

Module V

Promotion

Decisions



Communications Process in Marketing:

It contains Sender, Encoding, Transfer Mechanism, Feedback, Response and Decoding.

The **SENDER** is the company that produces the product.

ENCODING involves communicating the message in understandable terms for the consumer. In some companies, this person is identified as the Marketing Manager.

TRANSFER MECHANISM is the medium that will be used to “transfer the message”.

DECODING is how the customer interprets the message.

RESPONSE is how the customer reacts to the message.

Will the customer purchase the product?

FEEDBACK measures how successful the advertising campaign was.

Example of a Marketing Communications Strategy:

SENDER – Clothing manufacturer

ENCODING – Marketing Manager at the clothing manufacturer

TRANSFER MECHANISM – Television advertisement

DECODING – Customer sees the television ad and keeps it in mind


RESPONSE – Customer goes to the store and purchases the new product (item of clothing)

FEEDBACK – Information that customers are responding positively to the message




Promotion Mix:


This is an assortment of advertising, sales promotion, public relation, personal selling and direct marketing any organization must have an ideal promotion mix to promote its products. Therefore, it is a very crucial task for the marketer to properly list out the promotion mix strategies and its benefits.



Advertising- Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. For example: Print ads, radio and television ads, billboard, brochures and, signs, in-store displays, posters, motion pictures and banner ads,




Personal Selling- The type of promotion mix that involves sales people who will help and persuade one or more prospects to purchase a good or service or to act on any idea through the use of an oral presentation. For Examples: Sales presentations, sales meetings, sales training and incentive programs for intermediary salespeople.



Sales Promotion- Incentives designed to stimulate the purchase or sale of a product, usually in the short term and generally adopted in the stores or point of purchase. For example: Coupons, sweepstakes, contests, product samples, rebates.

Public Relations- This is the process of non-paid non-personal stimulation of demand for a product, service, or business unit by planting significant news about it or a favorable presentation of it in the media. For example: Newspaper and magazine articles/reports, TVs and radio presentations.

Direct Marketing- The communication tool used to interact with the customers directly by using telephone, mail, online mediums and other tools. For example, telemarketing, e-mails, voicemail marketing etc.




Publicity- this medium of communication may be used with or without the organization knowing about it. When the company itself is involved in publicizing a certain message or idea then publicity is organizational oriented; if any other external party such as media is involved in communicating any issue about the company then it gets publicity through others. For example, film producers often use publicity stunts to promote their films even before it is released.


Advertising Budget Decisions:

Media selection, number of insertions and message structure depend on the budget allotted for the communication program.


A popular channel may charge more for advertisement but organization gets better viewership. A newspaper having high circulation charges premium for the advertisement but all the organization may not have enough budgets to support such campaign.




Hence marketer would like to decide what is the budget for the communication program? And how shall it be allotted optimally? There are four different methods on which a media planner decides the allocation of advertisement budget.




a) Affordable method: This method is used by small companies who don't have enough communication budgets. In this method company allots the fixed amount for the communication program. The advantage of this method is company can have better control over the spending on the communication. The disadvantage is if sales require higher communication effort, company is not in a position to allocate the budget.



b) Percentage of sales method: In this method company allots the budget on the basis of total sales forecasted. This is the simplest method. Marketer can have better control over the budget and also have flexibility to allocate the budget.




c) Follow the Competitor method: The Company sets its promotion budget on the basis of competitors advertising effort. Here company closely monitors the developments of the competitors' communication program and study the industry trends in communication budget prior to setting up communication budget.




d) Objective and task method: The procedure involved in estimating the advertisement budget by this method are First, objectives are set for the communication programs. Second, identifying the task to be performed to achieve the objective and third, estimating the cost of achieving these objectives.

Advertising Media Selection

- Assess how many target customers should view the communication message.
- Point out how many times a target customer will expose to the advertisement.
- Evaluate the impact of advertisement message on the target audience.
- List out the media habits of the target customers.
- Find the suitable media for type of product organization have.
- Prepare cost sheet and choose optimum media.


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- Choose particular media vehicle (Zee channel, Times now, Hindu etc...)
 - Decide how many times advertisement should be given in the year and also decide the continuity of advertisement.
 - Allocate the media execution strategy on the basis of prime time and non prime time or seasonal and non seasonal decisions.




The media industry is dynamic - new advertising media options are constantly emerging. Digital and social media are changing the way that consumers use media and are also having an impact on how consumers acquire product information.

Advertising Effectiveness:

Communication department is interested in identifying whether the message given is effectively reaching the consumer and inducing them to purchase the product. Therefore they critically evaluate the advertisements through various methods.



Some of the important methods through which advertisements are evaluated are recognition method (showing the advertisement and asking whether they have seen it before), aided recall (asking people to tell the brand they remember) and unaided recall (asking people if they can remember seeing any ads within an identified product category).



Sales promotions are short term programs that encourage consumers purchase or sale of a product or service immediately.

Sales promotion uses three different types of tools. They are consumer promotion tools, Trade promotion tools and business promotion tools.


Consumer promotion tools: These promotion tools are directly targeted to customer. These tools stimulate an interest among target customer to purchase the products quickly. Some of the consumer promotion tools used in the Indian market is listed below.

1. *Price promotion:* Organization offers price reduction on the product. For example, Rs 5 off on the purchase of Lipton tea 200 gm.
2. *Contest promotion:* organization requests the customer to purchase the product to participate in the contest and win the prizes. For example, Britannia's 'Britannia khao, world cup jao'

3. *Multiple promotions:* Promotions offer includes more than one promotional offer. For example, Rs 30 off and a multipurpose jar free on the purchase of 1 liter pack of Halo shampoo.


4. *Add on promotion:* Promotion offers a free or an add on product (same or different) on the product. For example, an 8 ml Sunsilk shampoo sachet is free with 75g Pears.

5. *Exchange promotion:* Price of a product is reduced in an exchange of an old product. For example, bring your old color television and take home a Philips LCD TV for Rs 15,000.




6. *Combination promotion*: two or more products are offered together at a discount price or some incentive is given on a combination pack. For example, save Rs 10 on the combined purchase of Colgate toothpaste and tooth brush.

7. *Volume promotion*: allows additional quantity of product free on its purchase. For example, get 50 gm. extra on purchase of 200 gm. Tide.



Trade promotion tools: These promotions are targeted to retailers and wholesalers. The objective of this type of promotion is to get the shelf space, motivate to sell the products and promote brands in the local media. Two major types of Trade promotion tools are used in the market are discounts and allowances.



1. **Discounts:** manufacturer offers straight reduction in the list price on every purchase that channel member does in the particular period.

2. **Allowances:** This is the promotion value provided by the manufacturer to the channel member to advertise the product in the local media or display the product in the store.

Business Promotion tools:

The promotion tools used to lead generation, reward customer and motivate salespeople for business customers. An organization uses conventions and trade shows.

For example, Machine tool industry organizes exhibition in different places of the country. Organization also conducts sales contest to its sales executives to motivate them to sell more.