bennett, in his *Dictionary of Marketing Terms*, defines direct marketing as: the total of activities by which the seller, in effecting the exchange of goods and services with the buyer, directs efforts to a target audience using one or more media (direct selling, direct mail, telemarketing, direct-action advertising, catalogue selling, cable TV selling, etc.) for the purpose of soliciting a response by phone, mail, or personal visit from a prospect or customer. First we have to differentiate between direct marketing and direct-marketing media. Direct marketing is an aspect of total marketing—that is, it involves marketing research, segmentation, evaluation, and the like, just as our planning model discussed in Chapter 1. It uses a set of **direct-response media**, including direct mail, telemarketing, interactive TV, print, the Internet, and other media. These media are the tools by which direct marketers implement the communications process.

(Following Marginalia in small type to be given to the left of the preceding paragraph)

Direct Marketing is not a 21st century phenomenon as many people believe. It has been around since the invention of the printing press in the 15th century..

The Growth of Direct Marketing

Direct Marketing is not a 21st century phenomenon as many people believe. It has been around since the invention of the printing press in the 15th century. However,, Ben Franklin in the early 1700s, and Warren Sears and Montgomery Ward were using this medium in the 1880s as direct marketers. But the major impetus behind the growth of direct marketing is attributed to the development and expansion of the U.S. Postal Service, which made catalogs available to both urban and rural dwellers. Catalogs revolutionized America's buying habits; consumers could now shop without ever leaving their homes. But catalogs alone did not account for the rapid growth of direct marketing. A number of factors world over have led to the increased attractiveness of this medium for both buyer and seller:

- *Consumer credit cards.*
- *Direct-marketing syndicates.* Companies specializing in list development, statement inserts, catalogs, and sweepstakes have opened many new opportunities to marketers. Moreover, the number of these companies continues to expand, creating even more new users.
- *The changing structure of society and the market.* Many people are now money-rich and time-poor..Moreover, rapid increase in dual-income families has meant more income. At the same time, the increased popularity of physical fitness, do-it-yourself crafts and repairs, and home entertainment have reduced the time available for shopping and have increased the attractiveness of direct purchases.

- *Technological advances.* The rapid technological advancement of the electronic media and of computers has made it easier for consumers to shop and for marketers to be successful in reaching the desired target markets.
- *Other factors.* A number of other factors have contributed to the increased effectiveness of direct marketing which includes changing values, more sophisticated marketing techniques, and the industry's improved image. These will also ensure the success of direct marketing in the future. The variety of companies employing direct marketing demonstrates its potential. Although some organizations rely on direct marketing solely to generate consumer response, for many others, direct marketing is an integral part of the IMC program. They use direct marketing to achieve other than sales goals and integrate it with other program elements.

The Role of Direct Marketing in the IMC Program

Initially considered as a supporting activity in the promotional mix, direct marketing is now becoming an important component in the integrated marketing programs of many organizations. In fact, direct-marketing activities support and are supported by other elements of the promotional mix and in some cases are the main activities over and above advertising .

Direct Marketing in combination with Advertising

Direct marketing is in itself is a form of advertising. Whether through mail, print, or TV, the direct response offer is an ad. It usually contains a toll-free number requesting mailing information. Sometimes the ad supports the direct-selling effort. For example, Big Bazaar runs image ads to support its store and catalog sales. Samsung and LG advertise their electronics and kitchen appliances , achieving a carryover effect of their image to their direct-response merchandise catalogs. Direct-response ads or infomercials are also referred to in retail outlet displays. Sometimes an advertisement will be sent through direct mail.

Combining Direct Marketing with Public Relations:-

Public relations activities often employ direct-response techniques. Private companies use telemarketing activities to promote products and services. Likewise, corporations and/or organizations engaging in public relations activities may include toll-free numbers or website URLs in their ads or promotional materials. Direct mail has also been shown to be effective in recruiting job candidates.

Combining Direct Marketing with Personal Selling

Personal selling is done through telemarketing and direct selling. Profit as well as Nonprofit organizations like charities often use telemarketing to solicit funds. Companies are also using telemarketing with much greater frequency to screen and qualify prospects (which reduces selling costs) and to generate leads. Direct-mail flyers and pieces are often used to invite prospective customers to visit auto showrooms to test-drive new cars; thereafter the salesperson

assumes responsibility for the selling effort. Maruti Suzuki Ltd and Hyundai Motors India Ltd are examples demonstrating effective use of this approach.

Combining Direct Marketing with Sales Promotions

It is innumerable times that we receive a direct-mail piece notifying us of a sales promotion or event inviting us to participate in a contest or sweepstakes? Property promoters regularly mail announcements of special event to promote their ongoing projects. Airlines, retail outlets send out mailers or emails announcing promotional events. Electronic goods dealers and durables dealers in coordination with their companies call their existing customers to notify them of special sales promotions. Each of these is an example of a company using direct-marketing tools to inform customers of sales promotions. On the other hand, the sales promotion event may support the direct-marketing effort. Databases are often built from the names and addresses acquired from a promotion, and direct mail and/or telemarketing calls follow.

Combining Direct Marketing with Support Media

Promotional product can be added to a direct mailer which may prove to increase response rates. In order to test its effectiveness, a company included a promotional product in half of its and not in the other half. The former generated 65 percent more orders.

In order to successfully implement direct-marketing programs, companies need to make a number of decisions. Just like other marketing programs, they must determine (1) what the program's objectives will be; (2) which markets to target (through the use of a list or marketing database); (3) what direct-marketing strategies will be employed; and (4) how to evaluate the effectiveness of the program.

Objectives of Direct Marketing (Sectional Chapter Objective)

This Section goes into purpose of direct marketing, nuances of a vibrant database, its development as well as the importance of sources and effectiveness of database/s

(Following Marginalia in small type to be given to the left of the preceding paragraph)

The objectives of the program are normally behaviors—for example, test drives, votes, contributions, and/or sales

Objectives of Direct-Marketing

Direct response is the natural expectation of a direct marketer. The objectives of the program are normally behaviors—for example, test drives, votes, contributions, and/or sales.

All direct marketing do not seek a behavioral response. Many organizations use direct marketing to build an image, maintain customer satisfaction, and inform and/or educate customers in an attempt to lead to future actions.

Developing a Database

As discussed earlier , market segmentation and targeting are critical components of any promotional program. Direct-marketing programs employ these principles even more than others,since the success of a direct-marketing program is in large part tied to the ability to do *one-to-one marketing*. In order to segment and target their markets, direct marketers use a **database**, a listing of customers and/or potential customers. This database is a tool for **database marketing**—the use of specific information about individual customers and/or prospects to implement more effective and efficient marketing communications.

Database marketing effort has to be an integral part of the overall IMC program. At the very minimum, this list contains names, addresses, and pin codes; more sophisticated databases include information on demographics and psychographics, purchase transactions and payments, personal facts, neighborhood data, and even credit histories. This database serves as the foundation from which the direct marketing programs evolve. Databases are used to perform the following functions:-

- *Improving the selection of market segments.* Some consumers are more likely to be potential purchasers, users, voters, and so on than others. By analyzing the characteristics of the database, a marketer can target a greater potential audience.
- *Stimulation of repeat purchases.* After a purchase has been made, the customer's name and other information are entered into the database. These people are proven direct marketing users who offer high potential for repurchase.
- *Cross-selling.* Customers who demonstrate a specific interest also constitute strong potential for other products of the same nature. A life insurance policy from ICICI Prudential Life Insurance company can be targeted to a customer already having other products and or/services from the same organization.
- *Customer relationship management.* Customer relationship management (CRM requires that the marketer develop and maintain a significant amount of information about its clients. It aims to establish a relationship with one's customers through affinities, personalized communications, and product/service offerings. For CRM to work effectively, database is essential. While CRM relies on technology specifically designed for managing customer relationships, there are overlapping characteristics of CRM and database marketing. Many of the techniques employed in database marketing are necessary to develop an effective CRM program.

Numerous companies have established and keep on improving comprehensive databases on existing and potential customers all over the world. Database marketing has become so common that many people are concerned about invasion of privacy. Direct marketers are equally

concerned . The various associations of direct marketers all over the world have asked their members to adhere to ethical rules of conduct in their marketing efforts. It points out that if the industry does not police itself, the government will.

Sources of Database Information

There are many sources of information for direct-marketing databases:

- *Census of India.* Census data provide information on almost every household in our country. Data include household size, demographics, income, and other information.(www.census.gov.in)
- *The Indian Postal Service.* Postal Pin codes provide information on both household and business locations.
- *List services.* Many providers of lists are available. The accuracy and timeliness of the lists vary.

Manufacturers of Consumer-goods, banks, mobile phone service providers, credit bureaus, retailers, charitable organizations, and other business operations also sell lists and other selected information. Organizations can build their own databases through completed warranty cards, surveys, and so on.

Determining the Effectiveness of the Database

Although many companies maintain a database, many do not use them effectively. It is not enough to only collect names and information ; the list needs to be regularly updated as well as purged of old and/or inactive customers. The more the information about customers that can be contained in the database, the more effective it will be. Data need to be entered each time there is a transaction so the company can track how recently purchases have been made, how often they are made, and what amounts of money are being spent. In addition, tracking which products and/or services are used increases the ability to conduct the activities previously mentioned . By analyzing the database on a regular basis, the company or organization can identify trends and buying patterns that will help it establish a better relationship with its customers by more effectively meeting their needs.

Direct-Marketing Strategies and Media

All communications programs involve media decisions. The major difference between direct-marketing programs and other promotional mix programs relates to the use of media.

Direct marketing uses a number of media, including direct mail, telemarketing, direct-response broadcasting, the Internet, and print. Although each medium is used to perform specific functions, they all generally follow a one- or two-step approach.

In the **one-step approach**, the medium is used directly to obtain an order. Numerous TV commercials are there for products like kitchen appliances, cosmetic products, or health equipments where the viewer is urged to phone a toll-free number to place an order immediately. Usually these ads accept credit cards or cash on delivery and give an address. Their goal is to generate an immediate sale when the ad is shown.

The **two-step approach** may involve the use of more than one medium. The first effort is designed to screen, or qualify, potential buyers. The second effort generates the response. For example, many companies use telemarketing to screen on the basis of interest, and then follow up to interested parties with more information designed to achieve an order or use personal selling to close the sale.

Direct Mail

Direct mail is the unsolicited mail one receives, often referred to as “junk mail.” Increasingly more advertising rupees continue to be spent in direct mail than in almost any other advertising medium. Direct mail is not restricted to small companies seeking business. Big, old, established and respected large companies such as Tata Motors, Reliance Industries, and Godrej and Boyce Ltd have increased their expenditures in this area, as have many others.

Many advertisers shied away from direct mail in the past, doubtful of the image it might create or harboring the belief that direct mail was useful only for low-cost products. But it is no longer true. Companies like Maruti Suzuki Ltd, Tanishq from the House of Tatas, Hero Moto Corp, Raymonds etc are creatively using this media to make better and respectable impressions on their markets and are getting good results from the same.

A very crucial element essential for the success of direct mail is the **mailing list**, which constitutes the database from which names are generated, and the ability to segment markets. Lists have become more current and more selective, eliminating waste coverage. Segmentation on the basis of geography (usually through Pin codes), demographics, and lifestyles has led to increased effectiveness. The most commonly used lists are of individuals who have already purchased direct-mail products. These need to be updated regularly.

The importance of the list has led to a business of its own. It has been estimated that there are over billion of names on lists, and many companies have found it profitable to sell the names of purchasers of their products and/or services to list firms.

Although direct mail continues to be a favorite medium of many advertisers, and projections are that the market will continue to grow, this medium has been seriously threatened by the Internet.

Between 1996 and 2001, when direct-mail expenditures rose at the rate of 6.15 percent per year, Internet expenditures increased at the rate of 95 percent. But the Internet is both a threat and an opportunity, as Internet companies have increased their expenditures in direct mail to drive potential customers to their sites. A host of companies, particularly in the business-to-business market, have shifted from print to online catalogs, and legal problems have also hurt the industry.

Catalogs

Major participants in the direct-marketing business include catalog companies. The number of catalogs mailed and the number of catalog shoppers have increased significantly since 1990s.

Apart from traditional hard copies, catalogs are now available on the Internet for both consumer and business-to-business customers. In some instances in the consumer market the catalog merchandise is available in retail stores as well. In others, the catalog and retail divisions are treated as separate entities. In some cases one can purchase through the catalog and exchange or return the merchandise to the retail stores. In some cases, the catalog is used to supplement the inventory in stock, and phone orders for different sizes and so on can be made from the store and shipped for free.

Broadcast Media

The success of direct marketing in the broadcast industry has been truly remarkable. The broadcast media available to direct marketers are television and radio. While radio was used quite extensively in the 1950s, its use came down in between mid 1980s to mid 1990s, but again picked up since then and in the current times is as effective as Television. Every Metro city, state capital and some other cities in every state of India are having at least 2 to 3 FM radio stations currently. Major direct-marketing broadcast advertising now occurs on TV along with Radio, which we discuss here.

Direct marketing in the broadcast industry consists of both direct-response advertising and support advertising. In **direct-response advertising**, the product or service is offered and a sales response is solicited. Examples include ads for magazine subscriptions, CDs and tapes, and tips on music or food recipe books etc.. Toll-free phone numbers are included so that the receiver can immediately call to order. **Support advertising** is designed to do exactly that—support other forms of advertising. Ads for kitchen appliance companies or other companies telling the viewer or listener to look in their mailbox for a contest entry are examples of support advertising.

Direct-response TV comprises a number of media, including direct-response TV spots as above, infomercials, and home shopping shows (teleshopping). It is not a very old phenomenon, but is strong and is increasing in presence as well as in intensity.

Infomercials

An **infomercial** is actually a long commercial/advertisement ranging from 30 to 60 minutes, generally produced by the advertisers and are designed to be viewed as regular TV shows. Consumers dial a toll free phone number to place an order. Programs such as Telebrands, Homeshop 18 etc are not just showing a 30 to 60 minute detailing of products/services offered by other companies in a manner that immediate or swift ordering is expected by the viewers through toll free numbers with multiple payment options including cash on delivery. Earlier it used to be some selected marketers doing this, but now even conventional mainstream marketers are using it prominently.

Home shopping

With the development of toll-free telephone numbers, in combination with the widespread use of credit cards, a dramatic increase in the number of people has taken place who shop via their TV sets. Mobile phones, jewelry, kitchenware, fitness products, insurance, footwear, dress materials, sarees, home furnishing and cleaning products, compact discs, and a variety of items are now promoted (and sold) this way. As these ads/programs have to compete with the clutter of other ads and because the space is relatively expensive, response rates and profits may be lower than in other media. However, this does not mean these media are not used. In fact, they are increasingly used.

Telemarketing

All of us have a telephone, and we are heavily exposed to a rapid increase in the use of **telemarketing**, or sales by telephone. Both profit and charitable organizations have aggressively employed this medium effectively.

As telemarketing continues to expand in scope, a new dimension referred to as **audio-tex** or **tele-media** has evolved. Many tele-media programs are interactive.

A host of problems associated with telemarketing include its potential for fraud and deception and its potential for annoyance. (It is just not acceptable that every time you sit down to dinner you receive a phone call from someone trying to sell you something or asking for a donation?) Telemarketers and tele-media industry have responded to public criticisms. As more and more large companies use tele-media, its tarnished image will likely brighten up. Internet shopping is a direct-response medium that traditional direct marketers are adding to their businesses as well.

Direct Selling

Direct Selling is an additional element of the direct-marketing program .which actually is the direct, personal presentation, demonstration, and sales of products and services to consumers in their homes. Tupperware, Amway, Avon etc are some of the best-known direct-selling companies all over the world.

It exists in majorly three forms

1. *Repetitive person-to-person selling.* It involves salesperson visiting the buyer's home, job site, or other location to sell frequently purchased products or services
2. *Non repetitive person-to-person selling.* The salesperson visits the buyer's home, job site, or other location to sell infrequently purchased products or services.
3. *Party plans.* The salesperson offers products or services to groups of people through home or office parties and demonstrations.

Although, a number of products and services are sold through direct selling, home and family care products and personal care products are the most popular.

Evaluating the Effectiveness of Direct Marketing

As direct marketing generate a direct response, measuring the effectiveness of direct-marketing programs is not difficult. Using the **cost per order (CPO)**, advertisers can evaluate the relative effectiveness of an ad in only a few minutes based on the number of calls generated. By running the same ad on different stations, a direct marketer can determine the relative effectiveness of the medium itself.

Advantages and Disadvantages of Direct Marketing (Sectional Chapter Objective)

This Section highlights the pros and cons of direct marketing with respect to reach, segmentation, frequency, flexibility, timing, personalization, costs, and effectiveness with respect to the audience.

Advantages and Disadvantages of Direct Marketing

The discussion earlier projects many advantages of direct marketing . However, some additions follow:

1. *Selective reach.* Direct marketing makes the advertiser reach a large number of people thereby reducing or eliminating waste coverage. Intensive coverage takes place through broadcast advertising or through the mail. Many people do not drive on highways where there are billboards or pay attention to TV commercials but almost all of us receive mails. It is required to have a list of such target wherein the possibility of response remains high. Such a good list allows for minimal waste, as only those consumers with the highest potential are targeted. An example can be HUL targeting housewives with a promotional message and a sample of Dove soap in a particular city of India to develop trial and interest before launch or even after launch.
2. *Segmentation capabilities.* Marketers can purchase lists of recent product purchasers, car buyers, bank-card holders, service users, telephone directories already made, and so on. These lists may allow segmentation on the basis of geographic area, occupation, demographics, and job title, to mention a few. It can be combining with the geocoding

capabilities of Prizm or VALS helping marketers develop effective segmentation strategies.

3. *Frequency.* The medium used will generate variety so that frequency of direct marketing is not less and it may be possible to build frequency levels. As the program vehicles used for direct-response TV advertising are usually the most inexpensive available, the marketer can afford to purchase repeat times. Frequency may not be so easily accomplished through the mail, since consumers may be annoyed to receive the same mail repeatedly.
4. *Flexibility.* Direct marketing can experiment and has experimented continuously with a variety of creative forms. P&G gets attached a pouch of shampoo with the daily newspaper on a predetermined day in a select set of localities for people to have it and try it. It can be done in numerous manners.
5. *Timing.* As compared to many media requiring long-range planning and having long closing dates, direct-response advertising can be very quick and precise for distribution to the target population. They harp quick and direct delivery with a very less price as compared to the retail outlet.
6. *Personalization.* This advertising medium personalizes the message in the best possible way. Mothers with children of different ages can be approached, with special child care products. Car owners are mailed letters congratulating them on their new purchase and offering long term service attractions as well as accessories. Computer purchasers are sent software solicitations, anti-virus solutions etc.. Graduating college students receive very personalized information that recognizes their specific needs and offers solutions (such as credit cards).
7. *Costs.* Although the CPM for direct mail may be very high on an absolute and a relative basis, its ability to specifically target the audience and eliminate waste coverage reduces the actual CPM. The ads used on TV are often among the lowest-priced available, and a video can be delivered for less than \$1 (including postage). A second factor contributing to the cost effectiveness of direct-response advertising is the cost per customer purchasing. As the cost of media is low, each sale generated is very inexpensive.
8. *Measures of effectiveness.* No other medium can measure the effectiveness of its advertising efforts as well as direct response. Here, the feedback is often immediate and always accurate.

Disadvantages of direct marketing include the following:

1. *Image factors.* Usually, the mail segment of this industry is often referred to as junk mail. It is perceived by many as promoting junk products as it is unsolicited, and others dislike being solicited.
2. *Accuracy.* One of the advantages cited for direct mail and telemarketing was targeting potential customers specifically. However, the effectiveness of these methods depends on the accuracy of the lists used. Due to migration or any other reason, people move,

change occupations, and so on, and if the lists are not kept current, selectivity will decrease. Computerization has greatly improved the currency of lists and reduced the incidence of bad names; however, the ability to generate lists and update them regularly is becoming a problem.

3. *Content support.* In direct-response advertising, the creation of mood is limited to the surrounding program and/or editorial content. Direct mail and online services are unlikely to create a desirable mood.
4. *Rising costs.* With ever rising postal rates increase, direct-mail profits are immediately and directly impacted.

Self-Assessment Exercises

1. Act as a direct marketer of some product or service in disguise to your class mates and observe their responses
2. Participate in a direct marketing exercise of a company in your city and concentrate on the objection which you have to their presentation. Analyze the reasons for the same.

Skill- Building Exercises

1. Present any topic to a group of friends and ask for their candid feedback.
2. List out the points of appreciation as well as points of criticism from that feedback.

Review Questions

1. How do companies use database marketing ? Explain how do they reach you after having your information from some source.
2. What is a 'do not call' list ? How is it important to direct marketing ?

Self-check questions

1. What are the conditions contributing to the successful implementation of direct-marketing programs ?
2. What in your opinion has contributed to the growth of direct marketing ?

Comprehensive References and Annotated Further Studies

www.mobileandinternetadvertising.com/

www.mailkit.eu/

<http://www.the-dma.org/>

www.directmarketingcenter.net

www.directmarketingcenter.net

<http://www.idsa.co.in/>

Topics for Presentations

1. Telemarketing
2. Direct Selling
3. Home Shopping

PartC: Sales Promotion

Chapter Opening Case Study

One of the ads of Ganga mineral water featured Govinda, film star of Hindi Films in India, banked on the purity aspect. They related the purity of the water with that of river Ganga. A conviction was tried to be created from the angle of purity. Buyers are moved to a position to try a product by creating interest and preference as they are convinced that a particular product in the class should be tried at the next opportunity. For this to happen, audience's beliefs about the product have to be moulded and this is often done through messages that demonstrate the product's superiority over a rival or by talking about the rewards as a result of using the product. It happened when Thumbs Up featured the reward of social acceptance as 'grown up' to be taken seriously and not lightly. Companies like Amway, Tupperware, Aqua Guard, are doing extensive personal selling in India which is responsible for their rapid growth.

Bajaj Pulsar motorcycle brand owned by Bajaj Auto in India, was developed by the product engineering division of Bajaj Auto in association with motorcycle designer Glynn Kerr Tokyo. According to Mr. Atul, Supervisor of Repairs and Service at the Pulsar showroom in Vasai west, the company started with four variants available -with engine capacities of 135 cc, 150 cc, 180 cc and 220 cc. previously The variant offered with 200 cc DTS-i oil cooled engine, has been discontinued. Pulsar is the leader in the 150 cc segment in India with a market share of 43%. Prior to Pulsar introduction, the Indian motorcycle market trend was towards fuel efficient, small capacity motorcycles (that formed the 80-125 cc class) and bigger motorcycles with higher capacity virtually did not exist (except for Enfield Bullet). In the first decade of 21st century, pulsar has grown tremendously from spoke rings to alloy wheels and from kick starter to self electric starter as well as from carburettor to fuel injection according to the demand of market and customer. It is through **personal selling** that marketing in showrooms is done by the employees. Bajaj uses **advertising** on television media and press media regularly and is known for its advertisement in the industry. **Press releases** are regular issued for various models as and when any new news or new launch in the models occurs

SALES PROMOTION

Sales Promotion (Sectional Chapter objective)

This Section highlights the role of sales promotion in the overall marketing communications program. It defines, explains as well as outlines the reasons for its growth across the world, It goes into the compatibility of sales promotion with other forms of integrating marketing communications.

Advertising alone is never enough to make products move off store shelves and into the hands of consumers. Companies have realized time and again that sales promotion methods targeted at both consumers and the wholesalers and retailers who distribute their products are essential to stimulate demand. In many companies, integrated marketing communications encompass

consumer and trade promotions seamlessly coordinated with advertising, direct marketing, and publicity/public relations campaigns as well as sales force efforts.

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Both consumer and trade-oriented promotions are used to influence the purchase behavior of consumers as well as wholesalers and retailers.

In this chapter, focus is on the role of sales promotion in a firm's IMC program. It will take us into examining how marketers use both consumer and trade-oriented promotions to influence the purchase behavior of consumers as well as wholesalers and retailers. Moreover, it will explore the objectives of sales promotion programs and the various types of sales promotion tools which can be used at both the consumer and trade level. Consideration will be given to the integration of sales promotion with other elements of the promotional mix. The problems that can arise when marketers become too dependent on consumer and trade promotions, specifically the latter, will get extensive coverage here.

Is there any scope of Sales Promotion ? Does it have any role ?

In a simple language, sales promotion is defined as "a direct inducement that offers an extra value or incentive for the product to the sales force, distributors, or the ultimate consumer with the primary objective of creating an immediate sale." It is very important to be aware of the aspects of sales promotion .

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It may be a coupon or price reduction, the opportunity to enter a contest or sweepstakes, a money-back refund or rebate, or an extra amount of a product, or anything else which the promoter can visualize.

Firstly, sales promotion aims at inducing by provides an extra incentive to buy. This incentive normally forms the key element in the promotional program. It may be a coupon or price reduction, the opportunity to enter a contest or sweepstakes, a money-back refund or rebate, or an extra amount of a product, or anything else which the promoter can visualize. It can be in the form of a free sample of the product, given in hopes of generating a future purchase, or a premium that serves as a reminder of the brand and reinforces its image When Olay skin care products are offered as a free sample through registering on the website of the company by females , the company is promoting the brand through a free gift aimed to generate a purchase decision later on.. Sales promotion attempts to add some value to the product or service as compared to advertising which appeals to the mind and emotions to give the consumer a reason to buy. Hyundai cars is doing sales promotion by suggesting possible or potential customers to buy one of its cars on or before a particular date, with a reduced on-road price. It is over and

above the advertising in TV by the company wherein the company makes an emotional appeal in a 10 second commercial.

Sales promotion also provides an inducement to marketing intermediaries such as wholesalers and retailers. Trade allowances or discounts give retailers a financial incentive to stock and promote a manufacturer's products. Contests in the trade directed toward wholesalers or retail personnel gives them extra incentive to perform certain tasks or meet sales goals. Sales promotion is essentially an acceleration tool aimed and designed to speed up the selling process and maximize sales volume. With an extra incentive to consumers, sales promotion techniques can strongly motivate them to purchase a larger quantity of a brand or shorten the purchase cycle of the trade or consumers by encouraging them to take more immediate action. Companies using limited-time offers is also prevalent in the form of as price-off deals to retailers or a coupon with an expiration date to accelerate the purchase process. Sales promotion aims to maximize sales volume by motivating customers unresponsive towards advertising. Ideally, sales promotion program generates sales that would not have been achieved by other means. In many cases, sales promotion offers end up being used by current users of a brand rather than attracting new users.

An interesting and final point with respect to sales promotion activities is that these can be targeted to different parties in the marketing channel. Sales promotion are having two major categories: consumer-oriented and trade-oriented promotions. Activities which are a part of consumer-oriented sales promotion include sampling, couponing, premiums, contests and sweepstakes, refunds and rebates, bonus packs, price-offs frequency programs, and event marketing. These promotions directed at consumers, the end purchasers of goods and services, are designed to induce them to purchase the marketer's brand.

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As part of promotional pull strategy, consumer-oriented promotions are used; they work along with advertising to encourage consumers to purchase a particular brand and thus create demand for it.

As part of promotional pull strategy, consumer-oriented promotions are used; they work along with advertising to encourage consumers to purchase a particular brand and thus create demand for it. These are also used by retailers to encourage consumers to shop in their particular stores. Many grocery stores use their own coupons or sponsor contests and other promotions to increase store patronage. Trade-oriented sales promotion consist of dealer contests and incentives, trade allowances, point-of-purchase displays, sales training programs, trade shows, cooperative advertising, and other programs designed to motivate distributors and retailers to carry a product and make an extra effort to push it to their customers. Many marketing programs incorporate both trade and consumer-oriented promotions, as it is always better to motivate both groups simultaneously, thereby maximizing the effectiveness of the promotional program.

GROWTH OF SALES PROMOTION

Growth of Sales Promotion (Sectional Chapter objective)

This Section emphasizes how sales promotion has grown to take an important share of the overall marketing communications program. Companies, big or small, classy or massy, old or new, all have found its significance worth emulating.

Although sales promotion has remained a part of the marketing process for a long time, its role and importance in a company's integrated marketing communications program have increased dramatically since the beginning of 21st century.

Consider the following discussion which is edited from an internet source

Upon discovering sales promotion techniques to push up consumption in difficult times, little did marketing wizards imagine that they would have unleashed a phenomenon for years to come. Sales promotion no longer remains a powerful marketing tool only, It has become an industry in itself. Globally, its worth some billions of dollars. In India it's a Rs 5,000-crore plus industry, and still growing. Factually, economic theories have always bowed to the boom-bust theory. A normal business cycle contains a period offering serious challenges to any business. It will be either due to technological changes or change in the behavior pattern of consumers. It may also be simply due to general demand slumps, a phenomenon which has possibly overstayed in today's context. Here are the times which need to be tackled differently and consumers have to be lured. Sales promotion techniques have helped generate not fresh demand, but they have also helped create new demand. As per marketing experts, sales promotion industry is here to stay. Moreover, it is expected to become more aggressive and certainly more innovative.

According to Rajiv Karwal, then CEO, Electrolux Kelvinator Ltd: "Sales promotion is an integral part of the overall marketing programmes for any brand today because competition has increased tremendously and the market size is still small, and that too spread across a huge geographical area. The Indian consumer is very value conscious and his purchasing power is limited. The penetration rates are still too low and hence most brands look at India as a potential volume oriented market which can open up only when a consumer sees tremendous value proposition. Sales promotion increases the value proposition, and is increasingly being used. FMCG companies are using mostly volume driving promotions and they are quite effective."

According to Hindustan Lever senior manager (purchase) S P Rao: "Its has completely changed the consumer mindset. He asks, 'what else?' every time he buys something." It is precisely the reason for the growth of sales promotion as a distinctive industry. As necessity is the mother of invention, in recessionary markets, sales promotion indeed is the single most important invention of the modern times. It started as distributing freebies along with mainline products and over a period of time, it has grown to become an indispensable tool in the hands of companies focused on creating market space for even not so convincing products. Moreover, as advertising takes a longer time to pay off, promotions promise instant gratification -- to buyers and sellers alike. According to Kapil Kapoor, MD, Timex Watches Ltd, Timex sales almost doubled during the promotion period: "Sales Promotions are a way of life not only in India but all over the world."

Consumers seek good value. Impetuous purchase is increasing and a lot of low risk/half-decided consumer cross over at a time they see good value."

In the words of Bhopinder Singh Sodhi, general manager, sales, Godrej Consumers Products: "The key is that sales promotion has helped avoid brand as well as value dilution in times when consumers were shying away." As a result of it , companies, instead of cutting prices, have resorted to other things to woo back consumers. Moreover, these effectively lower price rationalization in the hands of the seller, but they do not bring down the value of sales. Buyers perceive them as a form of value addition. Our thumb rule is that in four weeks of consumer promos, we sell through eight weeks of sales."

(Source:http://articles.economicstimes.indiatimes.com/2003-06-15/news/27565015_1_promotion-marketing-consumer-mindset)

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The range of sales promotion activity is spreading manifold in all categories, including health care, computer hardware and software, consumer electronics, and service industries.

Types of sales promotion activities



It is not that the total amount of money spent on sales promotion has increased but the percentage of marketers' budgets allocated to promotion has boomed as well. For decades, advertising was the major component in the promotional mix of most consumer product companies. Almost till 1980s, nearly half of marketers' promotional budget was allocated and spent on advertising campaigns designed to create or reinforce brand awareness and build long-term loyalty. But during mid to late 80s, a fundamental change had occurred in the way most consumer-product companies were marketing their products. It resulted in the proportion of the marketing budget allocated to sales promotion rise sharply, while the amount spent on media advertising declined. This increase in spending on sales promotion at the expense of media advertising continued throughout the decade of the 90s and into the new millennium. As of now, rough estimates suggest that marketers spend between 60 and 75 percent of their promotional budgets on sales promotion, with the remainder being allocated to media advertising.

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However, allocation of marketing budgets among consumer promotions, trade promotions, and media advertising varies by industry to industry as well as company to company within the same industry.

However, allocation of marketing budgets among consumer promotions, trade promotions, and media advertising varies by industry to industry as well as company to company within the same industry. As a general approximate, trade promotion accounts for nearly half of the budget for consumer packaged goods companies, with remaining going equally to consumer promotion and media advertising.. Apart from that, a significant amount of the money marketers allocate to media advertising is spent on ads that deliver promotional messages regarding contests, games, sweepstakes, and rebate offers. In other words, advertisements also talk about sales promotions.



Source:<https://www.google.co.in/search?q=Sales+Promotion+advertisements&tbm> dated March 28, 2014

The above advertisements of TATA Tea talk about an inducement by using the brand in some form or the other.

Numerous brands across all product categories are promoted through advertisements wherein the ad itself appears as sales promotion in the form of some or the other inducement for the reader or viewer to purchase the brand.

Reasons for the Increase in Sales Promotion

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Even after viewing media advertising as the primary tool for brand building saw sales promotion programs as little more than gimmicks that contributed little to brand equity, concerned marketers have long recognized that consumers may love certain brands but will certainly like an extra incentive to buy them.

Even after viewing media advertising as the primary tool for brand building saw sales promotion programs as little more than gimmicks that contributed little to brand equity, concerned marketers have long recognized that consumers may love certain brands but will certainly like an extra incentive to buy them. Also important for marketers is to partner effectively with trade accounts, which means providing them with an additional incentive to stock and promote their brands and participate in various promotional programs.

A major reason for the increase in spending on sales promotion is the matured level the promotion industry has reached over the past several decades. With an increase in sophistication and a more strategic role and focus, sales promotion has got elevated as a discipline and its role in the IMC program of many companies has become crucial. Earlier, sales promotion specialists would be brought in after key strategic branding decisions were made as promotional agencies were viewed primarily as tacticians whose role was to develop a promotional program such as a contest or sweepstakes or a coupon or sampling program that could create a short-term increase in sales. However, currently, many companies are making promotional specialist's part of their strategic brand-building team, a move that puts sales promotion on par with media advertising. At the same time, promotional agencies have expanded their integrated marketing capabilities as their expertise in branding and helping their clients build relationships with their customers.

There are many other factors which have led to the increase in the importance of sales promotion and the shift in marketing expenditures from media advertising to consumer and trade promotions. It includes growing power of retailers, diminishing brand loyalty, enhanced promotional sensitivity, brand proliferation, fragmentation of the consumer market, the short-term focus of many marketers, increased accountability, ever rising competition, and clutter.

The Growing Power of Retailers

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A major reason for the growth in sales promotion is the power shift in the marketplace from manufacturers to retailers

A major reason for the growth in sales promotion is the power shift in the marketplace from manufacturers to retailers. Since decades, manufacturers of national brands had the power and influence and retailers were just passive distributors of their products. Manufacturers of consumer products created consumer demand for their brands by using heavy advertising and some consumer-oriented promotions, such as samples, coupons, and premiums, and exerted pressure on retailers to carry the products. Retailers contributed very little in the form of research and sales analysis; actually they relied on manufacturers for information regarding the sales performance of individual brands.

However, since the last decade of 1990s, several developments have helped to transfer power from the manufacturers to the retailers. As optical checkout scanners and sophisticated in-store computer systems gained ground and use in stores, retailers gained access to data concerning how quickly products turn over, which sales promotions are working, and which products make money. In turn, retailers use this information to analyze sales of manufacturers' products which made them demand discounts and other promotional support from manufacturers of lagging brands. Companies failing to comply with retailers' demands for more trade support have often found their shelf space reduced or even their product dropped.

A significant factor that has increased the power of retailers is the consolidation of the grocery store industry, resulting in larger chains with greater buying power and clout. These large chains have become accustomed to trade promotions and have the capacity to put pressure on manufacturers to provide deals, discounts, and allowances. Consolidation has also given large retailers more money for advancing already strong private label initiatives, and sales promotion is the next step in the marketing evolution of private label brands. Private label brands have mushroomed in various packaged-good categories such as foods, drugs, and health and beauty care products. These are giving national brands more competition for retail shelf space and increasing their own marketing, including the use of traditional sales promotion tools. Well-marketed private label products are forcing national brand leaders, as well as second-tier brands come up with more innovative promotional programs and to be more price-competitive.

Fading Brand Loyalty Sales promotion growth can be strongly attributed to consumers becoming less brand loyal and purchasing more on the basis of price, value, and convenience. They are looking more on schemes while purchasing and schemes are abundant in the market. Although some consumers are always willing to buy their preferred brand at full price without

any type of promotional offer, but many consumers are loyal coupon users and/or are conditioned to look for deals/schemes when they shop. Such consumers may switch back and forth among a set of brands they view as essentially equal. All such brands are perceived as being satisfactory and interchangeable, and consumers purchase whatever brand is special to them or for which they have a coupon.

Promotional Sensitivity increased As consumers respond favorably to the incentives, marketers are making greater use of sales promotion in their marketing programs. According to a major research project completed by Promotion Decisions, Inc., purchase behavior of over 33,000 consumers and their response to both consumer and trade promotions resulted in findings showing 42 percent of the total unit volume of the 12 packaged-good products purchased with some type of incentive while 58 percent purchased at full price. Coupons were particularly popular among consumers, as 24 percent of the sales volume involved the use of a coupon.

A strong motivation for consumers' increased sensitivity to sales promotion offers is money saving. Also true is that many purchase decisions are made at the point of purchase by consumers who are increasingly time-sensitive and facing too many choices. Various studies have found that up to 70 percent of purchase decisions are made in the store, where people are very likely to respond to promotional deals. Buying a brand having a special promotional support can simplify the decision-making process and solve the problem of over choice. According to Professor Leigh McAlister "As consumers go down the supermarket aisle they spend 3 to 10 seconds in each product category. They often don't know the regular price of the chosen product. However, they do have a sense of whether or not that product is on promotion. As they go down the aisle, they are trying to pensively fill their baskets with good products without tiresome calculations. They see a "good deal" and it goes in the cart."

Brand Proliferation Almost every firm since the beginning of the 21st century has seen the development of new products. Consumer-product companies are launching nearly 10 times new products each year in current times as compared to 1980s. It has resulted in market having new brands lacking any significant advantage over the older ones which may not be fit case for an advertising campaign. Here, the companies increasingly depend on sales promotion to encourage consumers to try these brands. In an earlier chapter, we have seen how sales promotion techniques can be used as part of the shaping process to lead the consumer from initial trial to repeat purchase at full price. As a result of this, marketers are relying more on samples, coupons, rebates, premiums, and other innovative promotional tools to achieve trial usage of their new brands besides encouraging repeat purchase.

Promotions ensure retailers allocate some of their precious shelf space to new brands. The competition for shelf space for new products in stores is tremendous. Supermarkets carry more than small stores. New brands are favored by retailers for strong sales promotion support as it will bring in more customers and boost their sales and profits. Most of the retailers expect special

discounts or allowances from manufacturers for handling new products. Called as slotting fees or allowances, these can make it expensive for a manufacturer to introduce a new product.

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With the ever increasing fragmentation of consumer market, and traditional mass media-based advertising constantly yielding decreasing returns, marketers are moving to more segmented, highly targeted approaches.

Consumer Market Fragmentation . With the ever increasing fragmentation of consumer market, and traditional mass media-based advertising constantly yielding decreasing returns, marketers are moving to more segmented, highly targeted approaches. Many companies are re-working their promotional efforts to specific regional markets. Sales promotion tools have developed as one of the primary vehicles for doing this, through programs tied into local flavor, themes, or events. In case of cosmetic products for consumers Lakme, Ponds, and Himalaya brands spend a high percentage of their marketing budget on local tie-ins and promotions designed to build traffic and generate sales from their trade areas.

Marketers regularly adopt sales promotion techniques to target ethnic markets. For example, Big Bazaar targets the different segments of society at different festive occasions by hosting grassroots events at stores and tie-ins in various cities and towns in the country. At times these can be community specific wherever that community resides like Punjabis during Lohri,, South Indians during Onam., Pongal etc.

Many marketers are directing their major promotional efforts to direct marketing, which often includes some form of sales promotion incentive. The information collected by them through premium offers, trackable coupons, rebates, and sweepstakes is used to build databases for future direct-marketing efforts. With continuous shift from media advertising to direct marketing by marketers , promotional offers will probably be used even more to help build databases. The technology is already in place to enable marketers to communicate individually with target consumers and transform mass promotional tools into ways of doing one-to-one marketing.

Short-Term Focus It is a commonly held belief that sales promotion is motivated by marketing plans and reward systems geared to short-term performance and the immediate generation of sales volume. Majorly speaking, the packaged-goods brand management system has contributed to marketers' increased dependence on sales promotion. Brand managers make routine use of sales promotions , not only to introduce new products or defend against the competition but also to meet quarterly or yearly sales and market share goals. At the same time, the sales force, too, may have short-term quotas or goals to meet and may also receive requests from retailers and wholesalers for promotions. It results in sales representatives pressurizing marketing or brand managers to use promotions to help them move the products into the

retailers' stores. It generally accepted by many managers that consumer and trade promotions are the most dependable way to generate short-term sales, particularly when they are price-related. The reliance on sales promotion is particularly high in mature and slow-growth markets, because here it is difficult to stimulate consumer demand through advertising. It has also led to the concern that managers have become too dependent on the quick sales fix that can result from a promotion and that the brand franchise may be eroded by too many deals.

Increased Accountability Over and above pressuring their marketing or brand managers and sales force to produce short-term results, many companies are demanding to know the returns for their promotional expenditures. Results from sales promotion programs are generally easier to measure than those from advertising. Many companies are demanding measurable, accountable ways to relate promotional expenditures to sales and profitability. Many companies use computerized sales information from checkout scanners in determining compensation for marketing personnel. Part of the pay managers receive depends on the sales a promotion generates relative to its costs. Managers who are made accountable to produce results often use price discounts or coupons, since they produce a quick and easily measured jump in sales. It takes longer for an ad campaign to show some impact and the effects are difficult to measure. Moreover, marketers are also feeling pressure from the trade as powerful retailers demand sales performance from their brands. Real-time data available from computerized checkout scanners help retailers to monitor promotions and track the results they generate on a daily basis.

Competition Bettering competition is another factor that led to the increase in sales promotion by all types of manufacturers. It is done to create and maintain competitive advantage. As the markets for many products are mature and stagnant, it is increasingly difficult to boost sales through advertising. At the same time, exciting and breakthrough creative ideas are difficult to come by, and consumers' attention to mass-media advertising continues to decline. Consequently, rather than allocating large amounts of money to run dull ads, many marketers have turned to sales promotion. Many companies are tailoring their trade promotions to key retail accounts and developing strategic alliances with retailers that include both trade and consumer promotional programs. It has come up as a major development in recent years, whereby a manufacturer collaborates with an individual retailer to create a customized promotion that accomplishes mutual objectives. For example, Cadbury runs a show for a whole month at selected Big Bazaar outlets wherein contests, raffles, etc are utilized to create a hype and enhance sales of the brand through the retail point, which benefits both the retailer and the brand manufacturer.

If this trend continues, marketers will soon be spending more than half of their promotion budgets on account-specific marketing. A number of companies are developing promotional programs for major retail accounts such as Big Bazaar, Reliance Mart, Star Bazaar etc. In fact, at times, companies like HUL (Hindustan Unilever Ltd) tie up with small kirana stores in different parts of the country, boosting sales of its brand as well as benefiting the kirana store. Retailers take advantage of promotional deal with one company as leverage to seek an equal or better

deal with its competitors. Consumer and trade promotions are easily matched by competitors, and many marketers find themselves in a promotional trap where they must continue using promotions or be at a competitive disadvantage.

Clutter With a promotional offer in an ad, a company can break through the clutter that is prevalent in most media today. A premium offer or a discount offer or even a free service camp etc. may help attract consumers' attention to an ad, as will a contest or sweepstakes. According to some studies, people like print ads with coupons more than ads without them. We often find a shampoo sachet of a particular brand attached with the Sunday edition of the daily newspaper, peeling which is the print ad of the same brand. That sachet can go for at least two uses. It does help stand out in a clutter of ads in the entire newspaper.

Concerns on or related to Increased Role of Sales Promotion

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A host of factors have contributed to the increased use of sales promotion by consumer-product manufacturers. Marketing and advertising executives are concerned about the results of this shift in the allocation of the promotional budget on brand equity.

A host of factors have contributed to the increased use of sales promotion by consumer-product manufacturers. Marketing and advertising executives are concerned about the results of this shift in the allocation of the promotional budget on brand equity. As we already know brand equity, or consumer franchise, is an intangible asset of added value or goodwill that results from consumers' favorable image, impressions of differentiation, and/or strength of attachment to a brand. According to some critics, sales promotion increase come at the expense of brand equity and every rupee that goes into promotion rather than advertising brings the value of the brand. They argue that trade promotions in particular contribute to the destruction of brand franchises and equity as they encourage consumers to purchase primarily on the basis of price.

Advertising proponents argue that marketers must maintain strong franchises if they want to differentiate their brands and charge a premium price for them as, according to them, advertising is still the most effective way to build the long-term franchise of a brand: It informs consumers of a brand's features and benefits, creates an image, and helps build and maintain brand loyalty. In spite of all these strong arguments, many marketers are not investing in their brands as they take rupees away from media advertising to fund short-term promotions.

Marketing experts generally agree on the important role of advertising in building and maintaining a brand's image and position, which are core components of its equity. They are concerned that if the trend toward spending more on sales promotion at the expense of media advertising continues, brands may lose the equity that advertising helped create and be forced to compete primarily on the basis of price. Although many of these concerns are justified, but not

all sales promotion activities detract from the value of a brand. Here, it is important to distinguish between consumer franchise-building and nonfranchise-building promotions.

Consumer Franchise-Building versus Non-franchise-Building Promotions

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Sales promotion activities communicating distinctive brand attributes and contributing to the development and reinforcement of brand identity are consumer franchise building (CFB) promotions. Normally, consumer sales promotion efforts cannot make consumers loyal to a brand which is of little value or does not provide them with a specific benefit.

Sales promotion activities communicating distinctive brand attributes and contributing to the development and reinforcement of brand identity are consumer franchise building (CFB) promotions. Normally, consumer sales promotion efforts cannot make consumers loyal to a brand which is of little value or does not provide them with a specific benefit. But they can make consumers aware of a brand and, by communicating its specific features and benefits, contribute to the development of a favorable brand image. Consumer franchise-building promotions are designed to build long-term brand preference and help the company achieve the ultimate goal of full-price purchases that do not depend on a promotional offer.

Since decades, franchise or image building was viewed as the exclusive realm of advertising, and sales promotion was used only to generate short-term sales increases. However, in the 21st century, marketers are realizing the image-building potential of sales promotion and paying attention to its CFB value. According to various surveys ,nearly 90 percent of senior marketing executives believe consumer promotions can help build brand equity while nearly 60 percent think trade promotions can also contribute. Almost all marketers recognize that the value of sales promotion extends well beyond quick-fix tactics such as price-off deals. Most sales promotion agencies recognize the importance of developing consumer and trade promotions that can help build brand equity.

Sales promotion techniques can be used a number of ways to contribute to franchise building. Rather than using a one-time offer, many companies are developing frequency programs encouraging repeat purchases and long-term patronage. Many credit cards have loyalty programs where consumers earn bonus points every time they use their card to charge a purchase. These points can then be redeemed for various items. Most airlines and many hotel chains offer frequent-flyer or guest programs to encourage repeat patronage. A host of retail stores have also begun using frequency programs to build loyalty and encourage repeat purchases. Companies can also use sales promotion to contribute to franchise building by developing an offer consistent with the image of the brand. A brand like Raymonds does the same during marriage season in India by coming up with schemes on ready to stitch as well as ready made garments related to

various functions related to the elaborate Indian weddings for men, women as well as children. All this is done over and above the established advertisements brought out by Raymonds from time to time. On the other hand, Non-franchise-building (non-FB) promotions are aimed at accelerating the purchase decision process and generating an immediate increase in sales. Such activities do not communicate information about a brand's unique features or the benefits of using it, so they do not contribute to the building of brand identity and image. Examples include price-off deals, bonus packs, and rebates or refunds. Trade promotions are usually criticized for being non-franchise building—for good reason. Major reason is that many of the promotional discounts and allowances given to the trade are never passed on to consumers. Most trade promotions that are forwarded through the channels reach consumers in the form of lower prices or special deals thereby leading them to buy on the basis of price rather than brand equity. Majority of specialists in the promotional area stress the need for marketers to use sales promotion tools to build a franchise and create long-term continuity in their promotional programs. Non-FB promotions merely borrow customers from other brands, well-planned CFB activities can convert consumers to loyal customers. Although short term non-FB promotions have their place in a firm's promotional mix, particularly when competitive developments call for them, but they have their own limitations when a long-term marketing strategy is required for a brand.

Consumer-Oriented Sales Promotion

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This section examines the various sales promotion tools and techniques marketers can use to influence consumers. We go into the consumer-oriented promotions shown and discuss their advantages and limitations. We begin with some objectives marketers have for sales promotion programs targeted to the consumer market

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Objectives of Consumer-Oriented Sales Promotion

With ever increasing use of sales promotion techniques, companies must consider what needs to be accomplished through their consumer promotions and how it complements other promotional activities such as advertising, direct marketing, and personal selling. If this planning does not take place, then sales promotions do little more than create short-term spikes in the sales curve.

Sales promotion activities should be preceded by a situation analysis and determining sales promotion's specific role in the integrated marketing communications program. Marketers have to decide what the promotion is designed to accomplish and to whom it should be targeted.

Having clearly defined objectives and measurable goals for their sales promotion programs forces managers to think beyond the short-term sales returns, although this can be one of the goals. The basic goal of most consumer-oriented sales promotion programs is to induce purchase of a brand, the marketer may have a number of different objectives for both new and established brands—like obtaining trial and repurchase, increasing consumption of an established brand, defending current customers, targeting a specific market segment, or enhancing advertising and marketing efforts.

Obtaining Trial and Repurchase It is by far one of the most important uses of sales promotion techniques. Thousands of new products are introduced to the market every year, a big number of them fail within the first year. A majority of these failures are due to the fact that the new product or brand lacks the promotional support needed either to encourage initial trial by enough consumers or to induce enough of those trying the brand to repurchase it. Many new brands are not actually new and are merely new versions of an existing product without unique benefits, so advertising alone cannot induce trial. Sales promotion tools have become an important part of new brand introduction strategies; the level of initial trial can be increased through techniques such as sampling, couponing, and refund offers. New brand success is not only getting initial trial but also on inducing a reasonable percentage of people who try the brand to repurchase it and establish ongoing purchase patterns. Promotional incentives like coupons or refund offers are often included with a sample to encourage repeat purchase after trial. For example, when Home Town, a leading high end retailer from Future Group in India comes up with buy back schemes, it also offers refund in case the purchased item does not satisfy the customer during a particular period from the date of purchase.

Increasing Consumption of an Established Brand

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Marketers attempt to increase sales for an established brand in several ways, with sales promotion playing an important role in each.

Marketers attempt to increase sales for an established brand in several ways, with sales promotion playing an important role in each. Identifying and communicating new uses for the brand is a big area in this regard. In India, spices for cooking food have developed as a market due to new and varied uses for them developing since many years. Even ready to eat food items are promoted for multiple occasions of eating thereby increasing the total consumption quantity. A simple example is tomato sauce or ketchup. Brands like Kissan, Maggie Hot and Sweet, Heinz etc., are promoting themselves as all occasion consumption brands and not just for breakfast. Moreover, attracting nonusers of the product category or users of a competing brand through promotion is also crucial. Cadbury chocolates have done it very successfully since early 2000s wherein it is promoting itself as a product for all age groups and occasions. .

It is very challenging for attracting nonusers of the product category, as such consumers do not see a need for the product. Sales promotions can find traction with nonusers by providing them with an extra incentive to try the product, but a better and more common strategy for increasing sales of an established brand is to attract consumers who use a competing brand. It can happen by giving them an incentive to switch, such as a coupon, premium offer, bonus pack, or price deal. Marketers can also get users of a competitor to try their brand through sampling or other types of promotional programs.

Pepsi and Coca-Cola are two biggest rivals in their industry as well as in the history of marketing where they are always out to outdo one another through sales promotions of numerous types. Whether it is any religious festival, sporting event, or even a political activity happening in any part of their operation, these two companies are always active in trying to take the rival company's customers for as much time as possible. In the zeal of doing so, at times they land in controversies and that has also become a trademark of this type of fighting promotions from both the companies.

Defending Current Customers As newer brands enter the market every day and competitors attempting to take away their customers through aggressive advertising and sales promotion efforts, many companies have realized the importance of sales promotion programs to hold present customers and defend their market share. A company can put sales promotion techniques to effective use in order to retain its current customer base. One way is to load them with the product by taking them out of the market for a certain time. Consumers can stock the brand through special price promotions, coupons, or bonus packs etc. It will ensure that they continue using the company's brand but also reduces the likelihood of them switching brands in response to a competitor's promotion.

Targeting a Specific Market Segment Many companies focus their marketing efforts on certain particular market segments and are always looking for ways to reach their target audiences as they have ascertained that sales promotion tools such as contests and sweepstakes, events, coupons, and samplings are very effective ways to reach specific geographic, demographic, psychographic, and ethnic markets. In fact, these will be a waste in other segments. Toothpaste brands specifically target teenage, youth and young couples, besides children with various contests, and price packs for these various categories of toothpastes ranging from strong teeth, gum strengthening, sugar containing, etc. These brands do not target every segment of tooth paste users as they know its futility.

Enhancing Integrated Marketing Communications and Building Brand Equity Ultimately, consumer-oriented promotions aim to enhance or support the integrated marketing communications effort for a brand or company. Advertising is mainly responsible for building brand equity and image but sales promotion techniques such as contests or sweepstakes and

premium offers are often used to draw attention to an ad, increase involvement with the message and product/service, and help build relationships with consumers. For example, Godrej Refrigerators promote their range during festivals, and other seasons in India via many tools etc, which in turn makes the customers look at ads with a different mindset, thereby consolidating their opinion about the products offered.

CONSUMER-ORIENTED SALES PROMOTION

Consumer-Oriented sales promotion (Sectional Chapter objective)

This Section throws light on sales promotion directed towards the consumer or end user. It highlights various tools in this direction. The section also lists out the advantages and disadvantages associated with various tools.

Sampling

(Following Marginalia in small type to be given to the left of the proceeding paragraph)

Sampling involves a variety of procedures whereby consumers are given some quantity of a product for no charge to induce trial. It is generally considered the most effective way to generate trial, and it also the most expensive.

Marketers use various sales promotion techniques to meet the objectives mentioned above. Sampling involves a variety of procedures whereby consumers are given some quantity of a product for no charge to induce trial. It is generally considered the most effective way to generate trial, and it also the most expensive. Sampling is often used to introduce a new product or brand to the market. However, it is also used for established products as well. Although, some companies do not use sampling for established products believing that samples may not induce satisfied users of a competing brand to switch and target the firm's current customers, who would buy the product anyway. This may not be the case when significant changes (new and improved) are made in a brand.

Sampling is heavily used by manufacturers of packaged-goods products such as food, health care items, cosmetics, toiletries etc. It is because these products meet the three criteria for an effective sampling program:

1. The samples are of relatively low unit value, so they do not cost too much.
2. As the products are divisible, i.e., they can be broken into small sample sizes that are adequate for demonstrating the brand's features and benefits to the user, it is commonly used.
3. The purchase cycle durability is relatively short, which makes the consumer consider an immediate purchase or will not forget about the brand before the next purchase occasion.

Advantages and Disadvantages of Sampling Samples induce people to try something unusual or a new product and that too with no risk. Studies have shown that a vast majority of consumers receiving a sample either use it right away or save it to use sometime later. It generates much higher trial rates than advertising or other sales promotion techniques. Secondly, making people to try a product leads to another benefit of sampling: Consumers experience the brand directly, gaining a greater appreciation for its benefits. It becomes specially important when a product's features and benefits are difficult to describe through advertising particularly foods, beverages, and cosmetics having subtle features that are most appreciated when experienced directly. Almost more than half of major survey respondents have purchased a product they did not normally use after trying a free sample. At times, samples are even more likely to lead to purchase when they are accompanied by a coupon.

Although samples are an effective way to induce trial, the brand must possess some unique or superior benefits for a sampling program to be worthwhile. If that is not the case,, the sampled consumers revert back to other brands and do not become repeat purchasers. Sampling program costs can be recovered only if it gets a number of consumers to become regular users of the brand at full retail price. Another limitation to sampling is that the benefits of certain products are difficult to gauge immediately, and the learning period required to appreciate the brand usually requires supplying the consumer with larger amounts of the brand than are affordable. As an example, an expensive skin cream that is promoted as preventing or reducing wrinkles has to be used for an extended period before any effects are seen, and the sample has to take care of that period.

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The sampling method chosen is important from the point of view of costs but also its influence on the type of consumer who receives the sample.

Sampling Methods Distribution of the sample is one basic decision the sales promotion or brand manager must make. The sampling method chosen is important from the point of view of costs but also its influence on the type of consumer who receives the sample. It is important that the best sampling method gets the product to the best prospects for trial and subsequent repurchase. Some basic distribution methods include door-to-door, direct-mail, in-store, and on-package approaches.

Door-to-door sampling involves the product delivered directly to the prospect's residence and it is used when it is important to control where the sample is delivered. It is an expensive method because of labor costs, but it can be cost-effective if the marketer has information that helps define the target market and/or if the prospects are located in a well-defined and reachable geographic area. Some companies deliver samples directly to consumers' homes by including them with newspapers.

Sampling through the mail is commonly done for small, lightweight, nonperishable products. It has a major advantage wherein the marketer has control over where and when the product will be distributed and can target the sample to specific market areas. Information from geo-demographic target marketing programs help marketers better target their sample mailings. In case of pens, tea coffee mugs, shampoo sashays, utensil cleaning pads, etc, companies are using mail as a promotional tool from time to time. However, the main drawbacks to mail sampling are postal restrictions and increasing postal rates.

In-store sampling is getting increasingly popular, mainly for food products. The marketer, through temporary demonstrators sets up a table or booth and prepares small samples of the product, passing them on to shoppers. This in-store sampling approach can be becoming very effective for food products as consumers get to taste the item and the demonstrator gives them more information about the product while it is being sampled. Demonstrators may give these free or give consumers a rupee off coupon for the sampled item to encourage immediate trial purchase. Although this sampling method can be very effective, it can be expensive at the same time, besides requires a great deal of planning, as well as the cooperation of retailers.

On-package sampling, where a sample of a product is attached to another item, is another common sampling method. It becomes very cost-effective specially for multiproduct firms that attach a sample of a new product to an existing brand's package. A new product to be launched shampoo attached to a bathing soap bar from a company like HUL(Hindustan Unilever Ltd) is very common. It is most prevalent with FMCG Companies. Its flaw is that since the sample is distributed only to consumers who purchase the item to which it is attached, the sample will not reach nonusers of the carrier brand. This issue can be tackled through expanding this sampling method by attaching the sample to multiple carrier brands and including samples with products not made by their company.

Sampling in an Event has become one of the fastest-growing and most popular ways of distributing samples. As part of Integrated Marketing programs many marketers are using sampling program which feature events, media tie-ins, and other activities providing consumers with a total sense of a brand rather than just a few tastes of a food or beverage or a trial size of a packaged-goods product. Event sampling can take place in stores as well as at many other venues such as award functions, concerts, sporting events, and other places.

Other Methods of Sampling The four sampling methods just discussed are the most common, but several other methods are also used. Marketers may insert packets in magazines or newspapers (particularly Sunday supplements). Many times, we find Sunday papers having attractive samples attached in an attractive manner. As an innovation since late 1990s, many newspapers distribute samples through poly-bags which are plastic bags that serve as covers for the paper and deliver a promotional message along with the

Many companies also use specialized sample distribution services wherein it helps the company identify consumers who are nonusers of a product or users of a competing brand and develop appropriate procedures for distributing a sample to them. As part of this sampling, some college students receive sample packs at the beginning of the semester containing trial sizes of daily use products as mouthwash, toothpaste, headache remedies, deodorants, after shave lotions, shaving creams etc.

The Internet is also making it possible in a big way for companies to sample their products for consumers. Moreover it is adding a whole new level of targeting to the mix by giving consumers the opportunity to choose the samples they want. While buying ticket from an airline on the website, the airline offers a multitude of gifts to a frequent flyer to choose from. Similarly, a Kitchen appliances company may ask an online buyer of certain amount worth of goods or above that to choose a gift item from a range of available options to be sent along with the order. Companies also ask such consumers qualifying questions on brand loyalty, product usage, and lifestyles that can be used by them to target their samples and other promotional offers more effectively.

Some companies have cut back on their sampling programs in recent years feeling they were too expensive, wasteful, and fraught with distribution problems. But several other factors have led to resurgence in sampling recently.

Couponing

(Following Marginalia in small type to be given to the left of the preceding paragraph)

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A coupon is a perforated or inserted slip/paper in a book, magazine, newspaper, brochure etc which can be redeemed for a particular value of the brand and is valid for a particular period. It is used by companies in all sectors of industry and is very common now a days.

Indian fast food market has seen Kentucky Fried Chicken or KFC a late entry. Although it offers uniqueness with “Crispy Chicken”, it faces stiff competition in the fast food segment from organized players like McDonalds which compete with its range of value meals and Dominos which is symbolized by its 30-minutes delivery of Pizza. In fact, across all major markets in the world, KFC competes with these two companies. Both the brands have carefully catered their product offerings to Indian tastes and continue to improvise on it.. KFC is not behind them and has also included items such as Rizo (Rice) which is served only in South-east Asian countries. The company owned by Yum Brands! ,has several licensees in India including KFC Malaysia with Kolkata forming a major sourcing destination. Criticality of the Indian market for KFC in long run cannot be ignored. More than 50% of KFC’s sales and profits are generated from the Chinese market. On the other hand, recent food scandal in China has affected KFC adversely generating strong emphasis to grow in other markets. India forms the perfect answer

to this requirement due to a young population and growing spending power. KFC adopted a sales promotion campaign **styled on coupons**. It had a tie-up with FreeCharge.in through which it offered food coupons. The various offers were

1. Get three piece hot wings free with any meal
2. Get a Choco cake on purchase of Rs 300
3. Value Snacker meal at Rs 70 (veg) and Rs 80 (non-veg)



As part of in-store sales promotion, KFC offers a special offer to promote breakfast sales. If a meal is ordered in the breakfast slot, the customer can avail another piece of crispy chicken for an additional INR 20 instead of INR 75 in normal case. This is a direct response to McDonald which is promoting its breakfast menu quite heavily with its loyalty cards that offer free McMuffin during breakfast. However, neither the FreeCharge campaign nor the in-store campaign are valid for home delivery order But KFC has to consider it seriously as many Indians are not likely to consume chicken in breakfast, even die-hard non-vegetarians also. Upon close analysis of the three offers above, the third coupon is redundant as the snacker meals are available at these prices even without the coupons. The second coupon ensures a minimum ticket size of INR 300 in order to avail the offer, which is possible only in groups of 2 or more generally. The only value coupon appears to be three piece hot wings free (INR 59) which can be availed with meals starting from INR 70 (Taxes extra in both cases).

KFC recently started its home delivery service in India, for which it has similar offers. However the minimum order size for home delivery has to be INR 150. On top of it, KFC was also offering 2 Litre Pepsi free with Chicken buckets for home delivery. The FreeCharge offers were introduced after the home delivery offers got discontinued in January 2014. As a consumer, there is enormous value in the deals as KFC is often perceived as a premium product due to its unique offering.

In fact, the value deals can also be looked at as targeting the college student and the family market to change its perception from a fast food to family food. If we analyse the monetary value

of the deals, KFC has a significant cushion as margins are quite high due to the price difference between the final product and the raw materials. The only problem for KFC though will be who redeems it and how it is being redeemed. For instance, the coupon for three piece hot wings free might pose serious challenge towards the profitability in case it is redeemed with the low priced meals. However, there is little doubt that the strategy is bound to increase market share for KFC in the fast food segment in short run.

Source:<http://www.ideasmakemarket.com/2013/03/sales-promotion-campaign-of-kfc.html>
accessed on May 09, 2014

Across the world ,coupons distributed through retailers have become a very important and sizeable part of coupons based sales promotion since decades. Grocery stores make manufacturers' coupons even more attractive to consumers by doubling the face value many times.

Pros and Cons of Coupons Coupons carry lot of advantages making them popular sales promotion tools for new as well as established products. Firstly, coupons offer a price reduction only to those consumers who are price-sensitive. These consumers generally purchase because of coupons, whereas those unconcerned about price buy the brand at full value. Coupons help in reducing the retail price of a product regardless of retailer cooperation, which becomes a problem at times. Coupons are perceived second only to sampling as a promotional technique for generating trial. Since a coupon lowers the price of a product, it reduces the consumer's perceived risk associated with trial of a new brand. Coupons can encourage repurchase after initial trial. Many new products include a rupee-off coupon inside the package to encourage repeat purchase. Coupons also serve as useful promotional devices for established products. They can encourage nonusers to try a brand, encourage repeat purchase among current users, besides getting users to try a new, improved version of a brand. Coupons may also help coax users of a product to trade up to more expensive brands. The product category where coupons are majorly used are disposable diapers, cereals, detergents, deodorants etc. However, in some of the product categories like carbonated beverages, candy, and gum etc, coupons are rarely used.

Coupons also have a number of problems. At the basic level, it can be difficult to estimate the number of consumers who will use a coupon and when. Response to a coupon is rarely immediate , typically takings anywhere from two to six months to redeem one. Many times, it is found that coupons are redeemed just before the expiration date rather than in the period following the initial opening/release of the coupon .Due to this lag, many marketers are shortening the time period before expiration. Even after that, coupons remain less effective than sampling for inducing initial product trial in a short period.

When coupons are used to attract new users to an established brand , it is difficult to prevent the coupons from being used by consumers who already use the brand, thereby making some of them not getting targeted properly. It is big disadvantage of coupons as it may reduce company's

profit margins significantly. Apart from this, coupons have the problem of low redemption rates and high costs in many cases. Couponing program expenses include the face value of the coupon redeemed plus costs for production, distribution, and handling of the coupons. These are unavoidable costs and when the redemption does not generate desired numbers, it proves very costly.

Coupon misuse is another disadvantage of coupon promotions. It can be in the form of misredemption, or the cashing of a coupon without purchase of the brand. Coupon misredemption or fraud occurs in a number of ways, e.g., redemption of coupons by consumers for a product or size not specified on the coupon, redemption of coupons by salesclerks in exchange for cash, gathering and redemption of coupons by store managers or owners without the accompanying sale of the product, gathering or printing of coupons by criminals who sell them to unethical merchants, who in turn redeem them. However, precautions are being taken by companies to handle and minimize such happenings.

Coupon Distribution Coupons can be distributed to consumers through variety of means which include freestanding inserts in Sunday newspapers, direct mail, newspapers (either in individual ads or as a group of coupons in a cooperative format), magazines, and packages. Among all the tools of coupon distribution, distribution through newspaper freestanding inserts is the most popular method for delivering coupons to consumers. It has happened at the expense of vehicles such as manufacturers' ads in newspapers, newspaper co-op ads, and magazines.

There are a number of reasons why Free Standing Inserts (FSIs), commonly known as a flier or pamphlet, are the most popular way of delivering coupons, including their high-quality four-color graphics, competitive distribution costs, national same-day circulation, market selectivity, and the fact that they can be competition-free due to category exclusivity (by FSI company). Their era different price points depending upon the size and quality of these FSIs, thereby making them very efficient and affordable. Due to their popularity among consumers and predictable distribution, coupons distributed as FSIs are also a strong selling point with the retailers.

However, with every other organization using coupons through FSIs has led to a clutter problem. Consumers are experiencing too many coupons, and although each FSI publisher offers product exclusivity in its insert, all this gets overshadowed when there are three or more inserts in a Sunday paper. Redemption rates of FSI coupons have declined consistently over time as many people find them less rewarding and boring. All these issues are making many marketers pursue delivering coupons through direct mail which results in less clutter and higher redemption rates.

As per a reliable source of the advertising industry information from US, 87% of all shoppers use coupons. According to marketing research firm, the A.C. Nielson Co., 95% of all shoppers like coupons, and 60% actively look for coupons. Recently, in an article titled, "In a Pinch, Snip.", Wall Street Journal states that coupon use rises, as the economy in any given area slides.

Out of the shoppers surveyed, 54% said they had already stepped up use of coupons, and even more are expected to do so. Savvy marketers cite these reasons for heavy reliance on couponing:

Coupons have the effect of expanding or increasing your market area. Findings suggest that consumers will travel far to redeem a valuable coupon. Coupons also entice new customers shopping at the retail outlet. It is also a proven fact that consumers will break routine shopping patterns to take advantage of a good coupon offer. Coupons also attract new residents when they are actively in the market for products and services.

Source: <http://www.businessknowhow.com/marketing/couponing.htm> accessed on 01 June 2014

There are several advantages of direct-mail couponing. Firstly, the mailing can be targeted to a broad audience or to a specific geographic or demographic markets such as youngsters in teens, graduates, or senior citizens, or even to a particular ethnic group etc, as well as other market segments. Firms which mail their own coupons can be very selective about recipients. Expense is the major disadvantage of direct-mail coupon delivery as compared to the expense relative to other distribution methods. Apart from that, the higher redemption rate of mail-delivered coupons may be due to the fact that many recipients are already users of the brand who take advantage of the coupons sent directly to them.

Using newspapers and magazines as couponing vehicles has declined dramatically since the introduction of FSIs. It is because other more dynamic online media options have surfaced in the 21st century. The advantages of newspapers as a couponing vehicle include market selectivity, shorter lead times with timing to the day, cooperative advertising opportunities that can lead to cost efficiencies, and promotional tie-ins with retailers. Other advantages include the broad exposure and consumer receptivity. Lot many consumers actively search the newspaper for coupons, especially on Sundays or other holidays from companies, as well as retailers. This enhances the likelihood of the consumer at least noticing the coupon. However problems cannot be ignored. These include higher distribution costs, poor reproduction quality, clutter, and declining readership of newspapers, leading to less redemption rates.

Putting coupons in magazines has also declined considerably. However, distribution of coupons through magazines can take advantage of the selectivity of the publication to reach specific target audiences, along with enhanced production capabilities and extended copy life in the home. However, the cost of distributing coupons through magazines is very high and redemption rates are low.

Putting coupons either inside or on the outside of the package is a distribution method that has taken big cross the world. This in/on-package coupon has literally no distribution costs and a much higher redemption rate. This coupon that is redeemable for the next purchase of the same brand is known as a bounce-back coupon and it gives consumers an inducement to repurchase the brand.

In-store couponing is another distribution method that has experienced strong growth since the beginning of 21st century. It includes all co-op couponing programs distributed in a retail store environment. Here, coupons are distributed to consumers in stores in several ways, including tear-off pads, handouts in the store (sometimes as part of a sampling demonstration), on-shelf dispensers, and electronic dispensers.

Trends in Couponing. Since the beginning of 21st century, the number of coupons distributed has declined significantly. Critics argue that coupons cost too much to print, distribute, and process and besides that, that they don't benefit enough consumers. In the midst of growing sentiments among major marketers that coupons are inefficient and costly, very few companies likely to abandon them entirely. It is true that most coupons never get used, consumers use some of them and also expect them. Almost 80 percent of consumers use coupons and nearly one-quarter say they use them every time they shop. With these many consumers eager for coupons, marketers will continue to provide them for strategic reasons. However, companies as well as the coupon industry are looking for ways to improve on their use. Marketers constantly look out for more effective couponing techniques. Some of them marketers are broadening their use of account-specific direct-mail couponing and are co-branding with individual retailers wherein the coupons can be used by consumers at any retail store.

Many marketers and retailers are using Internet as a medium for distributing coupons. Several companies now offer online couponing services. Consumers can log on to the website, type in their pin code and choose from a long list of participating grocery stores in their area and download manufacturer and retailer-sponsored coupons. Many retailers, particularly supermarkets, are also using the Internet to distribute coupons in order to engage and encourage consumers to shop at their stores.

Premiums

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Premiums are a sales promotion device used by many marketers. A premium is an offer of an item of merchandise or service either free or at a low price that is an extra incentive for purchasers.

A coupon is a perforated or inserted slip/paper in a book, magazine, newspaper, brochure etc which can be redeemed for a particular value of the brand and is valid for a particular period. Premiums are a sales promotion device used by many marketers. A premium is an offer of an item of merchandise or service either free or at a low price that is an extra incentive for purchasers. It helps many marketers in removing toys and gimmicks in favor of value-added premiums that reflect the quality of the product and are consistent with its image and positioning in the market. There are two basic types of offers as premiums.

Free Premiums These are usually small gifts or merchandise included in the product package or sent to consumers who mail in a request along with a proof of purchase. These include toys, balls, redemption cards, or other items included in cereal packages, besides samples of one product included with another. Various surveys have shown that in/on-package premiums are consumers' favorite. Premiums within packages have high impulse value and can provide an extra incentive to buy the product.

But, these are having several problems along with their use. Firstly, the cost is high resulting from the premium itself as well as from extra packaging that may be needed. It is not easy finding desirable premiums at reasonable costs particularly for adult markets, and using a poor premium may do more harm than good. Over and above that regulatory problems in the form of restrictions from regulatory agencies operating in states and regions across the country or from industry also exist on the type of premium used. The Advertising Standards Council of India(ASCI) , Advertising Agencies Association of India(AAAI) etc have guidelines regarding the advertising of premium offers to children. It is a natural concern that premium offers will entice children to request a brand to get the promoted item and then never consume the product.

As most of the free mail-in premium offers require the consumer to send in more than one proof of purchase, they encourage repeat purchase and reward brand loyalty. However, a major drawback of mail-in premiums is that they do not offer immediate reinforcement or reward to the purchaser, which may not provide enough incentive to purchase the brand. In India, premium as gifts and incentives are also used by heritage marketers in multitude of ways. An interesting aspect of heritage in marketing is the unique nature of some brands like Indian Railways, Tata, Mysore Sandal Soap, Amrutanjan, etc—which are more than a hundred years old. These brands have a multi-generation appeal and are becoming gen-next savvy and branching out with newer products and services. However, their main strength is the traditional platform and marketing experts try to exploit this advantage through heritage-based advertisements and campaigns.

(Source: www.indiafoodbrief.com , accessed on June 24, 2014)

Self-Liquidating Premiums In these, the consumer pays some or all of the cost of the premium plus handling and mailing costs. The objective here is not to make a profit on the premium item but rather just to cover costs and offer a value to the consumer. Apart from cost savings, self-liquidating premiums offer several advantages to marketers like creating interest in the brand and goodwill that enhances the brand's image. These premiums have the possibility of encouraging trade support and gain in-store displays for the brand and the premium offer. These are often tied directly to the advertising campaign, so they extend the advertising message and contribute to consumer franchise building for a brand. For example, Airtel Digital TV Promotions through events, pamphlets, coupons in Newspapers , road shows etc help in reinforcing the Airtel brand's positioning theme.

Contests and Sweepstakes

(Following Marginalia in small type to be given to the left of the preceding paragraph)

A contest is a promotion in which consumers compete for prizes or money on the basis of skills or ability. The winners are determined by the company after judging the entries or ascertaining which entry comes closest to some predetermined criteria .

A contest is a promotion in which consumers compete for prizes or money on the basis of skills or ability. The winners are determined by the company after judging the entries or ascertaining which entry comes closest to some predetermined criteria . Contests usually provide a purchase incentive by requiring a proof of purchase to enter or an entry form that is available from a dealer or advertisement as well as at the time of purchase. In some contests , consumers are required to read an ad or package or visit a store display to gather information needed to enter. It is very much important for marketers to not make their contests too difficult to enter, as doing so might discourage participation among key prospects in the target audience.

Sweepstakes are promotions where winners are determined purely by chance; does not require a proof of purchase as a condition for entry. Participants are required to only submit their names for the prize drawing. Almost always there is an official entry form, handwritten entries are also permitted. One form of sweepstakes is a game, which also has a chance element or odds of winning. Scratch-off cards with instant winners are a popular promotional tool in the category of sweepstakes. There are some games spread over a longer period besides requiring more involvement by consumers. Promotions which make consumers collect game pieces are popular among retailers and fast-food chains building store traffic and repeat purchases.

As it is easier to sweepstakes, these attract more entries than contests. Apart from that, they are also easier and less expensive to administer, since every entry does not have to be checked or judged. Choosing the winning entry in a sweepstakes requires only the random selection of a winner from the pool of entries or generation of a number to match those held by sweepstakes entrants. Moreover, the costs of mounting a sweepstakes are also very predictable, according to experts. Companies can also get these insured. Generally speaking, sweepstakes present marketers with a fixed cost, which is a major advantage when budgeting for a promotion.

In many cases, contests and sweepstakes generate consumer involvement with a brand by making the promotion product relevant for example, contests which ask consumers to suggest a name for a product or to develop and submit recipes that use the brand .It can increase involvement levels of consumers. In India, brands like Maruti, Ramdev Masala, Maggie noodles etc resort to such type of contests.

With the help of sweepstakes and games, excitement can be generated and involvement with a popular and timely event can happen eventually leading consumers to visit a company's website. For example, many companies as part of sponsorship for World Cup Football 2014 in Brazil

organized such games with an attraction to people of an all expense paid visit to Brazil for viewing live one or some matches . These sweepstakes and games do very well around some events related to sports, cultural festivals etc.

Problems with Contests and Sweepstakes While the use of contests and sweepstakes continues to increase, there are some problems associated with these types of promotions. Just because there is an incentive associated with them, they do little to contribute to consumer franchise building for a product or service . In fact, they even detract from building it once they are not there . These sweepstakes or contests dominate rather than the brand, and little is accomplished other than giving away substantial amounts of money and/or prizes. Due to these concerns, some companies have cut back or even stopped using them because of concern over their effectiveness and fears that consumers might become dependent on them. At times, these are criticized for increasing consumption in consumers leading to unhealthy habits and benefiting only the brand and that too for a short period of time. It can be safely said that companies have to be careful in using these contests and sweepstakes in a manner which does not generate legal and other issues. Another problem with contests and sweepstakes is participation by professionals or hobbyists who submit many entries but having no intention of purchasing the product or service. At times, as it is illegal to require a purchase as a qualification for a sweepstakes entry, consumers can enter as many times as they wish. It makes professional players enter one sweepstakes several times, depending on the nature of the prizes and the number of entries the promotion attracts. The presence of these professional entrants not only defeats the purpose of the promotion but also discourages entries from consumers who think their chances of winning are limited.

Refunds and Rebates

(Following Marginalia in small type to be given to the left of the preceding paragraph)

When manufacturers offer to return a portion of the product purchase price usually after the consumer supplies some proof of purchase , it is called as refunds (also known as rebates).

When manufacturers offer to return a portion of the product purchase price usually after the consumer supplies some proof of purchase , it is called as **refunds** (also known as rebates). Consumers show positive response to rebate offers as it adds up to their savings. Rebates are used by makers of all types of products, whether packaged goods or major appliances, cars, ready to cook , ready to eat products, computer hardware and software etc.

Packaged-goods marketers use these to induce trial of a new product besides encouraging users of other brands to switch. Here , immediate benefit is seen by consumers, who perceive the savings offered through a cash refund as an immediate value lowering the cost of the item, although those savings are realized only if the consumer redeems the refund or rebate offer. Redemption rates for refund offers can range from any percent which the company finds economically viable from a long run perspective.

These offers can also encourage repeat purchase. And at times consumers are required to send in multiple proofs of purchase. The size of the refund offer may even increase as the number of purchases gets larger. In case of some packaged-goods companies, cash refund offers are being replaced by cash/coupon combinations. At the same time, using coupons in the refund offer enhances the likelihood of repeat purchase of the brand.

In case of consumer durables, rebates are a widely used form of promotion.. Products such as kitchen appliances, electronic items like televisions, audio and video equipment, computers, and cars put rebate offers to effective use in order to attract price conscious consumers. These are now common not only in the auto industry and other durable products but for packaged-goods products as well like ready to eat snacks, cookies, pickle etc. .

Analyzing Refunds and Rebates Refunds or rebates help create new users and encourage brand switching or repeat purchase behavior besides offering a temporary price reduction. These can generate immediate savings even though many consumers do not follow through on the offer. This perception can influence purchase even without the consumer realizing the savings It helps the marketer reduce less price for much less than if it used a direct price-off deal.

Refunds and rebates have some problems. Many consumers are not motivated by a refund offer just because of the delay and the effort required to take advantage of the offer as they are not interested in saving cash register receipts and proofs of purchase, filling out forms, and mailing in the offer. Some consumers perceive manufacturers as offering rebates to sell products that are not faring well besides suspecting manufacturers' motives. All this portends that companies using rebates must simplify the redemption process and use other promotional elements such as advertising to retain consumer confidence in the brand.

While offering rebates, marketers must be careful not to use them cautiously lest these confuse consumers about the real price and value of a product or service. Moreover, consumers can become dependent on rebates and may even wait for the rebates to be announced for their purchases or purchase only brands for which a rebate is available. In that case, the whole perception or orientation of the brand gets diluted . It is also seen that many retailers have become disenchanted with rebates due to the burden and expense of administering them.

Bonus Packs

(Following Marginalia in small type to be given to the left of the preceding paragraph)

Bonus packs constitute an extra amount of a product at the regular price by providing larger containers or extra units

Bonus packs constitute an extra amount of a product at the regular price by providing larger containers or extra units These result in a lower cost per unit for the consumer and also provide extra value as well as more product for the money. Many advantages are associated with bonus

pack promotions. Firstly, they give direct benefit to consumers without having to get involved with complicated coupons or refund offers. Secondly, this additional value or benefit of a bonus pack is clearly obvious to the consumer which can have a strong impact on the purchase decision at the time of purchase.

Moreover, these bonus packs score over a competitor's promotion or introduction of a new brand. Just by loading current users with large amounts of its product, a marketer can often control these consumers from the market in its favor and make them less susceptible to a competitor's promotional efforts. With more selling potential, bonus packs may result in larger purchase orders and favorable display space in the store if relationships with retailers are good. At the same time, these packs usually require additional shelf space without providing any extra profit margins for the retailer, so the marketer may encounter problems with bonus packs if trade relationships are not good. Besides this, bonus packs may appeal primarily to current users who probably would have purchased the brand anyway or to promotion-sensitive consumers who may not become loyal to the brand.

Certain Indian examples sourced from the following link. Godrej Colour Gloss triple action shampoo, offers 20% extra free. 100ml +20ml. Sunsilk shampoo (HLL) 400ml bottle gives 33% more free. Dettol shaving cream get 40% extra free. Bisleri – 20% extra free (Bada Bottle, Same price). Another form of rebate or refund can be in the form of more numbers than quantity e.g., Fairglow soap – buy 3 get 1 free. This way of promotion carries a distinct advantage wherein that extra product may encourage increased usage and help sustain the habit. Moreover, a bonus pack stands out at the point of sale. When “Taj mahal Tea” guaranteed its taste by openly telling the public of its offer that “agar chai pasand nahi aaie, toh pure paise vaapas”!, it is actually promising 100% refund in case the product does not suit the taste buds of the users.

(Source:<http://www.drypen.in/sales-promotion/consumer-sales-promotion-and-methods-of-promotion.html> accessed July 05, 2014).

Price-Off Deals

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In price-off deals, price-off reductions are typically offered right on the package through specially marked price packs.

In price-off deals, price-off reductions are typically offered right on the package through specially marked price packs. Usually, price-offs range from 10 to 25 percent off the regular price, with the reduction coming out of the manufacturer's profit margin, not the retailer's. In this way, retailer's margin is not negatively affected which ensures its support and cooperation during a price-off promotion.

There are several reasons for marketers using price-off promotions. Firstly, as price-offs are controlled by the manufacturer, it makes sure the promotional discount reaches the consumer rather than being kept by the trade. Just as bonus packs, price-off deals present a readily apparent value to shoppers, as they have a reference price point for the brand and thus recognize the value of the discount. These price-offs can strongly influence at the point of purchase when price comparisons are being made. Apart from this, price-off promotions also encourage consumers to purchase larger quantities, preempting competitors' promotions and thereby leading to greater trade support.

At times price-off promotions may not be favorably received by retailers, as they can create pricing and inventory problems. Moreover, just like bonus packs, price-off deals appeal primarily to regular users instead of attracting nonusers. In the promotion of Apple i-phone series 4s, 5c, and 5s in India, the company used rebates straight away in 2014 for a particular period. It offered buy back scheme along with rebates and the customers were asked to choose from the two. The company keeps on coming up with such schemes from time to time.

Frequency Programs

(Following Marginalia in small type to be given to the left of the preceding paragraph)

Frequency programs, also addressed as continuity or loyalty programs are the price benefits which accrue to the customers due to repeat buying or usage of the products or services offered by the company.

Frequency programs, also addressed as continuity or loyalty programs are the price benefits which accrue to the customers due to repeat buying or usage of the products or services offered by the company. It is majorly used as promotional tool by service organizations like aviation companies through their frequent flier programs. Initiated by American Airlines through its frequent-flyer program in 1981, these frequency programs have become commonplace in a number of product and service categories, majorly travel and hospitality, as well as among retailers. Almost every airline in the world, car rental company, and hotel chain has some type of frequency program.

Supermarkets, marts, discount stores etc are always in the fore-front of loyalty programs that offer members discounts, a chance to accumulate points that can be redeemed for rewards, newsletters, and other special services. These loyalty programs are even finding strong takers on online shopping channels, besides departmental stores, home centers, bookstores, and even local shops. In India, small shops often referred to as kirana stores majorly selling groceries, etc are using this tool very ingeniously across the country and not at all worried about big retail outlets

using them in big ways. These frequency programs have caught the fancy of a lot of customers/consumers for very obvious reasons. According to marketers, these programs encourage consumers to use their products or services on a continual basis and as a way of developing strong customer loyalty. Companies have also realized the importance of customer retention through building relationships with loyal customers which holds the key to retaining and growing market share. Over and above that, such frequency programs help marketers with the constantly develop databases containing valuable information on their customers that can be used to better understand their needs, interests, and characteristics as well as to identify and track a company's most valuable customers for an improved product /service as well as a new product/service in future. It helps in targeting specific programs and offers to customers to increase the amount they purchase and/or to build stronger relationships with them.

With frequency programs becoming common across the board within and among all industries, marketers will find it tough to use them as a means of differentiating their product, service, business, or retail store. loyalty programs developed by packaged-goods marketers are often criticized for being really short-term promotions over rewarding regular users and doing little in developing long-term loyalty. For marketers to make them true loyalty programs rather than just frequent-buyer programs, careful management of databases to identify and track valuable customers and their purchase history is required besides strategic use of targeted loyalty promotions. In other words, it should become selective and exclusive with time.

Event Marketing

(Following Marginalia in small type to be given to the left of the proceeding paragraph)

Event marketing implies a type of promotion where a company or brand is linked to an event or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service.

Event marketing and event sponsorship are often confused . It is therefore important to differentiate between the two. Event marketing implies a type of promotion where a company or brand is linked to an event or where a themed activity is developed for the purpose of creating experiences for consumers and promoting a product or service. Marketers often resort to event marketing by associating their product with some popular activity in the form of a sporting event, concert, fair, or festival. Marketers may also realize that at times existing or planned events do not fit best with their product/service promotion objective. In order to handle this situation, they create their own events to use for promotional purposes. For example, Airtel Mobile Phone services gets associated with religious festivals from time to time and creates activities around them which get organized regularly year after year and take the form of sought after events for the public. Similarly, MTV Rodies is an adventure cum sporting event organized by Hero Honda in collaboration with MTV across India in order to identify the best roadie at the end of the event. The event gets aired on A particular TV Channel from the beginning to the end. In this way, the brand Hero Honda gets promoted through a sporting event which also becomes a

television based event simultaneously. Big Bazaar organizes events as part of promotion in its premises from time to time across the year related to some or the other festival or season. In this way, it promotes various brands retailed by it besides itself.

Event sponsorship is an integrated marketing communications activity gets organized wherein a company develops actual sponsorship relations with a particular event and provides financial support in return for the right to display a brand name, logo, or advertising message and be identified as a supporter of the event. Event marketing usually takes form as a company's sponsorship of activities such as concerts, the arts, social causes, and sporting events. Decisions and objectives for event sponsorships are often part of an organization's public relations activities to be deliberated at length in the forthcoming chapter .

Event marketing has come up in a big way in the 21st century and marketers are always on a high in using it as a part of developing and implementing integrated marketing programs .It including a variety of promotional tools which create experiences for consumers in an effort to associate their brands with certain lifestyles and activities. Marketers use special events to distribute samples as well as information about their products and services and even to actually let consumers experience the product.

Summary of Consumer-Oriented Promotions and Marketer Objectives

From the above discussion of various sales promotion techniques , it can be safely argued that marketers use them to accomplish a variety of objectives. Just as mentioned in the start of the chapter, sales promotion techniques provide consumers with an extra incentive or reward for engaging in a certain form of behavior which may be purchasing a brand. In some types of sales promotion tools, the incentive to the consumer is immediate, while in some others, the reward is at a later date or time.

Sales promotion tools are often evaluated by marketers in terms of their ability to accomplish specific objectives as to whether the impact of the promotion will be immediate or delayed. Sales promotion techniques can be used to accomplish more than one objective. With the help of loyalty programs , customers can be retained through immediate and delayed rewards. Super market loyalty program shoppers receive discounts every time they make a purchase are receiving immediate rewards that are designed to retain them as customers. Certain loyalty promotions such as frequency programs used by airlines and hotels offer delayed rewards which require users to accumulate points to reach a certain level or status before the points can be redeemed. Moreover, loyalty programs can be effectively used by marketers to help build brand equity.

From the discussion till now, it is clear that marketers use consumer-oriented sales promotions which provide current and/or potential customers with an extra incentive. At the same time or at different times also, they use sales promotion to motivate the trade. Retailers will cooperate in stocking a brand, purchasing extra quantities, or providing additional support such as end-aisle displays when they know a manufacturer is running a promotion during a designated period. It gets helped when promotional programs targeted toward the trade are in place .

SALES PROMOTION ORIENTED TOWARDS TRADE

Sales promotion oriented towards trade (Sectional Chapter objective)

This section comes across the tools of sales promotion directed towards trade fraternity like wholesalers, dealers, agents, retailers, etc. It so happens that when trade gets motivated to sell more to the retail, it gets incentives in various forms by the company. All these come in the category of sales promotion for trade.

As was the case with consumer-oriented promotions, sales promotion programs targeted to the trade should be having well-defined objectives and measurable goals besides considering what the marketer wants to accomplish. Usually such objectives for intermediaries like wholesalers and retailers include obtaining distribution and support for new products, generating and maintaining support for established brands, encouraging retailers to display established brands, and building retail inventories.

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Through trade promotions, retailers are often encouraged to provide e shelf space to new products. Manufacturers, being fully aware of a limited amount of shelf space in retail outlets ,like supermarkets, departmental stores, etc provide retailers with financial incentives to stock new products.

Obtaining Distribution for New Products Through trade promotions, retailers are often encouraged to provide e shelf space to new products. Manufacturers, being fully aware of a limited amount of shelf space in retail outlets ,like supermarkets, departmental stores, etc provide retailers with financial incentives to stock new products. Whether it is HUL(Hindustan Unilever Ltd) or P&G(Proctor & Gamble), or any other big or medium, or small manufacturer, heavy to moderate sampling and high-value coupons are used regularly for various offerings by all these companies. In addition to these consumer promotions, the company used discounts to the trade also in order to encourage retailers to stock and promote the new brand.

Apart from using trade discounts or other special price deals to encourage retailers and wholesalers stock a new brand, use of other types of promotions make them to push the brand. Merchandising allowances motivate retailers to display a new product in high-traffic areas of stores, whereas incentive programs or contests encourage wholesale or retail store personnel to push a new brand.

Maintaining Trade Support for Established Brands Trade promotions are continued to maintain distribution and trade support for established brands. Brands in the mature phase of their product life cycle are vulnerable to losing wholesale and/or retail distribution, specially if they are not differentiated or face competition from new products. Trade deals motivate

wholesalers and retailers to continue to carry weaker products because the discounts increase their profit margins. Brands with a smaller market share more often rely heavily on trade promotions, as they lack the resources required to differentiate themselves from competitors through media advertising which is normally expensive.

A brand may be having a strong market position . Even then,trade promotions may be used as part of an overall marketing strategy. This is specially true for Fast Moving Consumer Goods companies and that too in packed food items, ready to eat as well ready to cook food items. Brands like Maggie, MDH masala, Lehar namkeen, etc rely heavily on trade promotions to hold their market share position. It helps such companies to maintain retail distribution and support.

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Trade-oriented promotions helps in meeting the objective of prominently displaying and promoting an established brand. Marketers , recognizing very well that many purchase decisions are made in the store, ensure that promotional displays serve an excellent way of generating sales.

Retailer Motivation in Displaying Established Brands Trade-oriented promotions helps in meeting the objective of prominently displaying and promoting an established brand. Marketers , recognizing very well that many purchase decisions are made in the store, ensure that promotional displays serve an excellent way of generating sales. It helps in obtaining retail store displays of a product away from its regular shelf location. Broadly speaking ,a typical supermarket has a variety of display areas viz., the ends of aisles, near checkout counters, between sections, between sub-sections etc. Marketers want to have their products displayed in these areas so as to increase the probability of shoppers coming into contact with them. A single display has the potential of increasing a brand's sales significantly during a promotion. Companies use different and complimentary promotional programs to encourage retailers to promote their products at the retail level. Within the retail outlet, the cart on which customers carry their purchase till the billing can be fitted with logos, stickers etc of numerous brands. At times, the entire floor of a multistoried retail outlet may be having the promotional material in the form of big posters, creative directions towards the lift and in the lift cabin, etc. We often see this scenario when we visit Big Bazaar, Reliance Mart, Spencers etc wherever they are in India. Even small retail outlets known as kirana stores are actively involved in promoting brands within their outlets as a result of motivation from big companies and distributors. With effective use of a variety of promotional tools, companies increase retailer participation. These include magazine and newspaper advertising,, FSIs and checkout coupons, in-store displays, premium offers, recipe handouts, Web support as well as contests.

Help in building Retail Inventories Manufacturers ,through promotions , often help in building inventory levels of retailers or other channel members. Manufacturers have several reasons for loading retailers with their products. Firstly, wholesalers and retailers will push a

product when they have high inventory levels rather than storing it in their warehouses or back rooms. Secondly, channel members' inventories also ensures they will not run out of stock and thus miss sales opportunities.

Some manufacturers of seasonal products offer large promotional discounts for retailers to stock up on their products before the peak selling season begins. It helps the manufacturer to handle seasonal fluctuations in its production schedule besides passing on some of the inventory carrying costs to retailers or wholesalers. When retailers stock up on a product before the peak selling season, they in turn often run special promotions and offer discounts to consumers to reduce excess inventories. It appears a win-win situation for all involved, right from the manufacturer to the consumer.

Types of Trade-Oriented Promotions

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A variety of trade promotion tools are applied by manufacturers as inducements for wholesalers and retailers.

A variety of trade promotion tools are applied by manufacturers as inducements for wholesalers and retailers. Next Such tools and factors essential for marketers using them are explained now. These promotions include contests and incentives, trade allowances, displays and point-of-purchase materials, sales training programs, trade shows, and co-op advertising.

Contests and Incentives Reseller management as well as sales personnel can be motivated by manufacturers through contests or special incentive programs in order to stimulate greater selling effort and support. Contests or incentive programs can be directed toward managers who work for a wholesaler or distributor as well as toward store or department managers at the retail level. Manufacturers usually sponsor contests for resellers and use prizes such as trips or valuable merchandise as rewards for meeting or exceeding sales quotas or other goals.

Many times these contests or special incentives are targeted at the sales personnel of the wholesalers, distributors/dealers, or retailers. These salespeople form an important link in the distribution chain because they are likely to be very familiar with the market, more frequently in touch with the customer (whether it be another reseller or the ultimate consumer), and more numerous than the manufacturer's own sales organization. These programs may include cash payments made directly to the retailer's or wholesaler's sales staff to encourage them to promote and sell a manufacturer's product. These payments are commonly called as push money (pm) or spiffs. As an example, an electrical appliance manufacturer may pay a Rs 100/- to retail sales personnel for selling a certain model or size of the appliance. In sales competitions or contests, sales persons can win trips or valuable merchandise for meeting certain targets set by the manufacturer. Such incentives may be linked to or subject to not only product sales but also to new account placements, or even merchandising efforts.

Although contests and incentive programs can generate reseller support, they have the potential of becoming a source of conflict between retail sales personnel and management. Certain retailers want control over the selling activities of their sales staffs and don't want their salespeople devoting an undue amount of effort to trying to win a contest or receive incentives offered by the manufacturer. They also do not want their people becoming too aggressive in pushing products serving their own interests instead of the product or model suited best for the customer. This makes many retailers refuse to let their employees participate in manufacturer-sponsored contests or to accept incentive payments. Certain retailers allowing such participation often have strict guidelines and require management approval of the program.

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Trade allowances are in the form of a discount or deal offered to retailers or wholesalers to encourage them to stock, promote, or display the manufacturer's products

Trade Allowances These allowances happen to be the most common trade promotion. It is in the form of a discount or deal offered to retailers or wholesalers to encourage them to stock, promote, or display the manufacturer's products. Types of such allowances offered to retailers may be buying allowances, promotional or display allowances, and slotting allowances. We'll look into the details of these. A *buying allowance* is a deal or discount offered to resellers through a price reduction on merchandise ordered during a fixed period. These discounts are often in the form of an off-invoice allowance, which implies a certain amount or percentage is deducted from the invoice. A buying allowance can also be given in the form of free goods wherein the reseller gets extra quantity with the purchase of specific amounts (for example, 1 carton with every 10 cartons purchased). Numerous reasons abound for using buying allowances. These are easy to implement and are well accepted, and expected by the trade at times. Moreover, they effectively encourage resellers to buy the manufacturer's product, as they are keen to take advantage of the discounts being offered during the allowance period. Manufacturers offer trade discounts expecting wholesalers and retailers to pass the price reduction through to consumers thereby resulting in greater sales. But, this is often not the case, which generates problems at times.

Promotional Allowances Manufacturers regularly give retailers allowances or discounts for performing certain promotional or merchandising activities in support of their brands. These merchandising allowances can be offered for providing special displays away from the product's regular shelf position, running promotional programs in the store, or including the product in an ad by the trade. The manufacturer generally does this as part of a contract with the trade which has agreed upon guidelines specifying the activity to be performed to qualify for the promotional allowance. The allowance is usually a fixed amount per size or a percentage deduction from the list price for merchandise ordered during the promotional period.

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In recent years ,retailers have been demanding a special allowance for agreeing to handle a new product. It is also referred as stocking allowances, introductory allowances, or street money and it consists of fees retailers charge for providing a slot or position to accommodate the new product.

New Product handling allowance. Also known as slotting allowance, in recent years ,retailers have been demanding a special allowance for agreeing to handle a new product. It is also referred as stocking allowances, introductory allowances, or street money and it consists of fees retailers charge for providing a slot or position to accommodate the new product. They justify it by giving reasons like costs associated with taking on so many new products each year, such as redesigning store shelves, entering the product into their computers, finding warehouse space, and briefing store employees on the new product. Apart from that they also cite some risk, since so many new product introductions fail. This slotting fees can range from a few hundred rupees to lacs of rupees or more for an entire retail chain. Manufacturers keen to get their products on the shelves nationally can have to shell out several million rupees as slotting fees. Many marketers believe slotting allowances are a form of blackmail or bribery and according to them,70 percent of these fees go directly to retailer profits.

Over and above charging slotting fees , some retailers have even been demanding failure fees if a new product does not hit a minimum sales level within a certain time. This fee is charged to cover the costs associated with stocking, maintaining inventories, and then pulling the product. It is very natural that large manufacturers with popular brands are less likely to pay slotting fees than smaller companies which lack leverage in negotiating with retailers.

There are problems with trade allowances. At times, many companies loose out on end consumers due to abuse of trade allowances by wholesalers, retailers, and distributors. Marketers give retailers these trade allowances so that the savings will be passed through to consumers in the form of lower prices, but many companies in FMCG category feel that very less or nothing actually reaches end consumers . Apart from that, many marketers believe that the trade is taking advantage of their promotional deals and misusing promotional funds.

There are a lot of reasons which gives worries to manufacturers as far as these allowances are concerned. At times, many retailers and wholesalers do forward buying, wherein they stock up on a product at the lower deal or off-invoice price and resell it to consumers after the marketer's promotional period ends. At some other points of time, they practice diverting, where a retailer or wholesaler takes advantage of the promotional deal and then sells some of the product purchased at the low price to a store outside its area or to a middleperson who resells it to other stores. In fact, research has shown that almost half of wholesalers' and retailers' profits come from these activities. A[part from not passing discounts on to consumers, forward buying and diverting create other problems for manufacturers. These lead to huge swings in demand that cause production scheduling problems and leave manufacturers and retailers always building toward or drawing down from a promotional surge. It adds to the worry of marketers as

consumers learn to make purchases on the basis of what's on sale rather than developing any loyalty to their brands.

As a result of misuse of these allowances, many big companies in FMCG and Durables sector adopted everyday low pricing (EDLP), which lowers the list price of many of its product line by 15 to 20 percent while cutting promotional allowances to the trade. The price cuts leave the overall cost of the product to retailers about the same as it would have been with the various trade allowance discounts. Proponents of EDLP argue that such pricing overcome problems like deal buying, leads to regular low prices at the retail level, and helps build brand loyalty among consumers. However, EDLP strategy has caused great controversy in the trade, which depends heavily on promotions to attract consumers. According to critics, EDLP may work well for market leaders whose brands enjoy high loyalty, but it is not effective for marketers trying to build market share or prop up lagging products. Moreover, lot many consumers constantly feel motivated promotional deals and specials than by advertising claims from retailers promoting everyday low prices.

Criticism notwithstanding, companies like P&G, HUL, and Colgate-Palmolive etc in FMCG sector have realized that EDLP is paying off and volume has grown faster in their brands that have switched to the pricing strategy. This motivated these companies to extend their use of everyday low pricing to international markets, including the Asia, Europe, Latin America and even Middle-East. These companies in FMCG sector have taken steps in recent years to simplify their promotional programs by cutting back on many types of promotions including bonus packs, premiums, coupons, and rupee-off packs. They play a significant role in creating a ripple effect among other marketers.

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When consumers are in a store, various promotional materials are used to display and sell products. These Point-of-purchase (POP) displays are an important promotional tool as these can help a manufacturer obtain more effective in-store merchandising of products.

Displays and Point-of-Purchase Materials When consumers are in a store, various promotional materials are used to display and sell products. These Point-of-purchase (POP) displays are an important promotional tool as these can help a manufacturer obtain more effective in-store merchandising of products..As many consumers make many buying decisions in the store, point-of-purchase displays are very important to marketers. According to some studies, nearly two-thirds of a consumer's buying decisions are made in a retail store. Therefore, it becomes very important for marketers to get the attention of consumers, as well as to communicate a sales or promotional message, through POP displays

Studies from time to time have shown the relevance and significance of POP displays, it is difficult in getting retail stores to comply with requests for displays, thereby making it difficult for marketers to use them. Over and above that, many retailers are decreasing the amount of

signage and displays they will accept as well as the messages they can communicate. With specific promotions becoming more popular, some retailers always ask customized POP materials.

Even after facing such challenges, marketers have long realized that point-of-purchase displays are an important part of their promotional programs. Many continue to develop innovative methods to display their products efficiently which makes them stand out in the retail environment, and communicate a sales message to consumers. However, the importance of creative POP displays is not limited to grocery or convenience stores. These are also important to companies that distribute their products through other types of retail outlets, such as home improvement, consumer electronic, and sporting goods stores.

Many manufacturers help retailers through planograms which use shelf space more efficiently, which are configurations of products that occupy a shelf section in a store. In Big Bazaar or in D'Mart, a section of elevated display is allocated with a big range of HUL products displayed in a very attractive manner. At other times, we find products of durable brand like Prestige displayed exclusively in a big hypermarket at a height on a dedicated wall which helps it sell more. Manufacturers also help retailers to collect consumer data on this front and improve this display continuously with time.

Sales Training Programs Training the reseller personnel in the form of promotional assistance by the manufacturer helps the company in a big way as it gives big boost to the company sales. It is called as sales training program. It is important for many products sold at the retail level that sales people have considerable knowledgeable and can provide consumers with information about the features, benefits, and advantages of various brands and models. As far as cosmetics, appliances, computers, consumer electronics, and sporting equipments are concerned, consumers often rely on well-informed retail sales personnel for assistance.

This training is and can be provided by manufacturers to retail salespeople in many ways. It may be in the form of classes or training sessions that retail personnel can attend to increase their knowledge of a product or a product line. In these training sessions, information and ideas are presented as to how to sell the manufacturer's product and may also include motivational components. Sales training classes for retail personnel are often sponsored by companies selling high-ticket items or complex products such as personal computers, cars, etc. Manufacturers also provide sales training assistance to retail employees through their own sales force. Sales force personnel of the manufacturer educate retail personnel about their product line and provide selling tips and other relevant information. It can be done through an ongoing sales training as sales force people of manufacturer come into contact with retail sales staff on a regular basis thereby updating them on changes in the product line, market developments, competitive information, and the like. Over and above all of the above, manufacturers provide resellers with detailed sales manuals, product brochures, reference manuals, and other material. Many companies provide videocassettes for retail sales personnel that include product information,

product-use demonstrations, and ideas selling their product/s. These selling aids can also be used as a source for providing information to customers as well.

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Trade shows are another important promotional activity targeted to resellers.

Trade Shows Trade shows are another important promotional activity targeted to resellers. It is a forum where manufacturers can display their products to current as well as prospective buyers.

Trade shows perform a number of promotional functions which include demonstrating products, identifying new prospects, gathering customer and competitive information, and even writing orders for a product. However, these shows are particularly valuable for introducing new products, because resellers are often looking for new merchandise to stock. These shows generate valuable leads to follow up on through sales calls or direct marketing. It also has social angle attached wherein many companies use them to entertain key customers and to develop and maintain relationships with the trade. As per recent studies, trade shows generate product awareness and interest and can have a measurable economic return.

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The ultimate form of trade-oriented promotion is cooperative advertising wherein the cost of advertising is shared by more than one party. It is majorly of three types.

Cooperative Advertising The ultimate form of trade-oriented promotion is cooperative advertising wherein the cost of advertising is shared by more than one party. It is majorly of three types.

Horizontal cooperative advertising is advertising funded or sponsored in common by a group of organizations (retailers or other organizations) providing products or services to the market. At times, we find an institution of higher education advertised along with a bank wherein an aspiring student can take loan to meet the costs of higher education. It also happens when a real estate company promotes an upcoming residential project along with a security system company for ensuring secure living in that project. Numerous such forms of cooperative advertising examples exist.

In *Ingredient-sponsored cooperative advertising*, raw materials manufacturers highlight their products as essential ingredients in a finished product without which the finished product has no meaning. The ingredient is normally an industrial product but its utility as an essential part of the finished product to the end user is portrayed by its manufacturer through advertising in a manner that without which the finished product appears to have no meaning. It results in more orders for the ingredient by the end product manufacturer as consumers ask for it more than the finished product. The most popular and most successful, example of this type of cooperative advertising

is the “Intel Inside” program, sponsored by Intel Corporation. However, other manufacturers of different ingredient brands do use it also from time to time.

In the most common form of cooperative advertising which takes the form of trade coordination, *vertical cooperative advertising* is widely present wherein a manufacturer pays for a portion of the advertising run by a retailer to promote the manufacturer’s product and its availability in the retailer’s place of business. Manufacturers generally share the cost of advertising run by the retailer on a mutually agreed percentage basis .

Cooperative advertising happens in several forms. Retailers advertising a manufacturer’s product in a local newspaper ad carrying a number of different products, and the individual manufacturers reimbursing the retailer for their portion of the ad is one form of cooperative advertising. It may so happen that the ad is prepared by the manufacturer and placed in the local media by the retailer. During Deepawali times in India, almost all print advertisements in any Newspaper carries the list of authorized dealers with their contact details etc. At the same time, we find dealers and also retailers advertising locally in cities and towns highlighting the features and benefits of brands in which they deal, for which they get support from the manufacturers of the brands. Manufacturers like Dell Inc, Hitachi appliances, Videocon Ltd, Samsung Ltd etc., and retailers like Big Bazaar, Vijay Sales, D’Mart, as well as small retailers all participate in such cooperative advertising.

After running a cooperative ad , the retailer requests reimbursement from the manufacturer for its percentage of the media costs as agreed earlier. Manufacturers participate in such cooperative advertising for specific requirements such as size, use of trademarks, content, and format. These ad runs are also verified by the radio station or television channel etc.

Manufacturers are increasing their cooperative advertising expenditures in recent years as they strongly believe they can have greater impact with ad campaigns in local markets. At the same time retailers are also increasingly becoming pro-active towards cooperative advertising programs by approaching manufacturers with catalogs, promotional events they are planning, or advertising programs they have developed in conjunction with local media and ask them to pay a percentage of the cost. Manufacturers willingly go along with these requests, particularly when the retailer is large and powerful. Companies like Reliance Industries, Videocon India Ltd, Hyundai Motors Ltd, Samsung India Ltd etc across industries cooperate with big, medium, as well as small retail stores wherein they jointly advertise for products and services in different geographic locations across the country. It multiples during important festival seasons like Navratri, Deepawali, , etc.

COORDINATING SALES PROMOTION AND ADVERTISING

Coordinating Sales Promotion and Advertising (Sectional Chapter objective)

It is very important to make sure that sales promotion is in sync with advertising efforts of the company. This section throws light on the ways in which this is done and how best it can be done. Whether it is budgetary allocation for promotion, or synchronization of the themes of sales promotion and advertising, or media support and timing, or even sales promotion abuse, etc, it covers all these aspects.

Sales promotion works well if properly aligned with advertising. Experienced personnel in promotional process have long recognized that sales promotion techniques usually work best in conjunction with advertising and an ad campaign becomes more effective if it is run along with consumer-oriented sales promotion. It is proved beyond doubt that advertising and sales promotion should be viewed as complementary tools instead of competitive promotional tools for the promotional budget. Proper planning and execution of advertising along with sales promotion can have a synergistic effect much greater than either of the two elements of promotion used separately.

This coordination is also essential from the point of view of the firm to take advantage of the opportunities offered by each tool and get the most out of its promotional budget. It requires decisions related to not just budgetary allocation to each area but also coordinating of the ad and sales promotion themes, the timing of the various promotional activities, and the target audience reached.

Allocation of budget to sales promotion

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It is very difficult to fix a percentage of promotional budget to sales promotion, although many companies are spending more money on sales promotion than on media advertising.

It is very difficult to fix a percentage of promotional budget to sales promotion, although many companies are spending more money on sales promotion than on media advertising. The allocation depends on a number of factors viz., the specific promotional objectives of the campaign, the situation of the market and competition, and the the stage of the brand in its life cycle.

The stage in the product life cycle of any product/service will dictate allocation of the promotional budget for the same. Introductory stage requires a large amount of the budget to sales promotion techniques such as sampling and couponing for generating trial wherein the growth stage will call for promotional rupees to be used primarily for advertising to stress

brand differences and keep the brand name in consumers' minds amidst all the clutter. Upon moving into maturity stage advertising serves primarily as a reminder to keep consumers aware of the brand. Consumer-oriented sales promotions such as coupons, price-offs, premiums, and bonus packs are required periodically to maintain consumer loyalty, attract new users, and protect against competition. Trade oriented promotions are needed to maintain shelf space and accommodate retailers' demands for better margins as well as encourage them to promote the brand. A study on the synergistic effects of advertising and promotion on a brand in the mature phase of its life cycle revealed that almost 4/5th of its sales at this stage were due to sales promotions. It is important that when a brand in the decline stage of the product life cycle, most of the promotional support is removed and expenditures on sales promotion are negligible.

Coordination of Ad and Promotion Themes

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It is very important to that the theme of consumer promotions should be tied in with the advertising and positioning theme wherever possible. In other words, sales promotion tools should communicate a brand's unique attributes or benefits and to reinforce the sales message or campaign theme.

It is very important to that the theme of consumer promotions should be tied in with the advertising and positioning theme wherever possible. In other words, sales promotion tools should communicate a brand's unique attributes or benefits and to reinforce the sales message or campaign theme. At times, we find mismatch between the themes of advertisement and sales promotion which damages the whole purpose of promotion. .By having a perfect coordination between the two, the sales promotion contributes to the consumer franchise-building for the brand.

Simultaneously, media advertising should draw attention to a sales promotion program such as a contest, sweepstakes, or event or to a special promotion offer such as a price reduction or rebate program. At times and at regular intervals, we find television advertisements announcing sales promotion of one type or another by brands like Lenovo, Dell, Titan, Nokia, Samsung, Videocon wherein the duration and type of sales promotion is highlighted and it reaches a crescendo with higher frequency as the promotion period comes to an end. Such advertisements are also put in print media specially newspapers with locations and contact details of dealers and retailers also highlighted to goad readers to make up their mind

Media Support and Timing

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It is very important for a sales promotion program to be coordinated with the media program for the ad campaign. Media advertising is used to deliver sales promotion materials as coupons, sweepstakes, contest entry forms, premium offers, and even samples. Media also helps in informing consumers of a promotional offer as well as to create awareness, interest, and favorable attitudes toward the brand.

It is always good to use advertising in conjunction with a sales promotion program, as it will help marketers make consumers aware of the brand and its benefits and increase their responsiveness to the promotion. Consumers are more likely to redeem a coupon or respond to a price-off deal for a brand they are familiar with than one they know nothing about. It is also true that product trial created through sales promotion techniques such as sampling or high-value couponing has more possibility to result in long-term use of the brand when accompanied by advertising.

Promotion without prior or concurrent advertising may limit its effectiveness and risk damaging the brand's image. If consumers perceive the brand as being promotion dependent or of lesser quality, they are not likely to develop favorable attitudes and long-term loyalty. On the other hand, the effectiveness of an ad can be enhanced by a coupon, a premium offer, or an opportunity to enter a sweepstakes or contest. When an advertisement asks viewers to call on a toll free number of Kelloggs Cornflakes with a possibility of lucky prize to be won from all callers as a result of a draw, it drives huge traffic to the brand, as compared to the advertisement of Kelloggs Cornflakes alone. Similarly, advertisement for the same brand in print and audio-visual media gets enhanced at the retail outlets where surprise quantity discount greets the customer.

In order to coordinate their advertising and sales promotion programs more effectively, certain companies involve their sales promotion agencies more in the advertising and promotional planning process. In place of hiring agencies to develop individual, nonfranchise-building types of promotions with short-term goals and tactics, many companies are ensuring that their sales promotion and advertising agencies work together to develop integrated promotional strategies and programs.

Sales Promotion Abuse

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More and more use of sales promotion in marketing programs is a big phenomenon. It is questioned by several writers, particularly with regard to the lack of adequate planning and management of sales promotion programs.

It is often argued whether marketers are becoming too dependent on this element of the marketing program. Consumer and trade promotions can generate great results in short-term increases in sales, and many brand managers would rather use a promotion to produce immediate sales than invest in advertising and build the brand's image over an extended time. Experts in sales promotion as part of advertising agencies often admit to the great temptation for quick sales fixes through promotions as it is lot easier to offer the consumer an immediate price savings than to differentiate their product from a competitor's product.

All said and done, excessive use of sales promotion can harm a brand in several ways. A constantly promoted brand is likely to lose perceived value. Consumers often end up purchasing a brand as it is on sale, they get a premium, or they have a coupon instead of a favorable attitude they have developed. Once the extra promotional incentive is not available, they switch to another brand. Many studies have found that offering a price promotion is more likely to lower a brand's evaluation when the brand has not been promoted previously compared to when it has been frequently promoted. At the same time, studies say that price promotions are used as a source of information about a brand to a greater extent when the evaluator is not an expert but does have some product or industry knowledge. Also found out was that promotions are more likely to result in negative evaluations when they are uncommon in the industry. These findings suggest that marketers must be careful in the use of price promotions as they may inhibit trial of a brand in certain situations.

According to Alan Sawyer and Peter Dickson, the concept of attribution theory examines how sales promotion may affect consumer attitude formation. This theory says that people acquire attitudes by observing their own behavior and considering why they acted in a certain manner. Consumers consistently purchasing a brand because of a coupon or price-off deal normally attribute their behavior to the external pro-motional incentive and not to a favorable attitude toward the brand. Naturally for such consumers, when no external incentive is available, consumers more likely purchase the brand due favorable underlying feelings about the brand.

When several competitors use promotions extensively, consumer-oriented promotions lead to a sales promotion trap or spiral for the company. The company always appear to be in a reactive

mode for every promotion done by competitors. Many times, a firm begins using sales promotions to differentiate its product or service from the competition. It gets copied by competitors when the promotion is successful and leads to a differential advantage (or even appears to do so). It leads to all the competitors using sales promotions, which not only lowers profit margins for each firm but also makes it difficult for any one firm to hop off the promotional bandwagon. Following figure exhibits this dilemma for the companies..A number of industries have fallen into this promotional trap. In the cosmetics industry, gift-with-purchase and purchase-with-purchase promotional offers were developed as a tactic for getting buyers to sample new products.

The sales promotion trap

Our Company

All Other companies	Cut back promotions	Maintain promotions
Cut back promotions	Higher profits for all	Market share goes to our company
Maintain promotions	Market share goes to all other companies	Market share stays constant: profits stay low

However, at times, these have proved to become a common, and costly, way of doing business.. Schemes sometimes cut into their already small profit margins. Whether it is fast food industry or computers or any other product or service category, the trap with promotions has harmed companies profit margins. Majorly , this happens as competitors quickly match schemes or come up with their own versions etc Marketers have to have a balance between the short-term impact of a promotion and its long-term effect on the brand. Competitors are capable of developing a retaliatory promotion and the likelihood of their doing so should also be considered. In order to not damage the brand franchise with sales promotions or to get the firm involved in a promotional war that erodes the brand’s profit margins and threatens its long-term existence, marketers have to carefully use sales promotion. Temptations are many times very strong for marketers to resort to sales promotions to deal with declining sales and other problems instead of examining other aspects of the marketing program like channel relations, price, packaging, product quality, or advertising.

Chapter Closing Case Study

Shoney's Restaurants

Sales Promotion Program

Shoney's, a chain of family oriented restaurants having more than 320 locations is located in 21 states of USA. It was founded in 1947. It offers full table service and features daily buffets for breakfast, lunch and dinner. It had a challenge of increase traffic and sales for featured items, such as seafood dishes and the nightly buffet at the company's 140 wholly-owned restaurants. Every restaurant in the chain had approximately 50 employees. The efforts of Shoney's and GiftCertificates.com™ together developed a Sales Superstars themed incentive program that would be strong enough to be used for various promotions and contests. It was a six-week to eight-week contest rewarding employees for driving increased sales of a featured item. They received Super-Certificate REWARDS valued from \$ 25 to \$100. Contests were designed to encourage employees in a restaurant to compete against one another or to work as a team, competing against other restaurants. Shoney's measured the success of each competition by comparing final sales numbers with either previous sales figures or projected sales figures for new items. These SuperCertificate®REWARDS were presented weekly to the restaurant or employee with the largest total percentage of sales. At the end of each contest, a final reward was given to the participant or restaurant with the best cumulative performance. As a result of these efforts, in one year after launching the Sales Superstars program, participating Shoney's restaurants experienced a substantial rise in sales. The company found out that their employees responded extremely well to the SuperCertificate® REWARDS. In the words of David Stidham, Senior Director of Marketing at Shoney's many employees tell me found the certificates more motivating and rewarding than cash, and they love the choices they have when they go to redeem their certificates online. With the help of GiftCertificates.com's sales team, designing and implementing a program tailored to their specific needs was easy.

Shoney's were able to complete three individual contests in the first year. They had Nightly Buffet Promotion wherein employees and managers were asked to promote the buffet to customers during this eight-week promotion. As a result of this, sales rose to 16% over the previous year. Seafood Promotion for seven-week saw employees and managers challenged to increase sales of Shoney's seafood dishes. It resulted in sales rising by 18%. Holiday Gift Certificate promotion motivated Shoney's employees for encouraging sales of Shoney's gift certificates which also rewarded employees. It resulted in sales getting increased by 22% compared to the previous year.

Actual Company Examples

COKE INDIA Coke India's sales promotion follows different techniques from time to time like Buy-One-Get-One-Free (BOGOF) as compared to earlier strategy that of Buy two 2L bottle of

coke and get one 1L bottle free. Besides that, at different times, coke followed the strategy of NEW MEDIA in which a special code is at the back of the cap and which the consumer has to message to a specific number and then there has to be a lucky draw out of it. Coke also followed the system of providing vouchers and coupons in which the person has to collect certain number of coupons and present it to shopkeeper in order to get the bottle of the coke free. Over and above these, Coke also uses joint promotions with DOMINOS like buying the DOMINOS PIZZA and getting the coke 500ml bottle free.

Sales Promotions Strategy followed by Hindustan Unilever Ltd (HUL).

It involves following aspects from time to time.

(1) **Buy-One-Get-One-Free (BOGOF)**

(2) **Customer Relationship Management (CRM)** through incentives such as bonus points or money off coupons.

(3) **New media** wherein company provides discount to the customer for the promotion of the sale.

(4) **Free samples-**

(5) **Vouchers and coupons** seen in newspapers and magazines, on packs etc.

(6) **Competitions and prize draws** in newspapers, magazines, on the TV and radio, on The Internet, and on packs.

Following observations are existing and rising with times as far as sales promotion is concerned:

1. **Couponing** - Sales promotion industry is under challenge since the beginning of 21st century. Over 300 Billion coupons a year are issued in the United States alone; less than 1% are redeemed. But, in case of economic hardships, coupons usage increase.

2. **Retailers use more frequent but restrictive sales promotion.** But, retailers are going to offer discounts, they will make coupons restrictive by imposing shorter redemption duration periods and more purchase requirements to use the coupon..

3. **From paper to digital coupons** - With an ever increasing online commerce, more and more people are using online coupons. The online coupon industry has grown significantly. These coupons are becoming safer to use and more retailers are providing print-at-home coupons or coupon codes for shopping online.

4. **Improved digital coupon technology** – As coupon fraud is a big concern for retailers, digital coupons copying and manipulation by hackers has got controlled with precautions from companies using them.

6. **Combining online coupons with existing store-loyalty programs** - As most of us already participate in loyalty programs of our grocery stores, online coupons are clubbed with store loyalty programs by shoppers to take advantage of both.

7. **Proliferation of Mobile Coupons** – Companies are increasingly using redeemable coupons sent on mobile phones. It removes the drudgery of taking print coupons and redeeming them. The

customer has to just show it in his mobile at the retail outlet and redeem it. Once redeemed, he/she will get message of redemption and the validity of the coupon gets over.

Self-Assessment Exercises

1. Create a sales promotion tool of a consumer durable product and discuss it with a company employee on the possibility of its effectiveness to a sample audience.
2. Identify an existing sales promotion exercise done by an FMCG company in your colony and compare it with a different sales promotion exercise it did previously.

Skill- Building Exercises

1. Study sales promotion exercise done by an automobile company and put it in front of your class mate in the role of a customer.
2. Observe a sales promotion exercise done by a computer hardware supplier at your institute and list down improvements in it.

Review Questions

1. What are the various Sales Promotion techniques available to a company ? Do these differ from industry to industry ? Give reasons.
2. What is the difference between consumer oriented promotions and trade oriented promotions ?

Self-check questions

1. How is sales promotion coordinated with other integrated marketing communication tools ?
2. What is sales promotion trap? How can companies avoid falling into it ?

Topics for Presentations

1. Sampling
2. Premiums
3. Bonus Packs

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