

ADVERTISING AND SALES PROMOTION

Hours : 4
Code : 18K3BBABB2

Credit Allotted: 3
Max Marks : 75

Unit 1

Advertising definition. Characteristics of Advertising-5- M's of Advertising programme- Problems in Advertising. Functions of Advertising- Need or reasons for advertising- Advantages of advertising. Positive Social effects of Advertising. Social ill effects of advertising. Forms of Unethical advertising.

Unit II

Distinction between advertising and Publicity- Distinction between advertising and Sales promotion. Distinction between Advertising and Salesmanship. Classification of Advertising Objectives. DAGMAR method- AIDA model.

Unit III

Classification of Advertising. Relationship between Advertising and Product Life Cycle. Criticism of advertising. Causes for waste in advertising. Direct and Indirect advertising. Classification of Advertising media.

Unit IV

Salesmanship – Definition, Objectives of salesmanship, Features of salesmanship, Advantages of salesmanship, Methods of personal selling .Qualities of a salesman. Duties and responsibilities of salesman.

Unit V

Sales promotion – definition, Objectives, methods of sales promotion, Benefits of sales promotion. Limitations of sales promotion. Push strategy, Pull Strategy & Push and pull strategy. Sales promotion schemes.

Text Book:

1. Advertising and Salesmanship – P.Saravanel & S.Sumathi

Unit III

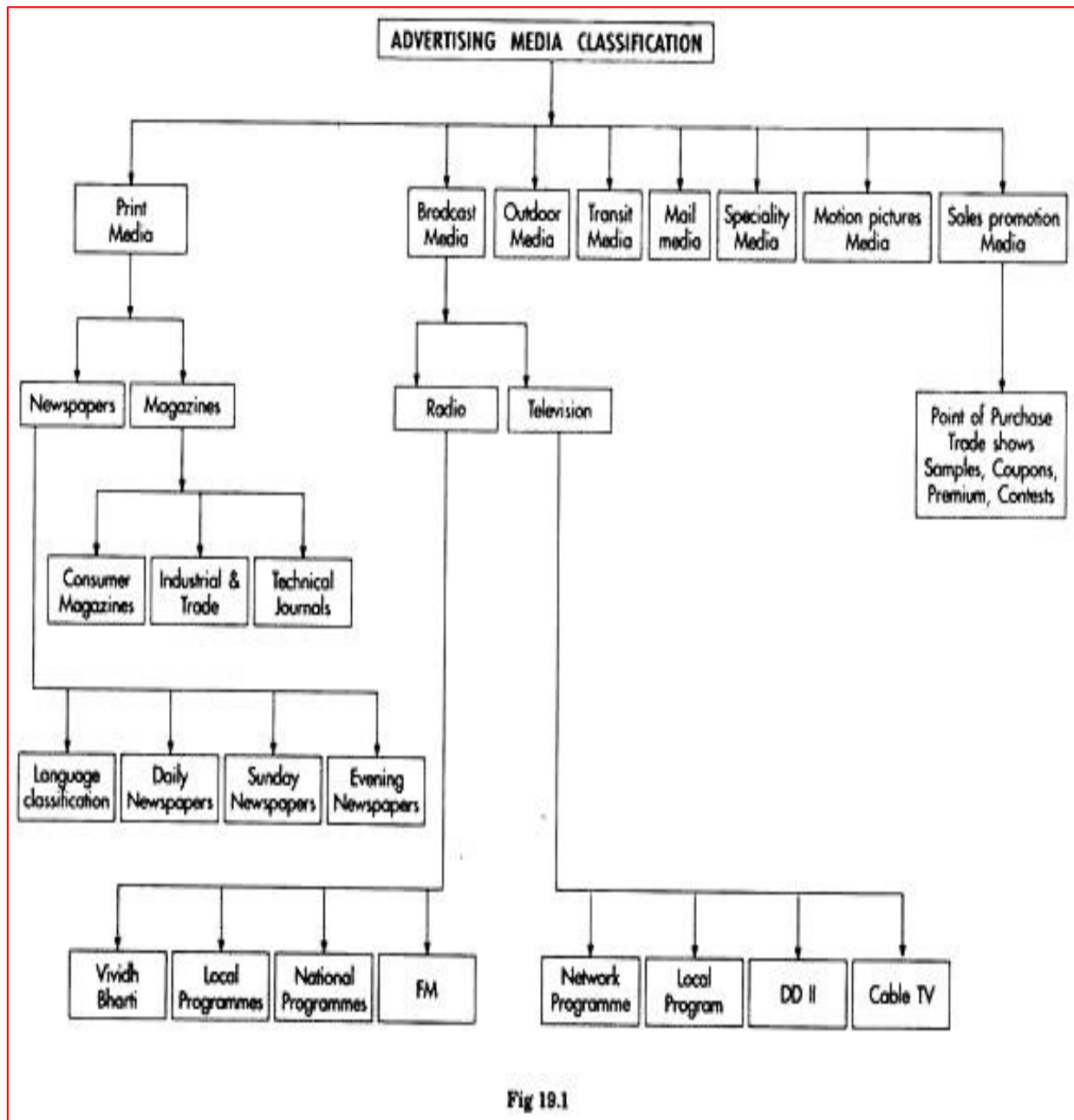
Classification of Advertising. Relationship between Advertising and Product Life Cycle. Criticism of advertising. Causes for waste in advertising. Direct and Indirect advertising. Classification of Advertising media.

CLASSIFICATION OF ADVERTISING

- **Basis of media**
- **Basis of prospectus**
- **Basis of types of product**
- **Basis of Geographical coverage**
- **Basis of type of demand**
- **Basis of objectives**
- **Basis of response**
- **Basis of sponsorship**

Basis of media





Basis of Prospectus

- Consumer Advertising
- Industrial Advertising
- Trade Advertising – Retailer & Wholesaler
- Professional Advertising

Basis of Types of Products

- Industrial products
- Consumer products
- Consumer durables
- Consumer non-durables

Based on geographical coverage

- National
- Regional
- Local

Basis of type of demand

- Primary advertising
- (Not brand based but product or service based)
- Secondary advertising
- (Brand based)

Basis of objective

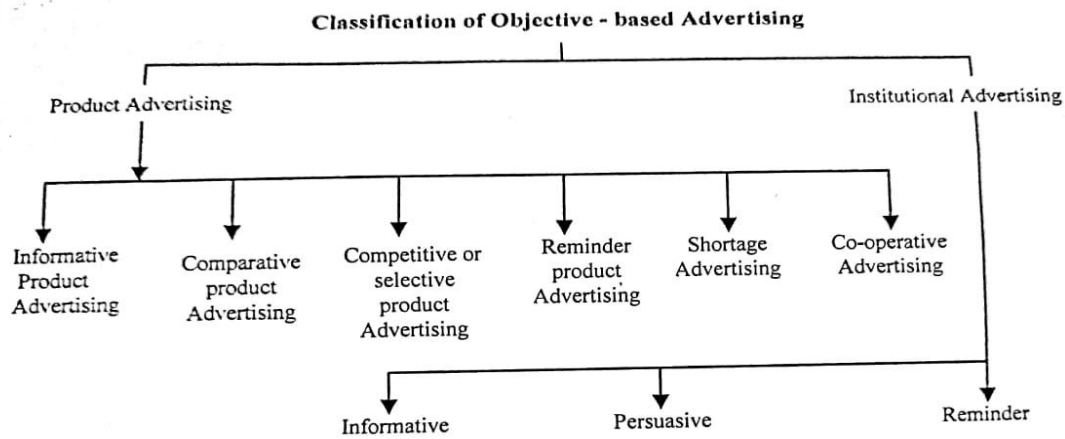


Figure 5.5 - Classification on the basis of Objectives



Figure 5.7 - Classification on the basis of Sponsorship.

On the basis of sponsorship, advertising can be classified into three kinds. They are (a) manufacturer's advertising, (b) dealers' or resellers' advertising and (c) co-operative advertising.

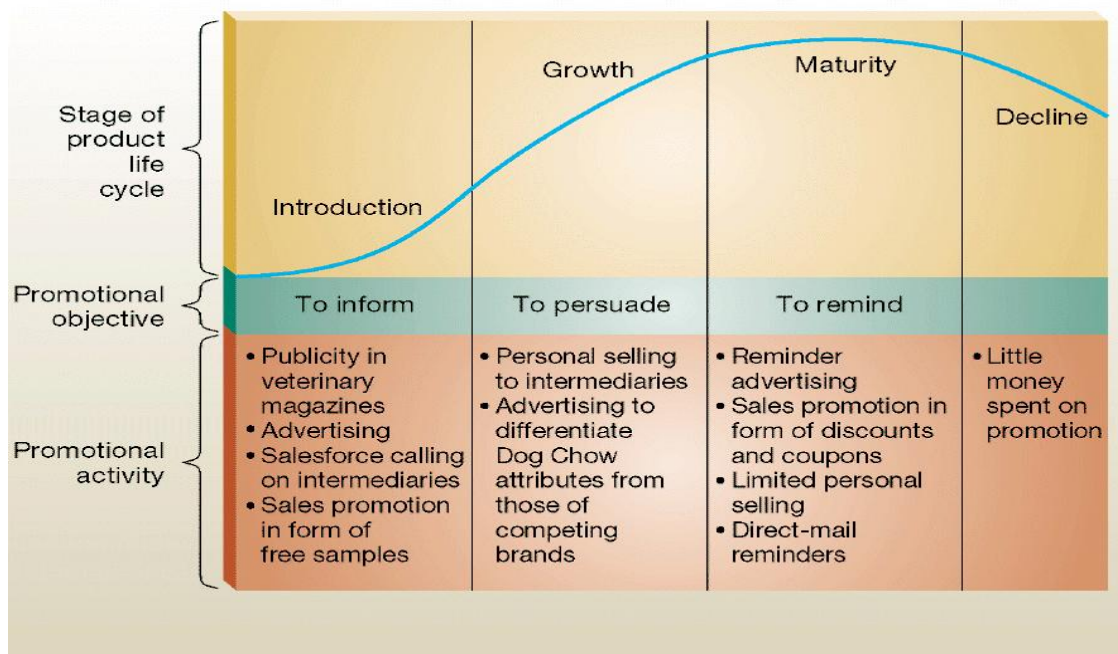
Manufacturers' advertising : Manufacturer's advertising is one which is undertaken by a manufacturer. It may be product advertising or institutional advertising. It is generally undertaken on a national scale.

Dealers' advertising : Dealers advertising is one which is undertaken by the dealers, *i.e.*, wholesalers or retailers of a product. This type of advertising also may be either product advertising or institutional advertising. It is generally undertaken on a regional or local level.

Co-operative Advertising

Co-operative advertising is a kind of advertising which is sponsored (*i.e.*, undertaken) jointly by the manufacturer and dealers. This kind of advertising identifies or carries the names of both the manufacturer and dealers. The cost of

RELATIONSHIP BETWEEN ADVERTISING AND PRODUCT LIFE CYCLE



Advertising Strategies for the differing stages of the PLC

- **Introduction stage of PLC – to inform**

- The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution. Advertising differentiates the product.

- **Growth stage of PLC –to persuade**

Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilize. Advertising establishes participation with the marketplace.

- **Maturity stage of PLC – to remind**

Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and use a greater variety of media. Advertising puts price ahead of the competition.

- **Decline stage of PLC**

At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be **improved by reducing marketing spend and cost cutting. Defensive advertising or for revitalization.**

- Source: <http://www.drypen.in/advertising/the-product-life-cycle-plc-and-strategies-at-different-stages.htm>

CRITICISM OF ADVERTISING.

- Advertising is not productive
- Advertising forces people to desire and buy articles which, in fact are not within their means.
- Advertising simply multiples the needs
- Advertising increases the cost of goods.
- The monopoly argument
- Advertising of an established product does not make sense.
- Product proliferation
- Inefficient manufacturers stay in business
- Barriers to entry

- Advertising and Propensity to consume.

(1) Increased Price of The Product:

Advertising increases the cost of the product as the expenses on it form the part of the total cost of the product. The increased prices are borne by the consumers. But it cannot be denied that advertising leads to large scale production which considerably reduces the total and per unit cost of production. The consumer may pay less rather than higher.

(2) Multiplication of Needs:

Advertising creates artificial demand for the product and induces people to buy those products which are not needed by them. On account of its repetition, it allures and creates a desire in the minds of the people to possess an article not required by them.

(3) Deceptive:

Sometimes advertising is used as an instrument of cheating. In order to impress upon the people false statements are given with regard to different virtues of a product. Fraudulent means and deceptive practice are resorted to by various traders in order to sell their products. All these things adversely affect the public confidence in the advertising.

(4) It Leads to Monopoly:

Advertising sometimes leads to monopoly in a particular brand of a product. By investing large sums in advertising of his brand, a big producer eliminates small producers of the same product from the market and creates brand monopoly. This leads to exploitation of consumers.

But in reality this argument does not hold good. The monopoly powers are temporarily acquired by the manufacturers as they face strong competition by the rival producers of the same product. In the words of Marry Hepner “advertisement stimulates competition. It often enables the small businessmen to compete with large concerns as well as to start new business”.

(5) Harmful For the Society:

Sometimes advertisements are un-ethical and objectionable. Most often, these carry indecent language and virtually nude photographs in order to attract the customers. This adversely affects the social values.

(6) Wastage of Precious National Resources:

A serious drawback levied against the advertisement is that it destroys the utility of certain products before their normal life. The latest and improved model of a product leads to the elimination of old ones. For instance, in the U.S.A., people like to possess the latest models of cars and discarding the old ones which are still in useable conditions. This leads to wastage of national resources.

CAUSES FOR WASTE IN ADVERTISING

The main reason for the causes of waste in Advertising are Poor planning, Wrong Targeting, Poor Contents, Wrong selection of Agency, Wrong placement, Wrong media selection, Poor Sponsoring, Wrong Scheduling, Excessive Advertising etc.

- Poor planning
- Wrong targeting
- Poor contents
- Wrong selection of agency
- Wrong placement
- Wrong media selection
- Poor sponsoring
- Wrong scheduling
- Excessive advertising

They are briefly explained as follows.

1. Poor Planning

An advertising campaign fails to create proper response when it is not planned properly. The message may not be repeated frequently. This could be a reason for not getting the desired response. Sometimes, the budget earmarked for an advertising campaign may not be adequate. There could be a wrong emphasis — a market area may be neglected, whereas the other areas may receive heavy advertising doses. All such decisions create waste in advertising.

2. Wrong Targeting

Advertising is targeted at wrongful location or audience. For instance, a rural product when advertised in urban areas. Such wrong targeting causes waste in advertising.

3. Poor Contents

If the advertising copy is not inspiring, the advertisement does not generate interest which results in waste.

4. Wrong Selection of Agency

We should be careful in selecting an appropriate advertising agency. An agency that fails to do a professional job may lead to failure.

5. Wrong Placement

An outdoor advertisement at an improper location in a city is a waste. Besides, an advertisement, placed in a newspaper and magazines also needs proper placement. For

example, near the newspaper's editorial, front panels, sports page, business page, etc. So wrong placement of adverts results in waste.

6. Wrong Media Selection

Selection of an improper medium also renders an advertisement useless. For example, if toys are advertised in a financial magazine then the advertisement becomes a waste.

7. Poor Sponsoring

A sponsored programme that does not enjoy the kind and quantum of viewership, it becomes a waste.

8. Wrong Scheduling

A seasonal product must be advertised during the season and just before the season starts. Wrong timing also leads to failure, such as advertising for rain-coats in summer.

9. Excessive Advertising

Advertising excessively on account of competitor's activities may not yield desired results and may end waste.

<https://accountlearning.com/waste-advertising-causes-waste/>

DIRECT AND INDIRECT ADVERTISING

- **Direct marketing** involves engaging with leads or customers directly. For example, sending a customer an email that contains a promotional offer. Direct marketing includes a number of traditional marketing strategies that everyone is familiar with. For example TV commercials are a form of direct marketing.
- **Indirect marketing**
 - Indirect marketing is a strategy in which you put yourself in a position to be found by leads.
 - Indirect marketing is essentially marketing in which you're not trying to sell a specific product or service. For example, content creation in the form of a blog or email newsletter are forms of indirect marketing.
 - A lot of social media marketing is indirect as well. For example, if you're simply engaging in discussions or posting links to informative articles. The idea behind indirect marketing is that you're nurturing relationships, building brand authority, and generating brand awareness.

CLASSIFICATION OF ADVERTISING MEDIA

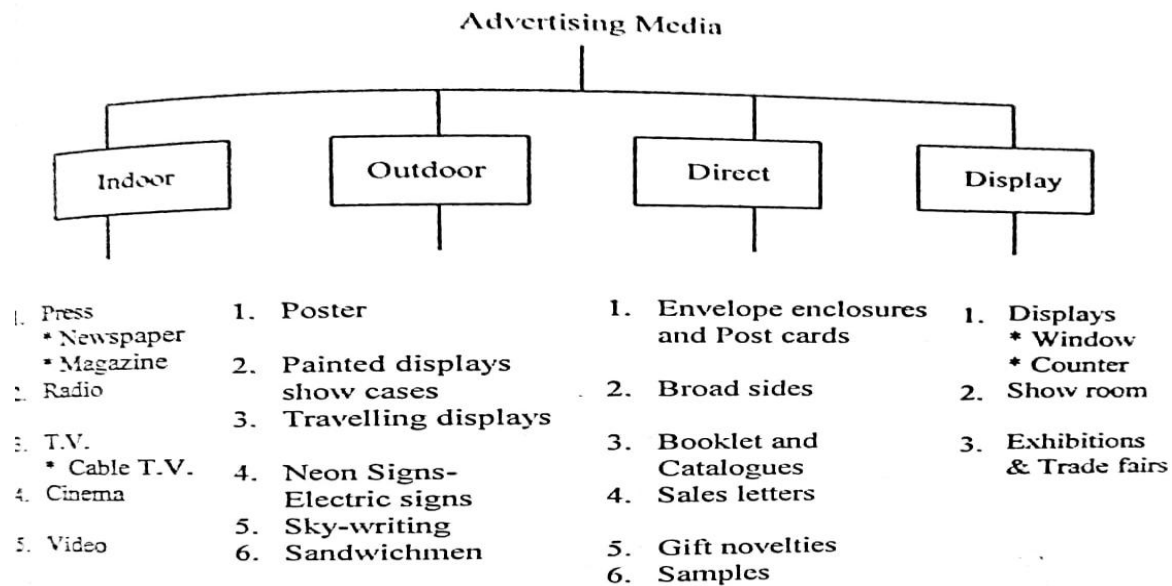


Figure 14.1 - Classification of Advertising Media

(1) Direct Mail:

This is one of the oldest types of advertising media. Under this method message is sent to the prospective buyers by post. A mailing list is prepared for this purpose. Circular letters, folders, calendars, booklets and catalogues are sent under this type of advertising. In the sales letter an appeal is made to the buyers separately.

It contains detailed information with regard to the product. The main aim of these letters is to create the reader's interest in the product. The letter should be attractive, interesting and convincing. Booklets and catalogues contain information regarding detailed description and prices of different varieties of products.

(2) Newspapers and Magazines:

These are the important forms of press advertising, newspapers are the most effective and powerful medium of advertising. Newspapers contain valuable information with regard to different current events. It may be referred to as 'a store house of information'. There are daily, bi-weekly and weekly newspapers. Newspapers have widest circulation and read by many people. The newspapers may be local, provincial or national.

Secrecy cannot be maintained in this type of advertising. Another drawback of newspaper advertising is that they are in black and white prints. Coloured advertisements are not covered, which are more appealing and attractive.

Magazines:

Magazines or periodicals are other important media of communication. Magazines may be released weekly, monthly, quarterly, bi-annual or annual. These are read with more interest by the readers as compared to newspapers. Advertisements given in magazines are more descriptive and attractive. They are usually in coloured form which depicts the product nicely and gives lasting impression to the reader.

(3) Radio Advertising:

Radio advertising is very popular these days. The advertisements are broadcasted from different stations of All India Radio. Radio advertising can be explained as “word of mouth advertising on a wholesale scale”. The advertising messages can be in different regional languages.

The most important advantage derived from radio advertising is that it covers every type of listener whether illiterate or educated. It is a very effective medium for popularising on mass scale various consumer articles. The coverage of this medium is wider extending to a large number of listeners. It ensures quicker repetition.

(4) Television Advertising:

This is the latest and the fast developing medium of advertising and is getting increased popularity these days. It is more effective as compared to radio as it has the advantages of sound and sight. On account of pictorial presentation, it is more effective and impressive and leaves ever lasting impression on the mind of the viewer. This method of advertising is gaining rapid coverage and immense popularity among the masses.

(5) Film Advertising:

This is also known as cinema advertising. This also provides sight and hearing facilities like television. Short advertisement films are not prepared by big business houses which are sent to different cinema houses to be shown to the audience before the regular shows or during the intermission. It is a very costly medium involving higher distribution and film making costs.

(6) Outdoor Advertising:

This type of advertising include different media like posters, placards, electric displays or neon signs, sandwichmen, sky writing, bus, train and tram advertising. This is also known as ‘Mural advertising’. The main aim of outdoor advertising is to catch the attention of passerby within twinkling of an eye.

This is the most effective medium of advertising. This is very suitable in the case of consumable and household articles like soaps, medicines, fans, shoes and pens etc.

Posters and placards are usually fixed on the walls near the road sides, railway station and bus stands. These posters are made of thick paper or metal plate or wood and carry the advertising message which can be easily read and seen from a distance.

Electric displays or neon signs are also used in order to impress the passerby. These carry a very short message. This is a very costly device.

Sandwich-men move from street to street carrying the posters and peculiarly. They shout and sing praising the concern and the product. Sky writing is also known as air advertising.

Sticking of bills and posters destroys the walls of different building and adversely affects the cleanliness and beautification of a particular area.

(7) Window Display:

It is a common method which is usually undertaken by retailers who display their products in the shop windows in order to attract the customers. This is also known as exterior display.

It is the most effective and direct method of influencing the people. Window display has direct appeal to the onlookers. It is instrumental in arousing the desire to purchase in the prospective customers. It acts as a silent salesman.

In order to operate this method successfully, goods should be arranged properly and systematically in the show windows. The articles in the windows should be regularly- changed. The advertiser should not forget that the window is the index of his shop. Utmost care should be undertaken to display the products in windows.

(8) Fairs and Exhibition:

A trade exhibition or a fair is organised on extensive scale which is attended by different manufacturers and traders along with their products to be sold to the large number of people who visit the exhibition. The exhibition may be either organised on local, provincial or international basis. The examples of some of the international exhibitions are EXPO 70 of JAPAN, ASIA 72 and recent trade fair at Delhi every year.

In the case of international exhibitions, traders of different countries assemble at one place; they can conveniently share the experiences of their respective countries with each other which are really informative and useful for all of them. It provides ample opportunity for learning. The huge gathering of people in the exhibition provides a larger market for sale.

(9) Specially Advertising:

Most of the business houses in order to increase their sales, advertise their products, give free gifts like diaries, purses, paper weights and calendars to the customers. The name of the firm or the dealer is inscribed on the articles presented.

Source: <https://www.yourarticlelibrary.com/advertising/9-types-of-advertising-media-available-to-an-advertiser/25870>

QUESTIONS

- 1. Explain the Classification of Advertising.**
- 2. Explain the Relationship between Advertising and Product Life Cycle.**
- 3. Explain the Criticism of advertising.**
- 4. What are the Causes for waste in advertising?**
- 5. What do you mean by Direct and Indirect advertising?**
- 6. Enumerate the Classification of Advertising media.**

Unit IV

Salesmanship – Definition, Objectives of salesmanship, Features of salesmanship, Advantages of salesmanship, Methods of personal selling .Qualities of a salesman. Duties and responsibilities of salesman.

- Salesmanship is the ability to persuade people to buy goods or services at a profit to the seller and with the benefit to the buyer.**
- National Association of Marketing Teachers of America.

OBJECTIVES OF SALESMANSHIP

- To create a demand for a new product
- To maintain and expand the demand
- To guide buyers in proper selection
- To build up goodwill of the seller
- Selling
- New orders
- To inform customers
- To improve sales and market share
- To collect information form markets, customers and suppliers.
- To satisfy the customers
- To meet sales budget
- Add new customers
- Increase sales volume
- To submit sales report

Qualitative or Long-term Objectives of Salesmanship

- 1. To undertake to do the entire selling activity.**

2. To serve the existing accounts in terms of their orders, stock position, requirement, schedule of supply, level of performance and collection of payments.
3. To generate new enquiries and new prospects.
4. To convert some of the new prospects into long-term customers.
5. To regularly inform customers about product characteristics, technical upgradation and company's commitment to quality consciousness.
6. To coordinate with distribution channel members to improve sales and market-share.
7. To collect information from markets, customers, suppliers, distribution channel members and consultants for use by company management.

Quantitative or Short-term Objectives of Salesmanship

The quantitative objectives or short-term selling objectives are important for the company's current operations. These objectives could be—

1. To obtain orders and execute them to the satisfaction of customers.
2. To meet the sales target.
3. To maintain present accounts and add new customers.
4. To maintain market share and competitive edge.
5. To achieve sales volume and satisfy company's product mix norms.
6. To submit sales reports regularly as per company's policies.

The qualitative and quantitative objectives vary from one company to another and would largely depend upon the company's standing in the market.

Source: <https://accountlearning.com/salesmanship-meaning-features-objectives/>

ADVANTAGES OF SALESMANSHIP

Advantages of Salesmanship to the Producers

- 1. It creates demand for the new products introduced by the producers.
- 2. It maintains the demand for the existing products.
- 3. It extends the demand for the existing products.
- 4. It builds up for the producers, a growing list of satisfied customers, and thereby secures permanent customers for them.
- 5. It builds up goodwill or reputation for the producers.
- 6. It contributes to large-scale distribution and thereby encourages large-scale production.
- 7. By contributing to mass production, salesmanship has helped to bring down the cost of production per unit.
- 8. By encouraging sales, salesmanship has helped to bring down the marketing costs per unit.
- 9. It increases the stock turnover rate of the producers and thereby eliminates or minimizes the risks or chances of economic stagnation.
- 10. It acts as "*the eyes and ears of the manufacturers*". That is, it makes a study of the tastes and preferences of the customers, brings their preferences to the notice of the producers and enables the producers to reschedule their production, according to the needs of the consumers.
- 11. It completes the task of demand creation set in motion by advertising. In other words, it supplements advertising in the task of demand creation.

- 12. It gives personal touch to the impersonal appeal made by the producers through advertising.

- **Advantages of Salesmanship to the Distributors**

- 1. It brings to the notice of the distributors the new products introduced into the market by the producer.
- 2. It creates demand for the goods dealt by the distributors.
- 3. It makes the work of distribution of goods easy for the distributors.
- 4. It helps in the quick disposal of goods by the distributors and thereby increases the rate of stock turnover.
- 5. It also brings to the notice of the distributors the suggestions, opinions and the criticisms of the consumers and thereby enables the distributors to adjust their business and sales policies.

- **Advantages of Salesmanship to the Consumers**

- 1. It educates the customers by informing them about the new products, their features and their uses.
- 2. It helps the consumers in selecting the goods best suited to their requirements, tastes and purse, as true salesmanship implies helping the consumers in buying what they really require.
- 3. It helps the consumers to consume goods of diverse makes and quality.
- By encouraging mass production and mass distribution and thereby reducing the cost of production and marketing, it contributes to reduction in the selling prices of goods, which is of immense help to the consumers.
- 5. It ensures that the consumers get full worth of the money which they spend on the products.
- 6. It also assures after-sales service to the customers in the case of products like refrigerators, television, etc.

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- **Benefits of Salesmanship to the Society or Community**

- 1. It helps in increasing the supply of goods to the society.
- 2. By contributing to increased sales and production, it brings about an increase in the level of employment and higher income to the society. Further, salesmanship itself directly absorbs a large number of people.
- 3. It creates demand for articles of comfort and luxury and thereby raises the standard of living of the society.
- 4. It helps to maintain equilibrium between the demand and supply of a product and thereby reduces the fluctuations in the prices and maintains the stability of prices.

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- **Advantages of Salesmanship to the Salesman**

- 1. It offers a lucrative i.e., profitable career to smart and ambitious young men and women.
- 2. It provides the salesmen with an the opportunity of learning the art of salesmanship. This knowledge will be helpful to them in future.
- 3. Salesmen develop acquaintance with men of influence. This helps them to better their prospects in life.

- 4. Salesmen have the satisfaction of helping the sellers to get reasonable profits on their sales.

Source: <https://accountlearning.com/advantages-benefits-salesmanship/>

METHODS OF PERSONAL SELLING

Any one of the following selling methods may be used in personal selling, depending upon characteristics of a product or buyer.

- 1. Tender Selling
- 2. Selling through discussions
- 3. Door to door selling
- 4. Over the counter selling

1. Tender Selling

- The buyer may invite open tenders through newspapers and a company is required to submit their offers with price, terms of payment and delivery period, etc.

Generally, in all Government purchase, sealed tenders are invited and are opened on a particular prefixed date and time and orders may be granted to the lowest bidder. Sometimes, purchaser may negotiate bids and finalize order with a company which may not be the lowest bidder. The role of a salesman will be quite useful in such negotiations.

2. Selling through discussions

In large companies, orders are finalized following discussions, at the purchaser's place. The order is generally issued after verifying seller's performance, reliability and after sales service.

Generally, private sector companies choose this route as this is faster and many problems and clarifications could be thrashed out across the table through informal and formal discussions.

3. Door to Door selling

In this method, company's salesman visits prospective buyers to explore the possibilities of selling. This method is generally used for household products and for new product introduction.

This method of selling is highly useful in rural, semi urban and even in cities. In India, consumer products like soaps, shampoo, sarees are sold regularly through door to door selling.

4. Over the Counter selling (OTC selling)

- In this method, in all retail outlets, the salesmen sell a company's products exclusively and this method is used for all consumer goods. In India and in many Asian countries, this method employs highest number of salespersons.
- Indian companies like Reliance (Only Vimal Showrooms), Bata, Philips, BPL, Sony, Asian Paints, Zodiac Gwalior Rayon, Bombay Dyeing, Mafatal, Pierre Cardin sell whole

lot of products ranging from suiting materials, textiles, ready made garments, shoes, colour television, audio-video electronic products, paints and food products through this method.

Qualities of a salesman

- Integrity
- Honesty
- Politeness
- Confidence
- Firmness
- Enthusiasm
- Persistence
- Self analysis
- Maturity
- Drive
- Communication skill
- Human Psychology
- Inter-personal skill

Ability to Listen

A good salesperson needs to satisfy a client's needs. The only way to find out what those are is by listening to what each prospect is saying. The best salespeople aren't always talking.

Empathy

A good salesperson knows how to feel what their customers feel. By getting inside a prospect's skin, they know just how to sell a product or service. Empathy is a great way to anticipate what a customer wants.

Hunger

These folks also have a need to sell that goes beyond the money. They have personal needs only a sale can help them with. In short, their egos need to be fed with good sales numbers.

Competitiveness

Salespeople who succeed enjoy measuring their skills against their peers. In a word, they're competitive. They don't just want to get better at what they do. They want to be better than everyone else.

Networking Ability

Good salespeople love to network. They get involved in their community and have many different business relationships. Networking is not so much a part of the job to them but the way they like to spend their time.

Confidence

Believing in the product or service they are selling is essential. That comes across as a confidence that's infectious and makes customers want to buy more.

Enthusiasm

A successful salesperson is always motivated. They are always ready to make a sale at any given moment and continually looking for possibilities.

Resiliency

Top earners know how to bounce back from a dry spell. They don't get discouraged when the sales numbers are down. Rather, they look for innovative ways to turn things around.

Multitasking Skills

An outstanding salesperson knows how to juggle deals they are trying to close with promising leads. They can even respond to queries through emails and on the phone at the same time. Great multitaskers make excellent additions to any sales team.

Source: <https://smallbiztrends.com/2017/08/what-makes-a-good-salesperson.html>

DUTIES AND RESPONSIBILITIES OF SALESMAN

Functions, Duties and Responsibilities of a Salesman

1. Selling

The fundamental duty of a salesman is selling. This duty includes meeting the prospects, presenting and demonstrating the products, inducing the prospects to buy, taking orders and effecting sales.

2. Guiding the buyers

A salesman should guide the buyers in buying the goods they want.

3. Attending to complaints

A salesman should attend to the complaints of the customers immediately and try to settle their grievances quickly and sincerely.

4. Collection of bills

Sometimes, a salesman may be required to collect the outstanding bills relating to the goods sold by him. In such a case, he has to collect the bills and remit the amount to his firm.

5. Collection of credit information

A salesman may, sometimes, be required to collect information about the credit-worthiness of the customers. In such a case, he has to collect detailed information and submit it to his firm in time.

6. Reporting

A salesman, especially a traveling salesman, is required to send daily, weekly or monthly reports to his firm, providing information about the calls made, sales effected, services rendered, route schedule, expenses incurred, business conditions, competition, if any, etc.

7. Organizing

A salesman, i.e., a traveling salesman, is required to organize his tour programme. He has to prepare the route and time schedules for his tour so as to systematize his sales efforts.

8. Attending sales meetings

A salesman is required to attend the sales meetings convened by his employer at periodical intervals to discuss the marketing problems, sales promotion activities, sales policies, etc.

9. Touring

A traveling salesman, has to undertake touring regularly to cover the sales territories assigned to him.

10. Arranging for packing and delivery

A salesman, i.e., a counter salesman, has to arrange for the packing of the goods sold and the delivery of the packages to the buyers.

11. Window and counter displays

A salesman, i.e., an indoor or counter salesman, has to arrange for the window and counter displays of the products in an attractive manner so as to attract or induce the prospects to buy.

12. Promotion of goodwill

Every salesman has to build up satisfied clientele (i.e., customers) for his employer and thereby promote the goodwill of his firm.

13. Recruiting and Training

Recruiting new salesmen, imparting training, by accompanying them while making sales calls.

14. Working with Middlemen

Salesmen establish direct relations with middlemen — distributors, wholesalers, etc., and collect market information and pass it on to their firm.

Source: <https://accountlearning.com/functions-duties-responsibilities-salesman/>

Questions

1. Define Salesmanship
2. Explain the Objectives of salesmanship.

3. Explain the features of salesmanship
4. Explain the advantages of salesmanship.
5. Explain the methods of personal selling.
6. Explain the qualities of a salesman.
7. Explain the duties and responsibilities of salesman.

Unit V

Sales promotion – definition, Objectives, methods of sales promotion, Benefits of sales promotion. Limitations of sales promotion. Push strategy, Pull Strategy & Push and pull strategy. Sales promotion schemes.



- **Sales Promotion includes all those activities other than advertising, personal selling, public relations and publicity, that are intended to stimulate customer demand and improve the marketing performance.**

- W.J Standton

OBJECTIVES OF SALES PROMOTION

- **To introduce new product**
- **To attract new customers**
- **To induce repeat purchase**
- **To help company to remain competitive**
- **To increase sales during off season**
- **To increase loyalty**
- **To widen the usage.**

There can be a number of sales promotion objectives, depending upon the firm's policies, marketing objectives, nature of the product and its stage in product life- cycle, level of existing and anticipated competitive activity, consumer response pattern, economic conditions, and the target group (consumers, traders, or sales force), etc.

1. To introduce new product

Sales promotional devices help introduce new products in the market. They induce buyers to purchase a new product by distributing free samples in the market. They induce buyers to purchase a new product. Free samples are distributed or money or merchandise allowance is offered to the dealers to stock and sell the new product.

2. Attracting New Customers:

Sales promotion aims at wooing new customers. Sales promotional devices at customers level include samples, coupons, demonstrations, contests, money refund offers, premium offer, free trials etc. These stimulate customers to make purchase promptly on the spot.

Inducing Present Customers to Buy:

3. To induce repeat purchase

Sales promotion induces present customers to buy more of the product. Sales promotion methods work faster than advertisement. Moreover, sales promotion is used to retain customer's interest in the product during off-season.

4. To help company to remain competitive

To Face Competition Effectively – Promotional activities help the producer or seller to meet the competitive situations in the market. The competition may be from manufacturers or sellers of similar products or of substitutes. Competition in similar products may be quality competition or price competition.

5. • To increase sales during off season

Some products are seasonal in nature. After the seasons over, they are not demanded any more. Sales promotion is used to retain customer's interest in the product during off-season. Short term incentives offered to the buyers stimulate sales.

6. To increase loyalty

Huge amounts are now being spent on determining appeals for arresting the attention of the prospect towards the product. Consumer's dissatisfaction about a particular brand can be removed by aggressive sales promotion programmes. Sales promotional devices make products popular among customers and increase loyalty. Ultimately, they enhance the public image and loyalty of the firm.

METHODS OF SALES PROMOTION

1. Consumer/Customer Promotion Methods:

The consumer promotion methods of sales promotion are the methods which directly encourage consumers to buy the product in more and more quantity.

These methods may be as follows:

(i) Distribution of Free Samples:

Under this method, the producer distributes free samples of the product to consumers. They are also given to introduce a new product and expand the market. It increases the sales volume when the product is new to customers. It is an effective device when the product is purchased often, i.e. soaps, detergents, tea, coffee etc.

(ii) Coupons:

Coupons are supplied along with products. A coupon is a certificate that reduces a price. When a buyer gives a coupon to the dealer, he gets the product at a lower price (Regular price is Rs.100; with a coupon it may be Rs.80). Coupons (same as money) are accepted as cash by retailers.

Coupons normally perform two specific functions for the manufacturer. Firstly, they enthruse consumers to exploit the bargain. Secondly, they serve as an inducement to the channel for stocking the items.

According to John F. Luick and Ziegler, "A coupon is a certificate that when presented for redemption at a retail store, entitles the bearer to a stated saving on the purchase of a specific product."

(iii) Price Reduction or Price off Promotion:

It stimulates sales during a slump season. It gives a temporary discount to the consumers, i.e. goods are offered at a rate less than the labelled rate. Fans are sold at a reduced rate in rainy and winter seasons.

For example, Hawkins pressure cookers have come up with several sales promotion schemes during the last few years.

(iv) Contests:

For sales promotion different contests are conducted by producers.

According to John F. Luick and W.L. Zieglar, “A contest is sales promotion device in which the participants compete for a prize or prizes on the basis of their skills in fulfilling a certain requirement, usually analytical or creative.”

In these competitions questions are put to customers. Sometimes pictures are printed to test the general knowledge of customers and they are asked to give the detailed description of these pictures. No fees are charged from customers for participating in these competitions.

(v) Demonstration:

It is the instruction to educate consumers in the manner of using the product. It is a promotional tool to attract the attention of consumers. When products are complex and of a technical nature, demonstration is necessary, e.g., computers, field machinery, electrical pumping set, etc. Demonstration is done in front of consumers for mixer, wet grinder in retail shops, etc.

(vi) Premium:

Premium method is also used to attract the consumers towards the product. In this method, consumers are provided some other useful product freely along with the purchased product. This is an effective method which is practised today for sales promotion.

The purpose of giving premium is to motivate new customers. But its main purpose is to induce the old customers of that product. According to George Christopolous, “A premium is an item of merchandise that is offered at cost or at relatively low cost as a bonus to the purchases of a particular product.”

(vii) Money Refund Offers:

It is the most important method of sales promotion. If the purchaser is not satisfied with the product, money is refunded. It is stated on the package. It creates new users and strengthens brand loyalty.

(viii) Fairs and Exhibitions:

India is a country in which various fairs and exhibitions are organized in different times. These fairs and exhibitions are organised on local, regional, state, national or even at international levels.

Businessmen and manufacturers take part in these fairs and exhibitions and display their goods. Since these fairs and exhibitions are visited by a large number of persons, businessmen and manufacturers get a good opportunity for advertising their goods.

(ix) Special Prizes:

Under this method, every purchaser of the product is given a prize coupon during a certain period. All the coupons distributed during this period are put into a box and a lottery is drawn therefrom. Winners are given some attractive prizes. Thus, this scheme also lures consumers to purchase and use the product.

(x) Aftersales Service:

Under this method, the producer gives a guarantee to customers to maintain the product for a certain specified period. Aftersales service and warranty increase the sale of the enterprise.

2. Trade Promotion Methods:

Trade promotion methods are also known as dealers' promotion methods. These include all the methods which are adopted with a view to encouraging dealers and distributors to purchase and resell the product in more and more quantity.

Dealers' promotion methods include the following methods:

(i) Contests:

This method is aimed at stimulating and motivating distributors, dealers, sale-staff, etc. This is an indirect way of boosting sales. This type of contest is conducted at the level of retailers and wholesalers. This is in the form of window display, store display, sales (volume), etc. A prize is awarded for the outstanding achievements.

(ii) Buying Allowance Discount:

Buying allowance discount increases the sale of the manufacturer and the profits of the dealer. The buying allowance or discount may be given at a fixed percentage on each minimum quantity of the product purchased during a stated period of time.

(iii) Premium:

A premium is an article of merchandise or other thing of value offered as an inducement to purchase a product or service.

Premiums are used by wholesalers to induce retailers to promote or push their products. The objectives of premiums are generally to

- (a) Induce consumers to switch from a competitor's product to the seller's,
- (b) Induce consumers to try larger sizes of products,
- (c) Increase off-season sales,
- (d) Introduce a new product.

(iv) Incentive:

In this method, producers announce some incentives to the dealer. It is also an effective tool for increasing sales. For this purpose special prizes are fixed for dealers if they achieve their pre-determined targets.

(v) Credit Facility:

Under this method the producer allows credit to their dealers, based on the quantity purchased by them. This enables them to purchase a bulk quantity.

(vi) Advertising Allowance:

Under trade promotion methods, advertising allowance is also given to the dealer. The allowance is offered to the dealer to display the manufacturer's product in the shop.

(vii) Gift:

Under this method, producers give attractive and useful articles to dealers against their orders. The articles are transistor, radio, television-set, clock, watch, etc. Some manufacturers offer free holiday family tours to the dealers who place more orders.

(viii) Training:

Through this method, producers train their dealers so that they may make more and more sales of products easily and smoothly.

BENEFITS OF SALES PROMOTION.

1. It stimulates in the consumers an attitude towards the product.
2. It creates a better incentive in the consumers to make a purchase. It is a demand creator.
3. It gives direct inducement to the consumers to take immediate action.
4. It is flexible. It can be used at any stage of a new product introduction.
5. Sales promotion leads to low unit-cost, due to large-scale production and large-scale selling.
6. It is an effective supporter of sales. It helps the salesman and makes his effort more productive.
7. The promotional tools are the most effective to be used in increasing the sales volume.

LIMITATIONS OF SALES PROMOTION.

1. Sales promotions are only supplementary devices to supplement selling efforts of other promotion tools.
2. Sales promotion activities are having temporary and short life. The benefits are also short-lived for three or four months. Then the demand will fall down.
3. They are non-recurring in their use.
4. Brand image is affected by too many sales promotion activities. Consumers are of the opinion that due to the lack of popularity and overstocking of products of a company, these sales promotional activities are conducted.
5. There is a feeling in the minds of the customers that sales promotional activity tools are used to sell inadequate or second grade products.
6. Discounts or rebates are allowed by boosting the prices of the goods, with a view to sell at a gain, which is not real.
7. Immediate increase in demand is stimulated by this. Hence it is a short-lived tool.
8. It is expensive and leads to a rise in the price of products.

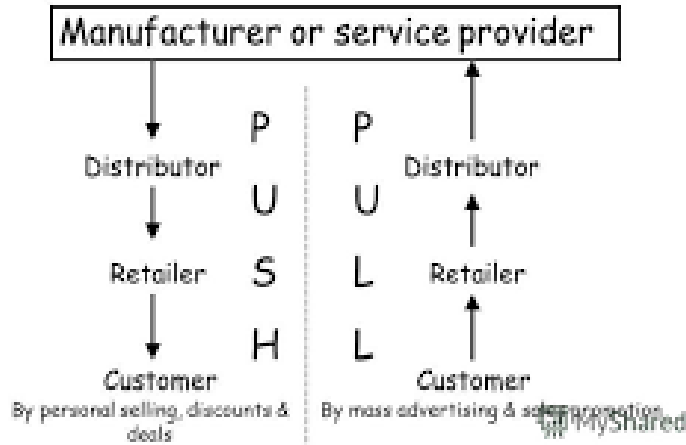
PUSH AND PULL STRATEGY.

SALES PROMOTION SCHEMES.

Push strategy is to push a product at a customer, while a pull strategy pulls a customer towards a product.

Push strategy is a quick way to move a customer from awareness to purchase, while pull strategy is about creating an ongoing relationship with the brand.

Push & pull strategies (II)



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A push promotional strategy involves taking the product directly to the customer via whatever means, ensuring the customer is aware of your brand at the point of purchase.

"Taking the product to the customer"

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EXAMPLES OF PUSH TACTICS

Trade show promotions to encourage retailer demand

- Direct selling to customers in showrooms or face to face
- Negotiation with retailers to stock your product
- Efficient supply chain allowing retailers an efficient supply
- Packaging design to encourage purchase
- Point of sale displays

A pull strategy involves motivating customers to seek out your brand in an active process.

"Getting the customer to come to you"

- **EXAMPLES OF PULL TACTICS**
Advertising and mass media promotion
- Word of mouth referrals
- Customer relationship management
- Sales promotions and discounts

BASIS FOR COMPARISON	PUSH STRATEGY	PULL STRATEGY
Meaning	Push strategy is a strategy that involves direction of marketing efforts to channel partners.	Pull strategy is a strategy that involves promotion of marketing efforts to the final consumer.
What is it?	A strategy in which third party stocks company's product.	A strategy in which customers demand company's product from sellers.
Objective	To make customer aware of the product or brand.	To encourage customer to seek the product or brand.
Uses	Sales force, Trade promotion, money etc.	Advertising, Promotion and other forms of communication.
Emphasis on	Resource Allocation	Responsiveness
Suitability	When the brand loyalty is low.	When the brand loyalty is high.
Lead Time	Long	Short

SALES PROMOTION SCHEMES.

- **Competition**
- **Premium offers**
- **Mail in offers**
- **Free gifts**
- **Picture cards**
- **Gift coupons**
- **Cash premium vouchers**
- **Cross couponing offers**
- **Coupon redemption schemes**
- **Jumbo or multiple packs**
- **Money off offers**
- **Packing**
- **Direct publicity**
- 1. Competitions
- Prize contests depend for success on the value or originality of the prize and the number of prizes offered, including the consolation prizes. The entry requirement can be proof of purchase such as a token or entry coupon detached from the pack, extra entries requiring extra purchases. To be legal, contests require an element of skill. Contests should be organized with adequate time for proper adjudication, and there should be publicized announcement of results.
- 2. Self-liquidating premium offers
- The meaning of the expression 'self-liquidating' is that cost of liquidating the premium is collected from the buyer. For example, the manufacturer of a bathing soap, may offer a 'soap box' at a very nominal price if the soap is purchased. The manufacturer may buy the soap box in very large quantities at an attractive rate and then may make an attractive offer to the consumers to stimulate sales.
- 4. Mail-in free offers
- A manufacturer offers to send an item free of cost, if a product is purchased (e.g., sending a pen free by mail for those who buy some stationery items). Here, no payment is required, only proof of purchase or perhaps a token payment to cover postage and packing is required.
- Care should be taken to control demand and supply, and it is better to limit the offer in some way in view of huge financial implications of *free offers*.
- 5. Free gifts with goods
- The gift is usually attached to the product, as with a toothbrush attached to a carton of toothpaste; Toys (carefully packed separately) may be inserted in packets of baby food.

- 6. Picture cards
- Picture cards encourage repeat buying in order to retain them. They may be inserted in packs, or printed as cut-outs on cartons.

- 7. Gift coupons
- Coupons, with a stated value is kept inside the packet. Again, these have to be collected in order to qualify for gifts, and so require repeat purchasing. A catalogue of gifts must be made available.

- 8. Cash premium vouchers or coupons
- These can be redeemed at the retail shops as a price reduction. They may be printed in press advertisements, delivered door-to-door, or printed on packs as money off for the next purchase.

- 9. Cross-Couponing offers and other schemes
- This is a popular co-operation scheme whereby an on-pack coupon or token enables the customer to buy another product (not necessarily made by the same manufacturer) at a reduced price.

- 10. Coupon Redemption schemes
- This is fairly a recent on-pack idea, whereby a product carries a premium coupon entitling the customer to a discount at named store. This is liked by the store because the discount can lead to other purchases.

- 11. Jumbo or multiple packs
- It signifies that a number of items are packed together or the container is extra large, and they are offered at a special price. It is an economical way of, both packing and buying such items, and ensures that the customer is well stocked with the products and may thus become a habit buyer.

- 12. Money-off offers
- Money-off offers, are 'flashed', that is, printed on the wrapper or carton, a sure way of inducing impulse buying.

- 13. Packing
- Another important attempt of sales promotion is through attractive package. Now-a-days customers are attracted by good and attractive packing of products. A good package is one which is attractive and protective, tells the product story, builds confidence, convenient to handle and above all economical.