UNIT 3 : DEVELOPING EFFECTIVE PROMOTION

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Identifying the Target Audience

3.3 Determining the Promotional Objectives

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3.1 LEARNING OBJECTIVES

After going through this unit, you will be able to-

- describe is the concept of target audience
- explain the process of determining the promotional objectives
- mention how promotional activities are designed
- define the concept of push vs. pull strategy
- discuss how promotional budget are made and promotional strategy is implemented.

3.2 IDENTIFYING THE TARGET AUDIENCE

Any product or service that is or will be launched in the market will have an intended population. This specific intended population in the market is known as the target market. In other words it can be defined as the most likely group of people to the products, services, and promotions of the company. For instance if a company is looking to promote the concept of old age homes, then the target market of the company will be the senior citizens of the population. Any company that has a product or service to

offer in the market is required to have a target market. This is essentially due to the uniqueness of language, type of information and channels that are to be used to communicate with each target.

On the other hand a target audience is the intended audience of a publication, readership, advertisement or any other message. In the parlance of marketing target audience is the group of prospective customers in the target market who are identified as the target or recipient for a particular advertisement or message. Each target market has a different set of demographic profiles and consequently marketing communication has to vary accordingly to fit to the profile of the target audience. The target audience gives the company a track towards which all the marketing activities will revolve. At the same time it provides consistency in messaging and further helps in reaching the customers in a more intimate way.

THE PROCESS OF DEFINING THE TARGET AUDIENCE

For adopting a promotional campaign, the target audience has to be well identified. This is because only after identifying the target audience, the nature of promotional that is to be adopted can be determined and developed. In such a process, the target audience has to be well defined by the marketer to efficiently market to the people to create significant impact. There are three steps to take that will help one define the target audience. They are;

(i) *Identify problems and needs:* The first step in defining the target audience is to determine the target audience in terms of what problem the business product or service solves or what need or want the product fulfils. The problem must be one which the consumers are experiencing or are aware of and consequently have a desire to solve it. For example, a problem can be lack of pure raw milk in the market. If the marketers find that the solution can be reached and can make available pure raw milk in the market, then customers may purchase the new product. The problem that the business solves can be identified by searching for similar businesses or business ideas. If the search is unsuccessful, then there remains a problem that the business can solve.

(ii) *Looking at competitors:* The next step is to look at the way the competitors are looking at the problem. The business has to see that steps and processes the competitors have adopted to solve the problem that has been identified. Going through this process will enable the marketers to know and get a thorough idea about the type of customers they will be targeting and the best way that can be adopted to communicate the message to the target audience. Knowing about the competitors will also help to create differentiation of the advertisement created by the company marketer in comparison to its competitors so as to get a competitive advantage in the marketing campaign.

(iii) *Creating the content for communication*: After the first two steps, the third step is to create the content for the campaign. The campaign has to be such that it is compatible with the profile of the target audience and the communication is effective. Marketers have to ensure that the content of the promotional campaign has to be high in quality. Sufficient copy test has to be done before final execution to see that the message is understood in the way it is intended to be understood by the audience.

3.3 DETERMINING THE PROMOTIONAL OBJECTIVES

An important task of a marketer is to increase the popularity and consequent sale of products. In the process various promotional measures are used to ensure its sale. Normally it is seen that any product or service offered in the market do not necessarily have its ready customers. In fact marketers have to use various advertising and promotional measures to imparting knowledge and interest for the products, create positive attitudes along with image and further purchase intentions. As such advertisements and sales promotion are regarded as the key determinants of enhancing market share of a brand. Today marketers have certain promotional objectives. Basically there are three main objectives of a promotion. They are;

(i) *Increase demand*: An important objective of sales promotion is to increase demand for products. These measures are used during the product life cycle in order to increase sales. At one point of time, a product will reach the point of saturation. At such a situation, investment in sales promotion basically tries to see that the message stimulates the recipients to take action for purchase.

(ii) *Providing information about the product*: A second important objective of promotion is to make customers understand about the functional benefit and general usage of the product. Customers are also required to know the purpose for which a product is used. Information about the product will differ depending on the specific target market that is to be served by the product.

(iii) *Create product differentiation*: The third important objective of promotion is to create differentiation of the product. This aspect becomes more relevant when there are multiple players offering the same product in the market. It is intended that the audience understands the message of the advertiser.

3.4 HOW TO DESIGN A SALES PROMOTION STRATEGY

The process of designing a sales promotion strategy requires proper planning. At the time of deciding about the sales promotion strategy, it has to be seen that it gives the best return on investments and there is a good marketing exposure for the products and services. At the time of deciding the promotional strategy, the marketer has to consider various issues for the decision in adopting the right promotional strategy. The important issues are:

(i) *Short or long term duration*: The first step is to determine whether sales promotion decision is for short duration or long duration. For products that are in the introductory phase, the sales promotion has to be for long duration, as the products will undergo various phrases of the product life cycle. On the other hand, for products that are in the declining phrase, the promotional exercise will be for shorter

duration.

(ii) *Motivation for sales representatives*: There has to be the right motivational tool to be used to impress sales representatives to carry out the sales promotional work. The sales people has to be enticed with a clear formula like commission per unit sold or commission per sales value which the representative want to push.

(iii) *A registration system*: The sales promotion framework should have a registration system by means of which the sales people who take part in the promotional process are well recorded and accounted for. The registration process should have an inbuilt system which can tract the volume of sales by each enrolled representative and other details of his or her personal profile.

(iv) *A marketing plan*: The system of sales promotional framework should be properly available as a document in black and white so that anybody interested to know about the sales promotion policy can have access. It should also provide the information about the eligibility criteria to be a representative, details of registration process and knowledge of the product that is to be sold.

(v) *Periodic monitoring*: Lastly there should be a mechanism by means of which the entire sales promotion activities can be monitored. There should be a well knit network where any representative can have access to the reporting officer for clarification and having updates about the performance of each representative in the market.

PROMOTING TO RETAIL CUSTOMERS

At the time of promoting the products to the retail customers, certain issues are required to be considered by the marketers. They are;

(i) *Promoting one product at a time*: At the time of promoting products, marketers should promote one product or one family of products at a time. This is essentially to avoid clutter effect and confusion in the mind of consumers.

(ii) *Determine the type of sales promotion strategy to be used*: Marketers has to take a decision on the type of sales promotion strategy that is to be used. The type of promotional strategy that will be used varies

from product to product.

(iii) *Framing rules and regulations for promotion*: Certain clear cut rules and regulations have to be formulated for promoting and should be made readily available before the customers. Sometimes advice needs to be taken from the company's legal department to see that rules and conditions are complete and free from error.

(iv) *Help desk for registering customers eligible for promotional rewards*: There should also be provision of a well documented process either offline or online so that customers can register to avail promotional rewards and get more information about the various promotional schemes.

(v) *Creating a display of promotional offers*: The promotional schemes should be clearly put on display in the high visibility areas and flashpoints so that the prospective customers have access to it and easily get the required information

For the success of any promotional scheme, the marketers has to properly identify the target customers, devise suitable methods to reach them and use the best media to disseminate information to them.

STEP IN THE PROMOTIONAL STRATEGY

(i) *Identify the target audience*. As a first step marketers are to identify what is to be promoted and to whom it is to be promoted. In the identification of the target audience, important demographic variables like age, gender, profession, social class, income level and other have to be taken into account.

(ii) *Determine what you want from your promotional strategy*. As a second step, marketers need to take into consideration what is to be expected result from the promotional campaign. The promotional strategy should have a well-defined goal. Some prominent goals may be (i) Creating customers awareness about products and services (ii) Motivating customers to buy (iii) bringing home to customers about the functionality and features of the product (iv) Highlighting the unique selling proposition of the product (v) Creating brand image

(iii) *Understand the ideal customer's preferences*. The next step is to

know other aspects of the target group like their ideals and important aspects of a company which they seek. Knowledge has to be also gathered about the company culture of the competitors who are successful in the market.

(iv) *Match media channels to those used by the target audience*. As a fourth step, the marketer has to take a decision on the type of media channel that will be used. For that, a decision has to be reached to match a suitable media channel with the profile of the customers. For instance online advertising is a suitable way to reach customers. However, this is not true for products that are targeted for the rural consumers.

(v) *Assess your promotional budget*. An important aspect to be taken into consideration is about the promotional budget. However novel the promotional campaign may be, if the budget does not finally support it, then it is of no use. Therefore based upon the allocated budget, decision has to be taken.

(vi) *Think about the timing of your promotion*. Lastly marketers have to keep tract of the timing of the promotional campaign. Often it is seen that there are certain products that are seasonal in nature. For instance, the demand for woolen clothes is basically during the winter season. Therefore there is no point of promoting woolen clothes during the summer season with exceptional discounts and offers. Therefore the timing of a promotional campaign can impact the success or failure of a campaign and the ultimate sale.

SELECTING THE PROMOTION CHANNEL

Determination of the right promotional channel is an important task of marketers for the successful sale of products and services. This calls for the planning and implementation of the right promotional mix. Promotion is a novel way used by the marketer to assist in the dissemination of integrated marketing communication so as to enhance the value of the brand in the mind of the consumers. Basically there are broadly five types of promotional channels. They are (i) Personal Selling (ii) Advertising (iii) Sales promotion (iv) Public relations and (v) Event marketing, exhibitions

and trade shows.

(1) Personal Selling: For the sale of products and services of the company, the company employs various sales people. They sale the company products and services through direct face to face interaction with the customers. These sales people can be used as a promotional channel. The way the sales people talk, the way they dress up, the way they behave in the public and the way they communicate all tells us something about the brand or the company they represents. In fact they are sometimes called as walking billboards of the company. The greatest advantage of using the method of personal selling is that here there is direct selling and the feedback from the customers is also immediate.

(2) Advertising: Advertising is a paid form of non-personal communication. For advertising the marketer has to buy space and time for the message to be advertised. For advertisement, various media may be used like television, radio, internet, mobile phones, newspapers, magazines, billboards and the like. Advertisement helps in the process of introduction of new products in the target market as well as creating awareness about the existing products along with its features and benefits. Advertisements can help in increasing the credibility, awareness and brand value of what the company markets. But the cost involved in advertising may be high and there is lack of immediate feedback. Today in the age of digital marketing, various modern platforms for digital marketing are used like (a) paid listing (b) Pay-per-click links (c) Pay-per-sale advertising (d) “Opt-in” e-mail advertising.

(3) Sales Promotion: Marketers resort to various promotional exercises like discount offers, buy two and get one free, bulk purchase discounts, sponsored trip for the lucky draw winner to markets their products and services. These sales promotion tactics are used as agents to entice customers to try out for products.

(4) Public Relations: Public relations are another form of promoting company products and services. By using it, one can increase the

sale of company offerings through favorable, nonpaid media coverage and this helps in enhancing the brand image of the company. Public relation is a way to increase the image of the company in the eye of the public. Publicity about the company can be carried out using various platforms like press releases, special events, sponsorships, newsletters and community activities. Sometimes improvement of the company image can be done before the public by sponsoring a charitable event.

(5) Event marketing, exhibitions and trade shows: Modern day marketers use events, exhibitions and trade shows as platforms to market products and services. These occasions in the forefront have events (like Music Orchestra, DJ Night and the like), exhibitions (like regional exhibitions, collage shows, traditional handloom and handicraft exhibitions and the like) and trade shows (like car rally, regional expo, international expo and the like), but at the background marketers use as a platform to promote and market their products and services.

3.5 PUSH VS. PULL STRATEGY

In the promotion of products and services, marketers use two types of strategies. They are the push strategies and the pull strategies.

In push strategy, the company pusher the products towards the customers by making them aware of it, at the point of purchase. On the other hand, pull strategy, relies on the notion, that to get the products sold in the market, customer has to come to you". The push strategy is basically manufacturer dominated. Here the manufacturer has to adopt ways and means to sell the product to the customers. Among the series of activities, the manufacturer has to see that the distribution mechanism is sound and efficient. Further middlemen and retailers are motivated to stock the products. Push strategy are more suitable for low value items like fast moving consumer goods (FMCGs) and products where the chances of impulse buying is more. Push strategy is often used for new products to generate awareness and popularity among the mass. Pull strategy is a

situation where customers and retailers directly demand the products and services from the manufacturer. Such kind of strategy often works for products and services which are highly visible and popular brands. Such brands are being built based upon excessive mass media advertising whereby customers directly come to the retailers in search of the product. In turn retailers are forced to stock the products as required by the customers. In pull strategy, the simple principle is 'create the demand and customer will follow you".

1. **Push strategy:** A push promotional strategy is the process by means of which the product is directly taken to the customer to attract them towards the products and services. In the process various means are used to ensure the reach of the product to the customer like;
   (i) Use of trade shows to promote products, so as to encourage direct demand of the products by the customers
   (ii) Selling products to the customers directly by means of face to face interaction or in the showroom
   (iii) Point of sale displays and promotional offers to motivate customers
   (iv) Use of attractive packaging to attract customers
   (v) Giving concessions to retailers to stock the product of the company
   (vi) Operating an efficient supply chain mechanism to entice customers
   (vii) Point of sale displays
2. **Pull strategy**: A pull strategy on the other hand is the process of inspiring customers to look for the products and services of the company in an active search process. This is possible when advertisement and good word of mouth is spread in the market so as to create a favourable image of the company and the products. It is basically the use of efforts to make the customers come towards the products and services. Pull strategies include;
   (i) Spread of good word of mouth (WOM)
   (ii) Use of advertisements and mass media for promotions

(iii) Offering discounts to motivate customers to buy

(iv) Use of attractive unique selling propositions (USP)

(v) Having an efficient customer relationship management schemes

DIFFERENCES BETWEEN PULL STRATEGY AND PUSH STRATEGY

Criteria of comparison	*Push Strategy*	*Pull Strategy*
Orientation	Towards the channel members	Towards the customers
Thrust areaMiddlemen	stock the products	Customers demand the products
Objective	Create customer's awareness	Create customer demand
Time lag	Long	Short
Tools used	Trade promotion, salesmanship	Advertising, promotion
Stresses on	Allocation of resources	Customers attraction
Suitable for	Low brand loyalty	High brand loyalty

For the successful sale of products and services, it the combination of both push and pull strategy that will work for the company. Both are complementary to each and well balanced at the optimum level.

3.6 ESTABLISHING THE PROMOTIONAL BUDGET AND IMPLEMENTING PROMOTIONAL STRATEGY

The act of determining the amount of money that is to be spent for promotion of the identified product or service and its consequent accounting is known as establishing the promotional budget. At the time of taking decisions on the promotional budget, various factors are to be taken into account which has an influence on the amount of money that is to be allocated to be spent for promotions. They are as follows.

- **Percentage of Sales:** In this method, the budget is decided as a percentage of past sales. The logic behind the use of this method is that since advertising is based on sales, therefore it is way to spend money for promotions based upon sales figures. This method also helps to keep a direct tract of the amount expended for promotions and sales.
- **Affordability:** Since all the companies vary in terms of sales, profits

and scale of operation, therefore the ability of the different companies to spend for promotions and advertisements also vary accordingly. Therefore another way or determining the advertising budget is to set an amount on the basis of what the company can afford. At the same time the amount can vary from time to time for the same company as per requirement and affordability.

- **Competitive parity method:** In this method, the budget is fixed based upon similar budget that is adopted by the competitor of the company. Since the budgets are similar among the firms, it removes promotional price competition. This method is simple as the amount is simply decided by comparison. But it is very hard to determine the logic behind the determination of the budget by the competitor.
- **Objective and task method**: In the objective and task method, the marketers take into account the specific objective, determine the task to be performed to attain the objectives and estimate the cost to be incurred to execute these tasks identified. This method is logical in the sense that the budget is determined based upon the objectives of the company.

CHECK YOUR PROGRESS

Q 1: State the objectives of Promotion.

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3.7 LET US SUM UP

- Any product or service that is or will be launched in the market will have an intended population known as the target market. There are three steps to define the target audience. They are (i) Identify problems and needs (ii) Looking at competitors (iii) Creating the content for communication

- The objectives of promotional are to increase demand, providing information about the product and create product differentiation
- At the time of deciding the promotional strategy, the marketer has to consider various issues for the decision in adopting the right promotional strategy.
- At the time of promoting the products to the retail customers, certain issues are required to be considered by the marketers. They are promoting one product at a time, determine the type of sales promotion strategy to be used, framing rules and regulations for promotion, help desk for registering customers eligible for promotional rewards and creating a display of promotional offers.
- There are various steps in the promotional of products and services. They are to identify the target audience, determine what you want from your promotional strategy, Understand the ideal customer's preferences, matching media channels to those used by the target audience, assess your promotional budget and thinking about the timing of promotion.
- Basically there are broadly five types of promotional channels. They are (i) Personal Selling (ii) Advertising (iii) Sales promotion (iv) Public relations and (v) Event marketing, exhibitions and trade shows.
- In the promotion of products and services, marketers use two types of strategies. They are the push strategies and the pull strategies. In push strategy, the company pusher the products towards the customers by making them aware of it, at the point of purchase. On the other hand, pull strategy, relies on the notion, that to get the products sold in the market, customer has to come to you.
- The act of determining the amount of money that is to be spent for promotion of the identified product or service and its consequent accounting is known as establishing the promotional budget. For determining the promotional budget, various factors are taken into account. They are percentage of sales, affordability, competitive parity method and objective and task method.



3.8 FURTHER READINGS

1) Kotler, Keller, Koshy and Jha (2008),*Marketing Management*, 13th Edition by Pearson Education, 2008

2) Wells, Moriarty and Burnett (2007), *Advertising- Principle and Practice* Seventh Edition, Pearson education

3) Rajan Saxena (2007) *Marketing Management* 3rd Edition by , Tata McGraw Hill Publication



3.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: *(i)Increase demand*

(ii) *Providing information about the product*:

(iii) *Create product differentiation*:



3.10 MODEL QUESTIONS

A: Short Questions (Answer in around 150 words

Q 1: Define the concept of target audience in promotion

Q 2: How are promotional objectives determined and designed? Discuss

Q 3: What steps would you take in promoting to retail customers?

Q 4: What are promotional channels?

B : Long Questions (Answer in around 300-500 words)

Q 5: Discuss the concept of PUSH and PULL STRATEGY in promotion

Q 6: Compare and contrast between pull and push strategy on promotions.

Q 7: How would you establish the promotional budget? Discuss.

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