

UNIT-I - PERSONAL SELLING

SYLLABUS

Personal Selling - Nature and process of personal selling - Sales Management – Importance – Role of Sales Manager – Qualities of sales professionals - Setting Sales Objectives – Sales Forecasting – Methods of Sales Forecasting - Sales Quotas and Territory – Sales budgeting – Types of Budgets – Budgeting Procedure.

PERSONAL SELLING

When you want to buy something you usually go to a concerned shop and purchase it from there. But, sometimes you find people bring certain goods or products and make them available to you at your place. For example, you find persons selling vegetables or rice by carrying the same in a cart and moving from door to door to sell. You must have noticed persons selling sarees, carpets, electronic items, etc. in a similar fashion. While traveling in buses or local trains you must also have seen people selling pens, toys, books, combs, etc. inside the bus or train. In cities also persons move from door to door to sell different products like water purifiers, air purifiers, detergents, mosquito repellents, etc. Don't you think these are different methods of selling goods unlike keeping them in a shop and sell? In this lesson let us learn more about these types of selling.

MEANING OF PERSONAL SELLING

Personal selling refers to the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. After having an idea about personal selling, let us know about some of the essential elements of personal selling.

ESSENTIAL ELEMENTS OF PERSONAL SELLING

Personal selling consists of the following elements:

i. Face-to-Face interaction: Personal selling involves a salesmen having face-to-face interaction with the prospective buyers.

ii. Persuasion: Personal selling requires persuasion on the part of the seller to the prospective customers to buy the product. So a salesman must have the ability to convince the customers so that an interest may be created in the mind of the customers to use that product.

iii. Flexibility: The approach of personal selling is always flexible. Sometimes salesman may explain the features and benefits of the product, sometimes give demonstration of the use of product and also faces number of queries from the customers. Looking into the situation and interest of the customers, the approach of the salesman is decided instantly.

iv. Promotion of sales: The ultimate objective of personal selling is to promote sales by convincing more and more customers to use the product.

v. Supply of Information: Personal selling provides various information to the customers regarding availability of the product, special features, uses and utility of the products. So it is an educative process.

vi. Mutual Benefit: It is a two-way process. Both seller and buyer derive benefit from it. While customers feel satisfied with the goods, the seller enjoys the profits.

IMPORTANCE OF PERSONAL SELLING

Personal Selling is extremely important as it helps in increasing sales. But there are other feature as well which make it important. Let us discuss the importance of personal selling from the point of view of manufactures as well as consumers.

From manufacturer's point of view

- i. It creates demand for products both new as well as existing ones.
- ii. It creates new customers and, thus helps in expanding the market for the product.
- iii. It leads to product improvement. While selling personally the seller gets acquainted with the choice and demands of customers and makes suggestions accordingly to the manufacturer.

From customer's point of view

- i. Personal selling provides an opportunity to the consumers to know about new products introduced in the market. Thus, it informs and educates the consumers about new products.
- ii. It is because of personal selling that customers come to know about the use of new products in the market.

iii. Personal selling also guides customers in selecting goods best suited to their requirements and tastes as it involves face-to-face communication.

iv. Personal selling gives an opportunity to the customers to put forward their complaints and difficulties in using the product and get the solution immediately.

QUALITIES OF SALESPERSON ENGAGED IN PERSONAL SELLING

It is very difficult to enlist the qualities of people engaged in personal selling. The quality will vary from time to time and from situation to situation. It also depends upon the customers' demand and nature of the product. Again a salesman may be effective in one situation but may fail in another situation. So in real life certain qualities may be suitable for a particular line of product and may be irrelevant in any other case. However, there are certain common qualities, which every salesman should possess in order to become successful in their life. These qualities are listed below:

i. Physical quality:

A salesman should have a good appearance and an impressive personality. He should also have a sound health.

ii. Mental quality:

A good salesman should possess certain mental qualities like imagination, initiative, self-confidence, sharp memory, alertness etc. He should be able to understand the needs and preferences of customers.

iii. Integrity of character:

A good salesman should possess the qualities of honesty and integrity. He is to gain the confidence of the customers. He should be able to understand their needs and guide them how to satisfy those needs. His employer too should have faith in him. A salesman should be loyal both to the employer and to the customers.

iv. Knowledge of the product and the company:

A salesman should have full knowledge of the product and the company he is representing. He should be able to explain each and every aspect of the product i.e. its qualities, how to use it, what precautions to be taken, etc. He should be able to explain the business and service record of the company. He should also have knowledge of products of rival companies. So that he can put across the superiority of his own products.

v. Good behaviour:

A salesman should be co-operative and courteous. Good behaviour enables one to win the confidence of the customers. He should not feel irritated if the buyer puts up many questions even if the questions are irrelevant. It is also not necessary that the person he is trying to convince buys the product. The salesman has to remain and courteous in every case.

vi. Ability to persuade: A good salesman should be good in conversation so that he can engage the person he is attending in conversation. He should be able to convince him and create the desire in his mind to possess the commodity.

THE 8 STEP PERSONAL SELLING PROCESS

Personal selling is the most expensive form of advertising and to be effective one should use a step by step process to gain the most benefit. Personal selling can adjust the manner in which facts are communicated and can consider factors such as culture and behaviour in the approach. They can ask questions to discover the specific need of the customer and can get feedback and adjust the presentation as it progresses.

The Personal Selling Process

The personal selling process is a consecutive series of activities conducted by the salesperson, the lead to a prospect taking the desired action of buying a product or service and finish with a follow-up contact to ensure purchase satisfaction.

Step One

Prospecting - the first step in the personal selling process

The process of looking for and checking leads is called prospecting or determining which firms or individuals could become customers. Up to 20% of a firm's customer base can be lost for reasons such as transfer, death, retirement, takeovers, dissatisfaction with the company and competition. A steadily growing list of qualified prospects is important for reaching the sales targets.

Step Two

The Pre-approach

This stage involves the collecting of as much relevant information as possible prior to the sales presentation. The pre-approach investigation is carried out on new customers but also on regular

customers. Systematic collection of information requires a decision about applicability, usefulness and how to organize the information for easy access and effective use.

Step Three

The Approach

The salesperson should always focus on the benefits for the customer. This is done by using the product's features and advantages. This is known as the FAB technique (Features, Advantages and Benefits).

Features: Refers to the physical characteristics such as size, taste etc.

Advantages: Refers to the performance provided by the physical characteristics e.g. it does not stain.

Step Four

The Sales Presentation

After the prospects interest has been grasped, the sales presentation is delivered. This involves a "persuasive vocal and visual explanation of a business proposition". It should be done in relaxed atmosphere to encourage the prospect to share information in order to establish requirements. Some small talk may be necessary to reduce tension but the purpose always remains business.

Step Five

The Trial Close

The trial close is a part of the presentation and is an important step in the selling process. Known as a temperature question - technique to establish the attitude of the prospect towards the presentation and the product.

Step Six

Handling Objections

Objections are often indications of interest by the prospect and should not be viewed with misgiving by salespeople. The prospect is in fact requesting additional information to help him to justify a decision to buy. The prospect may not be fully convinced and the issues raised are thus very important. It also assists the salesperson to establish exactly what is on the prospect's mind.

Step Seven

Closing the Sale

This is the last part of the presentation. Many salespeople fear the closing of a sale. Closing a sale is only the confirmation of an understanding. Fear will disappear if the salesperson truly believes that the prospect will enjoy benefits after the purchase of the product.

Step Eight

The Follow-up

The sale does not complete the selling process. Follow-up activities are very important and are useful for the establishment of long-term business relationships. It is important to check if the products have been received in good condition, to establish the customer is satisfied etc.

SALES MANAGEMENT

The art of meeting and exceeding the sales goals of an organization through effective planning, controlling, budgeting and leadership refers to sales management.

Sales Management helps the organization to achieve the sales targets efficiently.

Process of Sales Management

1. Sales Planning

- Marketers must plan things well in advance for the best results. It is essential to have concrete plans. Mere guess works do not help in business.
- Know your product well. Sales professionals must know the USPs and benefits of the product for the consumers to believe them.
- Identify your target market.
- Sales Planning makes the products available to the end users at the right time and at the right place.
- Sales Planning helps the marketers to analyze the customer demands and respond efficiently to fluctuations in the market.
- Devise appropriate strategies to increase the sales of the products.

2. Sales Reporting

- Sales strategies are implemented in this stage.

- Check the effectiveness of the various strategies. Find out whether they are bringing the desired results or not.
- The sales representatives should be aware of their roles and responsibilities in the organization.
- It is essential for the organization to evaluate the outcome of proposed strategies for any particular department. Organizations depend on KPI also called Key Performance Indicator or simply Performance Indicator to measure the effectiveness of implemented strategies.
- Ask the sales team to submit reports of what all they have done throughout the week. The management must sit with the sales team frequently to assess their performance and chalk out future course of actions.
- Mapping individual performance over time is essential.

3. Sales Process

- Sales representatives should work as a single unit for maximum productivity. A systematic approach results in error free work.
- The management must make sure sales managers follow a proper channel to reach out to the customers. It pays to adopt a step by step approach.

Sales professionals should follow the below mentioned steps for maximum sales and better output.

i. Initial Contact/Lead

- Collect necessary data of potential customers once the target market is decided.

ii. Information Exchange

- Inform the customers about various product offerings.
- Make the customers aware of your brand and its benefits.
- The information exchange can be either:

iii. Lead Generation

- Make a list of the people who show inclination towards purchasing your organization's products or services.
- The sales representatives must identify those who have the potential to buy their products.

iv. Need Identification

- Fix a meeting with the prospective buyers. Sit with the client and try to find out more about his needs and expectations.
- Suggest them various options which would fulfill their demands.

v. Qualified Prospect

- Identify individuals who are keen on purchasing your company's products or services.

vi. Proposal

- Once the buyer agrees to purchase particular products, the seller presents a written proposal to him quoting the rates as well as other necessary terms and conditions. Such a document is often called a proposal.

vii. Negotiation

- Negotiation is a stage where two parties (buyer and seller) discuss and negotiate for the best deal beneficial to all.

viii. Closing of Deal

- This is the stage where the transaction between the seller and buyer takes place. The selling happens in this stage.

ix. After Sales Service

- Keep in touch with the customers even after the purchase for higher customer retention.

MANAGING THE SALES CYCLE

What is a Sales Cycle?

Sales cycle refers to the various processes which help the products reach the end users. Customers go through a sequence of activities before the product finally reaches them. Such activities are a part of the sales cycle.

A sales cycle has the following steps:

1. Identifying Prospects

- The first step in the sales cycle is to make a list of potential customers.

- Try to gather as much data as you can. Ask your team members to visit markets, shopping malls, restaurants to map potential customers and collect information about them
- Placing canopies at strategic locations also invite potential customers.
- A sales professional should ideally spend his maximum time outside office meeting people. Interact with as many individuals as you can.
- Distribute questionnaires amongst the potential customers to know them better.

2. Setting Appointments

- The next step is to make the people aware of your product and its offerings.
- Try to get in touch with the people. Call them and seek an appointment.
- Don't arrange meetings at your convenience.
- Take his address and courier relevant information brochures beforehand for him to know more about your product and its benefits.
- Marketers also depend on cold calls to inform the customers about their products and services. Don't be after the individual's life to fix an appointment.
- Do take care of your pitch while speaking over the phone. Make your speech interesting. Don't drag conversations.

3. Know Your Customer Well

- It really helps if you know something about your client before meeting him.
- Try to gain some information about him from social networking sites like facebook, orkut, linked in, twitter and so on. These networking sites do give some information about the client which definitely helps in preparing the sales pitch.
- Understand the customer's needs and expectations from the product. Check whether the customer has the potential to purchase a particular product or not. There is no point selling an air-conditioner to someone whose monthly income is Rs 10000/-. Find out more about the background of the customer.

4. Determine Client's Solution

- Suggest the right option for the customers. A sales representative must never lie to the customers. Say what your product actually offers.

- It is unprofessional to make false commitments. Sit with the customer and help him with the best solutions. Don't always think about your own targets and incentives. Think from the customer's perspective as well. Don't prompt him to buy something which you yourself feel is not right for him.

5. Written Proposal/Document

- Once the customer decides on the product, present a proposal to him with the proposed rates and other necessary terms and conditions.

6. Negotiation Round

- There should always be room for negotiation in deals. Don't be too rigid. Negotiate with an open mind.
- The customers should be aware of even the minutest details. For higher customer satisfaction, give him the best deal.
- A sales professional should always aim to close the deal as soon as both the parties accept the terms and conditions.

7. After Sales Service

- Make sure customers are satisfied with your service.
- Find out whether all his demands are fulfilled or not.
- Be in touch with him even after the deal is over.

ROLES AND RESPONSIBILITIES OF A SALES MANAGER

A sales manager plays a key role in the success and failure of an organization. He is the one who plays a pivotal role in achieving the sales targets and eventually generates revenue for the organization.

A sales manager must be very clear about his role in the organization. He should know what he is supposed to do at the workplace.

- A sales manager is responsible for **meeting the sales targets** of the organization through effective planning and budgeting.
- A sales manager can't work alone. He needs the support of his sales team where each one contributes in his best possible way and works towards the goals and objectives of the

organization. He is the one who sets the targets for the sales executives and other sales representatives.

- A sales manager must ensure the targets are realistic and achievable.
- The duties must not be imposed on anyone, instead should be delegated as per interests and specializations of the individuals. A sales manager must understand who can perform a particular task in the most effective way. It is his role to extract the best out of each employee.
- **A sales manager devises strategies** and techniques necessary for achieving the sales targets. He is the one who decides the future course of action for his team members.
- It is the sales manager's duty to **map potential customers and generate leads for the organization**. He should look forward to generating new opportunities for the organization.
- A sales manager is also responsible for **brand promotion**. He must make the product popular amongst the consumers. A banner at a wrong place is of no use. Canopies must be placed at strategic locations; hoardings should be installed at important places for the best results.
- **Motivating team members** is one of the most important duties of a sales manager. He needs to make his team work as a single unit working towards a common objective. He must ensure team members don't fight amongst themselves and share cordial relationship with each other. Develop lucrative incentive schemes and introduce monetary benefits to encourage them to deliver their level best. Appreciate whenever they do good work.
- It is the sales manager's duty to ensure his **team is delivering desired results**. Supervision is essential. Track their performances. Make sure each one is living up to the expectations of the organization. Ask them to submit a report of what all they have done throughout the week or month. The performers must be encouraged while the non performers must be dealt with utmost patience and care.
- He is the one who takes major decisions for his team. He should act as a pillar of support for them and stand by their side at the hours of crisis.
- A sales manager should set an example for his team members. He should be a source of inspiration for his team members.

- A sales manager is responsible for not only selling but also **maintaining and improving relationships with the client**. Client relationship management is also his KRA.
- As a sales manager, one should maintain necessary data and records for future reference.

QUALITIES OF SALES PROFESSIONAL

Sales Professionals are the face of an organization. They have the responsibility of making the brand popular and promoting the products amongst the end users.

They help in the successful running of organization by generating revenues and earning profits.

1. Patience

A sales manager needs to be extremely patient. You just can't afford to be rude to your customers. Clients do need time to believe in you and trust your products. Don't get hyper and make the client's life hell. Give him time to think and decide.

2. People Oriented

- It is essential for a sales manager to be customer centric. Understand customer's needs and expectations. Don't simply impose things on him.
- Individuals representing the sales vertical need to be caring and kind towards customers.
- Don't only think about your own targets and selfish interests. One should never misguide the customers. Be honest with them. Avoid telling lies and creating fake stories.

3. Aggressive

- A sales professional needs to be aggressive and energetic. Lazy individuals don't make great sales professionals.

4. Go-Getter Attitude

- It pays to be optimistic in sales. Sales professionals need to have a go-getter attitude for the best results.
- It is really not necessary that all customers would like or need your product. Don't expect results every time. Remember failures are the stepping stones to success. One must learn from his previous mistakes and move on. Don't take failures to heart.

5. Value Time

- People in sales must value time. Being late for meetings create a wrong impression in the minds of customers.
- It is a sin to make customers waiting unless and until there is an emergency. Start a little early and make sure you reach meetings on time.

6. Sense of Commitment

- A sales representative who is committed towards his work manages to do well and make his mark as compared to others. Commitment in fact is essential in all areas of work.
- If you have promised someone to meet at 5pm, make sure you are there at the desired venue at 4.45 pm sharp. Don't make silly excuses. Trust is lost when commitments are taken back. There should be no turning back.

7. Reliable

- The customers must be able to depend on the sales professionals. A sense of trust is important.

8. Flexible

- A sales professional must know how to change his sales pitch as per the client. Don't just stick to one plan or one idea.
- Learn to take quick decisions as per the situation. Be adaptable to changes. People in sales should not be too rigid and demanding.

9. Be Transparent

- Don't hide things from the customers. Transparency is essential to avoid problems later on.
- Convey only what your product offers.

10. Diligent

- Mere sitting at office does not help in sales. One needs to go out, meet people and make prospective clients. Don't complain if it is too hot or cold outside.
- A sales professional ideally should spend his maximum time in field to achieve targets in the best possible way.

11. Good Communicator

- A sales professional must be a good communicator for the desired impact.
- Take care of your pitch and tone.

SALES FORECASTING

Sales forecasting is a difficult area of management. Most managers believe they are good at forecasting. However, forecasts made usually turn out to be wrong! Marketers argue about whether sales forecasting is a science or an art. The short answer is that it is a bit of both.

Types of forecasting

There are two major types of forecasting, which can be broadly described as **macro** and **micro**:

- **Macro forecasting** is concerned with forecasting markets in total. This is about determining the existing level of Market Demand and considering what will happen to market demand in the future.
- **Micro forecasting** is concerned with detailed unit sales forecasts. This is about determining a product's market share in a particular industry and considering what will happen to that market share in the future.

The selection of which type of forecasting to use depends on several factors:

- (1) **The degree of accuracy required** – if the decisions that are to be made on the basis of the sales forecast have high risks attached to them, and then it stands to reason that the forecast should be prepared as accurately as possible. However, this involves more cost
- (2) **The availability of data and information** - in some markets there is a wealth of available sales information (e.g. clothing retail, food retailing, holidays); in others it is hard to find reliable, up-to-date information
- (3) **The time horizon that the sales forecast is intended to cover**. For example, are we forecasting next weeks' sales, or are we trying to forecast what will happen to the overall size of the market in the next five years?
- (4) **The position of the products in its life cycle**. For example, for products at the “introductory” stage of the product life cycle, less sales data and information may be available than for products at the “maturity” stage when time series can be a useful forecasting method.

Creating the Sales Forecast for a Product

The first stage in creating the sales forecast is to estimate Market Demand.

Market Demand for a product is the total volume that would be bought by a defined customer group, in a defined geographical area, in a defined time period, in a given marketing environment. This is sometimes referred to as the Market Demand Curve.

For example, consider the UK Overseas Mass Market Package Holiday Industry. What is Market Demand?

Using the definition above, market demand can be defined as:

Defined Customer Group: Customers Who Buy an Air-Inclusive Package Holiday

Defined Geographical Area: Customers in the UK

Defined Time Period: A calendar year

Defined Marketing Environment: Strong consumer spending in the UK but overseas holidays affected by concerns over international terrorism

Stage two in the forecast is to estimate Company Demand

Company demand is the company's share of market demand.

This can be expressed as a formula:

Company Demand = Market Demand v Company's Market Share

Step Three is then to develop the Sales Forecast

The Sales Forecast is the expected level of company sales based on a chosen marketing plan and an assumed marketing environment.

Note that the Sales Forecast is not necessarily the same as a "sales target" or a "sales budget".

A sales target (or goal) is set for the sales force as a way of defining and encouraging sales effort. Sales targets are often set some way higher than estimated sales to "stretch" the efforts of the sales force.

A sales budget is a more conservative estimate of the expected volume of sales. It is primarily used for making current purchasing, production and cash-flow decisions. Sales budgets need to take into account the risks involved in sales forecasting. They are, therefore, generally set lower than the sales forecast.

A common method of preparing a sales forecast has three stages:

- (1) **Prepare a macroeconomic forecast** – what will happen to overall economic activity in the relevant economies in which a product is to be sold?
- (2) **Prepare an industry sales forecast** – what will happen to overall sales in an industry based on the issues that influence the macroeconomic forecast;
- (3) **Prepare a company sales forecast** – based on what management expect to happen to the company's market share

Sales forecasts can be based on three types of information:

- (1) What customers say about their intentions to continue buying products in the industry
- (2) What customers are actually doing in the market
- (3) What customers have done in the past in the market

There are many market research businesses that undertake surveys of customer intentions – and sell this information to businesses that need the data for sales forecasting purposes. The value of a customer intention survey increases when there are a relatively small number of customers, the cost of reaching them is small, and they have clear intentions. An alternative way of measuring customer intentions is to sample the opinions of the sales force or to consult industry experts

Time Series Analysis

Many businesses prepare their sales forecast on the basis of past sales.

Time series analysis involves breaking past sales down into four components:

1. The trend: are sales growing, “flat-lining” or in decline?
2. Seasonal or cyclical factors. Sales are affected by swings in general economic activity (e.g. increases in the disposable income of consumers may lead to increase in sales for products in a particular industry). Seasonal and cyclical factors occur in a regular pattern;
3. Erratic events; these include strikes, fashion fads, war scares and other disturbances to the market which need to be isolated from past sales data in order to be able to identify the more normal pattern of sales.
4. Responses: the results of particular measures that have been taken to increase sales (e.g. a major new advertising campaign)

TYPES OF BUDGETING

Budgeting refers to a course of action based upon an estimate of assumed income and expenses. In laymen's terms, it is simply a term is defined as a plan of operation where one reviews their income and expenditures, often in the effort to create a strategy in order to achieve some financial goal or goals within a specific period of time.

Not all budgets are created or planned with the same methods. There are many types of budgeting. Personal budgeting is quite different from the budgeting performed by a business or corporation, for example. But even within these different categories, there are still differences which exist. Read on to learn about the different types of budgeting.

TYPES OF BUDGETING: PERSONAL & BUSINESS

Personal Budgets

There are two common types of budgeting for private households. In one instance, the planner creates a budget via the Envelope Method. With this method, the planner will separate the necessary funds into different envelopes every month. This way one can confirm that all required bill payments will be met. The other type is known as the Spreadsheet Method, where the planner, from the total monthly income, after taxes, subtracts via each line-item a required amount to be paid that month.

Business Budgets

There are three common types of budgeting for business. One of the most popular forms of business budgeting is that of Capital budgeting. With Capital budgeting, the planner will review and estimate the business' finances through investments and assets. Cash budgeting, another method, deals with the cash-flow: the money going in and out of the business. The third type is Operational budgets, where the operations of the business are reviewed in order to decide how to properly allocate funds and determine, typically within the fiscal year, the total profits.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. Mention the sales closing techniques.
2. What is Telemarketing?
3. How is Personal Selling different from advertising?
4. What do you mean by sales territories?
5. Write a note on sales budgeting.
6. How the sales executives are involved in sales force management?
7. State any two important characteristics of sales management.
8. List out the essentials of effective selling.
9. Comment on AIDAS formula in the sales process.

Part C (8 Marks)

1. What is Personal Selling? Discuss the steps in selling process.
2. Describe the personal selling process. How would the sales presentations differ in the following cases:
 - i) Selling a life insurance policy
 - ii) Selling office computers
 - iii) Presenting a new drug to physicians.
3. Elaborate the features and advantages of salesmanship.
4. Explain the advantages and disadvantages of direct marketing.
5. For selling FMCG in today's context, examine the role of personal selling as a tool of direct marketing.
6. Discuss the change in role of personal selling.

UNIT-II - SALES FORCE MANAGEMENT

SYLLABUS

Sales Force Management – Types of Sales Organizations - Sales Force Recruitment – Sources – Selection process - Training – Motivating Sales Force – Sales incentives, contests and compensation – Evaluating Sales Performance.

SALES FORCE MANAGEMENT

The Creative Selling Process:

Selling is seldom boring. Every customer, every sales call, and every salesperson are unique. Some salespeople are successful primarily because they know so much about what they sell. Others are successful because they have built strong relationships with customers who look forward to their visits. Most salespeople understand and engage in a series of activities necessary to bring about a transaction. Complex or expensive sales require careful planning, and successful selling in these cases is more likely if the salesperson undergoes a systematic series of steps known as the **creative selling process**. These steps require the salesperson to seek out customers, analyze their needs, determine how product attributes provide benefits, and then decide how best to communicate this to the prospects. The steps in the process include *prospecting, qualifying, pre-approach, approach, sales presentation, demonstration, handling objections, closing, and follow-up*.

Prospecting

Prospecting is the step of the selling process that includes identifying and developing a list of potential or prospective customers. Prospects or sales leads can come from existing customer lists, telephone directories, or commercially available databases. Sometimes companies generate sales leads through their advertising or sales promotions by letting customers request more information. One way to generate leads is through *cold calling*, when the salesperson contacts prospects without prior introduction or arrangement. Salespeople also rely on *referrals*. Current clients who are satisfied with their purchase often give referrals.

Qualifying

Salespeople next need to **qualify** their **prospects**, the step of the selling process that determines how likely prospects are to become customers. Prospects can be qualified by looking at their financial ability, volume of business, special needs, location, and possibilities for growth.

Pre-approach

The **pre-approach** is the step in the selling process in which the salesperson learns as much as possible about a prospective customer before making a sales call. Salespeople try to learn as much as possible about qualified prospects early on. They may probe prior purchase history, current needs, or information about their interests. The salesperson can consult industry and online sources, acquaintances, etc. to learn about the prospect. Another task is to decide on the best approach, which might be a personal visit, a phone call, or a letter. The best timing should be considered carefully because many prospects are busiest at certain times. Finally, the salesperson should give thought to an overall sales strategy for the account.

Approach

The **approach** is the step in the selling process in which the salesperson usually meets the customer for the first time. He or she should start building the relationship during the approach. The salesperson should know how to meet and greet the prospect and get the relationship off to a good start. This step involves the salesperson's appearance, opening lines, and the follow-up remarks. The opening lines should be positive to build goodwill from the beginning of the relationship. If the salesperson made contact with the prospect through a referral, the salesperson should probably say so up-front. This opening might be followed by some key questions to learn more about the customer's needs or by showing a display or sample to attract the prospect's attention and curiosity. As in all stages of the selling process, listening to the customer is crucial.

Sales Presentation

The **sales presentation** is the step in the selling process in which the salesperson seeks to persuasively communicate the product's features and the benefits it will provide after the sale. *Proof statements*, such as data on past sales, testimonials, guarantees, or research results, help to make the salesperson's presentation credible. Some sales presentations are *canned*, meaning a script has been written in advance, and the same message is delivered to many prospects. This technique often provides a series of verbal prompts to which there are expected customer responses. A similar

approach called a *formulated approach* identifies a prospect's needs and then provides scripted sales pitch keyed to that kind of prospect. These standardized approaches work fine in some cases, but the most effective sales presentations are those that are tailored to the specific customer.

Demonstration

One important advantage of personal selling over most advertising is the ability of salespeople to provide a **demonstration** of the product to the potential buyer. Many firms use new technologies to make their demonstrations more effective. Multimedia interactive demonstrations are now common. The key to a good demonstration—one that gains the customer's attention, keeps his or her interest, is convincing, and stays in the customer's memory—is planning. The salesperson should check and recheck all aspects of the demonstration prior to its delivery.

Handling Objections

Handling objections is the step in the selling process in which the salesperson seeks out, clarifies, and overcomes customer objections to buying. Customers almost always have objections during the presentation or when asked to place an order. The problem can be either logical or psychological, and objections are oftentimes unspoken. The salesperson should handle objections using a positive approach, by seeking out hidden objections, asking the prospect to clarify any objections, and taking objections as opportunities to provide more information—turning the objections into reasons for buying. Every salesperson needs training in the skills of handling objections.

Closing

Closing is the step in the selling process in which the salesperson asks the customer for an order. Some salespeople do not get around to closing or do not handle it well. They may lack confidence, feel guilty about asking for the order, or fail to recognize the right moment to close the sale. Salespeople should know how to recognize closing signals from the buyer, including body language, comments, and questions. Salespeople can use several closing techniques. They can ask for the order, review points of agreement, offer to help write up the order, ask whether the buyer wants this model or that one, or note that the buyer will lose out if the order is not placed now. The salesperson may also offer the buyer special reasons to close, such as a lower price or an extra quantity at no charge.

Follow-Up

Follow-up is the last step in the selling process, in which the salesperson follows up after the sale to ensure customer satisfaction and repeat business. Right after closing, the salesperson should complete any details on delivery time, purchase terms, and other matters. The salesperson then should schedule a follow-up call when the initial order is received, to make sure there is proper installation, instruction, and/or servicing. This visit should reveal any problems, assure the buyer of the salesperson's interest, and reduce any buyer concerns that might have arisen since the sale. Follow-up also allows the salesperson to bridge to the next purchase. Once a relationship develops, the selling process is only the beginning. Even as one cycle of purchasing draws to a close, a good salesperson is already laying the foundation for the next one.

Sales Management:

Sales management is the process of planning, implementing, and controlling the personal selling function of an organization. Personal selling is a team effort that requires careful planning and salespeople in the field when and where customers need them.

Sales Force Objectives

Sales force objectives state what the sales force is expected to accomplish and when. These goals could include acquiring new customers, generating specific amounts of sales volume, reducing sales expenses, improving customer satisfaction, gathering new-product suggestions, training goals, and community involvement goals. Sales managers also work with their salespeople to develop individual goals. *Performance goals* are measurable outcomes, such as total sales and total profits per salesperson. *Behavioral goals* specify actions salespeople must accomplish, such as the number of prospects to identify, the number of sales calls, and the number of sales presentations.

Sales Force Strategy

A sales force strategy specifies the structure and size of a firm's sales force. Each salesperson has the responsibility for a set group of customers—the **sales territory**. The territory structure allows salespeople to have an in-depth understanding of customers and their needs through frequent contacts. The most common way to allot territories is geographically, minimizing travel and other field expenses. A *geographic sales force structure* usually is sized according to how many customers

are found in a given area. If the product line is diverse or technically complex, a better approach may be to structure sales territories based on different *classes of products* to enable the sales force to provide more expertise to a set of customers with similar needs. Still another structure is *industry specialization*, in which salespeople focus on a single industry or a small number of industries. Putting a salesperson into the field is expensive, so the number of people in the sales force has an impact on a company's profitability. Determining the optimal number of salespeople is an important decision.

In attempting to recruit and select a new sales representative, sales managers find themselves in an unaccustomed role. Instead of being a seller they for once take on the role of buyer. It is crucial that this transition is carried out effectively because the future success of the sales force depends upon the infusion of high calibre personnel. There are a number of facts that emphasize the importance of effective **sales force selection**:

1. There is wide variability in the effectiveness of salespeople. In the Institute of Marketing commissioned study¹ into sales force practice, the following question was asked of sales managers: 'If you were to put your most successful salesperson into the territory of one of your average salespeople, and made no other changes, what increases in sales would you expect after, say, two years?' The most commonly expected increase was 16–20 per cent and one-fifth of all sales managers said they would expect an increase of 30 per cent or more. It must be emphasized that the comparison was between the top and average salesperson, not top and worst salesperson. Clearly, the quality of the sales representatives which sales managers recruit can have a substantial effect on sales turnover.

2. Salespeople are very costly. If a company decides to employ extra sales personnel, the cost will be much higher than just basic salary (and commission). Most companies provide a car if travel is required and travel expenses will also be paid. The special skills necessary to make a sale, rather than to receive an order, imply that training will be required. No company will want to incur all of these costs in order to employ a poor performer.

3. Other important determinants of success, such as training and motivation, are heavily dependent on the intrinsic qualities of the recruit. Although sales effectiveness can be improved by training, it is limited by innate ability. Like other activities where skill is required, such as cricket, football and athletics, ultimate achievement in selling is highly associated with personal characteristics.

Similarly, motivational techniques may stimulate salespeople to achieve higher sales but they can do only so much. A lot will be dependent on the inborn motivation of the salesperson to complete a difficult sale or visit another prospect instead of returning home.

Recruitment and Selection Process

There are a number of stages in the **recruitment** and selection process:

1. Preparation of the job description and personnel specification.
2. Identification of sources of recruitment and methods of communication.
3. Designing an effective application form and preparing a shortlist.
4. Interviewing.
5. Supplementary selection aids – psychological tests, role playing.

Sources

There are six main sources of recruitment:

- From inside – the company's own staff;
- Recruitment agencies;
- Educational establishments;
- Competitors;
- Other industries;
- Unemployed.

The Interview Setting

The interview setting will have a direct bearing on the outcome of the interview. A number of examples will illustrate this point:

1. The room should be one where the sales manager is unlikely to be interrupted by colleagues or telephone calls. If this is not possible, visitors and telephone calls should be barred.
2. A very large room with just two or three people occupying it may not have the intimacy required to obtain a free, natural discussion.
3. A large desk situated between candidate and interviewer, particularly if littered with filing trays and desk calendars, can have the psychological effect of distancing the two parties involved, creating

too formal an atmosphere and inhibiting rapport. A more relaxed, informal setting away from the manager's work desk is likely to enable the interviewee to relax more easily. The use of a low table which interviewers and interviewee can sit around (rather than sitting face-to-face) is a common method for achieving this effect.

Conducting the Interview

Besides creating the right atmosphere by the judicious selection of the interview setting, the interviewers themselves can do much to help establish rapport. What happens at the beginning of the interview is crucial to subsequent events. The objective at this stage is to set the candidate at ease. Most interviewees are naturally anxious before the interview and when they first enter the interview setting. They may feel embarrassed or be worried about exposing weaknesses. They may feel inadequate and lack confidence. Above all they may feel worried about rejection. These anxieties are compounded by the fact that the candidate may not have met their interviewers before and thus be uncertain about how aggressive they will be, the degree of pressure that will be applied and the types of question they are likely to ask. Some sales managers may argue that the salesperson is likely to meet this situation out in the field and therefore needs to be able to deal with it without the use of anxiety-reducing techniques on the part of the interviewers. A valid response to this viewpoint is that the objective of the interview is to get to know the candidate in terms of the criteria laid down in the personnel specification, or 'profile' as it is sometimes called. In order to do these candidates must be *encouraged* to talk about themselves. If sales ability under stress is to be tested, role playing can be used as part of the selection procedure. There are a number of guidelines which, if followed, should reduce anxiety and establish rapport:

1. One of the interviewers (preferably the sales manager) should bring the candidate into the room, rather than the candidate being sent for through a secretary or junior administrator. This reduces status differentials and hence encourages rapport.
2. Open the conversation with a few easy-to-answer questions, which although not directly pertinent to the job, allow the candidate to talk to the interviewers and gain confidence.
3. Continuing in this vein, questions early in the interview should be, if possible, open-ended rather than closed. Open-ended questions allow the applicant scope for talking at some length on the topic, e.g. 'Can you tell me about your experiences selling pharmaceuticals?' Closed questions, on the

other hand, invite a short answer, e.g. ‘Can you tell me how long you worked for Beechams?’ Some closed questions are inevitable, but a series of them makes it difficult for the candidate to relax and gain confidence. Indeed, such questions may give the impression that the applicant is uncommunicative, when really the problem lies with the interviewer.

4. Interviewers should appear relaxed and adopt a friendly, easy manner.

5. They should be courteous and appear interested in what the applicant says.

MOTIVATION OF SALESFORCE

Creating and maintaining a well-motivated sales force is a challenging task. The confidence and motivation of salespeople are being constantly worn down by the inevitable rejections they suffer from buyers as part of everyday activities. In some fields, notably life insurance and double glazing, rejections may greatly outnumber successes; thus motivation may be a major problem. This is compounded by the fact that salesperson and supervisor are normally geographically separated, so the salesperson may feel isolated or even neglected unless management pays particular attention to motivational strategies which take account of their needs. It is critical that sales managers appreciate that motivation is far more sophisticated than the view that all salespeople need is a ‘kick up the pants’. Effective motivation requires a deep understanding of salespeople as individuals, their personalities and value systems. In a sense, sales managers do not motivate salespeople. What they do is provide the circumstances that will encourage salespeople to motivate themselves.

An understanding of motivation lies in the relationship between needs, drives and goals: ‘The basic process involves needs (deprivations) which set drives in motion (deprivations with direction) to accomplish goals (anything that alleviates a need and reduces a drive)’.¹ Thus a need resulting from a lack of friends, sets up a drive for affiliation which is designed to obtain friends. In a work context, the need for more money may result in a drive to work harder in order to obtain increased pay. Improving motivation is important to sales success as research has shown that high levels of motivation lead to:

- increased creativity;
- Working smarter and a more adaptive selling approach;
- working harder;
- increased use of win–win negotiation tactics;

- Higher self-esteem;
- A more relaxed attitude and a less negative emotional tone;
- Enhancement of relationships.

1. Regular Interaction

- The management must interact with the sales team more often to understand their needs and expectations from the organization.
- The sales representatives must have an easy access to the boss's cabin at the times of queries. Transparency is essential at all levels.
- The sales manager must sit with his team once in a week to address their grievances. No issue should be left unattended.
- Healthy communication between the management and sales team is a good way to motivate the individuals. The sales executives must be aware of the latest developments at the workplace.
- Take them out once in a while for picnics, outings or dinners. Such activities bind the team members together and motivate them to work as a single unit.

2. Roles and responsibilities

- Roles and responsibilities must not be imposed on any of the members. Let them accept responsibilities on their own. It is for the superiors to understand which employee can perform which function in the best possible way. Job mismatch leads to demotivated employees.
- They should be aware of their KRAs from the very beginning. The management should make it very clear that a sales representative is expected to go out and meet clients. No individual should have unrealistic demands. It leads to problems and confusions later on.
- A sales professional must be aggressive, smart and a little diplomatic. They must be excellent in follow ups. Impatient individuals find it difficult to do well in sales.

3. Realistic Targets

- Targets for the sales team must be realistic and achievable. Don't ask for anything which you yourself know is not possible.
- Don't expect miracles overnight.

4. Incentives and Monetary benefits

- Handsome incentive plans go a long way in motivating the sales professionals. Nothing works better than money. Attractive incentive schemes prompt the employees to work hard and make the maximum use of their ability.
- Performers must be rewarded with attractive gifts, coupons, cash prizes or certificates for them to feel motivated and deliver the same performance every time.
- Acknowledge the hard work of employees.

5. Appreciation

- Appreciation plays an important role in motivating the employees. Praise the ones who perform exceptionally well. A pat on their back can actually do wonders. Let them feel special and indispensable for the team as well as the organization. Give them their due credit.
- Display their names on the notice boards for everyone to get a glimpse. Give them badges to flaunt.

6. Involvement

Involve the team members in the company's strategies. Let them participate in important discussions. Don't criticize their ideas or views.

Sales contests

Sales contests are a popular form of incentive for consumer sales forces. The purpose of the sales contest varies widely. It may be to encourage a higher level of sales in general, to increase the sales of a slow-moving product or to reward the generation of new customers. The strength of a sales contest lies in its ability to appeal to the competitive spirit of salespeople and their need for achievement and recognition. As with other financial incentives, to be effective the contest must be seen to be fair and each salesperson must believe that they are capable of winning.

TRAINING

Benefits

- **Enhanced skill levels** Training in needs analysis, presentation and demonstration, negotiation, objection handling, closing and relationship management will enhance skill levels, and lead to greater customer orientation.
- **Improved motivation** Vroom suggests that motivation is dependent on a salesperson's belief that increased effort will lead to higher performance. Increasing skill levels through training should strengthen that belief.
- **Improved self-confidence** Training improves self-confidence, which has been shown to be related to improve sales performance.
- **Reduced costs** Training in self-management and journey planning should reduce costs. Higher skills should mean fewer call backs to close the sale. Better use of technology should also reduce costs (e.g. using email rather than site visits where appropriate).
- **Fewer complaints** Better meeting of customer needs and higher service levels should reduce the number of customer complaints.
- **Lower staff turnover** Training shows staff that the company is willing to invest in them raising morale and loyalty.
- **Reduced management support** Well trained salespeople require less managerial support as they can manage their own activities.
- **Higher job satisfaction** The confidence and success which accompanies higher skill levels developed during training lead to higher job satisfaction.
- **Higher sales and profits** The result of the above advantages of training is that sales should be higher and costs lower resulting in higher company profits.

Evaluating the Sales Force

The job of sales managers is not complete until the total effort of the sales force is evaluated. First, it is important to determine if the sales function is meeting its quantitative objectives. If not, the sales manager must figure out the causes. Individual salesperson performance is normally measured against sales quotas for individual sales territories, even when compensation plans do not include bonuses or commissions based on quotas. Other quantitative measures, such as number of sales calls and sales reports, may also be used in the evaluation.

Many firms also evaluate their sales force on qualitative indicators of performance such as salesperson attitude, product knowledge, and communication skills. Increasingly, as firms focus on relationship management, the level of customer satisfaction is a strong qualitative measure of superior salesperson performance.

Finally, the salesperson's expense account for travel and entertainment (T&E) may be considered since the best sales record can mean little to a company's bottom line if the salesperson is gouging the company with outrageous expenses.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. What are the important functions of managing sales force?
2. List the principles of Sales Evaluation?
3. What are the different forms of Interviewing?
4. Define Sales Organization.
5. Why is sales organization important?
6. Give the merits of departmentalization on geographical basis.
7. Bring out factors influence the structure of sales organization.
8. List the various source of recruitment.
9. Mention the various types of Sales organization.

Part C (8 Marks)

1. What types of test and interviews are held for the selection of sales persons? Explain.
2. Describe the steps or activities involved in sales force management.
3. Discuss departmentalization of Sales Organization.
4. What are the important methods of sales training? Discuss in brief the merits and demerits of each
5. Define Sales Organization. On what basis a sales organization can be departmentalized? Describe the merits and demerits.
6. Discuss the incentives for stimulating salesmen.
7. Enumerate the principles of motivating sales personnel.

UNIT-III - ADVERTISING

SYLLABUS

Advertising Management – Meaning – Objectives – Importance – Classification of Advertisement – Economic and Social Effects of Advertisement – Organization of advertising Department – Campaign Planning and Advertising Budget. Advertising agency – Functions of advertising agency.

ADVERTISING

Advertising is an activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media.

Advertising is the promotion of a company's products and services through different mediums to increase the sales of the product and services. It works by making the customer aware of the product and by focusing on customer's need to buy the product. Globally, advertising has become an essential part of the corporate world. Therefore, companies allot a huge part of their revenues to the advertising budget. Advertising also serves to build a brand of the product which goes a long way to make effective sales.

Functions of Advertising:

1. To distinguish product from competitors' products - There are so many products of same category in the market and they compete with each other, advertising performs the function of distinguishing advertiser's product from competitors.
2. To communicate product information - Product related information required to be communicated to the targeted customers, and advertisement performs this function.
3. To urge product use - Effective advertisement can create the urge within audience for a product.
4. To expand product distribution - When the market demand of a particular product increases, the number of retailer and distributor involved in sale of that product also increases, hence product distribution gets expanded.

5. To increase brand preference - There are various products of different bands are available, the brand which is effectively and frequently advertised is preferred most.
6. To reduce overall sale cost - Advertising increases the primary demand in the market. When demand is there and the product is available, automatically the overall cost will decrease, simultaneously the cost of sales like distribution cost, promotional cost also gets decreased.

Classification of Advertising:

Advertising can be classified on the basis of Function, Region, Target Market, Company demand, Desired response, and Media.

A) Classification on the basis of function

- Advertisement informs the customers about a product
- Advertisement persuades the consumers to buy products
- Advertisement reminds existing customers about the presence of the product in the market

Informative advertising: This type of advertising informs the customers about the products, services, or ideas of the firm or organization.

Persuasive advertising: This type of advertising persuades or motivates the prospective buyers to take quick actions to buy the products or services of the firm. Example: “Buy one, get one free”.

Reminder advertising: This genre of advertising reminds the existing customers to become medium or heavy users of the products or services of the firm that have been purchased by them at least once. This type of advertising exercise helps in keeping the brand name and uses of the products in the minds of the existing customers.

B) Classification on the basis of region

Advertisements can also be classified on the basis of the region, say:

Global advertising:

It is executed by a firm in its global market niches. Reputed global magazines like Time, Far Eastern Economic Review, Span, Fortune, Futurist, and Popular Science. Cable TV channels are also used to

advertise the products throughout world. Supermodels and cinema stars are used to promote high-end products Examples: Sony, Philips, Pepsi, Coca Cola, etc.

National advertising:

It is executed by a firm at the national level. It is done to increase the demand of its products and services throughout the country. Examples: BPL (Believe in the best). Whirlpool Refrigerator (Fast Forward Ice Simple) etc

Regional advertising:

If the manufacturer confines his advertising to a single region of the country, its promotional exercise is called Regional Advertising. This can be done by the manufacturer, wholesaler, or retailer of the firm. Examples: Advertisements of regional newspapers covering those states or districts where these newspapers are circulated. E.g. The Assam Tribune (only for the NE region) etc.

Local advertising:

When advertising is done only for one area or city, it is called Local Advertising. Some professionals also call it Retail Advertising. It is sometime done by the retailer to persuade the customer to come to his store regularly and not for any particular brand. Examples: Advertisements of Ooo la la, Gupshup (Local FM channels) etc.

C) Classification on the basis of target market

Depending upon the types of people who would receive the messages of advertisements, we can classify advertising into four subcategories:

Consumer product advertising:

This is done to impress the ultimate consumer. An ultimate consumer is a person who buys the product or service for his personal use. This type of advertising is done by the manufacturer or dealer of the product or service. Examples: Advertisements of Intel, Kuttons (shirt), Lakme (cosmetics) etc.

Industrial product advertising:

This is also called Business-to-Business Advertising. This is done by the industrial manufacturer or his distributor and is so designed that it increases the demand of industrial product or services

manufactured by the manufacturer. It is directed towards the industrial customer.

Trade advertising:

This is done by the manufacturer to persuade wholesalers and retailers to sell his goods. Different media are chosen by each manufacturer according to his product type, nature of distribution channel, and resources at his command. Hence, it is designed for those wholesalers and retailers who can promote and sell the product.

Professional advertising:

This is executed by manufacturers and distributors to influence the professionals of a particular trade or business stream. These professionals recommend or prescribe the products of these manufacturers to the ultimate buyer. Manufacturers of these products try to reach these professionals under well-prepared programmes. Doctors, engineers, teachers, purchase professionals, civil contractors architects are the prime targets of such manufacturers.

Financial advertising: Banks, financial institutions, and corporate firms issue advertisements to collect funds from markets. They publish prospectuses and application forms and place them at those points where the prospective investors can easily spot them.

D) Classification on the basis of desired responses

An ad can either elicit an immediate response from the target customer, or create a favourable image in the mind of that customer. The objectives, in both cases, are different. Thus, we have two types of advertising under this classification.

Direct action advertising:

This is done to get immediate responses from customers. Examples: Season's sale, purchase coupons in a magazine.

Indirect action advertising:

This type of advertising exercise is carried out to make a positive effect on the mind of the reader or viewer. After getting the advertisement he does not rush to buy the product but he develops a favourable image of the brand in his mind.

Surrogate advertising:

This is a new category of advertising. In this type of promotional effort, the marketer promotes a different product. For example: the promotion of Bagpiper soda. The firm is promoting Bagpiper Whisky, but intentionally shows soda. They know that the audience is quite well aware about the product and they know this fact when the actor states, "Khoob Jamega Rang Jab Mil Baithenge Teen Yaar ... Aap ... Main, Aur Bagpiper").

E) Classification on the basis of the media used in advertisement

The broad classification based on media is as follows:

Audio advertising:

It is done through radio, P A systems, auto-rickshaw promotions, and four-wheeler promotions

Visual advertising:

It is done through PoP displays, without text catalogues, leaflets, cloth banners, brochures, electronic hoardings, simple hoardings, running hoardings etc.

Audio-visual:

It is done through cinema slides, movies, video clips, TV advertisements, cable TV advertisements etc.

Written advertising:

It is done through letters, fax messages, leaflets with text, brochures, articles and documents, space marketing features in newspapers etc.

Internet advertising:

The World Wide Web is used extensively to promote products and services of all genres. For example Bharat Matrimony, teleshop.com, asianskyshop.com etc.

Verbal advertising:

Verbal tools are used to advertise thoughts, products, and services during conferences, seminars, and group discussion sessions. Kinesics also plays an important role in this context.

Objectives and Importance of Advertising

Objectives of Advertising

Four main Objectives of advertising are:

- i. Trial
- ii. Continuity
- iii. Brand switch
- iv. **Switching back**
 1. **Trial:** the companies which are in their introduction stage generally work for this objective. The trial objective is the one which involves convincing the customers to buy the new product introduced in the market. Here, the advertisers use flashy and attractive ads to make customers take a look on the products and purchase for trials.
 2. **Continuity:** this objective is concerned about keeping the existing customers to stick on to the product. The advertisers here generally keep on bringing something new in the product and the advertisement so that the existing customers keep buying their products.
 3. **Brand switch:** this objective is basically for those companies who want to attract the customers of the competitors. Here, the advertisers try to convince the customers to switch from the existing brand they are using to their product.
 4. **Switching back:** this objective is for the companies who want their previous customers back, who have switched to their competitors. The advertisers use different ways to attract the customers back like discount sale, new advertise, some reworking done on packaging, etc.

Importance of Advertising

Advertising plays a very important role in today's age of competition. Advertising is one thing which has become a necessity for everybody in today's day to day life, be it the producer, the traders, or the customer. Advertising is an important part. Let's have a look on how and where is advertising important:

1. Advertising is important for the customers

Just imagine television or a newspaper or a radio channel without an advertisement! No, no one can any day imagine this. Advertising plays a very important role in customer's life. Customers are the people who buy the product only after they are made aware of the products

available in the market. If the product is not advertised, no customer will come to know what products are available and will not buy the product even if the product was for their benefit. One more thing is that advertising helps people find the best products for themselves, their kids, and their family. When they come to know about the range of products, they are able to compare the products and buy so that they get what they desire after spending their valuable money. Thus, advertising is important for the customers.

2. Advertising is important for the seller and companies producing the products

Yes, advertising plays very important role for the producers and the sellers of the products, because

- Advertising helps increasing sales
- Advertising helps producers or the companies to know their competitors and plan accordingly to meet up the level of competition.
- If any company wants to introduce or launch a new product in the market, advertising will make a ground for the product. Advertising helps making people aware of the new product so that the consumers come and try the product.
- Advertising helps creating goodwill for the company and gains customer loyalty after reaching a mature age.
- The demand for the product keeps on coming with the help of advertising and demand and supply become a never ending process.

3. Advertising is important for the society

Advertising helps educating people. There are some social issues also which advertising deals with like child labour, liquor consumption, girl child killing, smoking, family planning education, etc. thus, advertising plays a very important role in society.

Social & Economic Impacts of Advertising

In recent times, the word 'Advertising' has become a fiercely mooted topic. Advertising has positive as well as negative, social and economic impacts on our society. Considering advertising as a public welfare is a positive social impact whereas exposing women as a sex tool comes at the negative side. As far as economic factors are concerned, funding for the media and stimulating an active and competitive economy, are the major examples.

Assorted techniques are enforced for persuading consumers that they want the product which is being advertised. These techniques usually give attention to the benefits that would be brought to the consumers rather than focusing on the actual products. For instance, an automobile advertisement advertising the mechanical attributes of a vehicle, most likely concentrates the exhilaration, reputation and social progression it may bring to the buyer. This swarming advancement is habitually sexual, or involving the opposite gender to attract the consumers with the glamorous women/men's fancy car.

There are various blames that advertising is causing a negative social impact on the lives. The chief unfavorable judgment for advertising is that it hailes the public to buy things that they are not their real want. It is arrogated that advertising plays with emotions and encourages people to think that buying and depleting are the activities of life.

According to advertisers, they state that people are capable enough to set their mind and no one can force them to buy anything which they dislike or which they think is not a necessity. Advertisers also think that there are positive impacts of advertising on our society and culture. For example, it can be used to generate awareness among the public that which product is OK or to which they should say NO. In other words, advertising also acts as an educator in the sense that it educates people what is good and what is bad for them and puts a ceiling on the harmful products like smoking and drinking etc.

There are not only social benefits of advertising, but it also has some economic advantages. Without advertising, the media, including newspapers, television and radio would never be much strong. Advertising provides revenue for commercial mediums which would otherwise need to be funded by the actual consumer of these mediums. So, we can see a major economic infrastructure based around advertising, in which the big companies fund and subsidize the commercial media by the way of advertisements.

The major economic negative aspect of advertising is that it boosts the price of goods and services. The source of this contention is that, when organizations subsidize the mass media with advertising, we, the purchaser, subsidize advertising by compensating a grossly increased price for heavily advertised goods and services. An easy example of this is that a box of Omo washing powder generally costs around two to three dollars while the market price of the product would be seven to eight dollars. The fact behind this is that the remaining proportion goes in heavy advertising in television and print media.

So, the impact of advertising on our society is in a jumble form, depending on the functions and implementations of numerous campaigns. Our society and the marketing of products depend very badly upon advertising. The companies have become much dependent of advertising that even its negative impacts can never outweigh the many positive social and economic effects.

Social and Economical Aspects of Advertising

Economic role of Advertising

Value of Products:

The advertised products are not always the best products in the market. There are some unadvertised products also present which are good enough. But advertising helps increase value for the products by showing the positive image of the product which in turn helps convincing customers to buy it. Advertising educates consumers about the uses of the products hence increasing its value in minds of the consumers. For e.g. mobile phones were first considered as necessity but nowadays the cell phones come with number of features which makes them mode of convenience for consumers.

Effect on Prices:

Some advertised products do cost more than unadvertised products but the vice versa is also true. But if there is more competition in the market for those products, the prices have to come down, for e.g., canned juices from various brands. Thus some professional like chartered accountants and doctors are not allowed to advertise.

But some products do not advertise much, and they don't need much of it and even their prices are high but they are still the leaders in market as they have their brand name. e.g., Porsche cars

Effect on consumer demand and choices:

Even if the product is heavily advertised, it does not mean that the demand or say consumption rates will also increase. The product has to be different with better quality, and more variety than others. For E.g., Kellogg's cornflakes have variety of flavors with different ranges to offer for different age groups and now also for people who want to lose weight thus giving consumers different choices to select from.

Effect on business cycle:

Advertising no doubt helps in employing more number of people. It increases the pay rolls of people working in this field. It helps collecting more revenues for sellers which they use for betterment of

product and services. But there are some bad effects of advertisements on business cycle also. Sometimes, consumer may find the foreign product better than going for the national brand. This will definitely effect the production which may in turn affect the GDP of the country.

The economic aspects are supported by the Abundance Principle which says producing more products and services than the consumption rate which helps firstly keeping consumers informed about the options they have and secondly helps sellers for playing in healthy and competitive atmosphere with their self interest.

Social role of Advertising:

There are some positive and some negative aspects of advertising on the social ground. They are as follows.

Deception in Advertising:

The relation between the buyers and sellers is maintained if the buyers are satisfied with what they saw in advertise and what they got after buying that product. If seller shows a false or deceptive image and an exaggerated image of the product in the advertisement, then the relation between the seller and buyers can't be healthy. These problems can be overcome if the seller keep their ads clean and displays right image of the product.

The Subliminal Advertising:

Capturing the Minds of the consumers is the main intention of these ads. The ads are made in such a way that the consumers don't even realizes that the ad has made an impact on their minds and this results in buying the product which they don't even need. But "All ads don't impress all consumers at all times", because majority of consumers buy products on basis of the price and needs.

Effect on Our Value System:

The advertisers use puffing tactics, endorsements from celebrities, and play emotionally, which makes ads so powerful that the consumers like helpless preys buy those products.

These ads make poor people buy products which they can't afford, people picking up bad habits like smoking and drinking, and buy products just because their favorite actor endorsed that product. This affects in increased the cost of whole society and loss of values of our own selves.

Offensiveness:

Some ads are so offensive that they are not acceptable by the buyers. For example, the ads of denim jeans showed girls wearing very less clothes and making a sex appeal. These kinds of ads are irrelevant to the actual product. But then there are some ads which are educative also and now accepted by people. Earlier ads giving information about birth control pills was considered offensive but now the same ads are considered educative and important.

But at the last, there are some great positive aspects which help

- Development of society and growth of technologies
- Employment
- Gives choices to buyers with self interest
- Welcomes healthy competition
- Improving standard of living.
- Give information on social, economical and health issues.

ADVERTISING AGENCIES -

Advertising Agency is just like a tailor. It creates the ads, plans how, when and where it should be delivered and hands it over to the client. Advertising agencies are mostly not dependent on any organizations.

Role of Advertising Agencies

1. Creating an advertise on the basis of information gathered about product
2. Doing research on the company and the product and reactions of the customers.
3. Planning for type of media to be used, when and where to be used, and for how much time to be used.
4. Taking the feedbacks from the clients as well as the customers and then deciding the further line of action

All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by the companies are:

- The agencies are expert in this field. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.
- They work with an objective and are very professionals.
- Hiring them leads in saving the costs up to some extent.

There are basically **5 types of advertising agencies**.

1. Full service Agencies

- Large size agencies.
- Deals with all stages of advertisement.
- Different expert people for different departments.
- Starts work from gathering data and analyzing and ends on payment of bills to the media people.

2. Interactive Agencies

- Modernized modes of communication are used.
- Uses online advertisements, sending personal messages on mobile phones, etc.
- The ads produced are very interactive, having very new concepts, and very innovative.

3. Creative Boutiques

- Very creative and innovative ads.
- No other function is performed other than creating actual ads.
- Small sized agencies with their own copywriters, directors, and creative people.

4. Media Buying Agencies

- Buys place for advertise and sells it to the advertisers.
- Sells time in which advertisement will be placed.
- Schedules slots at different television channels and radio stations.
- Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

5. In-House Agencies

- As good as the full service agencies.

- Big organization prefers these types of agencies which are in built and work only for them.
- These agencies work as per the requirements of the organizations.

There are some specialized agencies which work for some special advertisements. These types of agencies need people of special knowledge in that field. For example, advertisements showing social messages, finance advertisements, medicine related ads, etc.

STEPS IN ADVERTISING PROCESS

The following are the **steps involved in the process of advertising:**

1. **Step 1 - Briefing:** the advertiser needs to brief about the product or the service which has to be advertised and doing the SWOT analysis of the company and the product.
2. **Step 2 - Knowing the Objective:** one should first know the objective or the purpose of advertising. i.e. what message is to be delivered to the audience?
3. **Step 3 - Research:** this step involves finding out the market behavior, knowing the competitors, what type of advertising they are using, what is the response of the consumers, availability of the resources needed in the process, etc.
4. **Step 4 - Target Audience:** the next step is to identify the target consumers most likely to buy the product. The target should be appropriately identified without any confusion. For e.g. if the product is a health drink for growing kids, then the target customers will be the parents who are going to buy it and not the kids who are going to drink it.
5. **Step 5 - Media Selection:** now that the target audience is identified, one should select an appropriate media for advertising so that the customers who are to be informed about the product and are willing to buy are successfully reached.
6. **Step 6 - Setting the Budget:** then the advertising budget has to be planned so that there is no short of funds or excess of funds during the process of advertising and also there are no losses to the company.
7. **Step 7 - Designing and Creating the Ad:** first the design that is the outline of ad on papers is made by the copywriters of the agency, then the actual creation of ad is done with help of the art directors and the creative personnel of the agency.

8. **Step 8 - Perfection:** then the created ad is re-examined and the ad is redefined to make it perfect to enter the market.

9. **Step 9 - Place and Time of Ad:** the next step is to decide where and when the ad will be shown.

The place will be decided according to the target customers where the ad is most visible clearly to them. The finalization of time on which the ad will be telecasted or shown on the selected media will be done by the traffic department of the agency.

10. **Step 10 - Execution:** finally the advertisement is released with perfect creation, perfect placement and perfect timing in the market.

11. **Step 11 - Performance:** the last step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable enough to compete with the other players, etc. Every point is studied properly and changes are made, if any.

ADVERTISING CAMPAIGNS - MEANING AND ITS PROCESS

Advertising campaigns are the groups of advertising messages which are similar in nature. They share same messages and themes placed in different types of medias at some fixed times. The time frames of advertising campaigns are fixed and specifically defined.

The **process of making an advertising campaign is as follows:**

1. **Research:** first step is to do a market research for the product to be advertised. One needs to find out the product demand, competitors, etc.
2. **Know the target audience:** one need to know who are going to buy the product and who should be targeted.
3. **Setting the budget:** the next step is to set the budget keeping in mind all the factors like media, presentations, paper works, etc which have a role in the process of advertising and the places where there is a need of funds.
4. **Deciding a proper theme:** the theme for the campaign has to be decided as in the colors to be used, the graphics should be similar or almost similar in all ads, the music and the voices to be used, the designing of the ads, the way the message will be delivered, the language to be used, jingles, etc.

5. **Selection of media:** the media or number of Medias selected should be the one which will reach the target customers.
6. **Media scheduling:** the scheduling has to be done accurately so that the ad will be visible or be read or be audible to the targeted customers at the right time.
7. **Executing the campaign:** finally the campaign has to be executed and then the feedback has to be noted.

All campaigns do not have fix duration. Some campaigns are seasonal and some run all year round. All campaigns differ in timings. Some advertising campaigns are media based, some are area based, some are product based, and some are objective based. It is seen that generally advertising campaigns run successfully, but in case if the purpose is not solved in any case, then the theory is redone, required changes are made using the experience, and the remaining campaign is carried forward.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. How is advertising agency remunerated?
2. Give the benefits of Advertising.
3. Define advertising agency.
4. List out the steps in Campaign planning.
5. What is the strength of advertising?
6. Bring out the functions of advertising
7. Enlist the objectives in advertising.
8. What is an advertising agency?
9. Give out the social effects of advertising.

Part C (8 Marks)

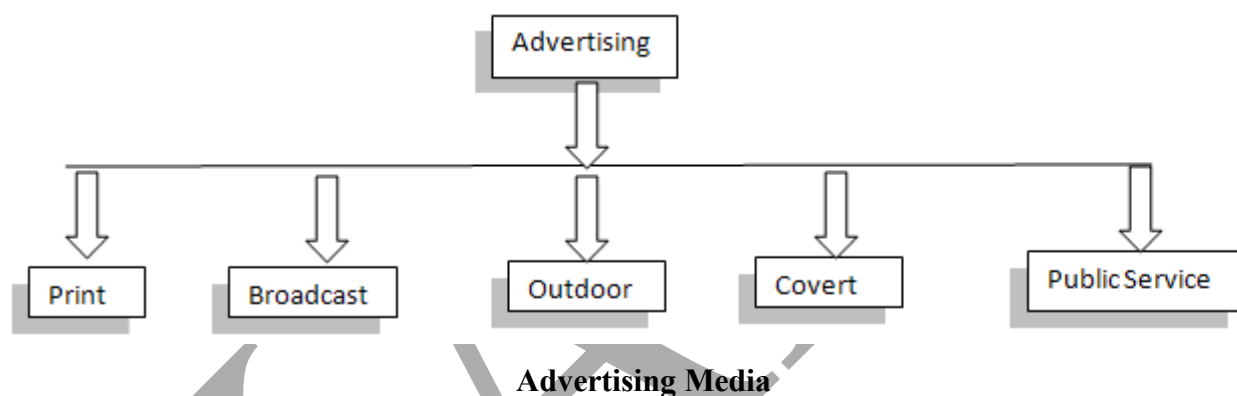
1. Explain the influence of social and economic conditions on Advertisement.
2. Enumerate Advertisement Budget? How is it useful for the manufacturers?
3. Enumerate the various kinds of advertising.
4. Explore in details about campaign planning.
5. Explore the functioning of various departments of an advertising agency.
6. Explain the social and economic effects of advertisement.

UNIT-IV – ADVERTISING MEDIA

SYLLABUS

Advertising media management – Types – Print, TV, Outdoor, Electronic media and Other forms – Advantages, Limitations, Media Rates, Media Planning and Scheduling. Advertising Copywriting for Print and Broadcast Media

ADVERTISING MEDIA



1. **Print Advertising** - The print media has been used for advertising since long. The newspapers and magazines are quite popular modes of advertising for different companies all over the world. Using the print media, the companies can also promote their products through brochures and fliers. The newspaper and magazines sell the advertising space and the cost depends on several factors. The quantity of space, the page of the publication, and the type of paper decide the cost of the advertisement. So an ad on the front page would be costlier than on inside pages. Similarly an ad in the glossy supplement of the paper would be more expensive than in a mediocre quality paper.
2. **Broadcast Advertising** - This type of advertising is very popular all around the world. It consists of television, radio, or Internet advertising. The ads on the television have a large audience and are very popular. The cost of the advertisement depends on the length of the ad

and the time at which the ad would be appearing. For example, the prime time ads would be more costly than the regular ones. Radio advertising is not what it used to be after the advent of television and Internet, but still there is specific audience for the radio ads too. The radio jingles are quite popular in sections of society and help to sell the products.

3. **Outdoor Advertising** - Outdoor advertising makes use of different tools to gain customer's attention. The billboards, kiosks, and events and tradeshow are an effective way to convey the message of the company. The billboards are present all around the city but the content should be such that it attracts the attention of the customer. The kiosks are an easy outlet of the products and serve as information outlets for the people too. Organizing events such as trade fairs and exhibitions for promotion of the product or service also in a way advertises the product. Therefore, outdoor advertising is an effective advertising tool.
4. **Covert Advertising** - This is a unique way of advertising in which the product or the message is subtly included in a movie or TV serial. There is no actual ad, just the mention of the product in the movie. For example, Tom Cruise used the Nokia phone in the movie Minority Report.
5. **Public Service Advertising** - As evident from the title itself, such advertising is for the public causes. There are a host of important matters such as AIDS, political integrity, energy conservation, illiteracy, poverty and so on all of which need more awareness as far as general public is concerned. This type of advertising has gained much importance in recent times and is an effective tool to convey the message.

Print Advertising

Print advertising is a widely used form of advertising. **These advertisements appear in newspapers or magazines and are sometimes included as brochures or fliers.** Anything written in the print media to grab the attention of the specific target audience comes under the purview of print advertising.

People who read newspapers or other publications have a tendency to browse the print ads that they come across. The decision to buy the product might not be instantaneous, but it does settle down in their subconscious mind. Next time they see the product in the market, they are tempted to buy it.

Print advertisements are only effective when people see them. When people browse through newspapers and publications, these advertisements should grab the attention of the potential customer. Therefore, these advertisements should be created in such a manner that they can hold the attention of the customer to some extent. Usually a team of individuals is required in order to design the advertisements.

The newspaper or magazine ad should be such that it should compel people to spend money on the products. This is just what the advertising team does. To create such an ad, the team members work on a concept and develop the wordings and images of the ad. These wordings and images are then brought together to form the final ad. Then there are people who deal with the placement of the ad. They have to make sure that if the client has paid for premium place, they get the desired exposure. For example, an ad on the first page will get instant attention of the reader than the ad on the subsequent pages. Likewise, an ad which occupies greater space is likely to get more attention. All these factors have to be looked into while designing the ad.

The sales team of the publication makes sure that it gets ads regularly. In fact, these ads are a major source of income for the publication and hence it is expected that there should be a constant flow of the ads. The sales team does just that.

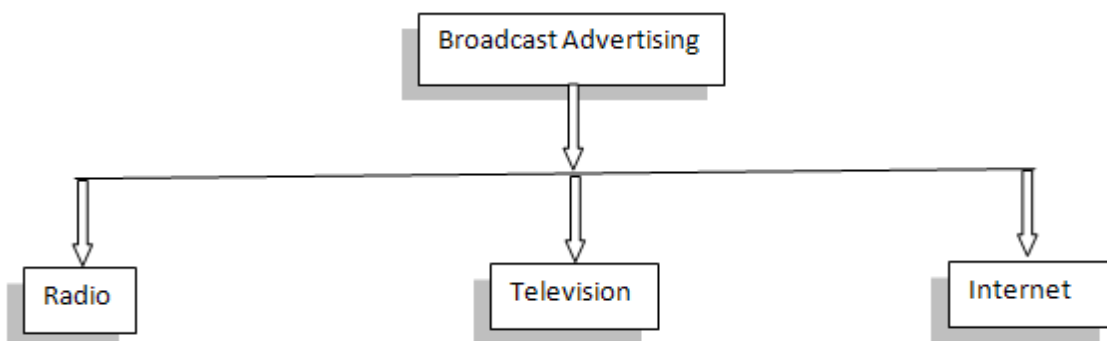
Mailers are another type of print ads. These can range from well-designed postcards to simple paper leaflets. These are usually delivered by the postal workers in people's mailboxes. The problem with these mailers is that they get least attention and are usually considered as junk and thrown away even without reading. To reduce this occurrence, companies sometimes make use of fliers. These are paper ads which are handed over to individuals in person. The logic is that if the ad is given to people personally, they will pay more attention to it, which is actually true to some extent.

Broadcast Advertising

Generally speaking, **broadcast advertising is radio, television, and Internet advertising.** The commercials aired on radio and televisions are an essential part of broadcast advertising.

The broadcast media like radio and television reaches a wider audience as opposed to the print media. The radio and television commercials fall under the category of mass marketing as the national as well as global audience can be reached through it.

The role of broadcast advertising is to persuade consumers about the benefits of the product. It is considered as a very effective medium of advertising. The cost of advertising on this channel depends on the time of the commercial and the specific time at which it is aired. For example, the cost of an ad in the premium slot will be greater than in any other slot.



A **radio ad** must be aired several times before it actually sinks in the minds of the consumers. Thus the frequency of the ad is important. The type of your target audience is also important. Therefore, one must do a research on which type of audience listens to which channels if they want the ads to be successful. The voice talent in the commercial should be taken keeping in mind the type of audience and the type of commercial.

The **television advertising** is usually considered the advertising for the corporate giant, though even the small businesses can benefit from it. A strong audio and video combination is a must for the success of the commercial. But it is also important that the audio and video should function well without each other. For example, if a person is not viewing the TV but just listening to it, s/he should get the idea and vice versa.

It is extremely important that whatever has been advertised in the commercial is true. For this reason, organizations such as Federal Trade Commission (FTC) are there to monitor the

commercials on television and radio. This ensures that the advertisers are not making any false claims to lure consumers to buy their products.

Most of the radio and television advertisements are paid though there are some public service ads which can be aired for free. The advertisers usually have to pay for the spot which lasts for 30 seconds. In rare cases, this spot can increase to 60 seconds too.

Internet or online advertising uses the Internet or the World Wide Web for the purpose of attracting consumers to buy their product and services. Examples of such advertising include ads on search engine result pages, rich media ads, banner ads, social network advertising, and email marketing and so on. Online advertising has its benefits, one of them being immediate publishing of the commercial and the availability of the commercial to a global audience. But along with the benefits come the disadvantages too. These days, advertisers put distracting flashing banners or send across email spam messages to the people on a mass scale. This can annoy the consumers and even the real ads might get ignored in the process. Therefore, ethics in advertising is very important for it to be successful.

Outdoor Advertising

Outdoor advertising communicates the message to the general public through highway billboards, transit posters and so on. **Outdoor advertising is a very important form of advertising as the ads are huge and are visible to one and all.** The important part of the advertising is that the message to be delivered should be crisp and to the point. Though images can be used, but they cannot be used in excess. Everything should be presented to the viewer in such a format so that the viewers make up their mind to buy the product or service.

The message to be delivered can be an ad to buy a product, take a trip, vote for a politician, or give to a charity. According to Outdoor Advertising Association of America (OAAA), millions of dollars are being spent on outdoor advertising each year and the figures are expected to grow. This is due to the fact that outdoor traffic keeps on growing every year and hence the target audience for outdoor advertising is ever increasing.

The print and newspaper advertising takes up a huge part of advertising but outdoor advertising is unique in its own way. It is an extremely cost-effective method of advertising. All you need to do is to design a billboard and get it printed as compared to the television advertising where an entire 30 second commercial has to be designed. If the outdoor ads are strategically placed, it can guarantee substantial exposure for very little cost. That is why outdoor advertising is very cost-effective.

Apart from the billboards, there are several other forms in which outdoor advertising can take place. For example, beverage companies make use of sporting events and arenas to showcase their products. For example, Coca Cola was one of the FIFA World Cup sponsors. Other places where you can see outdoor advertising are:

- taxicabs
- buses
- railways
- subways and walls on which murals are painted

Covert and Public Service Advertising

As evident from the word “covert”, **this type of advertising aims to integrate the advertising with the non-promotional mediums.** This practice is most-commonly found in films. For example, billboards of the products may be shown in the film for a prolonged period of time. Or a character in the film may mention the name of the brand again and again. At other times the director may present the product as an integral part of the film. For example, the cars featured in several action flicks. Remember the Cadillac in Matrix Reloaded and BMWs in James Bond movies.

It is a fact that these tactics seem to be high profile and also seem to require a lot of bucks. Only established brand names have used such form of advertising. Not everyone has the financial prowess to use this form of advertising. However, there are ways through which you can also promote your product or service. Maybe contributing an article in local daily will work well for you. You can mention your brand quite subtly there. On the Internet too, covert advertising is a hot trend. You can blog about the product or ask a well-known blogger to write about your product or service. However, this should be done inconspicuously.

As opposed to covert advertising, **public service advertising aims at spreading awareness about issues that are relevant to public interest.** Such ads may quote a political viewpoint, a philosophy, or a religious concept. Such humanitarian ads are usually broadcasted on the radio or television, though they can also appear in newspapers and magazines. A PSA or Public Service Announcement is aimed to alter public attitudes on issues ranging from health, safety, and conservation.

Most of the PSA ads use celebrities in order to gain attention. Others focus their ads on the risks that can come to men, women, and children. In recent years, it has become quite common in US to broadcast the public service ads just after or in between the programs that relate to public service in any way. They provide information such as the toll free help lines, websites and addresses. In general, the public service ads are about rape, HIV, cancer, child abuse, domestic violence, and civil rights.

While public service advertising is not as popular as paid advertising, it should be given due importance. All across the world, such type of advertising is now widely used. In fact, in US, public service advertising was once a requirement if the radio and television stations were to get their licenses from Federal Communications Commission (FCC).

PROFILES OF MAJOR MEDIA TYPES

Medium	Advantages	Limitations
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptability; high believability	Short life; poor reproduction quality; small pass-along audience
Television	Good mass market coverage; low cost per exposure; combines sight, sound, and motion; appealing to the senses	High absolute costs; high clutter; fleeting exposure; less audience selectivity
Direct mail	High audience selectivity; flexibility; no ad competition within the same medium; allows personalization	Relatively high cost per exposure; "junk mail" image

Radio	Good local acceptance; high geographic and demographic selectivity; low cost	Audio only, fleeting exposure; low attention (the half-heard" medium); fragmented audiences
Magazines	High and demographic selectivity; credibility and prestige; high-quality reproduction; long life and good pass-along readership	Long ad purchase lead time; high cost; no guarantee of position
Outdoor	Flexibility; high repeat exposure; low cost; low message competition; good positional selectivity	Little audience selectivity, creative limitations
Online	High selectivity; low cost; immediacy; interactive capabilities	Small, demographically skewed audience; relatively low impact; audience controls exposure

Advertising Media Scheduling

Scheduling refers to the pattern of advertising timing, represented as plots on a yearly flowchart.

These plots indicate the pattern of scheduled times that coincide with favorable selling periods. The classic scheduling models are continuity, flighting, and pulsing.

Continuity

This model is primarily for non-seasonal products and some seasonal products. Advertising runs steadily with little variation over a campaign period. There may be short gaps at regular intervals and also long gaps—for instance, one ad every week for 52 weeks, and then a pause. This pattern of advertising is prevalent in service and packaged goods that require continuous reinforcement on the audience for top of mind recollection at point of purchase.

Advantages:

- Works as a reminder.
- Covers the entire purchase cycle.

- Cost efficiencies in the form of large media discounts.
- Positioning advantages within media.
- Program or plan that identifies the media channels used in an advertising campaign, and specifies insertion or broadcast dates, positions, and duration of the messages.

Flighting

In media scheduling for seasonal product categories, flighting involves intermittent and irregular periods of advertising, alternating with shorter periods of no advertising at all. For instance, all of 2000 Target Rating Pioneered in a single month, "going dark" for the rest of the year. Halloween costumes are rarely purchased all year except during the months of September and October.

Advantages:

- Advertisers buy heavier weight than competitors for a relatively shorter period of time.
- Little waste, since advertising concentrates on the best purchasing cycle period.
- Series of commercials appear as a unified campaign on different media vehicles.

Pulsing

Pulsing combines flighting and continuous scheduling by using a low advertising level all year round and heavy advertising during peak selling periods. Product categories that are sold year round but experience a surge in sales at intermittent periods are good candidates for pulsing. For instance, under-arm deodorants, sell all year, but more during the summer months.

Advantages:

- Covers different market situations.
- Advantages of both continuity and flighting possible.

Media Rates

Media Costs

To reach customers, advertising uses a set format that is defined in terms of time (a 30-second television commercial) or space (a half-page newspaper ad). Businesses look up rates for various media in the publications of Standard Rate and Data Service. The Audit Bureau of Circulation (ABC) verifies circulation figures for print media

Newspaper Rates:

Newspapers quote display advertising rates by the column inch. A **column inch** is one column wide by one inch deep.

- The **run-of-paper** rate allows the newspaper to choose where to run an ad.
- The **open rate** is the basic charge for a minimum space. Businesses that advertise regularly often receive **contract rates**, discounts from the open rate

The **Cost per thousand (CPM) rate** is the media cost of exposing 1,000 readers to an ad. It is useful in comparing the cost of advertising in different newspapers.

- $CPM = \text{cost of the ad} \times 1,000 / \text{circulation}$

Magazine Rates

Magazine rates are based on circulation, quality of readership, and production technique. Several things can increase the cost of an ad:

- **Bleed ads** are printed to the very edge of the page.
- **Color rates** are higher than black-and-white. Four-color is the most expensive.
- **Premium position** rates apply when an ad is placed in highly visible position

Radio Rates

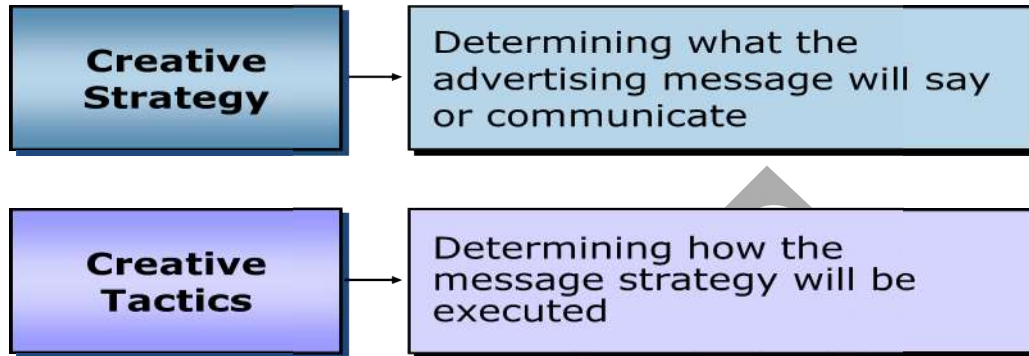
When selecting advertising, it is important to know the difference between spot radio and spot commercials.

- **Spot radio** refers to the geographical area an advertiser wants to reach with its advertising.
- **Spot commercials** are advertising messages of one minute or less.

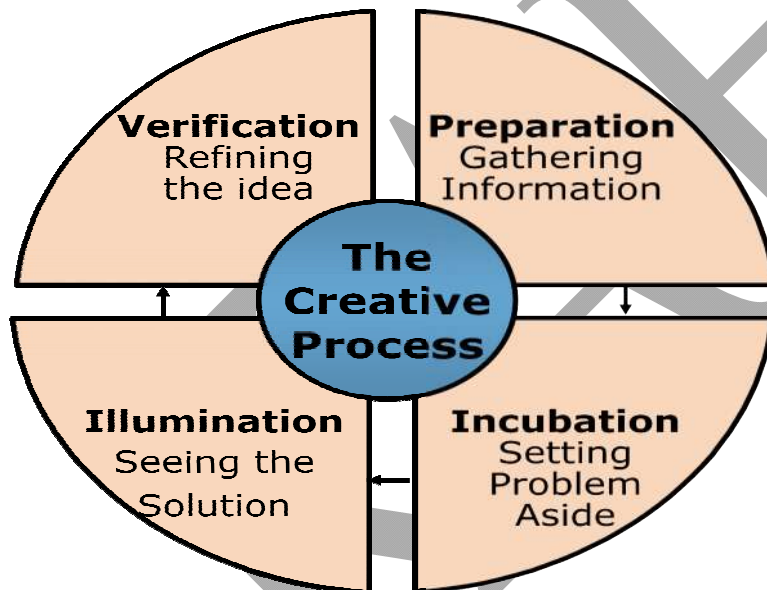
Television Rates

Advertising rates for television vary with time of day. It is more expensive to advertise during the hours of 8 to 11 p.m. (known as Class AA time) because of increased viewership

Advertising Creativity



Wallas' Creative Process Model



Copywriting

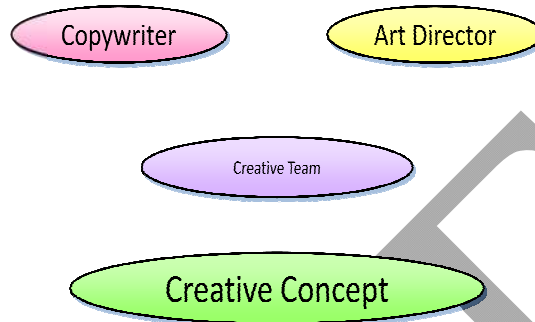
Copywriting is in the first instance the creative process of conceptualising advertisements and marketing devices such as events and other platforms promoting brands or services.

What is copy?

In advertising, copy refers to the text, or words, used in an advertisement. The body copy is the actual paragraphs of supporting text adding additional facts and benefits to the headline and greater

concept, in the instance of a print ad. Where a television ad is concerned, the body copy would manifest in dialogue, the announcer's script, etc.

The Creative Team



Copywriting is the process of expressing the value and benefits a brand has to offer.

A **creative plan** is the guideline that specifies the message elements of advertising copy.

Copywriting for Print Ads:

The Headline

Functions

- Gives news about the brand
- Emphasizes brand claims
- Gives advice to the reader
- Selects targeted prospects
- Stimulates curiosity
- Establishes tone & emotion
- Identifies the brand

Guidelines for writing headlines

- Be persuasive
- Appeal to self-interest
- Inject maximum information
- Limit to five-eight words
- Include the brand name

- Entice to read body copy
- Entice to examine visuals
- Never change typeface
- Never rely upon body copy
- Keep it simple & familiar

Captions

- Have the second-highest readership and serve an information function

Subheads

- Sectional headlines used to break up a large block of copy

Taglines

- Short, catchy, memorable phrases used at the end of an ad to complete the creative idea

Slogans

- Repeated from ad to ad as part of a campaign or long-term brand identity effort

Subheads

Functions

- Reinforce the headline
- Include important information not communicated in the headline
- Communicate key selling points or information quickly
- Stimulate more complete reading of the whole ad
- The longer the body copy, the more appropriate is the use of subheads

The Body Copy

Guidelines

- Use present tense
- Use singular nouns and verbs
- Use active verbs
- Use familiar words and phrases
 - Vary sentence and paragraph length
 - Involve the reader
 - Provide support for the unbelievable

- Avoid clichés and superlatives

Writing Radio Copy

- Radio listeners are not active.
- Radio has been called “verbal wallpaper.”
- Radio can be the “theater of the mind.”
- **Formats:**
 - Music
 - Dialog
 - Announcement
 - Celebrity announcer

Radio Production Process



Writing Copy for TV

- Can create a mood
- Opportunity to demonstrate with action
- Words should not stand alone—use visuals/special effects
- Precisely coordinate audio/visual

- Storyboard is the roadmap

Television Advertising Formats

- Demonstration
- Problem and solution
- Music and song
- Spokesperson
- Dialogue
- Vignette
- Narrative

Guidelines

- Use the video
- Support the video
- Coordinate the audio with the video
- Entertain but sell the product
- Be flexible
- Use copy judiciously
- Reflect the brand's personality and image
- Build campaigns

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. Bring out the importance of creativity in advertisement.
2. Differentiate between Print and broadcast advertising.
3. Enlist the advantages of TV advertisement.
4. Write a brief note on media planning?
5. Identify the demerits of television advertising.
6. List out the limitations of print media.
7. Differentiate between TV advertising and Radio Advertising?
8. What is the role of Internet Advertising?
9. Define visualization.

Part C (8 Marks)

1. Classify the different types of Copywriting.
2. Explain the importance of different media of advertisement.
3. Evaluate the classification on media of advertisement.
4. Explain the following media of advertising and state with reasons of which types of products each one is suited.
 - i) Direct Mail
 - ii) Outdoor publicity
5. Explain the importance of different media of advertising.
6. "Copywriting is an art and cannot admit of any stereo typed rules and Classification"-
Classify advertising copies according to style.

UNIT-IV – SALES PROMOTION

SYLLABUS

Direct Marketing – Sales Promotion - Objectives, Consumer promotional Tools – Trade promotional tools and sales person promotional tools. Public Relations – Objectives – Tools

PUBLIC RELATIONS

Public Relations and Publicity:

Public relations is an organization's communications that seek to build good relationships with an organization's publics, including consumers, stockholders, and legislators. It includes obtaining favorable publicity, building up a good "corporate image," and handling or heading off unfavorable rumors, stories, and events. **Publicity** is unpaid communication about an organization that appears in the mass media. Public relations may consist of writing press releases, holding special events, conducting and publishing consumer surveys about a product or the company, and efforts to put a positive spin on negative company news. Unlike sales promotions, public relations activities do not usually seek a short-term increase in sales. Instead, they try to craft a long-term positive image for the product or the organization. Compared with personal selling, advertising, and sales promotions, expenditures for public relations are usually low in most organizations. Since companies do not pay for publicity, they have less control over the publication of good or bad company news. But this often means that consumers find this type of news source more believable than if the information were disseminated directly by the company.

Marketing and Non-marketing Public Relations:

The basic rule of public relations is to do something good and then talk about it. Public relations is crucial to an organization's ability to establish and maintain a favorable image.

Non-marketing public relations refers to a company's messages about general management issues. When a company makes a decision that affects any of its publics, input from public relations specialists can help to smooth its dealings with those publics. A company, for example, that decides

to close a plant would need advice on how to deal with the local community. Other examples include a company's attempts to gain favorable public opinion during a long strike or an open letter to Congress published in a newspaper during congressional debates on a bill that would affect a particular industry.

Marketing public relations refers to narrowly focused public relations activities that directly support marketing goals. Marketing public relations involves an organization's relationships with consumers or other groups about marketing concerns and can be either *proactive* or *reactive*. With *proactive marketing public relations*, the marketer takes the initiative and seeks out opportunities for promoting the firm's products, often including distribution of press releases and feature articles. It is a powerful marketing tool since it adds news coverage that reinforces direct promotion activities. Although some publicity happens naturally, more typically a "buzz" needs to be created by a firm's publicists. *Reactive marketing public relations* responds to an external situation that has potential negative consequences for the organization. The goal in this case is to manage the flow of information to address concerns so that consumers don't panic and distributors don't abandon the product.

Public Relations Objectives:

Public relations specialists need to operate at many levels to ensure that various publics of a company receive coordinated, positive messages about the firm. These groups include customers, suppliers, employees, the media, stockholders, and government regulators.

Companies that practice integrated marketing communication strategies know that public relations strategies are best used in concert with advertising, sales promotion, and personal selling in order to send a consistent message to customers and other stakeholders. As part of the total IMC plan, public relations departments may perform any or all of the following functions to achieve communications objectives:

- *Public Affairs* – Building and maintaining national or local community relations.

- *Lobbying* – Building and maintaining relations with legislators and government officials to influence legislation and regulation.
- *Investor Relations* – Maintaining relationships with shareholders and others in the financial community.
- *Development* – Public relations with donors or members of nonprofit organizations to gain financial or volunteer support.
- *Location PR* – Enhancing the image of a city, region, or country.
- *Press Relations* – Creating and placing newsworthy information in the news media to attract attention to a person or product.
- *Product Publicity* – Publicizing specific products to consumers as well as other organizations.

Public Relations Tools:

Public relations professionals use several tools. They use:

- *News,*
- *Speeches,*
- *Special Events,*
- *Mobile Marketing,*
- *Written Materials,*
- *Audiovisual Materials,*
- *Corporate Identity Materials,* and
- *Public Service Activities.*

One of the major tools is *news*. PR professionals find or create favorable news about the organization and its products or people. *Speeches* can also create product and company publicity. Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings. Another common PR tool is *special events*, ranging from news conferences, press tours, grand openings, and fireworks displays to laser shows, hot air balloon releases, multimedia presentations and star-studded spectacles, and educational programs designed to reach and interest target publics. Recently, *mobile marketing*—traveling promotional tours that

bring the brand to consumers—has emerged as an effective way to build one-to-one relationships with targeted consumers. Public relations people also prepare *written materials* to reach and influence their target markets. These materials include annual reports, brochures, articles, and company newsletters and magazines. *Audiovisual materials*, such as films, slide-and-sound programs, and video- and audiocassettes, are being used increasingly as communication tools. *Corporate identity materials* can also help create a corporate identity that the public immediately recognizes. Logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and company cars and trucks—all become marketing tools when they are attractive, distinctive, and memorable. Finally, companies can improve public goodwill by contributing money and time to *public service activities*.

Planning a Public Relations Campaign:

A public relations campaign is a coordinated effort to communicate with one or more of the organization's publics. This is a three-step process of:

1. Developing Objectives,
2. Executing, and
3. Evaluating.

The organization must first develop clear objectives for the PR program that define the message it wants people to hear. The PR specialists must develop a campaign strategy that includes:

- a statement of objectives;
- a situation analysis;
- specification of target publics, messages to be communicated, and specific program elements to be used;
- a timetable and budget; and
- A discussion of how the program will be evaluated.

Execution of the campaign means deciding precisely how the message should be communicated to the targeted publics and implementing the decisions. An organization can use a variety of public relations tools: news conferences, special events, written materials, etc.

One of the barriers to greater reliance on public relations campaigns is the difficulty encountered when trying to gauge their effectiveness. It is possible to tell if a PR campaign is getting media exposure, though it's more difficult to gauge bottom-line impact. In-house assessments, awareness and preference research studies, and the measurement of print and broadcast coverage generated by PR activities as well as impression counts can be used in the PR campaign evaluation.

Sales Promotion:

Sales Promotion is the use of short-term incentives to encourage the purchase or sale of a product. Sales promotions are programs such as contests, coupons, displays, trade shows, samples, premiums, product demonstrations, or other incentives that marketers design to build interest in or encourage purchase of a product during a specified time period. Sales promotions are intended to stimulate immediate action, often in the form of a purchase, rather than to build long-term loyalty. Whereas advertising and personal selling offer reasons to buy a product, sales promotion offers reasons to buy *now*.

Sales promotion geared to marketing intermediaries is called **trade promotion**. Companies actually spend about as much on trade promotion as on advertising and consumer-oriented sales promotion combined. Trade promotion strategies include offering free merchandise, buyback allowances, and merchandise allowances along with sponsorship of sales contests to encourage wholesalers and retailers to sell more of certain products or product lines.

Sales promotion tools are used by most organizations, including manufacturers, distributors, retailers, trade associations, and not-for-profit institutions. They are targeted toward final buyers, retailers and wholesalers, business customers, and members of the sales force. Several factors have contributed to the rapid growth of sales promotion, particularly in consumer markets. First, inside the company, product managers face greater pressures to increase their current sales; and sales promotion is viewed as an effective short-run sales tool. Second, externally, the company faces more competition; and competing brands are less differentiated. Increasingly, competitors are using sales promotion to help differentiate their offers. Third, advertising efficiency has declined because of rising costs, media clutter, and legal constraints. Finally, consumers have become more deal oriented, and ever-larger retailers are demanding more deals from manufacturers. The growing use

of sales promotion has resulted in promotion clutter, similar to advertising clutter, however. Consumers are increasingly tuning out sales promotions, weakening their ability to trigger immediate purchase. Manufacturers are now searching for ways to rise above the clutter, such as offering larger coupon values or creating more dramatic point-of purchase displays.

Sales Promotion Objectives:

Sales promotion objectives differ widely:

Increase Short-Term Sales (consumer promotion)

- Build Long-Term Market Share (consumer promotion)
- Encourage Retailers to Carry New Items and Additional Inventory (trade promotion)
- Encourage Retailers to Advertise and Provide More Shelf Space (trade promotion)
- Encourage Retailers to Buy Ahead (trade promotion)
- Increase Sales Force Support (sales force promotion)
- Increase Number of New Accounts (sales force promotion)

Sellers may use *consumer promotions* to increase short-term sales or to help build long-term market share. Objectives for *trade promotions* include getting retailers to carry new items and more inventory, getting them to advertise the product and give it more shelf space, and getting them to buy ahead. *Sales force promotion* objectives include getting more sales force support for current or new products or getting salespeople to sign up new accounts.

Sales promotions are usually used together with advertising, personal selling, or other promotion mix tools. Consumer promotions must usually be advertised and can add excitement and pulling power to ads. Trade and sales force promotions support the firm's personal selling process.

Consumer-Oriented Sales Promotion:

The main consumer promotion tools include samples, coupons, cash refunds, price packs, premiums, advertising specialties, patronage rewards, point-of-purchase displays and demonstrations, and contests, sweepstakes, and games. Consumer-oriented sales promotions can be classified as either price-based or attention-getting consumer promotion.

Price-Based Consumer Promotion

Price-based consumer promotions emphasize short-term price reductions or refunds, encouraging consumers to choose a brand while the deal is on. If used too frequently, however, consumers become conditioned to purchase the product only at the lower promotional price.

Coupons

A **coupon** is a certificate that gives buyers a saving when they purchase a specified product. Coupons can stimulate sales of a mature brand or promote early trial of a new brand. Redemption rates have been declining in recent years, however, as a result of coupon clutter. Most major consumer goods companies are issuing fewer coupons and targeting them more carefully. They are also cultivating new outlets for distributing coupons, such as supermarket shelf dispensers, electronic point-of-sale coupon printers, or “paperless coupon systems.”

Cash Rebate Offers

A **cash rebate** is an offer to refund part of the purchase price of a product to consumers who send a “proof of purchase” to the manufacturer.

Price Packs

A **price pack** is a reduced price that is marked by the producer directly on the label or package. Price packs can be single packages sold at a reduced price, or two related products banded together. Price packs are very effective—even more so than coupons—in stimulating short-term sales.

Patronage Rewards

A **patronage reward** is cash or other award for the regular use of a certain company’s products.

Special Packs

A **special pack** is a package that gives the shopper more products instead of lowering its price. A special pack also can be a separate product given away along with another product.

Attention-Getting Consumer Promotion

Attention-getting consumer promotions stimulate interest in and publicity for a company's products.

Samples

A **sample** is a small amount of a product offered to consumers for trial. Sampling is the most effective—but most expensive—way to introduce a new product. About 84 percent of consumer packaged-goods marketers use sampling as a part of their promotion strategy. Some samples are free; for others, companies charge a small amount to offset its cost. The sample might be delivered door-to-door, sent by mail, handed out in a store, attached to another product, or featured in an ad. Samples can also come with the morning newspaper, in a sample pack, or via the Internet.

Premiums

A **premium** is a good offered either free or at low cost as an incentive to buy a product. A premium is not the product being promoted. It is used as an incentive to encourage purchase of the featured product. A premium may come inside or outside the package, or through the mail.

Advertising Specialties

An **advertising specialty** is a useful article imprinted with an advertiser's name, given as a gift to consumers. Typical items include pens, calendars, key rings, matches, shopping bags, T-shirts, caps, nail files, and coffee mugs. In a recent study, 63 percent of all consumers surveyed were either carrying or wearing an ad specialty item. More than three-quarters of those who had an item could recall the advertiser's name or message before showing the item to the interviewer.

Point-of-Purchase (POP) Promotions

A **point-of-purchase promotion** is a display or demonstration that takes place at the point of purchase or sale. Unfortunately, many retailers do not like to handle the hundreds of displays, signs, and posters they receive from manufacturers each year. Manufacturers have responded by offering better POP materials, tying them in with television or print messages, and offering to set them up.

Contests, Sweepstakes, and Games

Contests, sweepstakes, and games are promotional events that give consumers the chance to win something—such as cash, trips, or goods—by luck or through extra effort. A contest calls for consumers to submit an entry—a jingle, guess, or suggestion—to be judged by a panel that will select the best entries. A sweepstakes calls for consumers to submit their names for a drawing. A game presents consumers with something—bingo numbers, missing letters—every time they buy, which may or may not help them win a prize.

Trade-Oriented Promotion:

Manufacturers direct more sales promotion dollars toward retailers and wholesalers (78 percent) than to consumers (22 percent). Trade promotion can persuade resellers to carry a brand, give it shelf space, promote it in advertising, and push it to consumers. Shelf space is so scarce these days that manufacturers often have to offer discounts, allowances, buy-back guarantees, or free goods to retailers and wholesalers to get products on the shelf and, once there, to stay on it. Manufacturers use several trade promotion tools. Many of the tools used for consumer promotions—contests, premiums, displays—can also be used as trade promotions.

Discounts

A **discount** is a straight reduction in price on purchases during a stated period of time. This is also called *price-off*, *off-invoice*, or *off-list*. The discount could be based on the volume of the product ordered.

Allowances

An **allowance** is promotional money paid by manufacturers to retailers in return for an agreement to feature the manufacturer's products in some way. An *advertising allowance* compensates retailers for advertising the product. A *display allowance* compensates them for using special displays.

Conventions and Trade Shows

Many companies and trade associations organize conventions and trade shows to promote their products. Firms selling to the industry show their products at the **trade show**. A **trade show** is an

event at which many companies set up elaborate exhibits to show their products, give away samples, distribute product literature, and troll for new business contacts. Trade shows are major vehicles for manufacturers to show off their product lines to wholesalers and retailers. More than 4,300 trade shows take place every year, drawing as many as 85 million people. Vendors receive many benefits, such as opportunities to find new sales leads, contact customers, introduce new products, meet new customers, sell more to present customers, and educate customers with publications and audiovisual materials. Trade shows also help companies reach many prospects not reached through their sales forces. About 90 percent of a trade show's visitors see a company's salespeople for the first time at the show. Business marketers may spend as much as 35 percent of their annual promotion budgets on trade shows.

Other Programs

Manufacturers may offer **free goods**, which are extra cases of merchandise, to resellers who buy a certain quantity or who feature a certain flavor or size. They may offer **push money**—cash or gifts to dealers or their sales forces to “push” the manufacturer's goods. Most retailers also charge manufacturers **slotting fees**—payments demanded by retailers before they will accept new products and find “slots” for them on the shelves. Manufacturers may also give retailers free **specialty advertising items** that carry the company's name, such as pens, pencils, calendars, paperweights, matchbooks, memo pads, and yardsticks. For more expensive and highly complex products, manufacturers often provide **specialized training** for retail salespeople. This background helps salespeople explain features, competitive advantages, and other information to consumers. Training can be provided in several ways: A manufacturer's sales representative can conduct training sessions during regular sales calls, or the firm can distribute sales literature and videocassettes.

Part A (ONE Mark)

Multiple Choice Questions

Online Examination

Part B (2 Marks)

1. How will you develop a program for sales promotion?
2. What do you mean by marketing mix?
3. State the objectives of Sales Promotion.
4. Predict the major tools used in Sales Promotion.
5. Write short on sales promotion policy.
6. Which tools is usually used in public relations.
7. List out the steps used by manufacturers for promoting sales.
8. Give short note on the important features of Sales Promotion.
9. In what ways Sales promotion tools are useful to traders?

Part C (8 Marks)

1. Describe the advantages and disadvantages of sales promotion.
2. Evaluate the various tools that are used for consumer promotion.
3. Differentiate between Sales Promotion and Personal selling.
4. Elaborate the functions of sales promotion department.
5. Describe the importance of sales promotion.
6. Evaluate the various tools of sales promotion.